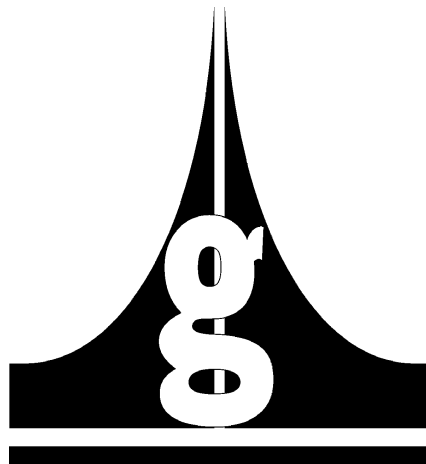


**30<sup>th</sup>**  
**ANNUAL REPORT**  
**2014-2015**



***GUJARAT TERCE LABORATORIES LTD.***





### **BOARD OF DIRECTORS**

Mr. Natwarbhai P. Prajapati	[DIN 00031187]	<i>Chairman &amp; Managing Director</i>
Mr. Amrutbhai P. Prajapati	[DIN 00699001]	<i>Whole Time Director (CFO)</i>
Mr. Sureshbhai P. Prajapati	[DIN 00356599]	<i>Director</i>
Mr. Gordhanbhai G. Patel	[DIN 00709521]	<i>Director</i>
Mr. Kanubhai S. Patel	[DIN 00031218]	<i>Director</i>
Mr. Jayantibhai S. Prajapati	[DIN 02608139]	<i>Director</i>
Mrs. Chhayaben A. Shah	[DIN 01435892]	<i>Director</i>

### **REGISTERED OFFICE & FACTORY :**

122/2, Ravi Estate, Bileshwarapura, Chhatral, Dist. : Gandhinagar, Gujarat

CIN : L28112GJ1985PLC007753

Email : ho@gujaratterce.com

Web : www.gujaratterce.com

### **METAL FACTORY :**

Block No. 140/P, Village - Ramnagar, Tal. Kalol, Dist. Gandhinagar, Gujarat

### **ADMINISTRATIVE OFFICE :**

301 & 314, Akashrath Complex, Opp. National Handloom Corporation, Law Garden,  
Off. C.G. Road, Ahmedabad - 380009.

### **AUDITORS :**

#### **USS & Associates**

CHARTERED ACCOUNTANTS

25, Avani Complex, B/h. Navrangpura Police Station,  
Navrangpura,  
Ahmedabad-380009.

### **SECRETARIAL AUDITOR:**

#### **Pinakin Shah & Co. [FCS 2562]**

Practicing Company Secretary

C-103, Panchdhara Plaza, Satellite Road, Ahmedabad - 380015.

### **BANKER :**

BANK OF BARODA

Ellisbridge Branch,

Pritamnagar 1st Slop, Ellisbrdige, Ahmedabad-380006

### **REGISTRAR & SHARE TRANSFER AGENT:**

Bigshare Services Pvt. Ltd.

E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka. Andheri(E), Mumbai - 400 072.

**NOTICE**

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Company will be held at 122/2, Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar-382729 on Saturday 26<sup>th</sup> September 2015 at 10:00 a.m. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended 31<sup>st</sup> March, 2015, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Amrutbhai Prajapati [DIN: 00699001] who retires by rotation and being eligible, offers 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 section 139(6) of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, M/s USS & Associates, Chartered Accountants [FRN: 122634W] be and are hereby appointed as Statutory Auditors of the Company from the conclusion of this Annual General Meeting of the Company until the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company for the financial year ending on 2019-2020 (Subject to ratification of the appointment by the members at every AGM held after this AGM) on such remuneration as shall be fixed by the Board of Directors."

**SPECIAL BUSINESS**

4. Appointment of Mrs. Chhayaben Ashwinbhai Shah as Director  
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-  
"RESOLVED that Mrs. Chhayaben Ashwinbhai Shah (DIN: 01435892), who was appointed an Additional Director of the Company with effect from 31/03/2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."  
"RESOLVED Further that pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Act and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mrs. Chhayaben Ashwinbhai Shah (DIN : 01435892), who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company w.e.f. 31<sup>st</sup> March, 2015 upto 30<sup>th</sup> March, 2020."

By Order of the Board of Directors

**Shri Natwarbhai P. Prajapati**  
*Chairman & Managing Director*  
DIN: 00031187

Date : 14/08/2015  
Place : Ahmedabad  
Registered office  
122/2, Ravi Estate, Bileshwarpura,  
Chhatral Dist: Gandhinagar

**Notes:**

- 1) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted 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 HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from 19<sup>th</sup> September 2015 to 26<sup>th</sup> September 2015 (both days inclusive).
- 4) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the Annual General Meeting.



- 5) Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members holding shares in Demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
- 6) The Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s).
- 7) Members who have received the Notice of Annual General Meeting, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the Annual General Meeting.
- 8) Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rule, 2014 as amended and clause 35B of the Equity Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Cut-off date i.e. a date not earlier than seven days before the date of general meeting are entitled to vote on the Resolutions set forth in this Notice.
- Members who have acquired shares after the dispatch of the Annual Report and before the Cut-off date may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. A person who is not a member as on the Cut-off date should treat this notice for the information purpose only.
- The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

I. In case of members receiving e-mail from CDSL (for Members whose e-mail addresses are registered with Company/ Depositories):

- i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii) Click on "Shareholders" tab.
- iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- iv) Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 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.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) 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.
- vii) If you are a first time user follow the steps given below: Other Instructions

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/mail) in the PAN field.</li><li>• In case the sequence 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 serial number 1 then enter RA00000001 in the PAN field.</li></ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li></ul>

## **GUJARAT TERCE LABORATORIES LTD.**

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- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions 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.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) 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.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - 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.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and 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 same.

### II. In case of members receiving the physical copy:

- a) Please follow all steps from sl. no. (i) To sl. no. (xvii) Above to cast vote.
- b) 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### III. Other Instructions:

- a) The e-voting period commences at 9.00 a.m. on 23<sup>rd</sup> September, 2015 and will end at 5.00 p.m. on 25<sup>th</sup> September, 2015. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Saturday, 19<sup>th</sup> September, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- b) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 31<sup>st</sup> March, 2015.
- c) Mr. Pinakin Shah Practicing Company Secretary (FCS 2562), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- d) The Scrutinizer shall immediately after the conclusion of voting after the Annual General Meeting, count the votes cast at the meeting, thereafter unblock the votes in the presence of at least two witnesses not in the



employment of the company and make, not later than three days of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company. The chairman or person authorised by him in writing shall declared the results of the voting forthwith.

- e) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.gujaratterce.com](http://www.gujaratterce.com) and on the website of CDSL [www.evotingindia.co.in](http://www.evotingindia.co.in) immediately after the result is declared by the chairman.
- f) A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- g) Members holding shares in Demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their Demas accounts, will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in Demat form for any change in bank particulars. Members holding shares in Demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
- h) Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. BigShare Services Private Limited/Investor Service Department of the Company immediately.
- i) The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to M/s. BigShare Services Private Limited/ Investor Service Department of the Company.
- j) Members desiring any information relating to the accounts are requested to write to the Company at least seven days in advance so as to enable the management to keep the information ready.
- k) Details of the Directors seeking re-appointment in the 30<sup>th</sup> Annual General Meeting [Pursuant to Clause 49 of Listing Agreement of Bombay Stock Exchange]

Particulars	Mr. Amritbhai Prajapati	Mrs. Chhayaben Shah
Relationship with other directors	Brother	None
Date of appointment	01/03/2006	31/03/2015
Expertise	General Administration	Marketing
Qualification	Diploma in Textile	Home Science
No of equity shares held in the Company	31,510	NIL
List of other companies in which directorship are held	None	None
Chairmanship/ membership of Audit and stakeholder relationship committees	None	None

Note: the directorship held by Directors as mentioned above, do not include directorship of private limited companies.

By Order of the Board of Directors

**Shri Natwarbhai P. Prajapati**  
Chairman & Managing Director  
DIN: 00031187

Date : 14/08/2015  
Place : Ahmedabad  
Registered office  
122/2, Ravi Estate, Bileshwarpura,  
Chhatral Dist: Gandhinagar

**EXPLANATORY STATEMENT**  
**Pursuant to section 102 of the Companies Act, 2013**

**Item No. 4**

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No 4 of the accompanying Notice dated 14/08/2015:

Mrs. Chhayaben Ashwinbhai Shah was appointed as an Additional Director of the Company with effect from 31/03/2015 by the Board of Directors under Section 161 of the Act and Article 66 of the Company's Articles of Association. In terms of Section 161(1) of the Act, Mrs. Chhayaben Ashwinbhai Shah holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Mrs. Chhayaben Ashwinbhai Shah Appointment as a Director.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mrs. Chhayaben Ashwinbhai Shah, being eligible, offer herself for appointment as Independent Director on the Board of the Company, she has given a declaration to the Board that she meets the criteria of independence as provided under 149(6) of the Act. In the opinion of the Board, she fulfils the conditions specified in the Act and the Rules framed there under for appointment and she is independent of the management. The Nomination & Remuneration Committee has recommended her appointment as Independent Director from 31<sup>st</sup> March, 2015 to 30<sup>th</sup> March, 2020.

The Directors are of the view that the appointment of Mrs. Chhayaben Ashwinbhai Shah will be beneficial to the Company and accordingly commend the Resolutions at Item No 4 of the accompanying Notice for approval by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolutions at Item No 4 of the accompanying Notice. Mrs. Chhayaben Ashwinbhai Shah is not related to any other Director of the Company.

By order of the Board

**Shri Natwarbhai Prajapati**  
*Chairman & Managing Director*  
DIN:00031187

Date : 14/08/2015  
Place : Ahmedabad





## DIRECTORS REPORT

To,  
The Members of  
Gujarat Terce Laboratories Limited

Your Directors have pleasure in presenting the 30<sup>th</sup> Board's Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31<sup>st</sup> March, 2015.

### FINANCIAL HIGHLIGHTS

	<u>2014-15</u>	<u>2013-14</u>
Gross Income	26,80,79,109	29,41,22,481
Profit Before Interest and Depreciation	82,50,413	1,08,25,880
Finance Charges	(41,10,679)	(40,79,352)
Depreciation	(15,83,139)	(33,35,137)
Exceptional items (Dep. Written back due to change in method)	379,350	—
Net Profit Before Tax	<u>29,35,945</u>	<u>34,11,391</u>
Tax Expenses	(20,22,600)	(10,06,163)
Net Profit After Tax	<u><u>9,13,345</u></u>	<u><u>24,05,228</u></u>

### STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

Net revenue from combined operations for the year ended 31<sup>st</sup> March, 2015 was Rs. 264,811,381/- representing a decrease of 8.20% over the previous year. Profit before tax for the year was at Rs. 29,35,945/- representing decrease of 13.94% over the previous year.

### CHANGE IN NATURE OF BUSINESS, IF ANY

Your Company continues to operate in same business segment as that of previous year and there is no change in the nature of the business

### DIVIDEND

In order to conserve the resources of the Company, the Board of directors has not recommended any dividend for current year.

### AMOUNTS TRANSFERRED TO RESERVES

The Board of Directors proposed to carry nil amounts to General Reserve Account and an amount of Rs 9.13 Lacs has been retained in profit & loss Account.

### CHANGES IN SHARE CAPITAL, IF ANY

There is no change in share capital of the Company during the Year.

### MATERIAL CHANGES AND COMMITMENTS

Material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of the report, are nil

### BOARD AND AUDIT COMMITTEE

During the Financial Year 2014-15, the Company held four meetings of the Board of Directors as per Section 173 of Companies Act, 2013 and four meetings of the Audit Committee.

All the recommendations made by the Audit Committee during the year were accepted by the Board.

The details of the constitution and meetings of the Board and the Audit Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

### NOMINATION AND REMUNERATION COMMITTEE

As per the section 178 (1) of the Companies Act, 2013 the Company has constituted Nomination And Remuneration Committee, details of which are given in Corporate Governance report which forms part of annual report.

### RATIO OF REMUNERATION TO EACH DIRECTOR

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is annexed as annexure-1.

## **GUJARAT TERCE LABORATORIES LTD.**

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis; and
- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **DIRECTORS and KMP**

In accordance with the Clause 65 of the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Amritbhai Prajapati (DIN- 00699001) would retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment

During the current financial year the following changes have occurred in the constitution of directors of the company:

<b><u>Sr. No.</u></b>	<b><u>Name</u></b>	<b><u>Designation</u></b>	<b><u>Date of appointment</u></b>
1.	Mrs. Chhayaben Ashwinbhai Shah	Non Executive Director	31/03/2015

Mrs. Chhayaben Ashwinbhai Shah holds the position till this AGM. The Board has issued the notice for her reappointment and recommends her resolution for the approval of the shareholders at AGM

### **INDEPENDENT DIRECTORS AND DECLARATION**

Mr. Kanubhai S. Patel, Mr. Jaytibhai S Prajapati and Mr. Gordhanbhai G. Patel have been appointed as the independent director of the company as per Section 149(10) of the Companies Act, 2013 on 27/09/2014 for a term of 5 consecutive years on the Board of the Company and it is also proposed to appoint Ms. Chhayaben A. Shah as Independent Director of the Company w.e.f. 31<sup>st</sup> March, 2015 for a term of five consecutive years on the board of the Company.

The Board of Directors of the Company hereby confirms that all the Independent directors duly appointed by the Company have given the declaration and they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

### **FAMILIARIZATION PROGRAM**

Since all independent directors are associated with the company for more than 5 (Five) years, the company has not conducted familiarization program for independent director.

### **AUDITORS AND REPORT THEREON**

M/s USS & Associates, Chartered Accountants, Ahmedabad (FRN 122634W) retire at the ensuing Annual General Meeting and, being eligible; offer themselves for reappointment for a period of four years from the conclusion of this Annual General Meeting [AGM] till the conclusion of 34<sup>th</sup> AGM

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory, and needs no further explanation.

The Auditors' Report for the financial year ended, 31<sup>st</sup> March, 2015 is annexed herewith for your kind perusal.

### **SECRETARIAL AUDIT REPORT**

The Company has appointed M/s. Pinakin Shah & Co., Practicing Company Secretary, Ahmedabad as Secretarial Auditor to conduct audit under section 204 of the Companies Act, 2013.

There are qualifications or adverse remarks in the Secretarial Audit Report which require clarification/ explanation.

### **Remarks**

Non-compliance of section 203 of the Companies Act, 2013

### **Explanation**

No Company Secretary like to join midsize Company.



The Secretarial Audit Report for the financial year ended, 31<sup>st</sup> March, 2015 is annexed herewith for your kind perusal.

#### **DEPOSITS**

The company has not accepted any deposits during the year. Information relating to deposits, covered under Chapter V of the Act is nil. There are no deposits which are not in compliance with the requirements of Chapter V of the Act

#### **LOANS, GUARANTEES AND INVESTMENTS**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

#### **RELATED PARTY TRANSACTIONS**

The Company has entered into various Related Parties Transactions as defined under Section 188 of the Companies Act, 2013 with related parties as defined under Section 2 (76) of the said Act. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business and approval of the Board of Directors was obtained wherever required. Transactions entered with the related parties are attached in form **AOC-2** as Annexure-2.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

##### **A. Conservation of energy:**

The company has not made any investment and taken any specific measure to reduce energy cost per unit. However, it intends to conserve energy for future generation.

##### **B. Technology absorption:**

There is no research and development activity carried out by the company.

##### **C. Foreign exchange earnings and Outgo**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous year</b>
<b>Earnings</b>	10,10,396	10,32,820
<b>Outgo</b>	-----	-----

#### **RISK MANAGEMENT**

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management
- Explain approach adopted by the Company for risk management
- Define the organizational structure for effective risk management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify access and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

#### **INTERNAL CONTROL SYSTEM**

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. Internal audits of the Company are regularly carried out to review the Internal Control Systems. Internal Audit Department has verified the key Internal Financial Control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

#### **DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Internal financial control is in place commensurate with the size of the Company

## **GUJARAT TERCE LABORATORIES LTD.**

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### **CORPORATE SOCIAL RESPONSIBILITY**

The company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so there is no requirement to constitute Corporate Social Responsibility Committee.

### **ANNUAL EVALUATION**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

### **CORPORATE GOVERNANCE**

Report on Corporate Governance along with the Certificate of the Auditors, M/s. Pinakin Shah & Co., confirming compliance of conditions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges forms part of the Board Report.

### **VIGIL MECHANISM**

As per Section 177(9) and (10) of the Companies Act, 2013, and as per the Clause 49 of the Listing Agreement, the company has established Vigil Mechanism for directors and employees to report genuine concerns and made provisions for direct access to the chairperson of the Audit Committee. Company has formulated the present policy for establishing the vigil mechanism/ Whistle Blower Policy to safeguard the interest of its stakeholders, Directors and employees, to freely communicate and address to the Company their genuine concerns in relation to any illegal or unethical practice being carried out in the Company.

### **SHARES**

#### **a. BUY BACK OF SECURITIES**

The Company has not bought back any of its securities during the year under review.

#### **b. SWEAT EQUITY**

The Company has not issued any Sweat Equity Shares during the year under review.

#### **c. BONUS SHARES**

No Bonus Shares were issued during the year under review.

#### **d. EMPLOYEES STOCK OPTION PLAN**

The Company has not provided any Stock Option Scheme to the employees.

### **SHARES IN SUSPENSE ACCOUNT**

- i. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: Nil
- ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: Not Applicable
- iii. Number of shareholders to whom shares were transferred from suspense account during the year: Not Applicable
- iv. aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: Nil
- v. That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares: Not Applicable

### **SHARES IN UNCLAIMED SUSPENSE ACCOUNT**

- i. Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year Nil
- ii. Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: Not Applicable



- 
- iii. Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year: Not Applicable
- iv. Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year: Nil

#### **MATERIAL VARIATIONS**

The material variations between the projections and the actual utilization/profitability are as follows: Nil

#### **CODE OF CONDUCT**

The Code of Conduct for all Board members and Senior Management of the Company have been laid down and are being complied in words and spirit. The compliance on declaration of code of Conduct signed by Chairman and Managing Director of the Company is included as a part of this Annual Report.

#### **EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed as annexure-3 herewith for your kind perusal and information.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As required under Clause 49 of the Listing Agreements with Stock Exchanges, the Management Discussion and Analysis Report forms part of this Annual Report.

#### **ANY SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNALS**

No orders were passed by the regulators or courts or Tribunals impacting the going concern status and company's operation in future.

#### **ACKNOWLEDGEMENT**

The Board places on record their appreciation of the support of all stakeholders.

By order of the Board

**Shri Natwarbhai Prajapati**  
*Chairman & Managing Director*  
DIN:00031187

Date : 14/08/2015  
Place : Ahmedabad  
Registered office:  
122/2 Ravi Estate, Bileshwarpura,  
Chhatral  
Gandhinagar-382729

**Annexure: 1****Ratio of Director Remuneration To Employee Median Remuneration**

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

<b>Sr. no.</b>	<b>REQUIREMENTS</b>	<b>DISCLOSURE</b>
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Ratio of remuneration to medial remuneration of the employee of N. P. Prajapati is 13.39% and A. P. Prajaapti 2.77%
2	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	Percentage increase in remuneration of N. P. Prajapati is 0% and A. P. Prajapati is 10.71%
3	The percentage increase in the median remuneration of employees in the financial year	12%
4	The number of permanent employees on the rolls of the Company	Number of employees , 281 as on 31.03.2015
5	The explanation on the relationship between average increase in remuneration and Company performance	The Profit before Tax for the financial year ended March 31, 2015 increased by 142% whereas the increase in median remuneration was 12%. The average increase in median remuneration was in line with the performance of the Company.
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	The total remuneration of Key Managerial Personnel increased by 1.69% from 21.36 Lakh in 2013-14 to 21.72 Lakh in 2014-15 whereas the Profit before Tax increased by 142% to 10.67 Lakh in 2014-15 (4.41 Lakh in 2013-14)
7	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	The Market capitalization of the Company is declined by 12.65% over the previous year and price earnings ratio as at the closing date of the current FY is increased by 56.54% over previous year. The Company came with public offer in 1992 hence composition of market quotation is not given.
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 26.92 % whereas the increase in the managerial remuneration for the same financial year was 20.18%
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	The remuneration of A. P. Prajapati increased by 10.71% and there is no increase / decrease in remuneration of N. P. Prajapati whereas the Profit before Tax increased by 142% to 10.67 Lakh in 2014-15 (4.41 Lakh in 2013-14)
10	The key parameters for any variable component of remuneration availed by the directors	There is no variable component of the remuneration availed by the Directors.
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	No employees receive remuneration in excess of the highest paid director during the year
12	Affirmation that the remuneration is as per the remuneration policy of the Company	It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees



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**Annexure-2**  
**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 transaction under third proviso thereto.

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

<b>SN</b>	<b>Name of Related Party</b>	<b>Nature of Relationship</b>	<b>Nature of contracts/ arrangements/ transaction</b>	<b>Duration of Contracts/ Arrangements/ Transactions</b>	<b>Date of approval by Board</b>	<b>Amount (Rs)</b>
1	Terce Finlease Pvt. Ltd.	Promoter	Sales Promotion	Not specific	29/01/2014	5,88,337

**GUJARAT TERCE LABORATORIES LTD.**Annexure – 3  
FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

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

1.	CIN	L28112GJ1985PLC007753
2.	Registration Date	28/03/1985
3.	Name of the Company	GUJARAT TERCE LABORATORIES LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares Company having share capital
5.	Address of the Registered office & contact details	122/2 RAVI ESTATE, BILESHWARPURA, CHHTRAL, GANDHINAGAR – 382729, Gujarat Email : pinakincs@yahoo.com
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Saki Vihar Road Andherei (East), Mumbai – 400072 Phone: 022-40430200 E-mail: sandeep@bigshareonline.com

**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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Pharmaceutical products	99611730	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Not Applicable





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

##### A) Category wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% 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	1522100	0	1522100	20.52	1522100	0	1522100	20.52	0.00
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any Other....	1075900	0	1075900	14.51	1075900	0	1075900	14.51	0.00
<b>Sub-total (A) (1):-</b>	<b>2598000</b>	<b>0</b>	<b>2598000</b>	<b>35.03</b>	<b>2598000</b>	<b>0</b>	<b>2598000</b>	<b>35.03</b>	<b>0.00</b>
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>									
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>2598000</b>	<b>0</b>	<b>2598000</b>	<b>35.03</b>	<b>2598000</b>	<b>0</b>	<b>2598000</b>	<b>35.03</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>									

**GUJARAT TERCE LABORATORIES LTD.**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1083830	1900	1085730	14.64	220923	1900	222823	3.00	-11.64
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1404513	1321450	2725963	36.75	1407820	1314750	2722570	36.71	-0.04
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh "	1005471	0	1005471	13.56	1861113	0	1861113	25.09	11.53
c) Others (specify)	1545	0	1545	0.02	12203	0	12203	0.16	0.14
<b>Sub-total (B)(2):-</b>	3495359	1323350	4818709	64.97	3502059	1316650	4818709	64.97	0.00
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	3495359	1323350	4818709	64.97	3502059	1316650	4818709	64.97	0.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	6093359	1323350	7416709	100.00	6100059	1316650	7416709	100.00	0.00

**B) Shareholding of Promoter-**

Sr No	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2014]			Share holding at the end of the year [As on 31-March-2015]			% 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	TERCE FINLEASE PVT LTD	1075900	14.5	0	1075900	14.5	0	0
2	SURESHBHAI PURSOTTAMDAS PRAJAPATI	927150	12.49	0	927150	12.49	0	0
3	NATWARBHAI PURSHOTTAMDAS PRAJAPATI	563440	7.59	0	563440	7.59	0	0
4	AMRUTBHAI P PRAJAPATI	31510	0.42	0	31510	0.42	0	0

**C) Change in Promoters' Shareholding: there is no change in the shareholdings of promoter.**



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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	SANDIP LAXMANBHAI BHAMANI	PUBLIC			536412	7.2290
2	BRIJESH JAYANTIBHAI PATEL	PUBLIC	350495	4.7235	374290	5.0441
3	ARVINDBHAI CHAUDHARI	PUBLIC	164800	2.2209	164800	2.2209
4	JINALBEN BHAVIKBHAI VORA	PUBLIC	48930	0.6594	48930	0.6594
5	K A GANDHI (HUF)	PUBLIC	38000	0.5121	38000	0.5121
6	PRANAV PRAFULCHANDRA VORA (HUF)	PUBLIC	-	-	36250	0.4885
7	BHAVIK PRAFULCHANDRA VORA (HUF)	PUBLIC	-	-	36250	0.4885
8	PRAFULCHANDRA CHIMANLAL VORA (HUF)	PUBLIC	-	-	36250	0.4885
9	JYOTSANA P VORA	PUBLIC	-	-	36250	0.4885
10	PRAFULCHANDRA C VORA	PUBLIC	-	-	35000	0.4717

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

Sr. No.	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	SURESHBHAI PURSOTTAM PRAJAPATI	Director	927150	12.49	927150	12.49
2	CHHAYABEN ASHWINBHAI SHAH	Director	0	0	0	0
3	GORDHANBHAI GANDABHAI PATEL	Director	21900	0.30	21900	0.30
4	KANUBHAI SOMABHAI PATEL	Director	0	0	0	0
5	JAYANTIBHAI SHANKARLAL PRAJAPATI	Director	8500	0.11	8500	0.11
6	AMRUTBHAI PURSHOTTAMDAS PRAJAPATI	Whole-Time Director	31510	0.42	31510	0.42
7	NATWARBHAI PURUSHOTAMDAS PRAJAPATI	CMD	563440	7.59	563440	7.59

**GUJARAT TERCE LABORATORIES LTD.****V) INDEBTEDNESS -**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	26,38,561	8,07,000	82,50,000	1,16,95,561
ii) Interest due but not paid	-	-	4,15,125	4,15,125
iii) Interest accrued but not due	1,01,534	-	-	-
Total (i+ii+iii)	27,40,095	8,07,000	86,65,125	12,11,06,686
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	13,38,985	8,07,000	-	21,45,985
Net Change	(13,38,985)	(8,07,000)	-	(21,45,985)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	12,99,576	-	82,50,000	95,49,576
ii) Interest due but not paid	-	-	4,15,125	4,15,125
iii) Interest accrued but not due	1,01,534	-	-	1,01,534
Total (i+ii+iii)	14,01,110	-	86,65,125	1,00,66,235

**VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-****A. Remuneration to Managing Director, Whole-time Directors and/or Manager/ Directors**

SR. NO	NAME OF DIRECTOR	AMOUNT (₹)
1	Mr. N. P. Prajapati	18,00,000
2.	Mr. A.P. Prajapati	3,72,000

**B. Remuneration to Relative of Directors:**

Sr. No.	Name of the Party	Amount (₹)
1	Sushilaben B Prajapati	51,300
2	Sachi N Prajapati	3,12,000
3	Manjulaben S Prajapati	49,500
4	Jyotsna A Prajapati	54,000
5	Shobhna N Prajapati	50,400
6	Aalap N Prajapati	3,27,000

**VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NO**



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## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> March, 2015

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

To,  
The Members,

### **GUJARAT TERCE LABORATORIES LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GUJARAT TERCE LABORATORIES LIMITED (CIN L28112GJ1985PLC007753) (Hereinafter called the company) having its registered office at 122/2 Ravi Estate, Bileshwarpura, Chhtral, Gandhinagar-382729. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the 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 31<sup>st</sup> March, 2015 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 31<sup>st</sup> March, 2015 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- VI. Factories Act, 1948, Labour Laws, Drugs and Cosmetics Act, 1940 and Rules 1945, Narcotic Drugs and Psychotropic Substances Act, 1985, The Medicinal and Toilet Preparations Act, 1956, Poisons Act, 1919, Food Safety And Standards Act, 2006, The Patents Act, 1970, The Trade Marks Act, 1999, Income Tax Act, 1961, Central Excise Act, 1944, Finance Act, 2015, Sales Promotion Employees (Conditions and Services) Act, 1976, Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations 2002 (MCI Code), Uniform Code for Pharmaceutical Marketing Practices (UCPMP) etc. for which we have relied on certificates/ reports/ declarations/ consents/ confirmation issued by the experts of relevant field such as Advocates, consultants, chartered accountants and the Executive Directors of the Company.

## **GUJARAT TERCE LABORATORIES LTD.**

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.(On voluntary basis)
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange(s),

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

- The company has not appointed Company Secretary in compliance of section 203 of the Companies Act, 2013.

**We further report that** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**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 not taken any major decision in pursuant to section 180 of the Companies Act, 2013.

Date : 14/08/2015  
Place : Ahmedabad

Pinakin Shah & Co.  
FCS No: 2562  
C P NO: 2932  
FRN : 52010GJ134100



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## **MANAGEMENT DISCUSSION & ANALYSIS**

The business operations of the Company comprise only of Pharmaceuticals.

Since the Company is going to operate in pharmaceutical segment in 2015-16, the following paragraphs speak on single segment only.

### **INDUSTRY STRUCTURE & DEVELOPMENT**

The Indian Pharmaceutical industry has been witnessing phenomenal growth in recent years, driven by rising consumption levels in the country and strong demand from export markets. The industry has seen tremendous progress in terms of infrastructure development, technology base and the wide range of products manufactured. Demand from the exports market has been growing rapidly due to the capability of Indian players to produce cost-effective drugs with world class manufacturing facilities. Pharma companies have developed Good Manufacturing Practices (GMP) compliant facilities for the production of different dosage forms.

A highly fragmented industry, the Indian pharmaceutical industry is estimated to have over 10,000 manufacturing units, as given by the Organization of Pharmaceutical Producers of India. The organized sector accounts for just 5% of the industry with around 300 players, while a huge 95% is in the unorganized sector. A large number of players in the unorganized segment are small and medium enterprises and this segment contributes 35% of the industry's turnover.

### **OPPORTUNITIES AND OUTLOOK**

The changing global pharmaceutical industry has transformed prospects of Indian pharmaceutical companies. The leading pharma companies in India have been actively extending the frontiers of scientific knowledge and going global through mergers and acquisitions.

Consolidation is inevitable and is expected to bring in economies of scale and provide access to newer geographies to regional players.

### **RISK & CONCERNS**

#### **Increasing span of price control**

The price control cover impact the industry margin significantly, especially those players having only local operations. However, to secure the profitability, firms will have to increase their scale of production.

#### **Price erosion in generics**

Indian generics market is witnessing a margin pressure in most of the product categories due to two main reasons:

- The stiff competition among domestic players.
- The expansion of capacities by certain leading players has also fuelled competition in certain product categories, which restricts margins of the smaller players.

#### **Low R&D productivity**

The introduction of new molecules by Indian players has been limited. It is, in fact, a hit-and-miss situation in the field of discovery and developments of new chemical entity (NCEs), where misses are more than hits. Very few discoveries reach the final stages of approvals, and in most of the cases, the claim for patent gets stuck in legal battles.

### **FINANCIAL PERFORMANCE**

Net Revenue from Combined Operations of Pharmaceuticals and Metal divisions for the year ended March 31, 2015 was at Rs 26.48 Crores representing a decline of 8.22 per cent over the previous year.

Profit before tax for the year was at Rs0.29 Crores representing a decline of 14.71 per cent over the previous year. The contribution in profits is mainly due to operations of Pharmaceutical division.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company maintains appropriate systems of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorised, recorded and reported correctly.

The internal audit department together with a firm of Chartered Accountants reviews the effectiveness and efficiency of these systems and procedures to ensure that all assets are protected against loss and that the financial and operational information is accurate and complete in all respects. The Audit Committee approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an ongoing basis and significant deviations are brought to the notice of the Audit Committee of the Board following which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularities and early remedial steps with no monetary loss

**GUJARAT TERCE LABORATORIES LTD.**

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

There are no material developments in human resources and industrial relations are cordial. The Company has employed 281 people.

**CAUTIONARY NOTE**

The statements forming part of the Directors' Report may contain certain forward looking remarks within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by such forward looking statements.

For and on behalf of the Board

Place: Ahmedabad  
Date : 14/08/2015  
Registered Office:  
122/2, Ravi Estate, Bileshwarpura,  
Chhatral Dist: Gandhinagar.

**Shri Natwarbhai P. Prajapati**  
*Chairman & Managing Director*  
DIN: 00031187





## REPORT ON CORPORATE GOVERNANCE

(As required by clause 49 of the Listing Agreement with the stock exchange)

This section on Corporate Governance forms part of the Annual Report to the shareholders. This report is given in terms of clause 49 of the Listing Agreement entered with the Bombay Stock Exchange where the shares of the Company have been listed.

### 1. COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

Your Company's corporate governance policy is directed towards adherence to ethical business Practices. The Company believes in conducting its affairs in a fair, transparent and professional manner and maintaining the good ethical standards in its dealing with all its constituents.

#### CODE OF CONDUCT AND ETHICS

The Board of Directors has amended the Code of Conduct and Ethics to align with the provisions of the Companies Act, 2013. The confirmation from the chairman & Managing Director regarding compliance with the code by all the Directors and Senior Management forms part of the Report. The Code of Conduct and Ethics is displayed on the website of the Company ([www.gujaratterce.com](http://www.gujaratterce.com)).

#### MD & CEO / CFO CERTIFICATION

The MD & CEO and CFO have issued certificate pursuant to the provisions of Clause 49 of the Listing Agreement certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

### 2. BOARD OF DIRECTORS

#### Composition of the Board of Directors

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors ("the Board"). The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure. Every member of the Board, including the Non-Executive Directors, has full access to any information related to the Company.

As on March 31, 2015 we had two Executive Director and Five Non-executive Directors, of which one non-executive director is woman director who is appointed in terms of the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Three Non-executive Directors are independent directors who are free from any business or other relationship that could materially influence their judgment.

Details of Directors as on March 31, 2015 and their attendance at the Board meetings and Annual General Meeting during the financial year ended March 31, 2015 are given below:

Directors	Category	Attendance Particulars			Other Committee Membership	
		Board Meeting	Last AGM	Other Directorships	Member	Chairman
Shri Natwarbhai Prajapati	CM, MD& ED	4	YES	Nil	Nil	Nil
Shri Amrutbhai Prajapati	WTD, CFO& ED	4	YES	Nil	Nil	Nil
Shri Sureshbhai Prajapati	NED	4	YES	Nil	Nil	Nil
Shri Kanubhai S. Patel	ID	4	YES	Nil	Nil	Nil
Shri Gordhanbhai G. Patel	ID	4	YES	Nil	Nil	Nil
Shri Jayanti S. Prajapati	ID	4	YES	Nil	Nil	Nil
Smt. Chhayaben Ashwinbhai Shah*	NED	Nil	NO	1	Nil	Nil

CM-Chairman MD-Managing Director ED-Executive Director WTD-Whole Time Director CFO-Chief Financial Officer ID-Independent Director NED- Non executive Director

\* Appointed on 31/03/2015.

#### Board Meetings

The gap between two Board meetings did not exceed four months. The schedule of Board/Committee meetings are communicated in advance to the directors/committee members to enable them to plan their schedules and to ensure

## **GUJARAT TERCE LABORATORIES LTD.**

their meaningful participation in the meetings. The Board met four times in financial year details of which are summarized as below:

<b>Sr. No.</b>	<b>Date of Meeting</b>	<b>Board Strength</b>	<b>No. of Directors Present</b>
1	30/05/2014	7	6
2	07/08/2014	7	6
3	04/11/2014	7	6
4	13/02/2015	7	6

In addition independent directors met exclusively in the last quarter of the financial year i.e. on 13/02/2015.

### **3. AUDIT COMMITTEE**

The role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement read with Section 177 of the Companies Act, 2013. The role of the audit committee shall include the following:

- 1) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment of the statutory auditor and the fixation of audit fees.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (C) of sub-section 3 of section 134 of the Companies Act, 2013.
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Significant adjustments made in the financial statements arising out of audit findings
  - d) Compliance with listing and other legal requirements relating to financial statements
  - e) Disclosure of any related party transactions
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 6) Review and monitor the auditor's independence and performance and effectiveness of audit process.
- 7) Approval or any subsequent modification of transactions of the company with related parties.
- 8) Evaluation of internal financial controls and risk management systems.
- 9) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 10) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 11) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 12) To oversee the vigil mechanism and review the functioning of the whistle blower policy
- 13) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

Compliance Officer acts as Secretary to the Committee

The Statutory Auditors are the invitees to the Audit Committee meetings. During the period under review, the Audit Committee met four times on 30/05/2014, 07/08/2014, 04/11/2014 and 13/02/2015 and was attended by all members.

Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2015 are given below:

<b>Name</b>	<b>Designation</b>	<b>No of meetings attended</b>
Shri Jayantibhai Prajapati	Chairman	4
Shri Kanubhai Patel	Member	4
Shri Gordhanbhai Patel	Member	4



#### 4. NOMINATION AND REMUNARATION COMMITTEE

In terms of the Clause 49 of the Listing Agreement and the provisions of Companies Act, 2013, it is mandatory for all listed companies to constitute a Nomination & Remuneration Committee (N&RC) to take care of the nomination of Directors, KMP, etc. and remuneration related matters of the Directors, KMPs and Employees, etc.

The Terms of Reference of the Nomination & Remuneration Committee include followings.

- 1) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- 2) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- 3) The Nomination and Remuneration Committee shall, while formulating the policy ensure that:
  - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- 4) Regularly review the Human Resource function of the Company
- 5) Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.
- 6) Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
- 7) Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

The Constitution of the Nomination and Remuneration Committee during the financial year ended March 31, 2015 is given below:

Name	Position	Category
Shri Jayantibhai Prajapati	Chairman	Non- Executive Independent Director
Shri Kanubhai Patel	Member	Non- Executive Independent Director
Shri Gordhanbhai Patel	Member	Non- Executive Independent Director

#### Remuneration to Directors

- (a) The Chairman and Managing Director, and Whole Time Director get salary including perquisites. Remuneration paid for the year ended 31<sup>st</sup> March, 2015 was as under:

Name of the director	Period of appointment	Remuneration	Approving authority
Mr. N. P. Prajapati	Five years with effect from 11/01/2012	18,00,000	27 <sup>th</sup> AGM
Mr. A. P. Prajapati	Five years with effect from 01/08/2011	3,72,000	26 <sup>th</sup> AGM
<b>TOTAL</b>		<b>21,72,000</b>	

- (b) The criteria for making payments to the Chairman and Managing Director and Whole Time Director were:
- Salary, as recommended by the nomination and Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites, retirement benefits and performance pay are also paid/ provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.
  - Remuneration is determined keeping in view the industry benchmarks.
- (c) The Non-Executive Directors were paid sitting fees for attending the meetings of the Board and Committees.

## **GUJARAT TERCE LABORATORIES LTD.**

The sitting fees paid to the Directors is given below:

<b>Name of the director</b>	<b>Sitting fees paid</b>	<b>No of equity shares held</b>
Shri Jayantibhai Prajapati	Nil	8500
Shri Kanubhai Patel	Nil	Nil
Shri Gordhanbhai Patel	Nil	21900

### **5. STAKEHOLDER RELATIONSHIP COMMITTEE**

The terms of reference of the Committee include reviewing and redressing complaints from shareholders such as non-receipt of annual report, transfer of shares, issue of duplicate share certificates, etc.; to oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of securities; to oversee the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services; and to perform any other function, duty as stipulated by the Companies Act, Securities & Exchange Board of India, BSE and any other regulatory authority or under any applicable laws, as amended from time to time.

Committee met four times during FY 2014-15 i.e. 30/05/2014, 07/08/2014, 04/11/2014 and 13/02/2015. The Composition of the Stakeholders Relationship Committee and details of Members participation at the Meetings of the Committee are as under:

<b>Name</b>	<b>Designation</b>	<b>No of meetings attended</b>
Shri Jayantibhai Prajapati	Chairman	4
Shri Kanubhai Patel	Member	4
Shri Gordhanbhai Patel	Member	4

In addition, Details of Shareholders' Complaints received during the year are as follows:

<b>Particulars</b>	<b>No. of Complaints</b>
Investor complaints pending as at April 1, 2014	0
Investor complaints received during the year ended on March 31, 2015	0
Investor complaints resolved during the year ended March 31, 2015	0
Investor complaints pending as on March 31, 2015	1

### **Share transfer committee**

The Stakeholder relationship committee has delegated power of approving transfer of securities to Share Transfer Committee comprising of Shri Natwarbhai Prajapati and Shri Amrutbhai Prajapati. The Committee reviews and approves the transfer/transmission/ D-mat of equity shares as submitted by Big share Services Private Limited., the Registrar & Transfer Agent of the Company.

It met Nine times during the year to approve transfer/ transmission/ Demat of equity shares. It transferred 1200 equity shares submitted through physical transfer deed.

### **6. RISK MANAGEMENT COMMITTEE**

The terms of reference of the Risk Management Committee include identification, monitoring and measurement of the risk profile of the Company. All the members of the Audit Committee are the members of Risk Management Committee.

### **7. SPECIAL RESOLUTIONS PASSED AT THE LAST 3 ANNUAL GENERAL MEETINGS**

<b>Year</b>	<b>Venue of AGM</b>	<b>Date &amp; Time</b>	<b>No of special resolution passed</b>
2011-12	Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	28/09/2012 at 10.00 a.m.	NIL
2012-13	Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	30/09/2013 at 10.00 a.m.	NIL
2013-14	Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	27/09/2014 at 10.00 a.m.	4

No business was required to be transacted through postal ballot at the above meetings.

### **8. DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:**

There were no materially significant related party transactions made by the Company with its promoters, directors, key managerial personnel or their relatives, which may have potential conflict with the interests of the Company at large. All related party transactions are placed on quarterly basis before the Audit Committee and also before the Board for



approval. Register under section 188 of the Companies Act, 2013 is maintained and particulars of transactions are entered in the Register, wherever applicable.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

The Board of Directors at its Meeting held on 30/05/2015 has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Listing Agreement. The same is displayed on the website of the Company

## **9. STRICTURES AND PENALTIES**

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against the Company.

## **10. MEANS OF COMMUNICATION**

Quarterly and Annual Financial Results of the Company were submitted to the Stock Exchanges immediately after the Board approves them. Thereafter, the same were published in The Business Standard-English and Jansatta Express-Gujarati. Disclosures pursuant to various clauses of the Listing Agreement are promptly communicated to the Stock Exchanges. No formal presentation was made to the institutional investors or to the analysts during the year under review. Management Discussion and Analysis forms Part of the Annual Report, which is sent to the Shareholders of the Company.

## **11. GENERAL SHAREHOLDER INFORMATION**

- a. Exclusive e-mail id for investor grievances  
Pursuant to Clause 47 (f) of the Listing Agreement, the following e-mail id has been exclusively designated for communicating Investor Grievances: ho@gujaratterce.com  
Person in-charge of the Department : Rajesh Prajapati
- b. Annual General Meeting  
The 30<sup>th</sup> Annual General Meeting will be held on 26<sup>th</sup> September 2015
- c. Financial Calendar  
First quarter results : July 2015  
Second quarter results : October 2015  
Third quarter results : January 2016  
Annual results : April/May 2016  
Annual General Meeting : August/September 2016
- d. Book Closure  
The Register of Members and the Share Transfer Register will be closed from 19<sup>th</sup> September 2015 to 26<sup>th</sup> September 2015 (both days inclusive).
- e. Dividend Payment Date  
Not applicable
- f. Shares Listed At  
The equity shares of the Company are listed at:  
Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai Samachar Marg, Mumbai- 400001.  
Annual Listing fees for the year 2015-16 have been paid to the stock exchange. The Company has also paid the Annual Custodial fees to both the depositories.
- g. Stock Codes  
The stock code of the Company is 524314.
- h. International Securities Identification Number (ISIN)  
ISIN is a unique identification number allotted to dematerialized scrip. The ISIN has to be quoted in each transaction relating to dematerialized shares of the Company. The ISIN of the equity shares of the Company is INE499G01013.
- i. Corporate Identity Number (CIN)  
CIN of the Company, allotted by the Ministry of Corporate Affairs, Government of India is L28112GJ1985PLC007753.

**GUJARAT TERCE LABORATORIES LTD.**

## j. High/Low of monthly Market Price of the Company's Equity Shares

Traded on the Bombay Stock Exchanges during the financial year 2014-15 is furnished below:

Month	Bombay Stock Exchanges (BSE) (In ₹ Per share)	
	High Price	Low Price
April,2014	10.32	7.10
May,2014	13.07	10.14
June,2014	12.24	8.00
July,2014	10.89	7.25
August,2014	9.24	7.06
September,2014	9.20	7.60
October,2014	9.30	7.22
November,2014	9.40	7.10
December,2014	7.11	5.57
January,2015	7.43	5.84
February,2015	7.98	5.99
March,2015	7.86	6.31

## k. Share Transfer System

Company's shares in dematerialized form are transferrable through depositories. Shares in physical form are transferred by the Registrar & Transfer Agent and placed before the Stakeholder relationship Committee for its approval. The stakeholder relationship committee meets at a regular interval to consider and approve the transfer, transmission, issuance of duplicate/ consolidated/ sub-divided share certificates and requests for dematerialization/ rematerialisation of Company's shares.

In terms of Clause 47(c) of the Listing Agreement, every six months, a qualified Practicing Company Secretary undertakes audit of the share transfer related activities carried out by the Department and issues a compliance certificate, which is submitted to the Stock Exchange.

## l. Distribution Of Shareholding (As On March 31, 2015)

On the basis of shares held

SHAREHOLDING	NO OF OF NOMINAL	% OF TOTAL	SHARE AMOUNT	% OF TOTAL SHAREHOLDER
1-5000	13258	95.3059	16353010	22.0382
5001-10000	323	2.3219	2770750	3.7340
10001-20000	132	0.9489	2151230	2.8991
20001-30000	45	0.3235	1089010	1.4676
30001-40000	24	0.1725	851850	1.1480
40001-50000	55	0.3954	2664720	3.5911
50001-100000	29	0.2085	2112590	2.8470
100001-999999999	45	0.3235	46209840	62.2749
<b>Total</b>	<b>13911</b>		<b>74203000</b>	<b>100.0000</b>

On the basis of category

Category	No of Shares Held	% to Total Shares Held
Individual	4595886	61.93
Corporate bodies	222823	3.00
Promoters	2598000	35.01
Nonresident Indians	3591	0.05
<b>Total</b>	<b>7420300</b>	<b>100.00</b>



m. Dematerialization Of Shares And Liquidity

Shares of the Company are traded compulsorily in dematerialized form and are available for trading with both the depositories with whom the Company has established direct connectivity. The Demat requests received by the Company are continually monitored to expedite the process of dematerialization. The Demat requests are confirmed to the depositories within five working days of receipt.

During the year, the Company has electronically confirmed Demat requests for 6700 equity shares. As on March 31, 2015, 82.25% of the total shares issued by the Company were held in dematerialized form.

- Liquidity: The Company's Shares are liquid on BSE.

n. Code Of Conduct For Prevention Of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2014 and the Companies Act, 2013 with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares beyond threshold limits. Further, it 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 Code has been disseminated through the Company's website for easy access to the employees and is updated from time to time.

o. Reconciliation Of Share Capital Audit Report

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 1996, quarterly audit is being undertaken by a Practicing Company Secretary for reconciliation of share capital of the Company. The audit report inter alia covers and certifies that the total shares held in CDSL, NSDL and those in physical form tally with the issued and 19 paid-up capital of the Company, the Register of Members is duly updated; Demat requests are confirmed within stipulated time etc. The Reconciliation of Share Capital Audit Report is submitted with BSE and is also placed before the meetings of the Board of Directors.

p. Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March-15

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2015.

q. Plant Locations

➤ Pharma Division

122/2, Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar, Gujarat.

➤ Metal Division

Block No. 140/P, Village - Ramanagar, Tal. Kalol, Dist. Gandhinagar, Gujarat

r. Address for Correspondence

All enquiries, clarification and correspondence should be addressed to the compliance officer at the following Addresses.

(1) 301 & 304 Akashrath Complex, Opp. National Handloom House, C.G. Road, Navrangpura, Ahmedabad 380009.  
E-mail: ho@gujaratterce.com

(2) BigshareServices Pvt. Ltd.

E- 2 & 3, Ansa Industrial Estate, Saki Vihar Road, SakinakaAndheri (E), Mumbai 400072  
E-mail: marketing@bigshareonline.com

## **GUJARAT TERCE LABORATORIES LTD.**

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### **AUDITORS CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT**

I have examined compliance by Gujarat Terce Laboratories Limited (the Company) with the requirements under Clause 49 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange for the year ended on March 31, 2015.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance under Clause 49. The examination is neither an audit nor an expression of opinion on the financial statements of the Company or the corporate governance report of the Company.

I state that no investor's grievance is pending unresolved by the Company for a period exceeding one month against the Company as per the records maintained by the stakeholder relationship Committee.

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

Place : Ahmedabad

Date : 14/08/2015

Pinakin Shah & Co.  
Practicing Company Secretary  
FCS 2562, C.P. NO 2932

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### **DECLARATION ON ADHERENCE TO THE CODE OF CONDUCT UNDER CLAUSE 49 1 D (II) OF THE LISTING AGREEMENT**

All the Board members and senior management personnel of the Company have confirmed adherence to the Code of Conduct of Gujarat Terce Laboratories Limited for the financial year ended March 31, 2015.

Place : Ahmedabad

Date : 14/08/2015

Registered Office:

122/2, Ravi Estate,

Bileshwarpura,

Chhatral Dist: Gandhinagar

For and on behalf of the Board

**Shri Natwarbhai P. Prajapati**

Chairman & Managing Director

DIN: 00031187





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**CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT**

We, Shri N. P. Prajapati, Chairman and Managing Director (CEO) and Shri Amrutbhai Prajapati, Whole time Director (CFO) do hereby certify to the Board that:

- a) We have reviewed the Balance Sheet as at March 31, 2015, the Profit and Loss Accountant the Cash Flow Statement for the year ended on that date and that to the best of our knowledge and belief:
  - i. The said statements do not contain any false, misleading or materially untrue statements or figures or omit any material fact, which may make the statements or figures contained therein misleading;
  - ii. The said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of 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.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i. Significant changes in internal control over financial reporting during the year, if any;
  - ii. significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Gujarat Terce Laboratories Limited

For Gujarat Terce Laboratories Limited

Place : Ahmedabad  
Date : 14/08/2015

Shri N. P. Prajapati (CEO)  
DIN: 00031187

Shri Amrutbhai Prajapati (CFO)  
DIN: 00699001

**INDEPENDENT AUDITORS' REPORT**

To the Members of  
Gujarat Terce Laboratories Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Gujarat Terce Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating for ensuring accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by Section 143(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- 
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 133 of the Act;
  - e. On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
    - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements;- Refer Note -1.22 to the financial statements;
    - ii. the Company has made provision as required under the applicable law or accounting standards on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For, U S S & ASSOCIATES  
Chartered Accountants

**(Ujal Mehta)**

Partner

M. No. 112337

F.R.N. 122634W

Place : Ahmedabad.

Date : 29/05/2015

**GUJARAT TERCE LABORATORIES LTD.****ANNEXURE TO THE AUDITORS' REPORT**

The Annexure referred to in our report to the members of **Gujarat Terce Laboratories Limited** for the year ended on 31/03/2015. We report that:

<b>Sr.No.</b>	<b>Particulars</b>	<b>Auditors Remark</b>
(i)	(a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;	Yes
	(b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	No material discrepancies were noticed on such verification.
(ii)	(a) whether physical verification of inventory has been conducted at reasonable intervals by the management;	Yes
	(b) Are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business? If not, the inadequacies in such procedures should be reported;	Yes
	(c) whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account;	Yes, Discrepancies if any noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account.
(iii)	Whether the company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. If so,	No
	(a) whether receipt of the principal amount and interest are also regular; and	NA
	(b) if overdue amount is more than rupees one lakh, whether reasonable steps have been taken by the company for recovery of the principal and interest;	NA
(iv)	Is there an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services? Whether there is a continuing failure to correct major weaknesses in internal control system.	During the course of our audit, no major weakness in internal control has come to our notice.
(v)	in case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with? If not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	Company has not accepted deposits. Not Applicable Not Applicable
(vi)	where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, whether such accounts and records have been made and maintained;	Not Applicable
(vii)	(a) is the company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.	Yes



Sr.No.	Particulars	Auditors Remark
	(b) in case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).	Refer Annexure – A
	(c) whether the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.	Not Applicable
(viii)	whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year;	Not Applicable
(ix)	Whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders? If yes, the period and amount of default to be reported;	No
(x)	whether the company has given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company;	No
(xi)	whether term loans were applied for the purpose for which the loans were obtained;	Yes
(xii)	whether any fraud on or by the company has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated.	No

**Annexure – A**

Name of Statute	Nature of dues	Disputed Tax Amount	Period to the amount Relates	Forum where dispute is pending
Gujarat Sales Tax	Regular Assesment	Rs. 466886/-	F.Y.2003-04	Dep. Comm of Sales Tax (Appeals)
Gujarat Sales Tax	Regular Assesment	Rs. 1068607/-	F.Y.2004-05	Dep. Comm of Sales Tax (Appeals)
Income Tax	Regular Assessment	Rs 429282/-	F.Y. 2004-05	Commissioner of Income Tax.(Appeal)
Income Tax	Regular Assesment	Rs 4192640/-	F.Y. 2010-11	Commissioner of Income Tax.(Appeal)
Income Tax	Regular Assessment	₹ 19409860/-	F.Y 2011-12	Commissioner of Income Tax. ( Appeal)

For, U S S & ASSOCIATES  
Chartered Accountants

**(Ujal Mehta)**

Partner

M. No. 112337

F.R.N. 122634W

Place : Ahmedabad.

Date : 29/05/2015

**GUJARAT TERCE LABORATORIES LTD.****BALANCE SHEET AS AT 31ST MARCH, 2015**

Particulars	Note No.	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	74,203,000	74,203,000
(b) Reserves and surplus	3	36,112,171	35,198,826
		<b>110,315,171</b>	<b>109,401,826</b>
<b>2 Share application money pending allotment</b>		-	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	4	55,014,344	57,021,075
(b) Deferred tax liabilities (net)		5,287,840	4,332,030
(c) Other long-term liabilities	5	8,418,000	8,428,000
(d) Long Term Provisions	9	7,456,769	5,463,412
		<b>76,176,953</b>	<b>75,244,517</b>
<b>4 Current liabilities</b>			
(a) Short-term borrowings	6	25,924,586	29,094,395
(b) Trade payables	7	24,880,580	22,110,922
(c) Other current liabilities	8	24,075,399	22,283,349
(d) Short-term provisions	9	1,632,539	1,103,719
		<b>76,513,104</b>	<b>74,592,385</b>
<b>TOTAL</b>		<b>263,005,228</b>	<b>259,238,728</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	64,768,862	61,509,108
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale		-	-
		<b>64,768,862</b>	<b>61,509,108</b>
(b) Non-current investments	11	3,000,500	500
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	12	29,726,979	37,721,872
(e) Other non-current assets		-	-
		<b>32,727,479</b>	<b>37,722,372</b>
<b>2 Current assets</b>			
(a) Current investments		-	-
(b) Inventories	13	40,216,136	42,214,888
(c) Trade receivables	14	91,975,279	92,059,747
(d) Cash and cash equivalents	15	18,622,135	11,346,917
(e) Short-term loans and advances	16	14,695,337	14,385,696
(f) Other current assets		-	-
		<b>165,508,887</b>	<b>160,007,248</b>
<b>TOTAL</b>		<b>263,005,228</b>	<b>259,238,728</b>

**See accompanying notes forming part of the financial statements**

As per our Audit Report of even date attached

For U S S &amp; Associates

Chartered Accountants

F.R.N . 122634W

( Ujal Mehta )

Partner

M. No. 112337

Date : 29/05/2015

Place : Ahmedabad

For and on behalf of the Board of Directors

**N. P. Prajapati**  
Chairman & M.D.**A. P. Prajapati**  
Wholetime Director**S. P. Prajapati**  
Director



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	Note No.	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
1 Revenue from operations (gross)	17	268,079,109	294,122,481
Less: Excise duty	17	3,267,728	5,659,215
Revenue from operations (net)		<b>264,811,381</b>	<b>288,463,266</b>
2 Other income	18	463,150	1,280,980
<b>3 Total revenue (1+2)</b>		<b>265,274,531</b>	<b>289,744,246</b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	19a	21,266,995	35,615,976
(b) Purchases of stock-in-trade		78,302,633	79,334,201
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19b	3,188,845	22,233,861
(d) Employee benefits expense	20	87,146,595	72,198,362
(e) Finance costs	21	4,110,679	4,079,352
(f) Depreciation and amortisation expenses	10	1,583,139	3,335,137
(g) Other expenses	22	67,119,050	69,535,966
<b>Total expenses</b>		<b>262,717,936</b>	<b>286,332,855</b>
<b>5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>2,556,595</b>	<b>3,411,391</b>
<b>6 Exceptional items</b>			
Dep. Written back due to change in method		(379,350)	-
<b>7 Profit / (Loss) before extraordinary items and tax (5 + 6)</b>		<b>2,935,945</b>	<b>3,411,391</b>
<b>8 Extraordinary items</b>		-	-
<b>9 Profit / (Loss) before tax (7 + 8)</b>		<b>2,935,945</b>	<b>3,411,391</b>
<b>10 Tax expense:</b>			
(a) Current tax expense for current year		1,066,790	440,936
(b) Current tax expense relating to prior years (Excess/less Provision of I.Tax of PY)		-	-
(c) Net current tax expense		1,066,790	<b>440,936</b>
(d) Deferred tax		955,810	565,227
<b>11 Profit / (Loss) for the year</b>		<b>913,345</b>	<b>2,405,228</b>
<b>12 Earnings per share (of ₹ 10/- each):</b>			
(a) Basic	23	0.123	0.324
(b) Diluted	23	0.123	0.324

### See accompanying notes forming part of the financial statements

As per our Audit Report of even date attached  
For U S S & Associates  
Chartered Accountants  
F.R.N . 122634W  
( Ujal Mehta )  
Partner  
M. No. 112337  
Date : 29/05/2015  
Place : Ahmedabad

For and on behalf of the Board of Directors

**N. P. Prajapati**  
Chairman & M.D.

**A. P. Prajapati**  
Wholetime Director

**S. P. Prajapati**  
Director

**GUJARAT TERCE LABORATORIES LTD.****CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015**

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	₹	₹	₹	₹
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		2,556,595		3,411,391
<i>Adjustments for:</i>				
Provision For Tax	(1,066,790)		(440,936)	
Depreciation and amortisation	1,583,139		3,335,137	
Product Launching & Development & other deferred revenue Exps W/off	-		-	
Preliminary Exps. W/off	-		-	
(Profit) / loss on sale / write off of assets	130,664		(24,559)	
Net (Gain) / Loss on Foreign Currency Transactions	7,877		(4,415)	
Finance costs	4,110,679		4,079,352	
Interest income	(409,366)		(861,423)	
	<b>4,356,203</b>		<b>6,083,156</b>	
<b>Operating profit / (loss) before working capital changes</b>		<b>6,912,798</b>		<b>9,494,547</b>
<b>Changes in working capital:</b>				
<i>Adjustments for (increase) / decrease in operating assets and liabilities:</i>				
Inventories and Trade receivables	2,083,220		(12,274,584)	
Short-term loans and advances	(309,641)		2,055,998	
Trade payables, Provisionas and other current liabilities	5,090,528		5,316,390	
<b>Net Changes in working capital:</b>	<b>6,864,107</b>		<b>(4,902,196)</b>	
		<b>13,776,905</b>		<b>4,592,351</b>
Cash flow from extraordinary items		-		-
<b>Cash generated from operations</b>		<b>13,776,905</b>		<b>4,592,351</b>
Net income tax (paid) / refunds		-		-
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>13,776,905</b>		<b>4,592,351</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances, if any	(6,352,849)		(1,658,412)	
Proceeds from sale of fixed assets	1,758,643		50,000	
Long Term Loans & Advances realised	7,994,892		(1,960,170)	
Interest received	409,366		861,423	
Investment	(3,000,000)		-	
	810,052		(2,707,159)	
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>810,052</b>		<b>(2,707,159)</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of share capital	-		-	
Proceeds from long-term borrowings (Net)	(23,374)		(7,767,800)	
Proceeds from other short-term borrowings (Net)	(3,169,809)		4,364,600	
Net Gain / (Loss) on Foreign Currency Transactions	(7,877)		4,415	
Finance Costs	(4,110,679)		(4,079,352)	
<b>Cash flow from extraordinary items</b>		<b>(7,311,739)</b>		<b>(7,478,137)</b>
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(7,311,739)</b>		<b>(7,478,137)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>7,275,218</b>		<b>(5,570,945)</b>
Cash and cash equivalents at the beginning of the year		11,346,917		16,917,862
<b>Cash and cash equivalents at the end of the year</b>		<b>18,622,135</b>		<b>11,346,917</b>

As per our Audit Report of even date attached

For U S S &amp; Associates

Chartered Accountants

F.R.N . 122634W

( Ujal Mehta )

Partner

M. No. 112337

Date : 29/05/2015

Place : Ahmedabad

For and on behalf of the Board of Directors

**N. P. Prajapati**

Chairman &amp; M.D.

**A. P. Prajapati**  
Wholetime Director**S. P. Prajapati**  
Director





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## Notes forming part of the financial statements

### Note Particulars

#### 1 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

##### 1.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### 1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

##### 1.3 Revenue recognition

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Interest income is accounted on accrual basis.

##### 1.4 Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

##### 1.5 Fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

##### 1.6 Investments

Investments are classified as long term investments. It is carried at cost. Provision for diminution in value of long term investment is made on each investment individually only if such decline is other than temporary.

##### 1.7 Inventories

Inventories are valued as under  
Raw Material: At Cost  
Stock in Process: At estimated Cost  
Finished Goods: At cost or realizable value whichever is less  
Stores, Spares & other items: At Cost

1.8 Raw Material is accounted net of Excise Duty.

##### 1.9 Cash and cash equivalents.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

##### 1.10 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash

## **GUJARAT TERCE LABORATORIES LTD.**

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receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### **1.11 Depreciation**

Depreciation has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

### **1.12 Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised only if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets, if any.

### **1.13 Excise Duty / Service Tax and Sales Tax / Value Added Tax**

Excise duty on Finished Goods is accounted as and when they are cleared from the factory premises. Sales Tax / Value Added Tax is charged to the Statement of Profit and Loss.

Company has adopted method of treatment of Cenvat Credit in account as prescribed in guidance note on accounting treatment for CENVAT by ICAI. Excise Duty paid on inputs is debited to Cenvat credit receivable account, so the Purchase cost of inputs (Raw Material) is net of Excise duty. Therefore the inputs consumed (Raw Material) and the inventory of inputs (Raw Material) is valued on the basis of purchase cost net of Excise duty. The debit balance in Cenvat credit receivable account is shown on the Assets side under the head "Short Term Loans & Advances"

### **1.14 Foreign currency transactions and translations**

Current assets and current liabilities are translated at the exchange rate prevailing on the last day of the year.

Gains or losses arising out of remittance/ translations at the year end are credited / debited to the profit and loss account for the year except in cases where they relate to acquisition of Fixed Assets, in which case they are adjusted to carrying cost of such assets

Foreign Exchange transactions are converted into Indian rupees at the prevailing rate on the date of the transaction.

Exchange differences arising on contracts are recognized in the period in which they arise and the premium paid / received is accounted as expense/ income over the period of contract.

### **1.15 Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences, if any arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### **1.16 Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid, if any, in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.



Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

### 1.17 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

### 1.18 Contingent Liabilities and Provisions

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

1.19 Sundry Creditors, Sundry Debtors, Deposits, Loans & Advances recoverable in Cash or kind are subject to confirmation.

1.20 Balances in Share Allotment money, EEFC account and current account with Bank of Baroda is subject to reconciliation. It is taken on the basis of balances as per the books of the Company, as the Statement and certificates are not provided by the Bank.

1.21 None of the employees of the Company was in receipt of or entitled to receive emoluments in aggregate at a rate of ₹ 200000/- p.m. or more (P.Y. – ₹ 200000/- p.m.) (If employed for part of the year) or ₹ 2400000/- or more p.a. (P.Y. – ₹ 2400000/- or more p.a.) (If employed for full year) (Previous Year - Nil).

### 1.22 Contingent Liabilities Not Provided For

	<u>2014-15</u>	<u>2013-14</u>
a) Unutilized Letter of Credit	Nil	Nil
b) Counter guarantees furnished by the Company in respect of Bank Guarantee	0	0
c) Estimated amount of contracts to be executed on capital account and not provided for	0	0
d) Claims against the Company not Acknowledged as Debt*	0	0

\* Claims against the Company not Acknowledged as Debt does not include Demand from Indian Income Tax Authorities for payment of Tax ₹ 24031782 for financial year 2004-05, 2010-11 & 2011-12 on completion of assessment proceedings of respective years. The company has filed an appeal before Commissioner of Income Tax (Appeals). It also does not include Demand from Gujarat Sales Tax Authorities for payment of tax ₹1535493 for financial years 2003-04 & 2004-05 on completion of assessment proceedings of respective years. The company has filed an appeal before Deputy Commissioner of Sales Tax (Appeals). Company is contesting the demand and the management believes that the demand will not sustain in the Appealate Process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position.

## **GUJARAT TERCE LABORATORIES LTD.**

**1.23 Details of C.I.F. Value of Imports, Expenditure in Foreign currency and earnings in foreign currency are as under :**

	<b>2014-15</b>	<b>2013-14</b>
a. C.I.F Value of Imports		
Raw Material	Nil	Nil
Machineries	Nil	Nil
b. Expenditure in foreign currency less Commission & Other Expenses	Nil	Nil
c. Earning in Foreign Currency		
- Export Sales	1010396	1032820

**1.24 Details of Raw Material consumed**

	<b>As on 31.03.2015</b>		<b>As on 31.03.2014</b>	
	% of total Value	Consumption (₹)	% of total Value	Consumption (₹)
a) Imported	-	-	-	-
b) Indigenous	100%	21266995	100%	35615976

**1.25 Related Party**

Information about related parties as required by AS – 18 are as under:

Sr.No.	Related Party	Relationship	Description of Transaction	Payment
1.	Mr.N.P. Prajapati	Chairman & M.D.	Managerial Remuneration	1800000
2.	Mr. A.P. Prajapati	Director	Managerial Remuneration	372000
3.	Shushilaben B. Prajapati	Relative	Salary	51300
4.	Sachi Prajapati	Relative	Salary	312000
5.	Manjulaben S. Prajapati	Relative	Salary	49500
6.	Jyotsana Prajapati	Relative	Salary	54000
7.	Shobhana Prajapati	Relative	Salary	50400
8.	Aalap Prajapati	Relative	Salary	327000

**1.26 Deferred Tax Liability**

Particulars	₹	₹	₹
-------------	---	---	---

**As per AS 22 on Accounting for taxes on income issued by ICAI, the Company has provided deferred tax liabilities as on 31st March, 2015.**

**The components of deferred tax liability for the current financial year are:**

Deferred Tax Liability	Deferred Tax Liability / (assets) as at 1.4.2014	Current year change / (credit)	<b>Deferred Tax Liability / (assets) as at 31.3.2015</b>
(A) Difference between book and Tax depreciation	4,393,212	977,119	5,370,331
Tax liability on Deferred Revenue Expenditure	-	-	-
<b>(A)</b>	<b>4,393,212</b>	<b>977,119</b>	<b>5,370,331</b>
(B) Deferred Tax Assets- Tax	61,182	21,309	82,491
<b>(B)</b>	<b>61,182</b>	<b>21,309</b>	<b>82,491</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>4,332,030</b>	<b>955,810</b>	<b>5,287,840</b>



## 1.27 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The Company has identified two reportable segments viz Pharmaceutical and Metal Divisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

The Company is engaged in manufacturing of Tablets, Capsules, and Syrup & Injection pertaining to the product group Pharmaceuticals.

Particulars	Pharmaceutical		METAL		Unallocated		Total	
	2015 ₹	2014 ₹	2015 ₹	2014 ₹	2015 ₹	2014 ₹	2015 ₹	2014 ₹
1 Revenue from operations (gross)	268,079,109	248,947,165	-	45,175,316	-	-	268,079,109	294,122,481
Less: Excise duty	3,267,728	4,675,980	-	983,235	-	-	3,267,728	5,659,215
Revenue from operations (net)	<b>264,811,381</b>	<b>244,271,185</b>	-	<b>44,192,081</b>	-	-	<b>264,811,381</b>	<b>288,463,266</b>
2 Other income	463,150	1,053,623	-	227,357	-	-	463,150	1,280,980
3 Segment revenue (1+2)	<b>265,274,531</b>	<b>245,324,808</b>	-	<b>44,419,438</b>	-	-	<b>265,274,531</b>	<b>289,744,246</b>
4 Segment Expenses								
Cost of materials consumed	21,266,995	18,857,619	-	16,758,357	-	-	21,266,995	35,615,976
Purchases of stock-in-trade	78,302,633	79,334,201	-	-	-	-	78,302,633	79,334,201
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3,188,845	(2,759,704)	-	24,993,565	-	-	3,188,845	22,233,861
Employee benefits expense	87,146,595	72,131,898	-	66,464	-	-	87,146,595	72,198,362
Depreciation and amortisation expense	1,583,139	1,958,526	-	1,376,611	-	-	1,583,139	3,335,137
Other expenses	67,119,050	68,554,869	-	981,097	-	-	67,119,050	69,535,966
Total	<b>258,607,257</b>	<b>238,077,409</b>	-	<b>44,176,094</b>	-	-	<b>258,607,257</b>	<b>282,253,503</b>
5 Segment Results Before Finance Costs, Exceptional & Extraordinary Items and Tax	<b>6,667,274</b>	<b>7,247,399</b>	-	<b>243,344</b>	-	-	<b>6,667,274</b>	<b>7,490,743</b>
Less : Finance Costs	-	-	-	-	4,110,679	4,079,352	4,110,679	4,079,352
6 Profit / (Loss) before exceptional and extraordinary items and tax	<b>6,667,274</b>	<b>7,247,399</b>	-	<b>243,344</b>	<b>(4,110,679)</b>	<b>(4,079,352)</b>	<b>2,556,595</b>	<b>3,411,391</b>
7 Exceptional items	(379,350)	-	-	-	-	-	(379,350)	-
8 Profit / (Loss) before extraordinary items and tax	<b>7,046,624</b>	<b>7,247,399</b>	-	<b>243,344</b>	<b>(4,110,679)</b>	<b>(4,079,352)</b>	<b>2,935,945</b>	<b>3,411,391</b>

**GUJARAT TERCE LABORATORIES LTD.**

Particulars	Pharmaceutical		METAL		Unallocated		Total	
	2015 ₹	2014 ₹	2015 ₹	2014 ₹	2015 ₹	2014 ₹	2015 ₹	2014 ₹
10 Extraordinary items	-	-	-	-	-	-	-	-
11 Profit / (Loss) before tax	7,046,624	7,247,399	-	243,344	(4,110,679)	(4,079,352)	2,935,945	3,411,391
10 Tax expense:	-	-	-	-	-	-	-	-
(a) Current tax expense for current year	-	-	-	-	1,066,790	440,936	1,066,790	440,936
(b) Current tax expense relating to prior years (Excess/less Provision of I.Tax of PY)	-	-	-	-	-	-	-	-
(c) Net current tax expense	-	-	-	-	1,066,790	440,936	1,066,790	440,936
(d) Deferred tax	-	-	-	-	955,810	565,227	955,810	565,227
11 Profit / (Loss) for the year	7,046,624	7,247,399	-	243,344	(6,133,279)	(5,085,515)	913,345	2,405,228
<b>Other information</b>								
Segment Assets	168,639,196	164,659,078	94366032	94557650				
Unallocated Assets	-	-	-	-				
<b>Total Assets</b>	<b>168,639,196</b>	<b>164,659,078</b>	<b>94,366,032</b>	<b>94,557,650</b>				
Segment Liabilities	85,905,285	83775204	61496932	61707668				
Unallocated Liabilities	5,287,840	4,332,030	-	-				
<b>Total Liabilities</b>	<b>91,193,125</b>	<b>88,107,234</b>	<b>61,496,932</b>	<b>61,707,668</b>				
Capital Expenditure	4,852,706	377920	-	1280492				
Depreciation	1,583,139	1958526	-	1376611				
Non-Cash Expenses other than Depreciation	955,810	565227	-	-				



## Notes forming part of the financial statements

### Note 2 Share capital

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
(a) Authorised		
11000000 Equity shares of ₹10 each with voting rights	110000000	110000000
(b) 7420300 Issued, Subscribed and fully paid up Equity shares of ₹10 each with voting rights	74203000	74203000
<b>Total</b>	<b>74203000</b>	<b>74203000</b>

#### Note 2.1 The Reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31 March, 2015 No. of shares	As at 31 March, 2014 No. of shares
Equity shares at the beginning of the year	7420300	7420300
Add: Shares issued during the year	-	-
Equity shares at the end of the year	7420300	7420300

#### Note 2.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Natwarbhai P. Prajapati	563440	7.59%	563440	7.59%
Sureshbhai. P. Prajapati	927150	12.49%	927150	12.49%
Terce Finlease Pvt. Ltd.	1075900	14.50%	1075900	14.50%
Sunflower Broking Pvt. Ltd.	579400	7.81%	579400	7.81%

**GUJARAT TERCE LABORATORIES LTD.****Notes forming part of the financial statements (contd...)****Note 3 Reserves and surplus**

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
<b>Securities premium</b>		
Opening balance	15,000,000	15,000,000
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	<b>15,000,000</b>	<b>15,000,000</b>
<b>General reserve</b>		
Opening balance	3,737,174	3,737,174
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	<b>3,737,174</b>	<b>3,737,174</b>
<b>Investment Subsidy</b>		
Opening balance	438,458	438,458
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	-	-
Closing balance	<b>438,458</b>	<b>438,458</b>
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	16,023,194	13,617,966
Add: Profit / (Loss) for the year	913,345	2,405,228
<b>Closing balance</b>	<b>16,936,539</b>	<b>16,023,194</b>
<b>Total</b>	<b>36,112,171</b>	<b>35,198,826</b>

**Note 4 Long-term borrowings**

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
Term loans		
From banks		
Secured	135,579	1,327,057
Loans and advances from Directors & Related Parties		
Unsecured	311,747	627,000
Loans and advances from Others		
Unsecured	54,567,018	55,067,018
<b>Total</b>	<b>55,014,344</b>	<b>57,021,075</b>

Current year and previous year, Term loan from ICICI Car Finance is secured by way of first charge on Swift Car of the company; Rate of interest (fixed) 11.51% p.a.

Current year, Term loan from Kotak Mahindra Prime Ltd. is secured by way of first charge on Toyota Etios Car of the company; Rate of interest (fixed) 11.15% p.a.

Current year and previous year, Term loan from Bank of Baroda is secured by way of first charge on Staff Bus of the company; Rate of interest (floating) 11.75 % p.a.

Current year, Term loan from Bank of Baroda is secured by way of first charge on Godown (122/3, Ravi Estate, Chhatral, Gandhinagar.) of the company; Rate of interest (floating) 13.75 % p.a.

Maturity Profile of Long - Term Borrowings from directors & their relatives and others is as set out below:

Particulars	Less than 4 years
Loans and advances from Directors & their Relatives	311,747
Loans and advances from Others	54,567,018





## Notes forming part of the financial statements (contd...)

### Note 5 Other long-term liabilities

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
(a) Others:		
Trade / security deposits received	8,418,000	8,428,000
<b>Total</b>	<b>8,418,000</b>	<b>8,428,000</b>

Maturity Profile - Other Long Tem Liabilities is as set out below:

Particulars	Less Than 4 Years	Less than 4 years
Trade/Security deposits from Directors & their Relatives	Nil	Nil
Trade/security deposits from Others	8418000	8428000

### Note 6 Short-term borrowings

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
(a) Loans repayable on demand		
From banks		
Secured	25,924,586	29,094,395
<b>Total</b>	<b>25,924,586</b>	<b>29,094,395</b>

#### Notes:

(i) Details of security for the secured short-term borrowings:

Loans repayable on demand from banks:

#### Cash Credit A/c- Bank of Baroda

Secured By equitable Mortgage of Fctory Land & Building, Office Premises of the company and Residential Bungalow of Director Shri Natwarbhai P. Prajapati

Hypothecation of all the Plant & Machinerries, movable fixed assets, stock, book debts & all the current assets of the company.

Personal Guarantee of directors of the company Natwarbhai P. Prajapati, Amrutbhai P. Prajapati & Sureshbhai P. Prajapati

### Note 7 Trade payables

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
Trade payables:		
Due to Micro & Small Enterprises	5,141,181	5,485,816
Other than Micro & Small Enterprises	19,739,399	16,625,106
<b>Total</b>	<b>24,880,580</b>	<b>22,110,922</b>

### Note 8 Other current liabilities

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
Current maturities of long-term debt	1,163,998	1,311,504
Statutory remittances (Contributions to PF and ESIC, Excise Duty, VAT, Service Tax, TDS Payable etc.)	2,683,974	2,588,236
Interest accrued on trade /security deposits	415,125	415,125
Advances from customers	122,731	188,478
Other liabilities	3,944,144	5,566,799
Salary Payable	15,745,427	12,213,207
<b>Total</b>	<b>24,075,399</b>	<b>22,283,349</b>

## GUJARAT TERCE LABORATORIES LTD.

### Notes forming part of the financial statements (contd...)

#### Note 9 Short-term provisions & Long Term Provisions

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
<b>Long Term Provisions</b>		
Provision For Gratuity	7,456,769	5,463,412
<b>Total</b>	<b>7,456,769</b>	<b>5,463,412</b>
<b>Short Tem Provisions</b>		
Provision for bonus	333,083	288,750
Provision for tax (net off Advance taxes)	1,028,749	406,765
Provision for Audit Fees	76,500	76,506
Provision for Telephone Exps	-	11,312
Provision for Electricity Exps (Factory & Office)	69,330	22,347
other provisions	124,877	298,039
<b>Total</b>	<b>1,632,539</b>	<b>1,103,719</b>

#### NOTE 10 FIXED ASSETS (As per Company's Act.), A/c. Year : 2014-15

Particulars	Gross Block				Depreciation				Net Block			
	Useful life (Years)	Op. Bal. as on 01.04.14	Addition during the year	Sales during the year	Balance as on 31.03.15	Op. Bal. as on 01.04.14	Prov. During the year	Dep. written back as exception	Dep. written back on sale of asset	Balance as on 31.03.15	As on 31.03.15	As on 31.03.14
Factory Land		16290029	0	0	16290029	0	0	0	0	16290029	16290029	
Factory & Building	30.00	19326171	0	0	19326171	6453859	333,372	0	0	6787231	12538940	12872312
Office Building	30.00	250030	0	0	250030	99860	27,346	0	0	127206	122824	150170
Vehicles	10.00	3150637	0	586,728	2563909	1348351	247,589	0	197,564	1398376	1165533	1802286
Laboratory Equipments	20.00	3207489	0	0	3207489	2974078	30,931	0	0	3005009	202480	233411
Electric Installation	20.00	2039016	0	0	2039016	1799139	0	319,762	0	1479377	559639	239877
Machineries	20.00	34326150	1,445,563	0	35771713	12305014	298,928	0	0	12603942	23167771	22021136
Furniture	10.00	3717021	2,065,874	0	5782895	1779310	346,335	0	0	2125645	3657250	1937711
Block & Design	20.00	3289230	0	0	3289230	2681144	0	51,932	0	2629212	660018	608086
Computer	3.00	1898704	84,950	0	1983654	1778232	99,292	0	0	1877524	106130	120472
Communication Appliances	13.00	78580	0	0	78580	78580	0	7,656	0	70924	7656	0
Sterlin Resort (Time share)		70650	0	0	70650	0	0	0	0	0	70650	70650
Godown	30.00	5059223	1,500,143	0	6559366	140078	199,345	0	0	339423	6219943	4919145
Godown in progress		243824	1,256,319	1,500,143	0	0	0	0	0	0	0	243824
<b>Total</b>		<b>92946754</b>	<b>6352849</b>	<b>2086871</b>	<b>97212732</b>	<b>31437645</b>	<b>1583139</b>	<b>379350</b>	<b>197564</b>	<b>32443870</b>	<b>64768862</b>	<b>61509109</b>
<b>Previous Year</b>		<b>91797162</b>	<b>1658412</b>	<b>508820</b>	<b>92946754</b>	<b>28585887</b>	<b>3335137</b>	<b>0</b>	<b>483379</b>	<b>31437645</b>	<b>61509109</b>	<b>63211275</b>

#### Note 11 Non- Current Investment

Particulars	As at 31 March, 2015 Total ₹	As at 31 March, 2014 Total ₹
Investments (At cost):		
Easy Advisory Services Pvt. Ltd.	3,000,000	-
Samir Members Association	500	500
<b>Total</b>	<b>3,000,500</b>	<b>500</b>



## Notes forming part of the financial statements (contd...)

### Note 12 Long-term loans and advances

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
(a) Security deposits		
Unsecured, considered good	778,077	778,077
(b) Advanced recoverable in cash or kind or for value to be received		
Unsecured, considered good	28,948,902	36,943,795
<b>Total</b>	<b>29,726,979</b>	<b>37,721,872</b>

### Note 13 Inventories

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
(a) Raw materials (At cost)	1,128,725	1,740,905
(b) Work-in-progress (at estimated cost)	84,247	366,306
(c) Finished goods (other than those acquired for trading) (at cost or realisable value whichever is lower)	5,910,439	4,544,324
(d) Stock-in-trade (acquired for trading) (at cost or realisable value whichever is lower)	15,180,159	19,453,060
(e) Stores, spares & other items (at cost)	3,186,681	3,060,243
(f) Advertisement Article Stock (at cost)	14,725,885	13,050,050
<b>Total</b>	<b>40,216,136</b>	<b>42,214,888</b>

### Note: Details of inventory of work-in-progress

Particulars	As at 31 March, 2015 ₹	As at 31 March, 2014 ₹
<b>Pharma Division</b>		
Aziter 500 Tablet	-	85,084
Ocef-250 Tablet	-	129,096
Livbert 250 Tablet	40,419	-
BP-At Tablet	-	3,358
Codamol-50 Dry Syrup	-	50,010
Dicloter-P Tablet	-	17,892
Pridilan-40 SR Tablet	-	80,865
Emfanic Tablet	13,888	-
Nimeter-A Tablet	29,940	-
	<b>84,247</b>	<b>366,305</b>

**GUJARAT TERCE LABORATORIES LTD.****Notes forming part of the financial statements (contd...)****Note 14 Trade receivables**

<b>Particulars</b>	<b>As at 31 March, 2015 ₹</b>	<b>As at 31 March, 2014 ₹</b>
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	55,798,516	18,734,704
Other Trade receivables	-	-
Unsecured, considered good	36,176,763	73,325,043
<b>Total</b>	<b>91,975,279</b>	<b>92,059,747</b>

**Note 15 Cash and cash equivalents**

<b>Particulars</b>	<b>As at 31 March, 2015 ₹</b>	<b>As at 31 March, 2014 ₹</b>
(a) Cash on hand	1,285,040	1,181,330
(b) Balances with banks		
(i) In current accounts	14,011,000	7,019,253
(ii) In EEFC accounts	7,468	7,468
(iii) Share Issue Account	888,406	888,406
(c) other bank balances	-	-
Bank Deposits (refer note (i) below)	2,430,221	2,250,460
<b>Total</b>	<b>18,622,135</b>	<b>11,346,917</b>

**Notes:**

- (i) Other Bank Balances include bank deposits amounting to ₹ 2096841/- (As at 31 March, 2014 ₹ 2096274/-) and deposits for margin monies against bank guarantee amounting to ₹ 153619/- (As at 31 March, 2014 ₹ 1387448/-) which have an original maturity of not more than 12 months.

**Note 16 Short-term loans and advances**

<b>Particulars</b>	<b>As at 31 March, 2015 ₹</b>	<b>As at 31 March, 2014 ₹</b>
Loans and advances recoverable cash or kind or for value to be received		
Unsecured, considered good	7,919,835	8,724,184
Advance for Purchase of Capital Assets	4,058,550	4,498,600
Advances given to Employees		
Unsecured, considered good	2,260,000	589,200
Prepaid expenses - Unsecured, considered good	425,112	530,800
Duty Draw Back Receivable	6,996	18,809
CENVAT/Service Tax /VAT credit receivable	24,844	24,103
<b>Total</b>	<b>14,695,337</b>	<b>14,385,696</b>



## Notes forming part of the financial statements (contd...)

### Note 17 Revenue from operations

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
(a) Sale of products		
Domestic Sales	267,079,173	293,122,725
Export Sales	1,010,396	1,032,820
(b) Other operating revenues	(10,460)	(33,064)
	<b>268,079,109</b>	<b>294,122,481</b>
Less:		
(c) Excise duty	3,267,728	5,659,215
<b>Total</b>	<b>264,811,381</b>	<b>288,463,266</b>

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
<b>(i) Sales of products comprises (Broad Heads):</b>		
<b>Manufactured goods - Pharma Division</b>		
Almocef Tablet	6,140,538	6,252,138
Aziter 500 Tablet	3,715,038	3,833,334
Codimol 200 Tablet	7,848,851	6,706,040
<b>Manufactured goods - Metal Division</b>		
Copper sulphate	-	10401825
CPC Blue	-	5040000
<b>Traded goods - Pharma Division</b>		
Acolate Kid Susp.	11,993,522	10,949,465
Acolate P Plus Tablet	17,515,071	16,721,614
Acolate Tablet	9,543,465	6,787,900
<b>Traded goods - Metal Division</b>		
Used Beverage	-	2,325,976
<b>(ii) Other operating revenues comprise:</b>		
Rate Difference	(10,460)	(33,064)
<b>Total - Other operating revenues</b>	<b>(10,460)</b>	<b>(33,064)</b>

### Note 18 Other income

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
(a) Interest income (Note : 18.a)	409,366	861,423
(b) Rent Income	6,000	84,000
(c) Other non-operating income (net of expenses directly attributable to such income) (Note: 18.b)	47,784	335,557
<b>Total</b>	<b>463,150</b>	<b>1,280,980</b>

**GUJARAT TERCE LABORATORIES LTD.****Notes forming part of the financial statements (contd...)****Note (18.a)**

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
Interest on Bank Deposits	197,736	273,040
Interest on Other Loans	91,338	575,040
Interest on overdue trade receivables	120,292	13,343
<b>Total - Interest income</b>	<b>409,366</b>	<b>861,423</b>

**Note (18.b)**

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
Other non-operating income comprises:		
Net gain on foreign currency transactions and translation	-	4,415
Discount Earned(Net)	26,980	271,824
Sundry Balances written off	-	-
Duty Drawback	20,804	34,759
Profit on sale of fixed assets	-	24,559
<b>Total - Other non-operating income</b>	<b>47,784</b>	<b>335,557</b>

**Note 19.a Cost of materials consumed**

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
Opening stock	1,740,905	13,906,702
Add: Purchases	20,654,815	23,450,179
	<b>22,395,720</b>	<b>37,356,881</b>
Less: Closing stock	1,128,725	1,740,905
<b>Cost of material consumed</b>	<b>21,266,995</b>	<b>35,615,976</b>

**Material consumed comprises:****Pharma Division**

Azithromycin	2,040,933	1,875,519
Cefixime Trihydrate	3,140,442	2,755,575
Cefpodoxime Proxetil	6,431,707	5,935,918

**Metal Division**

Reactive Brown 208	-	114,908,456
Reactive orange RRH	-	95,750,961
Reactive orange RR	-	60,246,172



## Notes forming part of the financial statements (contd...)

### Note 19.b Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
Inventories at the end of the year:		
Finished goods	5,910,439	4,544,324
Work-in-progress	84,247	366,306
Stock-in-trade	15,180,159	19,453,060
	<u>21,174,845</u>	<u>24,363,690</u>
Inventories at the beginning of the year:		
Finished goods	4,544,324	21,482,930
Work-in-progress	366,306	374,653
Stock-in-trade	19,453,060	24,739,968
	<u>24,363,690</u>	<u>46,597,551</u>
<b>Net (increase) / decrease</b>	<b>3,188,845</b>	<b>22,233,861</b>

### Note 20 Employee benefits expense

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
Salaries and wages	81,599,846	68,710,220
Contributions to provident and other funds	4,658,389	2,473,989
Staff welfare expenses	888,360	1,014,153
<b>Total</b>	<b>87,146,595</b>	<b>72,198,362</b>

### Note 21 Finance costs

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
(a) Interest expense on:		
(i) Borrowings	2,961,158	3,695,748
(ii) Others *	1,080,676	134,210
* includes interest on government and other dues		
(b) Other borrowing costs		
- Bank Charges	68,845	249,394
<b>Total</b>	<b>4,110,679</b>	<b>4,079,352</b>

**GUJARAT TERCE LABORATORIES LTD.****Notes forming part of the financial statements (contd...)****Note 22 Other expenses**

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
Consumption of stores and spare parts	95,974	184,648
Consumption of packing materials	2,693,857	1,770,081
Power and fuel	488,485	561,103
Rent	1,131,260	1,081,858
Repairs and maintenance - Buildings	58,329	-
Repairs and maintenance - Others	660,681	30,883
Insurance	1,084,073	793,843
Excise duty Penalty	-	15,697
Rates and taxes	3,868,618	3,924,099
Communication	2,050,990	2,025,180
Freight and forwarding	5,365,962	4,889,630
Sales commission	4,696,017	4,382,235
Legal and Professional Exp.	959,699	1,091,176
Advertisement Expenses	30,927,947	35,691,868
Donations and contributions	75,000	10,000
Payments to auditors (Statutory & Tax Audit)	85,000	76,000
Income Tax Expense- Earlier year	1,377,458	-
Miscellaneous expenses	11,499,700	13,007,665
<b>Total</b>	<b>67,119,050</b>	<b>69,535,966</b>

**Note 23 Earning Per Share**

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
<b>Earning Per Share</b>		
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	913,345	2,405,228
ii) Weighted Average number of equity shares used as denominator for calculating EPS	7,420,300	7,420,300
iii) Face Value per equity share	10	10
iv) Basic and Diluted Earnings per share	<b>0.123</b>	<b>0.324</b>

As per our Audit Report of even date attached

For U S S &amp; Associates

Chartered Accountants

F.R.N . 122634W

( Ujal Mehta )

Partner

M. No. 112337

Date : 29/05/2015

Place : Ahmedabad

For and on behalf of the Board of Directors

**N. P. Prajapati**

Chairman &amp; M.D.

**A. P. Prajapati**  
Wholetime Director**S. P. Prajapati**  
Director





## Gujarat Terce Laboratories Limited

Registered Office : 122/2 Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar

### ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall. Joint Shareholders may obtain attendance slip on request.

L. F. No. / ID No. :	No. of Shares
Name :	
Address :	

I hereby record my presence at the 30th ANNUAL GENERAL MEETING of the Company to be held on Saturday the 26<sup>th</sup> day of September, 2015 at 10.00 a.m. at 122/2, Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar., Gujarat.

Signature of the Shareholder / Proxy

--

----- (Tear Here) -----

## Gujarat Terce Laboratories Limited

Registered Office : 122/2 Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar, Gujarat

### PROXY FORM

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN : L28112GJ1985PLC007753  
Name of the Company : Gujarat Terce Laboratories Limited  
Registered office : 122/2, Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar - 382729  
Name of the member (s) : \_\_\_\_\_  
Registered address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Folio No/ Client Id : \_\_\_\_\_  
DP ID : \_\_\_\_\_

I/We, being the member (s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30<sup>th</sup> Annual General Meeting of the Company, to be held on the 26<sup>th</sup> day of September, 2015 at 10.00 a.m. at 122/2, Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar - 382729 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

----- (Tear Here) -----

**Resolution**

**No:**

**Ordinary Business**

1. Adoption of the Audited Statement of Profit and Loss for the financial year ended 31st March, 2015, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. Re-appointment of Shri Amritbhai P. Prajapati (DIN 00699001) who retires by rotation
3. Appointment of M/s. USS & Associates, Chartered Accountants, Ahmedabad (FRN 122634W) as Statutory Auditors of the Company

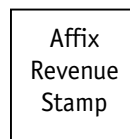
**Special Business**

4. Appointment of Mrs. Chhayaben A. Shah as Director (DIN 01435892) as a Director

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of shareholder \_\_\_\_\_

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.**



TO, \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If undelivered please return to :

**Gujarat Terce Laboratories Limited**

Registered Office : 122/2, Ravi Estate,  
Bileshwarpura, Chhatral, Dist. Gandhinagar, Gujarat

CIN : L28112GJ1985PLC007753

Email : ho@gujaratterce.com

Web : www.gujaratterce.com