

**24<sup>th</sup>**  
**ANNUAL REPORT**  
**2016 - 2017**



6/3, Manoramaganj, Indore - 452 001 (M. P.)

## CHOKSI LABORATORIES LIMITED

### BRANCHES/LAB

1. 829, GIDC Makarpura,  
Vadodara – 390 010 (Gujrat)
2. Gokul Complex, IInd & IIIrd Floor,  
101/8 GIDC Char Rasta Vapi - 396 195  
(Gujrat)
3. Plot No. 362, Industrial Area  
Phase II, Panchkula - 134 113  
(Hariyana)
4. Plot No. C-18 & 20, Phace 1-A,  
Verna Industrial Estate.  
Verna - 403 722 (GOA)
5. Plot No. 8, 2nd Floor, Siddhivinayak  
Complex, Phase - II, Near BDA Complex,  
80, Feet Ring Road, Nagarbhavi  
Bangalore - 560072, (Karnataka)

### SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
C 101, 247 Park,  
L B S Marg, Vikhroli West,  
Mumbai 400 083.  
Tel No : +91 22 49186000  
Fax : +91 22 49186060  
Email : rnt.helpdesk@linkintime.co.in

### BANKERS :

Axis Bank  
Bank Of India  
HDFC Bank  
Union Bank of India

### BOARD OF DIRECTORS :

Mr. Sunil Choksi - Managing Director  
Mrs. Stela Choksi - Whole-time Director  
Mr. Vyangesh Choksi - Whole-time Director & CFO  
Ms. Himika Choksi – Additional Director  
(w.e.f. 01.03.2017)  
Mr. Sudarshan Shastri - Independent Director  
Mr. Pradip Karmakar - Independent Director  
Mr. Satish Chandra Joshi - Independent Director  
Mr. N. K. Mani – Independent Director

### COMMITTEES OF DIRECTORS :

#### Audit Committee :

1. Mr. Sudarshan Shastri, Chairman
2. Mr. Satish Chandra Joshi, Member
3. Mr. N.K. Mani, Member

#### Stakeholder Relationship Committee :

1. Mr. Sudarshan Shastri, Chairman
2. Mr. Satish Chandra Joshi, Member
3. Mr. N.K. Mani, Member

#### Nomination and Remuneration Committee :

1. Mr. Sudarshan Shastri, Chairman
2. Mr. Pradip Karmakar, Member
3. Mr. N.K. Mani, Member

### COMPANY SECRETARY & COMPLIANCE OFFICER :

Mr. Abhishek Sharma

### AUDITORS :

PRATEEK JAIN & CO.  
Chartered Accountants  
212, Shalimar Corporate Centre,  
8-B, South Tukoganj, Indore – 452 001 (M.P.)

### REGISTERED OFFICE & LABORATORY :

6/3, Manoramaganj, INDORE- 452 001 (M.P.)  
CIN : L85195MP1993PLC007471

**NOTICE**

NOTICE is hereby given that the 24th Annual General Meeting of the members of the Company will be held on Monday, 25th day of September, 2017 at 11.00 A.M. at the Registered Office of the Company to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet and the Profit & Loss account of the Company for the year ended on 31st March, 2017 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Vyangesh Choksi (DIN:00154926), who retires by rotation and being eligible offer himself for reappointment.
3. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-  
**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Subhash Chand Jain Anurag & Associates, Chartered Accountants (ICAI FRN: 004733C), be and is hereby appointed as Statutory Auditor of the Company for a term of 5 (five) consecutive years from the financial year 2017-2018, subject to ratification by the members at every Annual General Meeting of the Company, at such remuneration as shall be fixed by the Managing Director of the Company in consultation with the Audit Committee and the Auditor."

**SPECIAL BUSINESS:**

4. To consider and if thought fit to pass with or without modification(s), the following resolutions as Ordinary Resolution:-

**APPOINTMENT OF DIRECTOR:**

**"RESOLVED THAT** pursuant to provisions of sections 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 as may be amended from time to time and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Himika Choksi (DIN:00155007), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice under section 160 from a member proposing her candidature for the office of Director and who is eligible for appointment, be and is hereby appointed as Director liable to retire by rotation of the Company."

5. To consider and if thought fit to pass with or without modification(s), the following resolutions as Ordinary Resolution:-

**APPOINTMENT OF WHOLE TIME DIRECTOR:**

**"RESOLVED THAT** pursuant to the provisions of sections 196, 197 and other applicable provisions if any, and in terms of schedule V of the Companies Act 2013 as amended up to the date for the appointment of Ms. Himika Choksi (DIN:00155007), as Whole Time Director of the Company be and is hereby approved for a period of 5 (Five) years w.e.f. 01.06.2017, on remuneration and the terms and conditions as set out in the explanatory statement and with liberty to the Board of Directors to sanction and/or vary the terms as they in their discretion deem fit in conformity with any amendments to relevant provisions of the Companies Act and/or the Rules and Regulations made in there under and/or such guidelines as may be announced by the Central Government from time to time."

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

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out the material facts relating to the Special Business.

**Item No.4:**

The Board of Directors had appointed Ms. Himika Choksi (DIN:00155007), on 01.03.2017 as an Additional Director of the Company. In terms of the provisions of Section 160 of the Companies Act, 2013; Ms. Himika Choksi holds office as an Additional Director up to the date of the ensuing Annual General Meeting.

As per provisions of Section 160 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, a member proposed to appoint her as regular Director in the Company alongwith the requisite deposit.

Your Directors, therefore recommend for approval of members for the appointment of Ms. Himika Choksi as a Director of the Company by passing the resolution set out at Item no. 4 of the notice as an Ordinary Resolution.

Your Directors recommend the resolution for approval. None of the Directors, Key Managerial Personnel, Relatives thereof, except Mr. Sunil Choksi, Mrs. Stela Choksi, Mr. Vyangesh Choksi and Ms. Himika Choksi, are interested in the resolution.

**Item No.5:**

Ms. Himika Choksi (DIN:00155007) was appointed as Additional Director of the Company w.e.f. 01/03/2017, the Board of Directors of the Company has considered it desirable to appoint her as Whole Time Director of the Company for a period of 5 (Five) years w.e.f. 01/06/2017, on the terms and conditions mentioned hereunder:

- |                          |                                    |
|--------------------------|------------------------------------|
| 1. Period of Appointment | 5 (Five) years w. e .f. 01/06/2017 |
| 2. Salary                | Rs. 2,00,000 – 3,00,000 pm         |

**Perquisites and Allowances:**

In addition to the salary payable to the Whole Time Director, she shall also be entitled to perquisites like commission, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House maintenance allowance together with reimbursement of expenses or allowances for utilities such as Gas, Electricity, Water, Furnishing and repairs, medical reimbursement, leave concession for herself and her family, Club fees, Medical Insurance and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and such perquisites and allowances to be restricted to 50% of the annual salary of the Whole Time Director.

Company's contribution to Provident Fund and superannuation fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limit for the remuneration or perquisites aforesaid.

**Minimum Remuneration:**

Where in any financial year during her tenure of the Whole Time Director, the Company has not made any profit or its profits are inadequate, the remuneration proposed to be paid to the Whole Time Director by way of salary and perquisites as above shall be paid as minimum remuneration.

The proposed Resolution is recommended for passing.

This may be treated as an abstract of the draft agreement between the company and Ms. Himika Choksi pursuant to

Section 190 of the Companies Act 2013.

Except Mr. Sunil Choksi, Mrs. Stela Choksi, Mr. Vyangesh Choksi and Ms. Himika Choksi, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise in the resolution.

**DATE : 14/08/2017**  
**PLACE : INDORE**

**By Order of the Board**  
**For CHOKSI LABORATORIES LIMITED**  
**ABHISHEK SHARMA**  
**COMPANY SECRETARY**

**NOTES:**

- 1 . The statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts in respect of the business under Item Nos. 4 and 5 set out above and the details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors proposed to be appointed/re-appointed at the Annual General Meeting, is annexed hereto.
- 2 . **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER.** The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered office of the Company not less than FORTY- EIGHT HOURS before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or a Member. Proxies shall not have any right to speak at the meeting.
- 3 . The register of members and transfer books of the Company shall remain closed from 23rd day of September, 2017 to 25th day of September, 2017 (both days inclusive) for the purpose of Annual General Meeting.
- 4 . As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring copies to the meeting.
- 5 . All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M upto the date of meeting.
- 6 . Any query relating to accounts or any other items of business set out in the Agenda of the meeting must be sent to the Company's Registered Office at 6/3, Manoramaganj Indore-M.P. at least seven days before the date of the Meeting.
- 7 . Corporate members intending to send their authorized representatives to attend the meeting are requested to lodge a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate not later than 48 (forty eight) hours before commencement of the meeting authorizing such person to attend and vote on its behalf at the meeting.
- 8 . Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
- 9 . Members / Proxies should bring their attendance slip duly filled in for attending the meeting. Members are also requested to inform company of any change in their address immediately so as to enable the company to dispatch any further communication at their correct address.
- 10 . In compliance with provisions of the Listing Agreement entered into with the Stock Exchange(s), the Company is pleased to offer e-voting facility to enable members to cast their votes electronically. The Company has agreement with CENTRAL DEPOSITORY SERVICES LIMITED (CDSL) for facilitating e-voting to enable the shareholders to cast their votes electronically.
- 11 . Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report 2016-2017 will be available on the Company's website [www.choksilab.com](http://www.choksilab.com)

**SECTION A - E-VOTING PROCESS:**

Step 1 : Open your web browser during the voting period and log on to the e-Voting Website: [www.evotingindia.com](http://www.evotingindia.com).

Step 2: Click on "Shareholders" to cast your vote(s)

Step 3: Select the Electronic Voting Sequence Number (EVSN) i.e. "170816019" along with "COMPANY NAME" i.e. " Choksi Laboratories Limited" from the drop down menu and click on "SUBMIT".

Step 4 : Please enter User ID -

a. For account holders in CDSL :- Your 16 digits beneficiary ID

b. For account holders in NSDL :- Your 8 Character DP ID followed by 8 Digits Client ID

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

Step 5 : Enter the Image Verification as displayed and Click on Login.

Step 6 : If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

Step 7: If you are a first time user follow the steps given below:

7.1 Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. For members who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

7.2 Enter the Date of Birth (DOB) recorded in the demat account or registered with the Company for the demat account in DD/MM/YYYY format#

Step 8: After entering these details appropriately, click on "SUBMIT" tab.

Step 9: First time user holding shares in Demat form will now reach Password Generation menu wherein they are required to create their login password in the password field. Kindly note that this password can also be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system. Members holding shares in physical form will then directly reach the Company selection screen.

Step 10: Click on the EVSN of the Company i.e. "170816019" to vote.

Step 11: On the voting page, you will see Resolution description and against the same the option 'YES/NO' for voting. Select the relevant option as desired YES or NO and click on submit.

Step 12: Click on the Resolution File Link if you wish to view the Notice.

Step 13: After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

Step 14: Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

Step 15: Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**SECTION B - COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS:**

1. The e-Voting period commences on from 10.00 A.M. (IST) on 22nd September, 2017 and ends on upto 05.00 P.M. (IST) on 24th September, 2017. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on cut off date (record date) of 18th September, 2017 may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter.
2. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. The voting rights of shareholders shall be in proportion to their shares of the Paid Up Equity Share Capital of the Company.
4. CS Kaushal Ameta, Practicing Company Secretary, Membership No.: 8144 , COP No. 9103, Address: 404, Navneet Plaza, 5/2 Old Palasia, Indore (M.P.) -452001 (India), Email ID: 7kaushal@gmail.com has been appointed as the Scrutinizer to scrutinize the e-Voting process.
5. The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same, provided that the chairman or a person authorized by him in writing who shall countersign the same.
6. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.choksilab.com](http://www.choksilab.com) and on the 'website of CDSL <https://www.evotingindia.co.in> within two days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited where the shares of the Company are listed.
7. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.
8. For Members holding shares in physical form, the password and default number can be used only for e-Voting on the resolutions given in the notice.
9. Institutional Shareholders (i. e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate, link their account which they wish to vote on and then cast their vote. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
10. They should also upload a scanned copy of the Board Resolution / Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the vote.
11. You can also update your mobile number and E-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
12. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an e-mail to

**By Order of the Board  
For CHOKSI LABORATORIES LIMITED**

**DATE : 14/08/2017  
PLACE : INDORE**

**ABHISHEK SHARMA  
COMPANY SECRETARY**





## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure presenting the 24<sup>th</sup> Annual Report alongwith Audited Accounts for the year ended 31st March, 2017.

### FINANCIAL RESULTS

(Rs. In lacs)

|  | (31.03.2017) | (31.03.2016) |
|--|--------------|--------------|
| Operational Receipts                       | 2519.87      | 2230.48      |
| Other Income                               | 62.96        | 1.49         |
| Profit before Depreciation, Interest & Tax | 542.77       | 509.81       |
| Depreciation                               | 286.35       | 273.21       |
| Interest                                   | 126.42       | 122.69       |
| Provision for tax                          | 50.74        | 70.40        |
| Income Tax Earlier year                    | 9.15         | 0.35         |
| Deferred Tax Liability for Current Year    | (18.46)      | (29.02)      |
| Net Profit                                 | 88.57        | 72.18        |
| Balance brought forward                    | 1151.65      | 1079.47      |
| Balance carried to Balance Sheet           | 1240.22      | 1151.65      |

### OPERATIONS

The turnover for the year under review was Rs. 2519.87 Lacs as compared to Rs. 2230.48 Lacs in the previous year. The Company has recorded a profit before depreciation, interest and tax of Rs. 542.77 Lacs during the year as compared to Rs. 509.81 Lacs in the previous year and earned profit after tax of Rs. 88.57 Lacs during the year as compared to Rs. 72.18 Lacs in previous year. During the year, company has received other income of 62.96 Lakh, which includes capital gain from selling of spare land at vapi and interest on tax refund. Company has made addition/ invested in capacity building in the current units to counter old/legacy Instruments. Company has written off bad debt(s) amounting to forty seven lakh of previous years and discounted current sales by 12 Lakh only.

The current expansion(s) will help company to yield better results in forthcoming years.

### EXTRACT OF ANNUAL RETURN

In compliance with section 92(3), section 134 (3) (a) and rule 11 of the Companies (Management and Administration) Rules, 2014 the extract of the annual return is annexed as Form No. MGT-9 with this report.

### MEETINGS OF THE BOARD

6 (Six) meetings of the Board of Directors and 5 (Five) meetings of the Audit Committee were held during the year. The details of the above are given in the Corporate Governance Report.

### DIRECTORS

Mr.Vyangesh Choksi (DIN:00154926), Director of the Company, retire by rotation and being eligible offer himself for reappointment. Board recommends his reappointment as Director of the Company.

Ms.Himika Choksi (DIN:00155007) was appointed as Additional Director of the Company w.e.f. 01.03.2017. The Board of Directors of the Company have recommended to appoint her as Director of the Company liable to retire by rotation and have considered it desirable to also appoint her as Whole Time Director for a period of 5 (Five) years w.e.f. 01.06.2017.

### Policy on Director's appointment and remuneration

Matching the needs of the Company and enhancing the competencies of the Board are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. The current policy is to have a balanced mix of executive and non-executive Independent Directors to maintain the independence of the Board, and separate its functions of governance and management.

### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 134 (5) of the Companies Act, 2013, the Directors confirm that: -

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.

- (ii) They have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- (iii) They have taken proper and sufficient care, to the best of their knowledge and ability, 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.
- (iv) They have prepared the annual accounts on a going concern basis.
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has a vigil Mechanism named Vigil Mechanism/ Whistle Blower Policy to deal with instances of fraud and mismanagement, if any.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013.

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

No complaint pertaining to sexual harassment were received during FY 2016-2017.

#### **AUDIT COMMITTEE**

The Audit Committee comprises of all Independent Directors namely Mr. Sudarshan Shastri (Chairman), Mr. Satish Chandra Joshi and Mr. N.K. Mani as other members. All the recommendations made by the Audit Committee were accepted by the Board.

There are no recommendations of the Audit Committee which have not been accepted by the Board.

#### **AUDITORS AND AUDITORS REPORT**

As per the provisions of the Act, the period of office of M/s Prateek Jain & Co., Chartered Accountants, Statutory Auditors of the Company, expires at the conclusion of the ensuing Annual General Meeting.

It is proposed to appoint M/s. Subhash Chand Jain Anurag & Associates, Chartered Accountants (ICAI FRN: 004733C), as Statutory Auditor of the Company, for a term of 5 (five) consecutive years. They have confirmed their eligibility and qualification required under the Act for holding the office, as Statutory Auditor of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer Except Note No. 30(c) to the Notes on Financial Statements.

Explanatory statement for Note No. 30(C) to the notes on financial statements :

The Company has already provided for the Service Tax Liability in its books of accounts and is also evident from the annual result & Auditor's Report dated 29.5.2016. The said liability could not be discharged due to late receipts of prior period Government Refunds & Grants pending amounting to around Rs.425 Lakh, which created temporary liquidity crunch. The said liability of service tax was duly paid within 30 days from the date of the demand. The Company has filed a Settlement Application with the Customs, Central Excise & Service Tax Principal Bench, Settlement Commission against the Show Cause Notice dated 19.5.2017.

#### **SECRETARIAL AUDITOR**

The Board appointed M/s. M. Maheshwari & Associates, Practicing Company Secretary, to conduct Secretarial Audit for the FY 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith.

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

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in this Annual Report.

### **DIVIDEND**

In order to conserve the resources of the Company and retain internal accruals for funding growth and maximizing capacity so that Company generates a good return for shareholders in the long run, the Board of Directors do not propose dividend for the year ended 2016-2017.

### **PUBLIC DEPOSITS**

The Company has not invited/accepted public deposit within the meaning of section 73 of the Companies Act, 2013 and rules made thereunder, during the year under review.

### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Report on Corporate Governance and Management Discussion and Analysis Report are annexed and form part of this Annual Report. A certificate from the Auditors confirming compliance with the conditions of Corporate Governance is also annexed.

### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **COMMITTEES OF THE BOARD**

Currently, the Board has three committees : the audit committee, the nomination & remuneration committee and the stakeholders relationship committee. All committees consist entirely of independent directors. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report of this Annual Report.

### **TRANSFER TO RESERVES**

During the year the Board of Directors have decided not to transfer any amount to the reserves for the financial year ended 31st March, 2017.

### **BOARD EVALUATION**

The Board carried out an annual performance evaluation of its own performance, the Independent Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee.

### **LISTING OF SECURITIES**

The Equity Shares of the Company are listed at Bombay Stock Exchange. The Company had duly paid the listing fees to the Bombay Stock Exchange for the financial year 2017-2018.

### **DEMAT STATUS**

The Company's shares are presently held in both electronic and physical modes.

### **BUSINESS RISK MANAGEMENT**

The company does not have any risk other than normal business risk therefore there is no any written risk management policy so far adopted by the company.

### **INTERNAL FINANCIAL CONTROLS**

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

The Internal financial controls with reference to the financial statements were adequate and operating effectively.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is annexed to the Board's report.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company is not required to constitute a Corporate Social Responsibility Committee, as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

**PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company in accordance with the SEBI (Prohibition of Insider Trading) Regulations 2015.

The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board of Directors and the designated employees have confirmed compliance with the Code.

**DECLARATION FROM MANAGING DIRECTOR & CFO CERTIFICATION**

The Board of Directors have received declaration from Managing Director and certificate from CFO under Schedule V (D) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Certificate have been enclosed in the Corporate Governance Report, is annexed herewith marked as "Declaration from Managing Director" & "CFO Certificate Under Regulation 17 (8) and part B of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015".

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not provided in the Annual Report, as none of the employees of the Company who was drawing remuneration in excess of the limits set out in the provision of the section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

The requisite particulars required to be furnished under Section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, regarding energy conservation technology absorption and R & D are not applicable, since the Company is not engaged in any manufacturing or processing activities.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange outgo : Rs. 5,802,057/-  
Foreign Exchange Earnings : Rs. 3,408,651/-

**ACKNOWLEDGEMENT**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

**FOR AND ON BEHALF OF THE BOARD  
CHOKSI LABORATORIES LIMITED**

**DATE: 14/08/2017  
PLACE: INDORE**

**STELA CHOKSI  
WHOLE-TIME DIRECTOR  
DIN: 00155043**

**SUNIL CHOKSI  
MANAGING DIRECTOR  
DIN: 00155078**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**Choksi Laboratories Limited,**  
CIN: L85195MP1993PLC007471  
6/3,Manorama Ganj,  
Indore (M. P.) - 452 001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Choksi Laboratories Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Choksi Laboratories Limited 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, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under read with notifications, exemptions and clarifications thereto;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the Audit period hence, these regulations have not been considered for the purpose of this report).
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time. (Not applicable as the Company during the reporting period under Audit)
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014. (Not applicable as the Company during the reporting period under Audit).
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not applicable as the Company during the reporting period under Audit);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 as amended from time to time regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time. (Not applicable as the Company during the reporting period under Audit).

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1999. (Not applicable as the Company during the reporting period under Audit)
- vi. As confirmed by the Management, there is no sectoral law specifically applicable to the Company based on their Sector/Business.

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

- (i) Secretarial Standards on Board and General Meeting (SS-1 & SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited read with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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

We further report that

We rely on Statutory Auditor's Report in relation to the financial statements and accuracy of financial figures for Sales Tax, Wealth Tax, Value Added Tax, Related Party Transactions, Provident Fund, ESIC, etc. as disclosed under Financial Statements, Accounting Standard 18 and note on foreign currency transactions during our audit period.

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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.

All the decisions at Board Meetings and Board Committee Meetings are carried out unanimously/majority as recorded in the Minutes of the Board of Directors of the Company or committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit period the Company has no specific events / actions that having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standard, etc.

Note : This Report is to be read with our letter dated 3rd August, 2017 which is annexed as Annexure A and forms and integral part of this report.

**Date : 03.08.2017**  
**Place : Indore**

**For M Maheshwari & Associates**  
**Company Secretaries**  
**MANISH MAHESHWARI**  
**FCS 5174C.P. No.3860**

To,  
The Members,

**CHOKSI LABORATORIES LIMITED**

CIN: L85195MP1993PLC007471

6/3,MANORAMA GANJ, INDORE

(M. P.) - 452001

Our Secretarial Audit 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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 the test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliances of laws, rules, regulations and happening of events etc.
5. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

**For M. Maheshwari & Associates**  
**Company Secretaries**

**Manish Maheshwari**  
**FCS-5174**  
**CP-3860**

**Date: 03.08.2017**  
**Place: Indore**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third provision is given below:

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

| S. No. | Particulars  | Details               |
|--------|--|-----------------------|
| a)     | Name(s) of the related party and nature of relationship:   |                       |
| b)     | Nature of contracts/arrangements/transactions:   |                       |
| c)     | Duration of the contracts / arrangements/transactions:   |                       |
| d)     | Salient terms of the contracts or arrangements or transactions including the value, if any:                        | <b>Not Applicable</b> |
| e)     | Justification for entering into such contracts or arrangements or transactions:                                    |                       |
| f)     | Date(s) of approval by the Board:  |                       |
| g)     | Amount paid as advances, if any:   |                       |
| h)     | Date on which the special resolution was passed in general meeting as required under first proviso to section 188: |                       |

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

| S. No. | Particulars   | Sunil Choksi                        | Stela Choksi                                      | Vyangesh Choksi       | D G Choksi HUF            | Khyati Choksi      | Neeta Shah                       |
|--------|---|-------------------------------------|---|-----------------------|---------------------------|--------------------|----------------------------------|
| a)     | Name(s) of the related party and nature of relationship:                                    | Managing Director                   | Whole time Director                               | Whole time Director   | Director's HUF            | Spouse of Director | Sister of Director               |
| b)     | Nature of contracts/ arrangements/transactions:   | Remuneration paid & Loan Re-Payment | Remuneration paid & Rent Paid & Loan Re-Payment   | Remuneration paid     | Rent Paid                 | Salary Paid        | Commission Paid                  |
| c)     | Duration of the contracts / arrangements/transactions:                                      | 12 Mths.                            | 12 Mths.  | 12 Mths.              | 12 Mths                   | 12 Mths.           | 12 Mths.                         |
| d)     | Salient terms of the contracts or arrangements or transactions including the value, if any: | 27.00 Lakhs & 4.00 Lacs             | 21.00 Lakhs & 3.00 Lacs & 4.00 Lacs               | 21.00 Lakhs           | 11.37 Lakhs               | 4.80 Lakhs         | 6.50 Lakhs                       |
| e)     | Justification for entering into such contracts or arrangements or transactions:             | Int. Free Loan from Director        | Rent of Baroda & Interest free Loan from Director | Director Remuneration | Rent of Indore & VAPI Lab | JOB at Indore      | Franchisee Commission for Gujrat |
| f)     | Amount paid as advances, if any:  | No                                  | No  | No                    | No                        | No                 | No                               |

**FOR AND ON BEHALF OF THE BOARD  
CHOKSI LABORATORIES LIMITED**

DATE: 14/08/2017  
PLACE: INDORE

**STELA CHOKSI**  
WHOLE-TIME DIRECTOR  
DIN: 00155043

**SUNIL CHOKSI**  
MANAGING DIRECTOR  
DIN: 00155078



Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: L85195MP1993PLC007471
- ii) Registration Date: 29/01/1993
- iii) Name of the Company: CHOKSI LABORATORIES LIMITED
- iv) Category / Sub-Category of the Company: Company Limited by Shares/ Indian Non-Government Company.
- v) Address of the Registered office and contact details: 6/3, Manorama Ganj, Indore, Madhya Pradesh.
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any :  
M/s. Link Intime India Private Limited  
C 101, 247 Park, L B S Marg, Vikhroli West,  
Mumbai 400 083.  
Tel No: +91 22 49186000  
Fax: +91 22 49186060  
Email : rnt.helpdesk@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:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Testing Laboratories                             | 93 Other Service Activities.     | 100%                               |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

| S. NO | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % of shares held | Applicable Section |
|-------|---------------------------------|---------|---------------------------------|------------------|--------------------|
| 1     | Nil                             | Nil     | Nil                             | Nil              | 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 |            |                |                   | No. of Shares held at the end of the year |            |                |                   | % Change during the year |
|----------------------------|---|------------|----------------|-------------------|---|------------|----------------|-------------------|--------------------------|
|                            | Demat   | Physical   | Total          | % of Total Shares | Demat                                     | Physical   | Total          | % of Total Shares |                          |
| <b>A. Promoters</b>        |   |            |                |                   |   |            |                |                   |                          |
| (1) Indian                 |   |            |                |                   |   |            |                |                   |                          |
| a) Individual/ HUF         | 1891754   | Nil        | 1891754        | 27.16             | 1892754                                   | Nil        | 1892754        | 27.17             | 0.01                     |
| b) Central Govt            | Nil   | Nil        | Nil            | Nil               | Nil                                       | Nil        | Nil            | Nil               | Nil                      |
| c) State Govt (s)          | Nil   | Nil        | Nil            | Nil               | Nil                                       | Nil        | Nil            | Nil               | Nil                      |
| d) Bodies Corp.            | 300000  | Nil        | 300000         | 4.31              | 300000                                    | Nil        | 300000         | 4.31              | Nil                      |
| e) Banks / FI              | Nil   | Nil        | Nil            | Nil               | Nil                                       | Nil        | Nil            | Nil               | Nil                      |
| f) AnyOther....            | Nil   | Nil        | Nil            | Nil               | Nil                                       | Nil        | Nil            | Nil               | Nil                      |
| <b>Sub-total (A) (1):-</b> | <b>2191754</b>                                  | <b>Nil</b> | <b>2191754</b> | <b>31.47</b>      | <b>2192754</b>                            | <b>Nil</b> | <b>2192754</b> | <b>31.48</b>      | <b>0.01</b>              |

| Category of Shareholders   | No. of Shares held at the beginning of the year |                |                |                   | No. of Shares held at the end of the year |                |                |                   | % Change during the year |
|--|---|----------------|----------------|-------------------|---|----------------|----------------|-------------------|--------------------------|
|  | Demat   | Physical       | Total          | % of Total Shares | Demat                                     | Physical       | Total          | % of Total Shares |                          |
| <b>(2) Foreign</b>   |   |                |                |                   |   |                |                |                   |                          |
| a) NRIs - Individuals  | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| b) Other – Individuals   | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| c) Bodies Corp.  | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| d) Banks / FI  | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| e) Any Other....   | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| <b>Sub-total (A) (2):-</b>   | <b>Nil</b>                                      | <b>Nil</b>     | <b>Nil</b>     | <b>Nil</b>        | <b>Nil</b>                                | <b>Nil</b>     | <b>Nil</b>     | <b>Nil</b>        | <b>Nil</b>               |
| <b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>                      | <b>2191754</b>                                  | <b>Nil</b>     | <b>2191754</b> | <b>31.47</b>      | <b>2192754</b>                            | <b>Nil</b>     | <b>2192754</b> | <b>31.48</b>      | <b>0.01</b>              |
| <b>B. Public Shareholding</b>  |   |                |                |                   |   |                |                |                   |                          |
| <b>1. Institutions</b>   |   |                |                |                   |   |                |                |                   |                          |
| a) Mutual Funds  | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| b) Banks / FI  | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| c) Central Govt  | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| d) StateGovt(s)  | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| e) Venture Capital Funds   | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| f) Insurance Companies   | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| g) FIIs  | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| h) Foreign Venture Capital Funds   | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| i) Others(specify)   | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| <b>Sub-total (B)(1) :-</b>   | <b>Nil</b>                                      | <b>Nil</b>     | <b>Nil</b>     | <b>Nil</b>        | <b>Nil</b>                                | <b>Nil</b>     | <b>Nil</b>     | <b>Nil</b>        | <b>Nil</b>               |
| <b>2. Non-Institutions</b>   |   |                |                |                   |   |                |                |                   |                          |
| a) Bodies Corp.  |   |                |                |                   |   |                |                |                   |                          |
| i) Indian  | 714908  | 210000         | 924908         | 13.27             | 193220                                    | 210000         | 403220         | 5.79              | -7.48                    |
| ii) Overseas   | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | Nil                      |
| b) Individuals   |   |                |                |                   |   |                |                |                   |                          |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         | 1332205   | 758115         | 2090320        | 30.01             | 1288336                                   | 756515         | 2044851        | 29.36             | -0.65                    |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1370961   | 207000         | 1577961        | 22.65             | 1956829                                   | 207000         | 2163829        | 31.06             | 8.41                     |
| c) Others (specify)  | 180320  | Nil            | 180320         | 2.60              | 160609                                    | Nil            | 160609         | 2.31              | -0.29                    |
| <b>Sub-total (B)(2):-</b>  | <b>3598394</b>                                  | <b>1175115</b> | <b>4773509</b> | <b>68.53</b>      | <b>3598994</b>                            | <b>1173515</b> | <b>4772509</b> | <b>68.52</b>      | <b>-0.01</b>             |
| <b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>                           | <b>3598394</b>                                  | <b>1175115</b> | <b>4773509</b> | <b>68.53</b>      | <b>3598994</b>                            | <b>1173515</b> | <b>4772509</b> | <b>68.52</b>      | <b>-0.01</b>             |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                           | <b>Nil</b>                                      | <b>Nil</b>     | <b>Nil</b>     | <b>Nil</b>        | <b>Nil</b>                                | <b>Nil</b>     | <b>Nil</b>     | <b>Nil</b>        | <b>Nil</b>               |
| <b>GrandTotal (A+B+C)</b>  | <b>5790148</b>                                  | <b>1175115</b> | <b>6965263</b> | <b>100</b>        | <b>5791748</b>                            | <b>1173515</b> | <b>6965263</b> | <b>100</b>        | <b>0</b>                 |

(ii) Shareholding of Promoters

| Sl No. | Shareholder's Name                     | Shareholding at the beginning of the year |                                  |   | Share holding at the end of the year |                                  |   | % change in share holding 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      | Sunil Choksi                           | 523192                                    | 7.51                             | Nil   | 523192                               | 7.51                             | Nil   | Nil                                       |
| 2      | Vyangesh Choksi                        | 447099                                    | 6.42                             | Nil   | 447099                               | 6.42                             | Nil   | Nil                                       |
| 3      | Sunil Kumar Choksi                     | 400000                                    | 5.74                             | Nil   | 400000                               | 5.74                             | Nil   | Nil                                       |
| 4      | Khyati Choksi                          | 301263                                    | 4.33                             | Nil   | 301263                               | 4.33                             | Nil   | Nil                                       |
| 5      | Choksi Holding Company Private Limited | 300000                                    | 4.31                             | Nil   | 300000                               | 4.31                             | Nil   | Nil                                       |
| 6      | Stela Choksi                           | 220200                                    | 3.16                             | Nil   | 220200                               | 3.16                             | Nil   | Nil                                       |
| 7      | Himika Choksi                          | Nil                                       | Nil                              | Nil   | 1000                                 | 0.01                             | Nil   | 0.01                                      |
|        | <b>Total</b>                           | <b>2191754</b>                            | <b>31.47</b>                     | <b>Nil</b>                                      | <b>2192754</b>                       | <b>31.48</b>                     | <b>Nil</b>                                      | <b>0.01</b>                               |

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

| Sl No. | Name of Transferor | No. of Shares at the beginning of the year | % of total shares of the Company | Date       | Increase/ Decrease in Shareholding | Reason   | Cumulative Shareholding during the year No.of Shares | Cumulative Share holding during the year:% of total shares of the Company |
|--------|--------------------|--|----------------------------------|------------|------------------------------------|----------|--|---|
| 1.     | Himika Choksi      | Nil  | Nil                              | 30/09/2016 | 1000                               | Buy      | 1000   | 0.01  |
|        | <b>Total</b>       | <b>Nil</b>                                 | <b>Nil</b>                       | <b>-</b>   | <b>1000</b>                        | <b>-</b> | <b>1000</b>  | <b>0.01</b>   |

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

| Sl No. | Name                         | Shareholding                               |                                  | Date       | Increase/ Decrease in Shareholding | Reason   | Cumulative Shareholding during the year |                                  |
|--------|------------------------------|--|----------------------------------|------------|------------------------------------|----------|---|----------------------------------|
|        |                              | No. of Shares at the beginning of the year | % of total Shares of the company |            |                                    |          | No. of Shares                           | % of total Shares of the company |
| 1      | Pratap Singh Hardia          | 250000                                     | 3.59                             | Nil        | Nil                                | Nil      | 250000                                  | 3.59                             |
| 2      | Gaurav Anand                 | -  | -                                | 02/12/2016 | 200000                             | Buy      | 200000                                  | 2.87                             |
| 3      | Dheeraj Kumar Lohia          | 108486                                     | 1.55                             | 10/02/2017 | 45910                              | Buy      | 154396                                  | 2.21                             |
| 4      | Shantanu Trivedi             | -  | -                                | 02/12/2016 | 150000                             | Buy      | 150000                                  | 2.15                             |
| 5      | Timsy Kapoor                 | -  | -                                | 02/12/2016 | 150000                             | Buy      | 150000                                  | 2.15                             |
| 6      | Quest Laboratories Pvt. Ltd. | 142200                                     | 2.04                             | Nil        | Nil                                | Nil      | 142200                                  | 2.04                             |
| 7      | Lucky Fofriya                | 100000                                     | 1.44                             | Nil        | Nil                                | Nil      | 100000                                  | 1.44                             |
| 8      | Purshottam Gupta             | 100000                                     | 1.44                             | Nil        | Nil                                | Nil      | 100000                                  | 1.44                             |
| 9      | Sakar Gupta                  | 100000                                     | 1.44                             | Nil        | Nil                                | Nil      | 100000                                  | 1.44                             |
| 10     | Sonia Gulati                 | 76221                                      | 1.09                             | Nil        | Nil                                | Nil      | 76221                                   | 1.09                             |
|        | <b>Total</b>                 | <b>876907</b>                              | <b>12.59</b>                     | <b>-</b>   | <b>545910</b>                      | <b>-</b> | <b>1422817</b>                          | <b>20.42</b>                     |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl No. | Name              | Shareholding                               |                                  | Date       | Increase/ Decrease in Shareholding | Reason | Cumulative Shareholding during the year |                                  |
|--------|-------------------|--|----------------------------------|------------|------------------------------------|--------|---|----------------------------------|
|        |                   | No. of Shares at the beginning of the year | % of total Shares of the company |            |                                    |        | No. of Shares                           | % of total Shares of the company |
| 1      | Sunil Choksi      | 523192                                     | 7.51                             | Nil        | Nil                                | Nil    | 523192                                  | 7.51                             |
| 2      | Vyangesh Choksi   | 447099                                     | 6.42                             | Nil        | Nil                                | Nil    | 447099                                  | 6.42                             |
| 3      | Stela Choksi      | 220200                                     | 3.16                             | Nil        | Nil                                | Nil    | 220200                                  | 3.16                             |
| 4      | Sudarshan Shastri | 400  | 0.006                            | Nil        | Nil                                | Nil    | 400                                     | 0.006                            |
| 5      | Himika Choksi     | Nil  | Nil                              | 30/09/2016 | 1000                               | Buy    | 1000                                    | 0.01                             |
|        | <b>Total</b>      | <b>1190891</b>                             | <b>17.096</b>                    | -          | <b>1000</b>                        | -      | <b>1191891</b>                          | <b>17.106</b>                    |

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

|  | Secured Loans excluding deposits | Unsecured Loans | Deposits   | Total Indebtedness |
|--|----------------------------------|-----------------|------------|--------------------|
| Indebtedness at the beginning of the financial year      |                                  |                 |            |                    |
| i) Principal Amount                                      | 78877662                         | 30119563        | Nil        | 108997225          |
| ii) Interest due but not paid                            | 742912                           | 67500           | Nil        | 810412             |
| iii) Interest accrued but not due.                       | Nil                              | Nil             | Nil        | Nil                |
| <b>Total (i+ii+iii)</b>                                  | <b>79620574</b>                  | <b>30187063</b> | <b>Nil</b> | <b>109807637</b>   |
| <b>Change in Indebtedness during the financial year?</b> |                                  |                 |            |                    |
| • Addition   | 750000                           | Nil             | Nil        | 750000             |
| • Reduction  | 24947826                         | 10484669        | Nil        | 35432495           |
| <b>Net Change</b>  | <b>24197826</b>                  | <b>10484669</b> | <b>Nil</b> | <b>34682495</b>    |
| Indebtedness at the end of the financial year            |                                  |                 |            |                    |
| i) Principal Amount                                      | 54679836                         | 19634894        | Nil        | 74314730           |
| ii) Interest due but not paid                            | 517285                           | Nil             | Nil        | 517285             |
| iii) Interest accrued but not due                        | Nil                              | Nil             | Nil        | Nil                |
| <b>Total (i+ii+iii)</b>                                  | <b>55197121</b>                  | <b>19634894</b> | <b>Nil</b> | <b>74832015</b>    |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| S.N. | Particulars of Remuneration   | Name of MD/WTD/ Manager |                |                 | Total Amount   |
|------|---|-------------------------|----------------|-----------------|----------------|
|      |   | Sunil Choksi            | Stela Choksi   | Vyangesh Choksi |                |
| 1.   | Gross salary  |                         |                |                 |                |
|      | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 2700000                 | 2100000        | 2100000         | 6900000        |
|      | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                       | -              | -               | -              |
|      | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                       | -              | -               | -              |
| 2.   | Stock Option  | -                       | -              | -               | -              |
| 3.   | Sweat Equity  | -                       | -              | -               | -              |
| 4.   | Commission<br>- as % of profit<br>- others, specify...                              | -                       | -              | -               | -              |
| 5.   | Others, please specify  |                         |                |                 |                |
|      | <b>Total (A)</b>  | <b>2700000</b>          | <b>2100000</b> | <b>2100000</b>  | <b>6900000</b> |
|      | Ceiling as per the Act  | As per Schedule V.      |                |                 |                |

B. Remuneration to other directors:

| S.N. | Particulars of Remuneration                  | Name of Directors  |                      |                 |              | Total Amount   |
|------|--|--------------------|----------------------|-----------------|--------------|----------------|
|      |  | Sudarshan Shastri  | Satish chandra Joshi | Pradip Karmakar | N. K. Mani   |                |
| 1.   | Independent Directors                        |                    |                      |                 |              |                |
|      | • Fee for attending board committee meetings | 19000              | 3000                 | 3000            | 19000        | 44000          |
|      | • Commission                                 | -                  | -                    | -               | -            | -              |
|      | • Others, please specify                     | -                  | -                    | -               | -            | -              |
|      | <b>Total (1)</b>                             | <b>19000</b>       | <b>3000</b>          | <b>3000</b>     | <b>19000</b> | <b>44000</b>   |
| 2.   | Other Non-Executive Directors                |                    |                      |                 |              |                |
|      | • Fee for attending board committee meetings | -                  | -                    | -               | -            | -              |
|      | • Commission                                 | -                  | -                    | -               | -            | -              |
|      | • Others, please specify                     | -                  | -                    | -               | -            | -              |
|      | <b>Total (2)</b>                             | <b>-</b>           | <b>-</b>             | <b>-</b>        | <b>-</b>     | <b>-</b>       |
|      | <b>Total (B) = (1+2)</b>                     | <b>19000</b>       | <b>3000</b>          | <b>3000</b>     | <b>19000</b> | <b>44000</b>   |
|      | <b>Total</b>                                 |                    |                      |                 |              | <b>6944000</b> |
|      | <b>Managerial</b>                            |                    |                      |                 |              |                |
|      | Overall Ceiling as per the Act               | As per Schedule V. |                      |                 |              |                |

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

| S.N. | Particulars of Remuneration   | Key Managerial Personnel |                   |            | Total         |
|------|---|--------------------------|-------------------|------------|---------------|
|      |   | CEO                      | Company Secretary | CFO        |               |
| 1.   | Gross salary  |                          |                   |            |               |
|      | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Not Applicable           | 252491            | 0.00       | 252491        |
|      | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Not Applicable           | Nil               | Nil        | Nil           |
|      | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Not Applicable           | Nil               | Nil        | Nil           |
| 2.   | Stock Option  | Not Applicable           | Nil               | Nil        | Nil           |
| 3.   | Sweat Equity  | Not Applicable           | Nil               | Nil        | Nil           |
| 4.   | Commission- as % of profit- others, specify...                                      | Not Applicable           | Nil               | Nil        | Nil           |
| 5.   | Others, please specify  | Not Applicable           | Nil               | Nil        | Nil           |
|      | <b>Total</b>  | <b>Not Applicable</b>    | <b>252491</b>     | <b>Nil</b> | <b>252491</b> |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                              |                                    |
| Penalty                             | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                              |                                    |
| Penalty                             | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                              |                                    |
| Penalty                             | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil   | Nil                          | Nil                                |

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

We have pleasure in submitting the Management Discussion & Analysis Report on the Company's business.

**A. OPPORTUNITIES AND THREATS**

The year was marked with considerable activity be it pharmaceutical, food or construction. Indian economy was adapting to the global factors and compliance levels were being made stringent on the global as well as domestic front. Human resource play as a vital role in the success or failure of an organisation. To make the organisation ready for tomorrow, the management invested in upgrading/ capacity building at current locations as well as building a team that can take your company forward in the coming years.

**B. SEGEMENT- WISE PERFORMANCE**

The Company is engaged in the single segment of analytical testing. Company is not involved in manufacturing, exports or trading of any commodity currently.

**C. OUTLOOK**

The outlook for the Company stands promising. CLL with six units across India and capacity increase underway. We hope to improve considerable in the coming years. Company is poised to continue an upward trend.

**D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Internal control system is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g. reputation or intellectual property such as trademarks). The Company has adequate internal control systems including suitable monitoring procedures commensurate with its size and the nature of the business. Everyone in a company has responsibility for internal control to some extent. Virtually all employees produce information used in the internal control system or take other actions needed to affect control. Also, all personnel are responsible for communicating upward problems in operations, non-compliance with the code of conduct, or other policy violations or illegal actions and each major entity in corporate governance has a particular role to play. The management fulfills this duty by providing leadership and direction to senior managers and reviewing the way they're controlling the business.

The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board.

**E. FINANCIAL AND OPERATIONAL PERFORMANCE**

Please refer to performance review in the Board of Directors Report.

**F. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS**

CLL recognizes that nurturing and recruiting the best talent is vital to the long term success of the enterprise. During the year under review, various training and development programmes were conducted to improve the competency level of employees with an objective to improve the operational performance of individuals, which are viewed as key drivers of their personal growth and the success of CLL.

**G. CAUTIONARY STATEMENT**

Certain statement in the management discussion and analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. These statements are likely to address the Company's growth strategy, financial results, product development, product approvals, product potential and development programs based on certain assumptions and expectation of future event, actual results could differ materially from those expressed or implied.

The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of subsequent developments, information of events.

## REPORT ON CORPORATE GOVERNANCE

In accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Directors present the Company's Report on Corporate Governance.

### 1. Company Philosophy of Corporate Governance.

The Company's Corporate Governance policy is the ideology of transparency and openness in the effective working of the management and Board. It is believed that the imperative for good Corporate Governance lies not merely in drafting a code of Corporate Governance but in practicing it. Your Company confirms the compliance of Corporate Governance as per the Listing Agreement and as contained in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

### 2. Best Corporate Governance Practices.

CHOKSI LABORATORIES LIMITED maintains the highest standards of Corporate governance. It is the company constant endeavor to adopt the best corporate governance practice keeping in view the international codes of Corporate Governance and practice of well-known global companies. Some of the best implemented global governance norms include the following:

- The Company has a designated Lead Independent Director with a defined role.
- All Securities related filing with Stock Exchanges and SEBI are reviewed every quarter by the Company's Stakeholders relationship Committee (previously Shareholders'/Investors' Grievance Committee of Directors).
- The Company also undergoes secretarial audit conducted by independent company secretary who is in whole time practice & the annual secretarial audit report placed before the Board, is annexed in the Annual Report.

### 3. Role Of The Company Secretary On Overall Governance Process.

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are available to the directors, and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to assist and advice the Board in conduct of affairs of the Company to ensure compliance with applicable statutory retirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

### 4. Board of Directors.

#### Composition:

The Company has a balanced mix of executive and nonexecutive Independent Directors. As at 31.03.2017, the Board of Directors comprises of 8 (Eight) Directors, out of which 3 (Three) are executive, including 1 (One) Woman Director & 1 (One) Additional Director and 4 (Four) are Independent Directors.

The detailed statement on composition of the Board is as under :

| S N | Name of the Director  | Promoter, Executive, Non-Executive, Independent | No. of Director-ship/ Committees membership of other Companies | No. of Board Meetings |          | Whether attended Last Annual General Meeting |
|-----|---|---|--|-----------------------|----------|--|
|     |   |   |  | Held                  | Attended |  |
| 1.  | Mr. Sunil Choksi  | Promoter/Executive                              | 1  | 6                     | 6        | Yes  |
| 2.  | Mrs. Stela Choksi   | Promoter/Executive                              | 0  | 6                     | 6        | Yes  |
| 3.  | Mr. Vyangesh Choksi   | Promoter/Executive                              | 4  | 6                     | 5        | Yes  |
| 4 . | Ms. Himika Choksi<br>(w.e.f. 01/03/2017,<br>(Additional Director) | Promoter  | 1  | -                     | -        | -  |
| 5.  | Mr. Sudarshan Shastri   | Independent                                     | 4  | 6                     | 6        | Yes  |
| 6.  | Mr. Pradip Karmakar   | Independent                                     | 0  | 6                     | 1        | Yes  |
| 7.  | Mr. N.K. Mani   | Independent                                     | 0  | 6                     | 6        | Yes  |
| 8.  | Mr. Satish Chandra Joshi  | Independent                                     | 0  | 6                     | 1        | Yes  |

**Number of Board Meetings held and the dates on which held**

During the year under review a total of 6 (Six) Board Meetings were held. The details of the date(s) on which the meetings were held are as follows:

|                   |                      |                    |                    |                    |                      |
|-------------------|----------------------|--------------------|--------------------|--------------------|----------------------|
| 28th May,<br>2016 | 12th August,<br>2016 | 27th Sept,<br>2016 | 12th Nov.,<br>2016 | 10th Feb.,<br>2017 | 01st March.,<br>2017 |
|-------------------|----------------------|--------------------|--------------------|--------------------|----------------------|

**Meetings of Independent Directors:**

During the year under review, the Independent Directors met on 27th September, 2016, inter alia, to discuss:

- (i) Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- (ii) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- (iii) Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

**5. Performance Evaluation.**

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Board Evaluation Policy has been framed and approved by the Nomination and Remuneration Committee (NRC) and by the Board.

The Board carried out an annual performance evaluation of its own performance, the Independent Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

**6. Committees Of The Board.**

In Compliance with the requirements under the Listing Agreement and the applicable laws, the Board has constituted the following committees:

- 1. Audit Committee;
- 2. Nomination & Remuneration Committee;
- 3. Stakeholder Relationship Committee.
- 4. Disclosure Under The Sexual Harassment Of Women At Work Place (Prevention, Prohibition And Redressal) Act, 2013:

**Audit Committee.**

**Power of the Audit Committee**

- 1. To investigate any activity within its terms of reference.
- 2. To seek information from any employee.
- 3. To obtain outside legal or other professional advice.
- 4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Terms of Reference and Role of Audit Committee**

The scope and function of the Audit Committee is to regularly review the internal control, systems and procedures, accounting policies and other matters that protect the interest of the stakeholders, ensure compliance with the laws, and monitor with a view to provide effective supervision of the management's process, ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting. The composition, procedures, powers and role/ functions of the Audit Committee constituted by the Company comply with the requirements of Regulation 18 (3) and part C of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013. Role of Audit Committee includes the following:

- 1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of Statutory Auditors including Cost Auditors and fixation of audit fees.
- 3. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Changes, if any, in accounting policies and practices and reasons for the same.
  - b) Significant adjustments made in the financial statements arising out of audit findings.



- c) Compliance with listing and other legal requirements relating to financial statements.
- d) Disclosure of related party transactions.
- e) Qualifications in draft audit report.
- 4. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- 5. Reviewing with the management, the performance of Statutory Auditors and adequacy of internal control systems.
- 6. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company.

**COMPOSITION:**

The Audit Committee presently comprises of three Independent Non-Executive Directors:

- 1. Mr. Sudarshan Shastri, Chairman
- 2. Mr. Satish Chandra Joshi, Member
- 3. Mr. N.K. Mani, Member

**MEETINGS AND ATTENDANCE:**

During the financial year ended 31<sup>st</sup> March, 2017, 5 (Five) meetings of the Audit Committee were held, as follows:

|                   |                      |                    |                    |                    |
|-------------------|----------------------|--------------------|--------------------|--------------------|
| 28th May,<br>2016 | 12th August,<br>2016 | 12th Nov.,<br>2016 | 10th Feb.,<br>2017 | 01st March<br>2017 |
|-------------------|----------------------|--------------------|--------------------|--------------------|

**Attendance of each Member at the Audit Committee meetings held during the year**

| Name                     | Number of Meetings during the year 2016-17 |          |
|--------------------------|--|----------|
|                          | Held                                       | Attended |
| Mr. Sudarshan Shastri    | 5  | 5        |
| Mr. Satish Chandra Joshi | 5  | 0        |
| Mr. N.K. Mani            | 5  | 5        |

**Nomination and Remuneration Committee.**

**Description and Role of the Nomination & Remuneration Committee:**

- 1. To determine the policy on specific remuneration packages for Executive/Whole- time Directors including pension rights and any compensation payments.
- 2. Recommends to the Board the remuneration of the Executive Directors in all its forms (i.e. salary, contribution to provident fund, superannuation fund, gratuity, bonus, stock option, compensation for loss of office, other amenities, perquisites etc.).
- 3. Takes into account the financial position of the Company, profitability, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc. and brings out objectivity in determining the remuneration package, while striking a balance between company's interest and that of the shareholders.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

**COMPOSITION:**

The Nomination & Remuneration Committee comprises of the following independent Non-Executive Directors:

- 1. Mr. Sudarshan Shastri, Chairman
- 2. Mr. Pradip Karmakar, Member
- 3. Mr. N.K. Mani, Member

**MEETINGS AND ATTENDANCE:**

During the financial year ended 31<sup>st</sup> March, 2017, 2 (Two) meetings of the Nomination & Remuneration Committee were held, as follows:

|                      |                     |
|----------------------|---------------------|
| 12th August,<br>2016 | 01st March,<br>2017 |
|----------------------|---------------------|

**Attendance of each Member at the Nomination & Remuneration Committee meetings held during the year.**

| Name                  | Number of Meetings during the year 2016-17 |          |
|-----------------------|--|----------|
|                       | Held                                       | Attended |
| Mr. Sudarshan Shastri | 2  | 2        |
| Mr. Pradip Karmakar   | 2  | 0        |
| Mr. N.K. Mani         | 2  | 2        |

Remuneration paid to the Directors during 2016-17 :

| Sr. | Name of the Director     | Nature of Directorship | (Rs.) Salary and Perquisites | (Rs. ) Sitting Fee |
|-----|--------------------------|------------------------|------------------------------|--------------------|
| 1   | Mr. Sunil Choksi         | Executive              | *27,00,000/-                 | -                  |
| 2   | Mrs. Stela Choksi        | Executive              | *21,00,000/-                 | -                  |
| 3   | Mr. Vyangesh Choksi      | Executive              | *21,00,000/-                 | -                  |
| 4   | Ms. Himika Choksi        | Additional Director    | -                            | -                  |
| 5   | Mr. Sudarshan Shastri    | Non-Executive          | -                            | 19,000/-           |
| 6   | Mr. Pradip Karmakar      | Non-Executive          | -                            | 3,000/-            |
| 7   | Mr. N.K. Mani            | Non-Executive          | -                            | 19,000/-           |
| 8   | Mr. Satish Chandra Joshi | Non-Executive          | -                            | 3,000/-            |

Notes

- The remuneration to the executive directors is being paid as per the approval of the shareholders at the general body meeting.
- No service contract has been executed between the company and executive directors. The services of Executive Directors are subject to the personnel policy of the Company. No severance fees is payable to executive directors.
- \*The remuneration to the executive directors is being paid as per the recommendation of Nomination & Remuneration Committee and approval of the shareholders at the general body meeting.
- \*Salary and perquisites includes provident Fund and Gratuity etc.
- Presently, the Company does not have a scheme for grant of Stock Options either to the executive directors or employees.
- Mr. Sunil Choksi, Mrs. Stela Choksi, Mr. Vyangesh Choksi and Ms. Himika Choksi are related to each other. All other directors do not have any pecuniary relationship with the Company, other than receipt of sitting fee.
- Non- executive Directors are entitled only for sitting fees for attending meetings of the Board and Committees and no remuneration is payable to them.
- The company does not pay commission or performance linked incentives to any of the directors.

**Stakeholder Relationship Committee.**

**Role of the Stakeholder Relationship Committee:**

The Stakeholders Relationship Committee comprises of 3 Non-Executive Directors, all of whom are Independent Directors. The Stakeholders Relationship Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of the Committee are as follows:

- To review the reports submitted by the Registrars and Share Transfer Agents of the Company at half yearly intervals.
- To periodically interact with the Registrars and Share Transfer Agents to ascertain and look into the quality of the Company's Shareholders / Investors grievance redressal system and to review the report on the functioning of the Investor grievances redressal system.
- To follow-up on the implementation of suggestions for improvement, if any.
- To periodically report to the Board about serious concerns if any.
- To consider and resolve the grievances of the security holders of the company.

**COMPOSITION:**

The Stakeholder Relationship Committee is headed by a Non-Executive Independent Director and comprises the following Directors:

- Mr. Sudarshan Shastri, Chairman
- Mr. Satish Chandra Joshi, Member
- Mr. N.K. Mani, Member

**MEETINGS AND ATTENDANCE:**

During the financial year ended 31st March, 2017, 4 (Four) meetings of the Stakeholder Relationship Committee were held, as follows:

|                   |                      |                    |                    |
|-------------------|----------------------|--------------------|--------------------|
| 28th May,<br>2016 | 12th August,<br>2016 | 12th Nov.,<br>2016 | 10th Feb.,<br>2017 |
|-------------------|----------------------|--------------------|--------------------|

**Attendance of each Member at the Stakeholder Relationship Committee meetings held during the year.**

| Name                     | Number of Meetings during the year 2016-17 |          |
|--------------------------|--|----------|
|                          | Held                                       | Attended |
| Mr. Sudarshan Shastri    | 4  | 4        |
| Mr. Satish Chandra Joshi | 4  | 0        |
| Mr. N.K. Mani            | 4  | 4        |

Name, Designation & Address of Compliance Office:

Mr. Abhishek Sharma, Company Secretary  
6/3, Manoramaganj, Indore - 452 001, M.P., Tel. : 4243888  
Email at compliance\_officer@choksilab.com

During the year the Company received 0 (Nil) complaints from its shareholders and as on 31.03.2017 no complaint is pending beyond 30 days.

**7. General Body Meetings.**

**i. Annual General Meetings:**

The location and time of the last three Annual General Meetings are as under:

| Year    | Date of Annual General Meeting | Time       | Venue                     | No. of Special Resolutions Passed |
|---------|--------------------------------|------------|---------------------------|-----------------------------------|
| 2015-16 | 27 <sup>th</sup> Sept., 2016   | 11:00 A.M. | 6/3, Manoramaganj, Indore | -                                 |
| 2014-15 | 30 <sup>th</sup> Sept., 2015   | 11:00 A.M. | 6/3, Manoramaganj, Indore | -                                 |
| 2013-14 | 30 <sup>th</sup> Sept., 2014   | 10:30 A.M. | 6/3, Manoramaganj, Indore | Six                               |

Financial Calendar F.Y. 2017-18 (Tentative)

|   |   |
|---|---|
| Board meeting for first three quarters ending on 30th June 2017, 30th Sept. 2017 and 31st Dec. 2017 | On or before 45th day from the end of Quarter |
| Board Meeting for Last quarter ending on 31st March 2018  | On or before 30th May 2018                    |
| Annual General Meeting for FY 2017-18   | On or before 30th Sept. 2018                  |

**ii. Postal Ballot:**

- The Company has not passed any Special Resolution during last three years requiring voting through Postal Ballot.
- There is no proposal for passing any resolution through Postal Ballot at the ensuing Annual General Meeting scheduled to be held on 25th day of September, 2017 .

**8. Disclosures.**

**i. Legal Compliances**

The Company has complied with all the requirement of regulatory authorities on the matters related to capital market hence no penalties or strictures have been imposed on the company by stock exchanges, SEBI or any other statutory authority during the last three years.

**ii. CEO/CFO Certification**

In terms of Regulation 17 (8) and part B of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certification by Chief Executive Officer and Chief Financial Officer on the financial statement and internal controls relating to financial reporting has been obtained.

**iii. Disclosure Regarding Materially Significant Related Party Transactions**

There are no materially significant related party transactions that may have potential conflict with the interests of company at large in the financial year 2016-17. Related party transactions have been disclosed in Note No.27 of Notes on Financial Statement part of the Annual Accounts for the year ended 31st March, 2017.

**iv. Whistle Blower Policy**

The Company has conveyed existence of Whistle Blower Policy to all its employees and it is hereby affirmed by the Board that no personnel has been denied access to the Audit Committee.

**v. Mandatory and Non-Mandatory Requirements**

The Company has complied with all the mandatory requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Non- mandatory requirements are being complied with in a phased manner.

The company has complied with the requirement of remuneration committee, whistle blower policy / Vigil Mechanism.

**9. Means of Communication.**

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end –

**Financial Results:** The results are submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously published in English edition of 'Free Press' and Hindi edition of 'Choutha Sansar'.

**Corporate Filing:** Announcements, Quarterly Results, Shareholding Pattern etc. of the Company regularly filed by the Company, are also available on the website of The Bombay Stock Exchange Limited– [www.bseindia.com](http://www.bseindia.com).

**Website:** The Company's website [www.choksilab.com](http://www.choksilab.com) contains a separate dedicated section "Investor Relations" where information for shareholders is available. The Quarterly/ Annual Financial Results, Annual Reports are posted on the website.

**10. Familiarisation Programmes for Board Members.**

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

**11. Code of Conduct for prevention of Insider Trading.**

The Company has adopted a Code of Conduct for prevention of Insider Trading for its Management, Staff and Directors. The Code lays down guidelines and procedures to be followed and disclosures to be made by Directors, Top Level Executives and Staff whilst dealing in shares of the Company.

**12. Compliance Officer.**

Mr. Abhishek Sharma, Company Secretary, is the Compliance Officer for complying with requirements of Securities Laws and Listing Agreements with Stock Exchanges.

**13. SEBI Complaints Redress System (SCORES).**

The investor complaint(s) are processed in a centralized web based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**14. Payment of Listing Fees.**

Annual listing fee for the year 2017-2018 has been paid by the Company to BSE.

**15. Payment of Depository Fees.**

Annual Custody/Issuer fee for the year 2017-2018 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

**16. General Shareholders' Information**

|                                 |   |
|---------------------------------|---|
| i.                              | <b>24th Annual General Meeting</b>  |
| Date                            | Monday, 25th day of September, 2017   |
| Time                            | 11.00 A.M.  |
| Venue                           | 6/3, Manoramaganj, Indore-452001  |
| ii. Financial Year              | 1st April, 2016 to 31st March, 2017   |
| iii. Date of Book Closure       | from 23rd day of September, 2017 to 25th day of September, 2017 (both days inclusive) |
| iv. Dividend Payment Date       | None, as no dividend has been recommended for the year.                               |
| v. Listing on Stock Exchange(s) | The Shares of the company are listed on Bombay Stock Exchange Limited (BSE)           |
| vi. BSE Stock Code              | CHOKSILA  |
| Scrip Code                      | 526546  |
| ISIN                            | INE493D01013 (NSDL & CDSL)  |
| CIN                             | L85195MP1993PLC007471   |

**vii. Market Price Data**

The reported high and low closing prices during each month of the financial year ended on 31st March, 2017 on the Bombay Stock Exchange, where the Company's shares are being traded are given below:

| Month      | Quotations on BSE |           |
|------------|-------------------|-----------|
|            | High Price        | Low Price |
| Apr, 2016  | 13.30             | 10.56     |
| May, 2016  | 12.64             | 12.01     |
| June, 2016 | 12.50             | 10.76     |
| July, 2016 | 15.36             | 10.56     |
| Aug, 2016  | 16.45             | 12.25     |
| Sept, 2016 | 14.46             | 11.67     |
| Oct, 2016  | 15.29             | 13.30     |
| Nov, 2016  | 16.39             | 12.60     |
| Dec, 2016  | 14.40             | 12.25     |
| Jan, 2017  | 14.49             | 12.31     |
| Feb, 2017  | 19.15             | 12.40     |
| Mar, 2017  | 18.75             | 14.75     |

**viii. Registrar and Transfer Agent**

The Company has appointed M/s. Link Intime India Pvt. Ltd. as Registrar & Share Transfer Agents, details of whom are as under:

**Link Intime India Pvt. Ltd.**

C 101, 247 Park,  
L B S Marg, Vikhroli West,  
Mumbai 400 083.  
Tel No: +91 22 49186000  
Fax: +91 22 49186060  
Email : rnt.helpdesk@linkintime.co.in

**ix. Share Transfer System**

To expedite the process of share transfer, transmission, split, consolidation, rematerialisation, dematerialization, payment of dividend and issue of duplicate dividend warrants and resolution of the shareholder's grievances, the Board of Directors has delegated the powers to M/s. Link Intime India Private Limited, Mumbai (Formerly known as Intime Spectrum Registry Limited). The shareholders are requested to approach M/s. Link Intime India Private Limited for resolution of all their issue.

**x. Distribution of Shareholding****(a) Class-wise Distribution of Equity Shares as on 31st March, 2017**

| Slab of Shareholding | Shareholders |                 | Shares         |                 |
|----------------------|--------------|-----------------|----------------|-----------------|
|                      | Number       | % of total      | Number         | % of total      |
| 1-500                | 2896         | 76.2105         | 690569         | 9.9145          |
| 501-1000             | 464          | 12.2105         | 408061         | 5.8585          |
| 1001-2000            | 193          | 5.0789          | 301602         | 4.3301          |
| 2001-3000            | 78           | 2.0526          | 199865         | 2.8695          |
| 3001-4000            | 34           | 0.8947          | 123452         | 1.7724          |
| 4001-5000            | 28           | 0.7368          | 134628         | 1.9328          |
| 5001-10000           | 45           | 1.1842          | 334076         | 4.7963          |
| 10001-and above      | 62           | 1.6316          | 4773010        | 68.5259         |
| <b>Total</b>         | <b>3800</b>  | <b>100.0000</b> | <b>6965263</b> | <b>100.0000</b> |

(b) Shareholding Pattern as on 31st March, 2017

| SR. NO.  | CATEGORY   | NO. OF SHARES HELD | % OF SHARE-HOLDING |
|----------|--|--------------------|--------------------|
| <b>A</b> | <b>PROMOTER'S HOLDING</b>  |                    |                    |
| 1.       | <u>Promoters</u>   |                    |                    |
|          | Indian   | 2192754            | 31.48%             |
|          | Foreign  | -                  | -                  |
| 2.       | <u>Persons acting in Concert</u>   | -                  | -                  |
|          | <b>Sub-Total</b>   | <b>2192754</b>     | <b>31.48%</b>      |
| <b>B</b> | <b>NON-PROMOTER'S HOLDING</b>  |                    |                    |
| 3.       | <u>Institutional Investors</u>   |                    |                    |
|          | (a) Mutual funds and UTI   | -                  | -                  |
|          | (b) Banks, Financial Institutions<br>Central/State Govt. Institutions/<br>Non-government Institutions) | -                  | -                  |
|          | (c) Insurance Companies  | -                  | -                  |
|          | (d) FII's  | -                  | -                  |
| 4.       | <u>Others</u>  |                    |                    |
|          | (a) Bodies Corporate   | 403220             | 5.79%              |
|          | (b) Indian Public  | 4208680            | 60.42%             |
|          | (c) NRIs/OCBs  | 15457              | 0.22%              |
|          | (d) Any Other<br>(Clearing Members, Trust, Directors)  | 145152             | 2.09%              |
|          | <b>Sub-Total</b>   | <b>4772509</b>     | <b>68.52%</b>      |
|          | <b>GRAND TOTAL (A+B)</b>   | <b>6965263</b>     | <b>100%</b>        |

xi. Dematerialization of shares

Trading in Company's share is permitted compulsorily in dematerialized form as per notification issued by SEBI. The break-up of shares in physical and demat form as on 31<sup>st</sup> March, 2017 is as follows:

| Particulars of Equity Shares | Equity Shares of Rs.10/- each |               |
|------------------------------|-------------------------------|---------------|
|                              | Number                        | % of Total    |
| NSDL                         | 4581868                       | 65.78%        |
| CDSL                         | 1209880                       | 17.37%        |
| <b>Sub-Total</b>             | <b>5791748</b>                | <b>83.15%</b> |
| Physical                     | 1173515                       | 16.85%        |
| <b>Total</b>                 | <b>6965263</b>                | <b>100.00</b> |

Note: As on 31<sup>st</sup> March, 2017 paid up capital of the Company is Rs. 69,65,2630/-.

Shareholders, who continue to hold their equity shares in physical form, are requested to dematerialize their shares at the earliest and avail various benefits of dealing in securities in electronic/dematerialized form.

**xii. Outstanding GDRs/ADRs/Warrants or any other convertible instruments and their impact on equity:**

The Company does not have any outstanding instruments GDRs/ADRs or any convertible instruments as on 31.03.2017.

**xiii. Laboratory Locations**

| Sr. | Location                       | Address   |
|-----|--------------------------------|---|
| 1.  | Indore, Madhya Pradesh         | Registered Corporate Office & Central Laboratory at 6/3 Manoramaganj, Indore – 452 001 M. P. - India                                      |
| 2.  | Branch at Vadodara, Gujrat     | At 829, GIDC, Makarpura Vadodara – 390 010 (GUJ.) – India   |
| 3.  | Branch at Vapi, Gujrat         | At IInd & IIIrd Floor, Gokul Complex, 101/8 GIDC – Char Rasta Vapi – 396 195 – (GUJ.) India   |
| 4.  | Branch at Panchkula, Harayana  | At Plot No. 362, Industrial Area, Phase – II Panchkula – 734 112 - (HARYANA) India  |
| 5.  | Branch at Goa, Goa             | C-18 & 20, Verna Industrial Estate Phase – 1A, Verna – 403 722 - (GOA) India  |
| 6.  | Branch at Bangalore, Karnataka | Plot No. 8, 2nd Floor, Siddhivinayak Complex, Phase II, Near BDA Complex, 80, Feet Ring Road, Nagarbhavi, Bangalore - 560079, (Karnataka) |

**xiv. Address for Correspondence**

For all investor related issues, the address for correspondence shall be:

**Company**

“Company Secretary”  
Choksi Laboratories Limited,  
6/3, Manoramaganj  
Indore (M.P.)-452001  
E-mail: Compliance\_officer@choksilab.com

**Registrar and Share Transfer Agent**

Link Intime India Pvt. Ltd.  
C 101, 247 Park,  
L B S Marg, Vikhroli West,  
Mumbai 400 083.  
Tel No: +91 22 49186000  
Fax: +91 22 49186060  
Email: rnt.helpdesk@linkintime.co.in

**Date : 14/08/2017**  
**PLACE : INDORE**

**FOR AND ON BEHALF OF THE BOARD**

**SUNIL CHOKSI**  
**MANAGING DIRECTOR**  
**DIN: 00155078**

**DECLARATION FROM MANAGING DIRECTOR**

A declaration signed by the Managing Director of the company on behalf of the members of the Board and Senior Management Personnel in terms of Schedule V (D) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended on 31<sup>st</sup> March, 2017:

**Declaration**

I, Sunil Choksi, Managing Director of the Company do hereby affirm and declare on behalf of all the Directors and Senior Management Personnel in terms of Schedule V (D) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that the Company has laid down and complied with the Code of Conduct have confirmed compliance with the code of conduct as adopted by the Company.

**DATE : 14/08/2017**  
**PLACE : INDORE**

**SUNIL CHOKSI**  
**MANAGING DIRECTOR**  
**DIN: 00155078**



**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To The Members of

**Choksi Laboratories Limited,**

We have examined the compliance of conditions of Corporate Governance by Choksi Laboratories Limited, for the year ended 31 March 2017 as stipulated in Regulations 15 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

**For PRATEEK JAIN & Co.  
Chartered Accountants  
(Registration No. 009494C)**

**DATE : 14/08/2017**

**PLACE : INDORE**

**(Prateek Jain)  
Proprietor  
M.No. 079214**

**CEO/CFO CERTIFICATE**

**Regulation 17 (8) and part B of Schedule II of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,

The Board of Directors  
Choksi Laboratories Limited

1. We have reviewed financial statements and the cash flow statement of Choksi Laboratories Limited for the year ended 31st March, 2017 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and We have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - (i) that there are no significant changes in internal control over financial reporting during the year;
  - (ii) that there are no significant changes in accounting policies during the year; and
  - (iii) that there are no instances of significant fraud of which we have become aware.

**Date : 14/08/2017**

**Place : Indore**

**Sunil Choksi  
Chief Executive Officer**

**Vyangesh Choksi  
Chief Financial Officer**



**ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

Referred to in Paragraph 1 of the Report on Other Legal & Regulatory Requirements of Independent Auditor's Report of Choksi Laboratories Limited of Even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report to the extent:

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. Fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- c. In respect of immovable property, title deeds of all the immovable properties are in the name of the Company.
- ii. This being a service rendering Company, there are no Manufacturing/Trading Activities in the Company, the only inventory for the Company is Chemicals which is used & consumed for testing purposes. Since its inception, the Company follows the practice of charging to revenue, the purchases of chemicals in the year of purchase itself. Due to this reason ,and considering the nature of volatility of the item, as per the explanations given to us, no inventory register is maintained for the same. Hence we are unable to express our opinion on Clause ii of the Order.
- iii. The Company has not granted loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, our comments on clauses iii a and iii b of the order are NIL. However, the Company has given an interest free rent deposit of Rs.20 Lacs for building to one such party.
- iv. The Company has not given any loans; made investments; given guarantees to any Company to which the provisions of Section 185 and 186 of the Companies Act, 2013 are applicable.
- v. The Company has not accepted any deposits from the public covered under the provision of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under to the extent notified.
- vi. The Central Government has not prescribed maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended by sub Section (1) of Section 148 of the Companies Act, 2013.
- vii. (a) According to the information & explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues, to the extent applicable, have been generally regularly deposited with the appropriate authorities except Service Tax dues of Rs. 90,16,231/- from Dec 2016 to March 2017 which is still due to be paid.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2017 for a period of more than six months from the date they become payable;
- (c) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of disputes.
- viii. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued debentures.
- ix. According to the records of the Company examined by us and the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments).The term loans availed were applied for the purposes for which those are raised.
- x. Based on the audit procedures performed and the information & explanations given to us, we report that no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company.
- xiii. According to the records of the Company examined by us and the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the records of the Company examined by us, the Company has not made any preferential allotment or private allotment of shares or fully or partly convertible debenture during the year.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him.
- xvi. The Company is not required to be registered under Section 45-I of the Reserve bank of India Act, 1934.

**For PRATEEK JAIN & CO.**  
Chartered Accountants  
(Registration No. 009494C)

Place : Indore  
Date : 29.05.2017

**Prateek Jain**  
Proprietor  
M.No. 079214

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls over financial reporting of Choksi Laboratories Limited ("The Company") as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year then ended.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**AUDITOR'S RESPONSIBILITY**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 control system over financial reporting.

**MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the Company, has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

**For Prateek Jain & Co.  
Chartered Accountants  
(Firm Registration No.009494C)**

**Prateek Jain  
Proprietor  
(Membership No.079214)**

**Indore, dated : 29.05.2017**

BALANCE SHEET AS AT 31ST MARCH 2017

Amount in ₹

| PARTICULARS                    | Note | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |
|--------------------------------|------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                           |                           |
| <b>Shareholder's funds</b>     |      |                           |                           |
| Share Capital                  | 1    | 69,652,630                | 69,652,630                |
| Reserves and Surplus           | 2    | 139,537,845               | 130,681,161               |
|                                |      | 209,190,475               | 200,333,791               |
| <b>Non-Current Liabilities</b> |      |                           |                           |
| Long-term borrowings           | 3    | 42,725,618                | 80,644,739                |
| Deferred tax Liability (Net)   | 4    | 4,018,799                 | 5,864,622                 |
|                                |      | 46,744,417                | 86,509,361                |
| <b>Current Liabilities</b>     |      |                           |                           |
| Short-term Borrowings          | 5    | 37,603,943                | 28,238,198                |
| Trade Payables                 | 6    | 48,136,846                | 40,069,034                |
| Other Current Liabilities      | 7    | 43,979,755                | 44,858,762                |
| Short-term Provisions          | 8    | 23,921,398                | 25,278,629                |
|                                |      | 153,641,943               | 138,444,623               |
| <b>TOTAL</b>                   |      | <b>409,576,835</b>        | <b>425,287,774</b>        |
| <b>ASSETS</b>                  |      |                           |                           |
| <b>Non-current Assets</b>      |      |                           |                           |
| <b>Fixed Assets</b>            |      |                           |                           |
| Tangible Assets                | 9    | 220,025,945               | 174,057,604               |
| Intangible Assets              | 9a   | 2,279,877                 | 2,334,430                 |
| Capital Work-in-progress       | 10   | 42,834,787                | 89,946,313                |
|                                |      | 265,140,609               | 266,338,346               |
| Long-term Loans and Advances   | 11   | -                         | -                         |
| Other Non-current Assets       | 12   | 8,051,352                 | 9,037,256                 |
| Trade receivables              | 13   | 88,232,135                | 85,778,923                |
| Cash and Cash Equivalents      | 14   | 6,836,637                 | 9,230,687                 |
| Short-term Loans and advances  | 15   | 6,076,665                 | 8,006,305                 |
| Other Current Assets           | 16   | 35,239,437                | 46,896,257                |
| <b>TOTAL</b>                   |      | <b>409,576,835</b>        | <b>425,287,774</b>        |

Significant Accounting Policies

Notes on Financial Statements 1 to 34

As per our report of even date

For and on behalf of the Board

For PRATEEK JAIN & CO.  
Chartered Accountants  
Registration No. 009494C

Prateek Jain  
Proprietor  
M.No.079214

Sunil Choksi  
Managing Director  
DIN-00155078

Vyangesh Choksi  
Whole Time Director & C.F.O.  
DIN-00154926

Abhishek Sharma  
Company Secretary  
M. No. 37215

Place : Indore

Date : 29-05-2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH,2017

Amount in ₹

| PARTICULARS  | Note    | 2016-17            | 2015-16            |
|--|---------|--------------------|--------------------|
| <b>INCOME</b>  |         |                    |                    |
| Revenue from operations                                  | 17      | 251,986,566        | 223,047,565        |
| Other Income   | 18      | 6,296,412          | 148,631            |
| <b>Total Revenue</b>                                     |         | <b>258,282,978</b> | <b>223,196,196</b> |
| <b>EXPENDITURE :</b>                                     |         |                    |                    |
| Cost of materials Consumed                               | 19      | 29,749,450         | 28,233,058         |
| Employee Benefits Expenses                               | 20      | 94,635,114         | 79,182,696         |
| Finance Costs  | 21      | 12,642,000         | 12,269,226         |
| Depreciation and Amortization Expenses                   | 9       | 28,634,584         | 27,320,917         |
| Other Expenses   | 22      | 79,621,523         | 64,799,155         |
| <b>Total Expenses</b>                                    |         | <b>245,282,670</b> | <b>211,805,053</b> |
| Profit before Tax  |         | 13,000,308         | 11,391,144         |
| <b>Tax expenses</b>                                      |         |                    |                    |
| Income Tax earlier years                                 |         | 915,447            | 35,473             |
| Current tax  |         | 5,074,000          | 7,039,588          |
| Deferred tax   |         | (1,845,823)        | (2,901,924)        |
| <b>Profit after tax</b>                                  |         | <b>8,856,684</b>   | <b>7,218,007</b>   |
| <b>Net Profit for the year</b>                           |         | <b>8,856,684</b>   | <b>7,218,007</b>   |
| <b>Earnings per equity share of Face Value ₹ 10 each</b> |         |                    |                    |
| Basic  |         | 1.27               | 1.04               |
| Diluted  |         | 1.27               | 1.04               |
| Significant Accounting Policies                          |         |                    |                    |
| Notes on Financial Statements                            | 1 to 34 |                    |                    |

As per our report of even date

For and on behalf of the Board

For PRATEEK JAIN & CO.  
Chartered Accountants  
Registration No. 009494C

Prateek Jain  
Proprietor  
M.No.079214

Sunil Choksi  
Managing Director  
DIN-00155078

Vyangesh Choksi  
Whole Time Director & C.F.O.  
DIN-00154926

Abhishek Sharma  
Company Secretary  
M. No. 37215

Place : Indore  
Date : 29-05-2017

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2016-17

(Amount in thousands)

|  | For the year ended<br>31-03-2017 | For the year ended<br>31-03-2016 |
|--|----------------------------------|----------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                        |                                  |                                  |
| Net Profit before tax as per Profit and Loss Account                 | 13000                            | 11391                            |
| Adjustments for :  |                                  |                                  |
| Depreciation and Amortisation Expense                                | 28635                            | 27321                            |
| Finance Costs  | 12642                            | 12269                            |
| Interest Income  | (6296)                           | (149)                            |
| Loss on Sale / Discard of Assets (Net)                               | (3559)                           | 603                              |
| <b>Operating Profit before working capital changes</b>               | <b>44422</b>                     | <b>51436</b>                     |
| Adjustments for :  |                                  |                                  |
| Trade and other receivables  | (2453)                           | (1238)                           |
| Trade and other payables   | 4091                             | 21506                            |
| Other current assets   | (925)                            | 12370                            |
| Movement in Non Current Assets                                       | 986                              | 1018                             |
| <b>Cash generated from Operations</b>                                | <b>46121</b>                     | <b>85092</b>                     |
| Direct Taxes Paid (Net)  | 6556                             | (18014)                          |
| <b>Net Cash from Operating Activities</b>                            | <b>52677</b>                     | <b>67078</b>                     |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                        |                                  |                                  |
| Purchase of Fixed Assets   | (79500)                          | (12093)                          |
| Proceeds from sale of Fixed Assets                                   | 8510                             | 570                              |
| Capital Work in Progress   | 47112                            | (62617)                          |
| Interest received  | 6296                             | 149                              |
| <b>Net cash used in investing activities</b>                         | <b>(17582)</b>                   | <b>(73991)</b>                   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                       |                                  |                                  |
| Proceeds from Long Term Borrowings Net                               | 750                              | 76039                            |
| Repayment of Long Term Borrowings                                    | (34963)                          | (54426)                          |
| Short Term Borrowings (Net)  | 9366                             | (1357)                           |
| Interest Paid  | (12642)                          | (12269)                          |
| <b>Net cash (Used in)/generated from financing activities</b>        | <b>(37489)</b>                   | <b>7988</b>                      |
| <b>Net Increase (Decrease) in cash and cash equivalents (A+B+C)</b>  | <b>(2394)</b>                    | <b>1075</b>                      |
| <b>Opening Balance of Cash and cash Equivalents</b>                  | <b>9231</b>                      | <b>8156</b>                      |
| <b>Closing Balance of Cash and cash Equivalents (As per note 14)</b> | <b>6837</b>                      | <b>9231</b>                      |

Notes:1. The above statement has been prepared under the "indirect method" as set out in Accounting Standard (AS) 3, Cash Flow Statements.

2. Previous year's figures have been regrouped/ reclassified wherever considered necessary to conform to the current year classification.

As per our report of even date

For and on behalf of the Board

For PRATEEK JAIN & CO.  
Chartered Accountants  
Registration No. 009494C

Prateek Jain  
Proprietor  
M.No.079214

Sunil Choksi  
Managing Director  
DIN-00155078

Vyangesh Choksi  
Whole Time Director & C.F.O.  
DIN-00154926

Abhishek Sharma  
Company Secretary  
M. No. 37215

Place : Indore  
Date : 29-05-2017





**D) Employee Benefits:**

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to Statement of Profit & Loss of the year when contributions to the fund is due. There are no other obligations other than the contributions payable to the respective authority.

Gratuity liability is a defined benefit plan and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the each financial year. The Gratuity scheme is maintained and administered by an insurer to which the Company make periodic contributions.

Leave encashment is provided on year to year basis.

Short-term employee benefits such as wages, salaries and short-term compensated absences like bonus and other Non-monetary benefits are provided for as per Company's Rules on best estimate basis.

**E) Prior Period Expenses/ Income:**

The Company follows the practice of making adjustments through "expenses/income under/over provided" in previous years in respect of material transactions pertaining to that period prior to the current accounting year.

**F) Foreign Currency Transactions:**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise.

**G) Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets 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 its intended use. All other borrowing costs are charged to Profit and Loss account.

**H) Earnings per Share :**

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.

**I) Provision for Current and Deferred Tax :**

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

**J) Provisions, 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.

**K) General :**

Accounting policies not specifically referred to above are consistent with the generally accepted accounting principles followed in India.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

|          |   | Amount in (₹)             |                           |               |
|----------|---|---------------------------|---------------------------|---------------|
|          |   | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |               |
| <b>1</b> | <b>SHARE CAPITAL</b>  |                           |                           |               |
|          | <b>Authorised Share Capital</b>   |                           |                           |               |
|          | (120 Lacs Equity Shares of Rs.10/- each & 30 Lacs Preference Shares of Rs. 10 each)   | 150,000,000               |                           | 150,000,000   |
|          | <b>Issued</b>   |                           |                           |               |
|          | 6965263 Equity Shares of ₹ 10/- Each (Previous year 6965263 Equity shares)  | 69,652,630                |                           | 69,652,630    |
|          | <b>Subscribed, Called up and Paid up</b>  |                           |                           |               |
|          | 6965263 Equity Shares of Rs. 10/- each (Previous year 6965263 Equity Shares of Rs.10/- each)  | 69,652,630                |                           | 69,652,630    |
|          |   | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |               |
| 1.1      | The details of shareholders holding more than 5% shares   |                           |                           |               |
|          | Name of the Shareholder   | No. of shares             | % held                    | No. of shares |
|          | Sunil Choksi  | 523,192                   | 7.51%                     | 523,192       |
|          | Sitashree Food Products Ltd.  | -                         | 0.00%                     | 500,000       |
|          | Vyangesh Choksi   | 447,099                   | 6.42%                     | 447,099       |
|          | Dhansukhbhai Gulabdas Choksi HUF  | 400,000                   | 5.74%                     | 400,000       |
| 1.2      | The reconciliation of the number of shares outstanding is set out below :   | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |               |
|          |   | No. of shares             | No. of shares             |               |
|          | Equity shares at the beginning of the year  | 6,965,263                 | 6,965,263                 |               |
|          | Equity shares at the end of the year  | 6,965,263                 | 6,965,263                 |               |
| 1.3      | The Company has only one class of shares i.e. equity shares with equal rights for dividend and repayment. Each holder of the shares is entitled to one vote per share.Dividend on equity shares whenever proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. |                           |                           |               |
| <b>2</b> | <b>RESERVE AND SURPLUS</b>  | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |               |
|          | <b>Capital Reserve</b>  |                           |                           |               |
|          | As per last Balance Sheet   | 2,005,500                 | 2,005,500                 | 2,005,500     |
|          | <b>Securities Premium Reserve</b>   |                           |                           |               |
|          | As per last Balance Sheet   | 13,510,478                | 13,510,478                | 13,510,478    |
|          | <b>Profit and Loss Account</b>  |                           |                           |               |
|          | As per last Balance Sheet   | 115,165,183               | 107,947,176               |               |
|          | Add : Profit for the year   | 8,856,684                 | 7,218,007                 |               |
|          | <b>Total</b>  | 124,021,867               | 115,165,183               |               |
|          |   | 139,537,845               | 130,681,161               |               |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

|   | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |
|---|---------------------------|---------------------------|
| <b>3 LONG-TERM BORROWINGS</b>                       |                           |                           |
| <b>Secured</b>                                      |                           |                           |
| From Banks :  |                           |                           |
| Term Loan From Axis Bank                            | 20,155,756                | 50,683,756                |
| Term Loan From Bank of India                        | 4,482,495                 | 5,624,000                 |
| Vehicle Loans From HDFC Bank Ltd.                   | 88,687                    | 47,608                    |
| Vehicle Loans From ICICI Bank Ltd.                  | -                         | 225,360                   |
| <b>Unsecured</b>                                    |                           |                           |
| From Others :                                       |                           |                           |
| Term Loan From Magma Fincorp Ltd.                   | 91,882                    | 1,073,590                 |
| Term Loan From Religare Finvest Ltd.                | -                         | 687,009                   |
| Term Loan from Bajaj Finance Ltd.                   | 706,798                   | 1,693,276                 |
| Term Loan from Tata Capital Financial Services Ltd. | -                         | 110,140                   |
| Term Loan from Viji Finance Ltd.                    | -                         | 2,500,000                 |
| Term Loan from Sunil Choksi (Director)              | 15,200,000                | 15,600,000                |
| Term Loan from Stela Choksi (Director)              | 2,000,000                 | 2,400,000                 |
|   | <u>42,725,618</u>         | <u>80,644,739</u>         |

3.1 Maturity Profile of Term Loans :

| Maturity Profile of Term Loans are set out below               | Rate of Interest       | upto 1 year       | After a year      | 2-3 years        | 3-4 years      |
|--|------------------------|-------------------|-------------------|------------------|----------------|
| Secured : Term Loan from Axis Bank                             | Base rate + 3.00% p.a. | 26,339,570        | 13,053,000        | 7,102,756        | -              |
| Secured : Term Loan from Bank of India                         | 11.25% p.a.            | 1,707,515         | 1,913,618         | 2,144,599        | 424,278        |
| Secured : Vehicle Loans from HDFC Bank                         | 10.50% p.a.            | 551,332           | 88,687            | -                | -              |
| Secured : Vehicle Loans from ICICI Bank                        | 10.60% p.a.            | 225,360           | -                 | -                | -              |
| Unsecured: Term Loan from Magma Fincorp Ltd.                   | 21.00% p.a.            | 981,708           | 91,882            | -                | -              |
| Unsecured: Term Loan from Religare Finvest Ltd.                | 19.50% p.a.            | 687,009           | -                 | -                | -              |
| Unsecured: Term Loan from Bajaj Finance Ltd.                   | 18.50% p.a.            | 986,478           | 706,798           | -                | -              |
| Unsecured: Term Loan from Tata Capital Financial Services Ltd. | 19.30% p.a.            | 110,140           | -                 | -                | -              |
| Unsecured: Term Loan from Director Sunil Choksi                | -                      | -                 | 15,200,000        | -                | -              |
| Unsecured: Term Loan from Director Stela Choksi                | -                      | -                 | 2,000,000         | -                | -              |
| <b>Total</b>   |                        | <b>31,589,112</b> | <b>33,053,985</b> | <b>9,247,355</b> | <b>424,278</b> |

3.2 The Term Loans from Axis Bank is secured by hypothecation of Indore & Goa fixed assets. The above loans are also personally guaranteed by the directors Mr. Sunil Choksi & Mr. Vyngesh Choksi. Loan from Bank of India is secured by Freehold Land at Kumedi in Indore and Land and Building situated at GIDC Industrial Estate, Makarpura, Baroda.

3.3 All unsecured Loans are also personally guaranteed by the director Mr. Vyngesh Choksi.

3.4 There are no defaults as on the Balance Sheet date in repayment of the above loans and interest thereon.

|  | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |
|--|---------------------------|---------------------------|
| <b>4 DEFERRED TAX LIABILITY (Net)</b>        |                           |                           |
| <b>Deferred Tax Liability</b>                |                           |                           |
| Related to fixed assets                      | 7,909,065                 | 8,663,143                 |
| <b>Deferred Tax Assets</b>                   |                           |                           |
| Disallowances under the Income Tax Act, 1961 | 2,439,930                 | 1,263,682                 |
| Others                                       | 1,450,335                 | 3,890,266                 |
|  | <u>4,018,799</u>          | <u>5,864,622</u>          |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

|  | AS AT<br>31st March, 2017   | AS AT<br>31st March, 2016         |
|--|---|-----------------------------------|
| <b>5 SHORT-TERM BORROWINGS</b>                     |   |                                   |
| <b>Working Capital Loans (From Banks)</b>          |   |                                   |
| <b>Rupee Loans</b>                                 |   |                                   |
| Cash Credit From Axis Bank                         | 30,000,000  | 28,238,198                        |
| Over Draft From Bank of India                      | 7,603,943   | -                                 |
|  | 37,603,943  | 28,238,198                        |
| <b>5.1</b>   | Cash Credit from Axis Bank is Sanctioned for Rs. 300 Lacs and is secured by joint hypothecation of running stocks of consumable and all Book debts, both present and future alongwith Indore and Goa Fixed Assets.<br>The said Cash Credit is also personally guaranteed by the directors Mr. Sunil Choksi & Mr. Vyangesh Choksi. |                                   |
| <b>5.2</b>   | Overdraft from Bank of India is sanctioned for Rs. 120 Lacs against primary security of Land at Kumedi. This loan is personally guaranteed by the directors Mr. Sunil Choksi & Mrs. Stela Choksi.   |                                   |
| <b>6 TRADE PAYABLES</b>                            | <b>AS AT<br/>31st March, 2017</b>   | <b>AS AT<br/>31st March, 2016</b> |
| Micro, Small and Medium Enterprises                | 58,741  | 137,526                           |
| Others   | 48,078,105  | 39,931,508                        |
|  | 48,136,846  | 40,069,034                        |
| <b>6.1</b>   | The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:  |                                   |
|  | Principal amount due and remaining unpaid   | -                                 |
|  | Interest due on above and the unpaid interest   | -                                 |
|  | Interest paid   | -                                 |
|  | Payment made beyond the appointed day during the year   | -                                 |
|  | Interest due and payable for the period of delay  | -                                 |
|  | Interest accrued and remaining unpaid   | -                                 |
|  | Amount of further interest remaining due and payable in succeeding years  | -                                 |
| <b>7 OTHER CURRENT LIABILITIES</b>                 |   |                                   |
| Advance payments from Customers                    | 2,167,287   | 1,450,800                         |
| Tax Liabilities: Service Tax Payable & TDS Payable | 9,890,340   | 15,490,299                        |
| Current maturities of Long Term Debt (Note 3.1)    | 31,589,112  | 27,883,036                        |
| Credit Balances of Staff & Others                  | 333,016   | 34,626                            |
|  | 43,979,755  | 44,858,762                        |
| <b>8 SHORT-TERM PROVISIONS</b>                     |   |                                   |
| Provision for employee benefits                    | 16,126,023  | 15,691,597                        |
| Provision for Income Tax                           | 5,074,000   | 7,039,588                         |
| Provision for Expenses                             | 2,721,375   | 2,547,444                         |
|  | 23,921,398  | 25,278,629                        |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

**9. : TANGIBLE ASSETS** For the Period of 01.04.2016 to 31.03.2017

| Name of the Assets   | GROSS BLOCK            |                          |                            | DEPRECIATION           |                  |              | NET BLOCK                  |                        |                  |                  |
|--|------------------------|--------------------------|----------------------------|------------------------|------------------|--------------|----------------------------|------------------------|------------------|------------------|
|  | Total As at 01.04.2016 | Addition during the year | Deductions during the year | Total As at 31.03.2017 | Up to 01.04.2016 | For the year | Deductions during the year | Total As at 31.03.2017 | As on 31.03.2016 | As on 31.03.2017 |
| Land (Freehold)  | 30,382,718             | 2,255,000                | 4,951,350                  | 27,686,368             | -                | -            | -                          | 0                      | 27,686,368       | 30,382,718       |
| Land (Leasehold)   | 5,330,200              | -                        | -                          | 5,330,200              | -                | -            | -                          | 0                      | 5,330,200        | 5,330,200        |
| Instruments  | 127,949,344            | 51,780,830               | -                          | 179,730,174            | 56,114,842       | 17,484,306   | -                          | 73,599,148             | 106,131,026      | 71,834,502       |
| Computers  | 6,159,510              | 2,115,840                | -                          | 8,275,350              | 3,849,361        | 1,413,078    | -                          | 5,262,439              | 3,012,911        | 2,310,149        |
| Air Conditioners   | 3,091,115              | 1,038,132                | -                          | 4,129,247              | 1,463,233        | 355,368      | -                          | 1,818,601              | 2,310,646        | 1,627,882        |
| Electrical Installation  | 10,580,870             | 844,434                  | -                          | 11,425,304             | 5,502,843        | 816,071      | -                          | 6,318,914              | 5,106,390        | 5,078,027        |
| Furniture & Fixtures   | 30,396,641             | 13,891,582               | -                          | 44,288,223             | 14,021,189       | 3,720,372    | -                          | 17,741,562             | 26,546,661       | 16,375,452       |
| Buildings  | 46,679,316             | 3,294,314                | -                          | 49,973,630             | 14,721,726       | 1,779,959    | -                          | 16,501,685             | 33,471,945       | 31,957,590       |
| Office Equipment   | 2,295,370              | 1,265,969                | -                          | 3,561,339              | 1,400,579        | 412,742      | -                          | 1,813,320              | 1,748,019        | 894,791          |
| Motor Car  | 12,973,559             | 1,480,904                | -                          | 14,454,463             | 5,109,088        | 1,151,026    | -                          | 6,260,114              | 8,194,349        | 7,864,471        |
| Motor Cycle  | 748,382                | 153,199                  | -                          | 901,581                | 346,561          | 67,590       | -                          | 414,151                | 487,430          | 401,821          |
| Total  | 276,587,025            | 78,120,204               | 4,951,350                  | 349,755,879            | 102,529,422      | 27,200,512   | -                          | 129,729,933            | 220,025,945      | 174,057,603      |
| Previous Year  | 266,866,106            | 11,712,040               | 1,991,121                  | 276,587,025            | 77,344,020       | 25,970,458   | 785,056                    | 102,529,421            | 174,057,604      | 189,522,086      |
| <b>9a : INTANGIBLE ASSETS For the Period of 01.04.2016 to 31.03.2017</b> |                        |                          |                            |                        |                  |              |                            |                        |                  |                  |
| Softwares  | 8,589,786.00           | 1,379,519                | 217,801                    | 9,751,504              | 6,255,356        | 1,434,073    | 217,801                    | 7,471,627              | 2,279,877        | 2,334,430        |
| Total  | 8,589,786.00           | 1,379,519                | 217,801                    | 9,751,504              | 6,255,356        | 1,434,073    | 217,801                    | 7,471,627              | 2,279,877        | 2,334,430        |
| Previous Year  | 8,208,568.00           | 381,218                  | -                          | 8,589,786              | 4,904,897        | 1,350,459    | -                          | 6,255,356              | 2,334,430        | 3,303,671        |
| Grand Total  | 285,176,811            | 79,499,723               | 5,169,151                  | 359,507,383            | 108,784,778      | 28,634,584   | 217,801                    | 137,201,561            | 222,305,822      | 176,392,033      |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

|   | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |
|---|---------------------------|---------------------------|
| <b>10 CAPITAL WORK IN PROGRESS (AT COST)</b>  |                           |                           |
| Building  | 1,166,537                 | 2,449,966                 |
| Furniture & Fixtures  | 1,804,253                 | 10,749,267                |
| Instruments   | 39,863,997                | 74,428,459                |
| Air Conditioner   | -                         | 791,983                   |
| Electrical Installation   | -                         | 648,859                   |
| Office Equipments   | -                         | 11,805                    |
| Computers   | -                         | 865,974                   |
|   | <u>42,834,787</u>         | <u>89,946,313</u>         |
| <b>11 LONG-TERM LOANS &amp; ADVANCES</b>  |                           |                           |
| ( Unsecured considered good )   |                           |                           |
| Recoverable in cash or in kind or for value to be received  |                           |                           |
| (a) Capital Advances  | -                         | -                         |
| (b) Other Loans and Advances  | -                         | -                         |
| Note: Due by Directors either severally or jointly with any other persons or due by Firms/ private Companies in which any of the Director is a Partner or a Member: NIL | <u>-</u>                  | <u>-</u>                  |
| <b>12 OTHER NON CURRENT ASSETS</b>  |                           |                           |
| Long Term Trade Receivables   | -                         | -                         |
| <i>Others:</i>  |                           |                           |
| Prepayments & Others  | 1,889,050                 | 2,789,711                 |
| Deposits  | 6,162,302                 | 6,247,545                 |
|   | <u>8,051,352</u>          | <u>9,037,256</u>          |
| <b>13 TRADE RECEIVABLES</b>   |                           |                           |
| (Unsecured Considered Good)   |                           |                           |
| : Outstanding for a period exceeding six months   | 23,392,615                | 21,721,127                |
| : Others  | 64,839,520                | 64,057,796                |
| Note: Due by Directors either severally or jointly with any other persons or due by Firms/ private Companies in which any of the Director is a Partner or a Member: NIL | <u>88,232,135</u>         | <u>85,778,923</u>         |
| <b>14 CASH &amp; CASH EQUIVALENTS</b>   |                           |                           |
| i) a) Balances with Banks   | 1,908,555                 | 1,538,105                 |
| b) Cheques, Drafts on hand  | -                         | -                         |
| c) Cash on hand   | 3,692,485                 | 6,088,291                 |
| ii) Balances with bank to the extent held as margin money or security against the borrowings, guarantees, other commitments   |                           |                           |
| * Bank deposits with less than 12 months maturity   | 41,491                    | 556,155                   |
| * Bank deposits with more than 12 months maturity   | 1,194,106                 | 1,048,136                 |
|   | <u>6,836,637</u>          | <u>9,230,687</u>          |
| <b>15 SHORT TERM LOANS &amp; ADVANCES</b>   |                           |                           |
| (Unsecured Considered Good)   |                           |                           |
| Misc advances   | 5,223,195                 | 4,450,167                 |
| Service Tax Credit Unutilised   | 853,470                   | 3,556,139                 |
| Note: Due by Directors either severally or jointly with any other persons or due by Firms/private Companies in which any of the Director is a Partner or a Member: NIL  | <u>6,076,665</u>          | <u>8,006,305</u>          |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

|   | AS AT<br>31st March, 2017 |                    | AS AT<br>31st March, 2016 |                    |
|---|---------------------------|--------------------|---------------------------|--------------------|
| <b>16 OTHER CURRENT ASSETS</b>                |                           |                    |                           |                    |
| Income Tax Refundable                         |                           | 11,602,135         |                           | 25,266,942         |
| Tax Deducted at Source                        |                           | 14,583,521         |                           | 15,430,511         |
| Prepayments & Others                          |                           | 4,484,733          |                           | 3,857,546          |
| Advance to staff                              |                           | 682,137            |                           | 517,075            |
| Advance to suppliers                          |                           | 886,911            |                           | 1,100,317          |
| Advance for Capital Goods                     |                           | 3,000,000          |                           | 723,865            |
|   |                           | <u>35,239,437</u>  |                           | <u>46,896,257</u>  |
| <b>17 REVENUE FROM OPERATIONS</b>             |                           |                    |                           |                    |
| a) Sale of Services                           | 287,263,366               |                    | 251,318,020               |                    |
| Less: Service Tax                             | <u>35,299,998</u>         | 251,963,368        | <u>28,313,947</u>         | 223,004,073        |
| b) Other Operating Revenues:                  |                           |                    |                           |                    |
| Miscellaneous Income                          | <u>23,198</u>             | 23,198             | <u>43,492</u>             | 43,492             |
|   |                           | <u>251,986,566</u> |                           | <u>223,047,565</u> |
| <b>18 OTHER INCOME</b>                        |                           |                    |                           |                    |
| Interest on FDR                               |                           | 112,267            |                           | 114,363            |
| Interest on IT Refund                         |                           | 2,591,428          |                           | -                  |
| Interest Received from Others                 |                           | 34,067             |                           | 34,268             |
| Profit on sale of Fixed Assets                |                           | 3,558,650          |                           | -                  |
|   |                           | <u>6,296,412</u>   |                           | <u>148,631</u>     |
| <b>19 COST OF MATERIALS CONSUMED</b>          |                           |                    |                           |                    |
|   | % of consumption          | Amount             | % of consumption          | Amount             |
| Imported                                      | -                         | -                  | -                         | -                  |
| Indigenous                                    | 100.00                    | 29,849,450         | 100.00                    | 28,233,058         |
|   | <u>100.00</u>             | <u>29,849,450</u>  | <u>100.00</u>             | <u>28,233,058</u>  |
| <b>19.1 PARTICULARS OF MATERIALS CONSUMED</b> |                           |                    |                           |                    |
| Glassware                                     |                           | 712,636            |                           | 983,294            |
| Chemicals                                     |                           | 14,926,853         |                           | 16,932,834         |
| Consumable                                    |                           | 14,109,961         |                           | 10,316,931         |
|   |                           | <u>29,749,450</u>  |                           | <u>28,233,058</u>  |
| <b>20 EMPLOYEE BENEFITS EXPENSES</b>          |                           |                    |                           |                    |
| Salaries and allowances to staff              |                           | 75,040,240         |                           | 63,369,795         |
| Contribution to provident fund                |                           | 5,560,892          |                           | 4,683,541          |
| Contribution to ESIC                          |                           | 1,226,774          |                           | 1,013,056          |
| Bonus to Staff                                |                           | 2,576,000          |                           | 2,319,100          |
| Exgratia to Staff                             |                           | 698,559            |                           | 423,533            |
| Group Gratuity Premium of LIC                 |                           | 1,921,568          |                           | 512,779            |
| EDLI Premium to LIC                           |                           | 221,887            |                           | 106,566            |
| Staff Welfare                                 |                           | 489,194            |                           | 514,326            |
| Directors Remuneration                        |                           | 6,900,000          |                           | 6,240,000          |
|   |                           | <u>94,635,114</u>  |                           | <u>79,182,696</u>  |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

|  | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |
|--|---------------------------|---------------------------|
|--|---------------------------|---------------------------|

**20.1** As per Accounting Standard 15 "Employee benefits", the disclosure as defined in the Accounting Standard are given below:

**1) Defined Contribution Plans** **As at 31/03/2017** **As at 31/03/2016**

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

|   |           |           |
|---|-----------|-----------|
| Employer's Contribution to Provident Fund | 6,787,666 | 5,696,597 |
|---|-----------|-----------|

**2) Defined Benefit Plan**

employees' benefit entitlement and measures each unit separately to build up the final obligation.

| i) Assumption As on | <b>31/03/2017</b> | <b>31/03/2016</b> |
|---------------------|-------------------|-------------------|
| Discount Rate       | 8.00%             | 8.00%             |
| Salary Escalation   | 7.00%             | 7.00%             |
| ii) Obligation      | As at 31/03/2017  | As at 31/03/2016  |

|  |             |             |
|--|-------------|-------------|
| Present value of obligations as at beginning of year | 8,176,730   | 7,975,213   |
| Interest cost  | 654,139     | 638,017     |
| Current Service Cost                                 | 1,341,592   | 1,248,101   |
| Benefits Paid  | (1,282,086) | (391,890)   |
| Actuarial (gain)/ loss on obligations                | 95,172      | (1,292,711) |
| Present value of obligations as at end of year       | 8,985,547   | 8,176,730   |

iii) Assets

|  |             |           |
|--|-------------|-----------|
| Fair value of plan assets at beginning of year | 3,226,866   | 2,382,048 |
| Expected return on plan assets                 | 238,909     | 233,130   |
| Contributions                                  | 856,051     | 1,003,578 |
| Benefits Paid                                  | (1,282,086) | (391,890) |
| Actuarial gain/(loss) on Plan assets           | NIL         | NIL       |
| Fair value of plan assets at the end of year   | 3,039,740   | 3,226,866 |

iv) Table showing fair value of plan assets

|   |             |             |
|---|-------------|-------------|
| Fair value of plan assets at beginning of year        | 3,226,866   | 2,382,048   |
| Actual return on plan assets                          | 238,909     | 233,130     |
| Contributions   | 856,051     | 1,003,578   |
| Benefits Paid   | (1,282,086) | (391,890)   |
| Fair value of plan assets at the end of year          | 3,039,740   | 3,226,866   |
| Funded status   | (5,945,807) | (4,949,864) |
| Excess of Actual over estimated return on plan assets | NIL         | NIL         |

(Actual rate of return = Estimated rate of return as ARD falls on 31st March)



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

|  | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |
|--|---------------------------|---------------------------|
| v) Actuarial Gain/Loss recognized  |                           |                           |
| Actuarial (gain)/ loss on obligations  | (95,172)                  | 1,292,711                 |
| Actuarial (gain)/ loss for the year - plan assets                                      | -                         | -                         |
| Actuarial (gain)/ loss on obligations  | 95,172                    | (1,292,711)               |
| Actuarial (gain)/ loss recognized in the year  | 95,172                    | (1,292,711)               |
| vi) The amounts to be recognized in the balance sheet and statement of profit and loss |                           |                           |
| Present value of obligations as at the end of year                                     | 8,985,547                 | 8,176,730                 |
| Fair value of plan assets as at the end of the year                                    | 3,039,740                 | 3,226,866                 |
| Funded status  | (5,945,807)               | (4,949,864)               |
| Net asset/(liability) recognized in the balance sheet                                  | (5,945,807)               | (4,949,864)               |
| vii) Expenses Recognised in statement of profit and loss                               |                           |                           |
| Current Service cost   | 1,341,592                 | 1,248,101                 |
| Interest Cost  | 654,139                   | 638,017                   |
| Expected return on plan assets   | (238,909)                 | (233,130)                 |
| Net Actuarial (gain)/ loss recognized in the year                                      | 95,172                    | (1,292,711)               |
| Expenses recognised in statement of Profit and loss                                    | 1,851,994                 | 360,277                   |
| <b>21 FINANCE COSTS</b>  |                           |                           |
| Interest to Bank   |                           |                           |
| (a) on Term Loans  | 4,514,622                 | 3,633,267                 |
| (b) on Working Capital Loans   | 3,902,212                 | 3,749,729                 |
| Interest to Others   | 3,574,068                 | 3,459,769                 |
| Bank charges   | 651,098                   | 1,426,461                 |
|  | 12,642,000                | 12,269,226                |
| <b>22 OTHER EXPENSES</b>   |                           |                           |
| <b>22.1 Direct Expenses</b>  |                           |                           |
| Laboratory Expenses  | 8,867,930                 | 8,908,727                 |
| Power & Fuel Charges   | 7,390,554                 | 6,866,673                 |
| Insurance: Instruments & Building  | 220,583                   | 176,138                   |
| Freight / Transportation Charges   | 93,068                    | 88,365                    |
| Testing Charges  | 1,822,537                 | 1,222,032                 |
| NABL/BIS/NPL - Asstt. Charges  | 562,649                   | 265,908                   |
| Repair & Maintenance – Instruments   | 10,071,666                | 8,044,885                 |
| Repair & Maintenance – Building  | 2,146,507                 | 1,509,237                 |
| Training & Certification Charges   | 313,406                   | 285,054                   |
|  | 31,488,901                | 27,367,018                |
| <b>22.2 Selling and Distribution Expenses</b>  |                           |                           |
| Business Promotion & Advertisement Expenses  | 2,952,236                 | 2,948,261                 |
| Commission & Brokerages  | 4,986,633                 | 1,583,127                 |
| Discount Allowed   | 1,264,437                 | 371,477                   |
| Bad Debts Written Off  | 4,709,822                 | 397,757                   |
|  | 13,913,128                | 5,300,622                 |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

|   | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |
|---|---------------------------|---------------------------|
| <b>22.3 Establishment Expenses</b>                      |                           |                           |
| Security Service Charges                                | 1,479,934                 | 1,233,803                 |
| Housekeeping Charges                                    | 920,341                   | 805,724                   |
| Telephone & Mobile Expenses                             | 736,060                   | 823,414                   |
| Internet Expenses                                       | 1,104,472                 | 1,052,796                 |
| Postage & Courier Charges                               | 1,058,033                 | 1,012,514                 |
| Conveyance Expenses                                     | 758,248                   | 646,642                   |
| Vehicle Running & Maintenance                           | 1,969,636                 | 1,598,486                 |
| Computer Expenses                                       | 3,504,642                 | 3,225,505                 |
| Guest House Expenses                                    | 110,770                   | 156,884                   |
| Printing & Stationery Expenses                          | 2,866,984                 | 2,817,777                 |
| Books & Periodicals                                     | 187,523                   | 124,387                   |
| Directors' Sitting Fees                                 | 44,000                    | 52,000                    |
| Rent Charges  | 6,168,116                 | 5,751,935                 |
| Insurance on Vehicle                                    | 126,407                   | 138,803                   |
| Insurance on Others                                     | 338,611                   | 311,234                   |
| Garden Maintenance Charges                              | 81,526                    | 64,246                    |
| Office Expenses / Maintenance charges                   | 634,990                   | 538,173                   |
| Repair & Maintenance Charges                            | 412,049                   | 322,218                   |
| Membership Fees & Subscriptions                         | 16,250                    | 11,980                    |
| Placement Expenses                                      | 364,768                   | 250,000                   |
| Legal Expenses  | 174,346                   | 258,124                   |
| Professional Charges                                    | 4,070,003                 | 3,308,223                 |
| Auditor's Remuneration                                  | 175,000                   | 175,000                   |
| Rates & Taxes   | 677,841                   | 687,429                   |
| Registration / Filing / Licence Renewal Fees            | 146,124                   | 149,007                   |
| Listing Fees  | 263,000                   | 255,416                   |
| Penalty Charges   | 93,947                    | 35,196                    |
| Donation  | 305,000                   | 30,000                    |
| Travelling Expenses                                     | 5,423,478                 | 5,111,990                 |
| Loss on Sale of Fixed Assets                            | -                         | 602,870                   |
| Loss on Foreign Exchange                                | 7,394                     | 579,741                   |
|   | 34,219,494                | 32,131,515                |
| Total   | 79,621,523                | 64,799,155                |
| <b>23.1 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF</b> |                           |                           |
| Capital Goods   | 5,802,057                 | 51,078,131                |
| Spare Parts   | -                         | 94,318                    |
| Books and Periodicals                                   | -                         | 69,234                    |
|   | 5,802,057                 | 51,241,683                |
| <b>23.2 PAYMENT TO AUDITORS AS:</b>                     |                           |                           |
| Statutory Audit Fees                                    | 175,000                   | 175,000                   |
| Certification & Taxation Matters                        | 50,000                    | 50,000                    |
|   | 225,000                   | 225,000                   |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

|  | AS AT<br>31st March, 2017 | AS AT<br>31st March, 2016 |
|--|---------------------------|---------------------------|
| <b>23.3 EXPENDITURE IN FOREIGN CURRENCY</b>                    |                           |                           |
| Travelling Expenses  | -                         | 751,165                   |
| Interest on Foreign Currency loan to bank                      | -                         | 134,761                   |
|  | -                         | 885,926                   |
| <b>24 EARNINGS IN FOREIGN EXCHANGE</b>                         |                           |                           |
| FOB Value of Exports   | 3,408,651                 | 3,516,427                 |
|  | 3,408,651                 | 3,516,427                 |
| <b>25 EARNINGS PER SHARE (EPS)</b>                             |                           |                           |
| i) Net Profit for the year attributable to equity shareholders | 8,856,684                 | 7,218,007                 |
| ii) Weighted Average number of Equity Shares for Basic EPS     | 6,965,263                 | 6,965,263                 |
| iii) Weighted Average number of Equity Shares for Diluted EPS  | 6,965,263                 | 6,965,263                 |
| iv) Face Value per equity share Amount in (Rs.)                | 10                        | 10                        |
| v) Earnings per Share (Basic)                                  | 1.27                      | 1.04                      |
| vi) Earnings per Share (Diluted)                               | 1.27                      | 1.04                      |

**26. Segmental Reporting :**

The Company is engaged in the sole segment of Analysis and Testing. There are, therefore, no separate segments within the Company as defined by AS-17 (Segmental Reporting) issued by the ICAI.

**27. Related Party Disclosures :**

Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)

1. Related Parties

(a) Individual having control & Key Management Personnel

|                     |                           |
|---------------------|---------------------------|
| Mr. Sunil Choksi    | Managing Director         |
| Mrs. Stela Choksi   | Whole Time Director       |
| Mr. Vyangesh Choksi | Whole Time Director & CFO |
| Ms. Himika Choksi   | Additional Director & COO |

(b) Relatives of KMP

|                    |
|--------------------|
| Mrs. Neeta Shah    |
| D. G Choksi HUF    |
| Mrs. Khyati Choksi |

2. Disclosure of transactions between the Company and Related Parties and the Status of outstanding balances as at March 31, 2017:

| Nature of Transactions | Individual having Control and KMP | Relatives of KMP | Outstanding balance as on 31-03-2017 |
|------------------------|-----------------------------------|------------------|--------------------------------------|
| Remuneration           | 6900000                           | Nil              | 1329857                              |
| Commission             | Nil                               | 649620           | 120102                               |
| Salary                 | Nil                               | 480000           | Nil                                  |
| Rent                   | 300000                            | 1136820          | 487888                               |
| Deposit Given          | Nil                               | Op.Bal. 20 Lacs  | 2000000                              |
| Loan Taken             | Nil                               | Nil              | 17200000                             |
| Loan Repaid            | 800000                            | Nil              | Nil                                  |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

28. The details of Specified Bank Notes (SBN) held and transacted during the period 8/11/2016 to 30/12/2016 as provided in the table below : (Rs. in Lacs)

| Particulars                           | SBNs  | Other denomination Notes | Total |
|---------------------------------------|-------|--------------------------|-------|
| Closing Cash in Hnad as on 8/11/2016  | 24.91 | 1.39                     | 26.30 |
| (+) Permitted Receipts                | -     | 15.75                    | 15.75 |
| (-) Amount Deposited in Banks         | 24.91 | -                        | 24.91 |
| (-) Permitted Payments                | -     | 15.71                    | 15.71 |
| Closing Cash in Hand as on 30/12/2016 | -     | 1.43                     | 1.43  |

29. Operating Leases :

|      |  |  |
|------|--|--|
| i)   | Obligation on Non-cancelable operating leases :                                      |  |
|      | a) not later than one year   | 806775   |
|      | b) later than one year and not later than five years                                 | 158,920  |
|      | c) later than five years   | 635,680  |
| ii)  | Total of minimum sub-lease payments expected   | NIL  |
| iii) | Lease payments recognized in the statement of Profit & Loss for the Period           | 6,168,116  |
| iv)  | Sub lease payments received or receivable recognized in P&L A/c during the period    | NIL  |
| v)   | General description of significant leasing arrangements                              |  |
|      | a) Description of the assets taken on operating lease                                | Various Properties for Commercial use  |
|      | b) Basis on which contingent rent payments are determined                            | Basis taken as per the lease agreements with the lessor  |
|      | c) Terms of renewal or purchase options and escalation clauses of lease arrangements | All lease agreements are general and can be renewed after expiry of the lease period. No purchase options specifically mentioned in the agreement. |
|      | d) Restrictions imposed by lease agreements, if any                                  | Not to sub-lease   |

30. Contingent liabilities not provided for in respect of :
- Guarantees issued by Bank on behalf of the Company Rs. 453,064/- (Previous year Rs. 2,512,400).
  - An amount of Rs. 3,204,212/- has been shown as recoverable from Commissioner of Customs (EPCG) under current assets. This amount was forfeited by the said authority during FY 2012-13. The Company has timely fulfilled all export obligations & is under the process of recovering the same from the said authority.
  - On 1.9.2016, the Service Tax Department has conducted a Service Tax search on the Company, wherein a demand was determined to be paid for Rs. 2,65,95,454/- (before claiming of the CENVAT) for the period from January 2016 to August 2016. The said amount is already paid by the Company during the period under Audit. However, a Show Cause Notice dated 19.5.2017 has been issued by the Principal Commissioner, Customs, Central Excise & Service Tax for which the Company is under the process of filing a Settlement Application with the Customs, Central Excise & Service Tax, Principal Bench, Settlement Commission.
31. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 42,00,000 (Previous year Rs. Nil).
32. During the year, Borrowing Costs amounting of Rs. 36,95,369/- has been Capitalized to Fixed assets.

33. Disclosure in terms of Accounting Standard "Impairment Losses":

|      |   |     |     |
|------|---|-----|-----|
| i)   | Amount of impairment Losses recognized in the Profit & Loss A/c                     | Nil | Nil |
| ii)  | Amount of reversal of impairment losses recognized in the Profit & Loss A/c         | Nil | Nil |
| iii) | Amount of impairment losses recognized directly against revaluation surplus         | Nil | Nil |
| iv)  | Amount of reversals of impairment losses recognized directly in revaluation surplus | Nil | Nil |

34. The previous year figures have been regrouped/ reclassified, wherever necessary to confirm to current year presentation.



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Monday, 25th day of September, 2017 at 11.00 A.M. at 6/3, Manoramaganj, Indore, M.P. and at any adjournment thereof in respect of such resolutions as are indicated below:

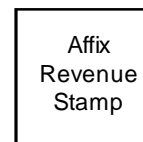
**Resolution No.**

1. To receive, consider and adopt the Audited Balance Sheet and the Profit & Loss account of the Company for the year ended on 31st March, 2017 and the Reports of the Directors and Auditors thereon.
2. Reappointment of Mr.Vyangesh Choksi (DIN:00154926), who retires by rotation and being eligible offer himself for reappointment.
3. Appointment of M/s. Subhash Chand Jain Anurag & Associates, Chartered Accountants (ICAI FRN: 004733C), as Statutory Auditor of the company for a term of 5 (five) consecutive years from the financial year 2017-2018, subject to ratification by the members at every Annual General Meeting of the Company.
4. Appointment of Ms. Himika Choksi (DIN:00155007), as Director of the Company.
5. Appointment of Ms. Himika Choksi (DIN:00155007), as Whole Time Director of the Company for a period of 5 (Five) years w.e.f. 01.06.2017.

**Affix Revenue Stamp Signed this.....day of .....2017.**

**Signature of shareholder(s)**

**Signature of Proxy holder(s)Note:**



This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**Notes:**

1. Proxy to be deposited at the Registered Office of the Company at 6/3, Manoramaganj, Indore-452001 (M.P.), not later than FORTY-EIGHT hours before the meeting.
2. All alterations made in the Form of Proxy should be initialed.
3. Please affix appropriate Revenue Stamp before putting signature.
4. A proxy need not be a shareholder of the company.

# Choksi Laboratories Limited

Regd. Office : 6/3, Manoramaganj, INDORE - 452 001

CIN : L85195MP1993PLC007471

## ATTENDANCE SLIP

24th Annual General Meeting held on 25th day of September, 2017

Registered Folio No. / DP ID No. / Client ID No. : \_\_\_\_\_

Name and Address of the Shareholder : \_\_\_\_\_

Name(s) of the Joint Holder(s) if any : \_\_\_\_\_

No. of shares held : \_\_\_\_\_

Full name of Proxy : \_\_\_\_\_

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company convened at Monday, 25th day of September, 2017 at 11.00 A.M. at 6/3, Manoramaganj, Indore - 452 001, M.P.

..... Member's / Proxy's Signature



To,

*If undelivered, Please return to :*  
**Choksi Laboratories Limited**  
6/3, Manoramaganj, INDORE - 452 001 (M. P.)

**RADIANT PRINTERS** ☎ 2538485