



## GUJARAT TERCE LABORATORIES LIMITED

Date: July 29, 2020

To,  
The Department of Corporate Services,  
The Bombay Stock Exchange  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai- 400001

Script code: 524314

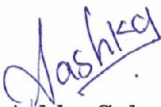
Dear Sirs,

Sub: - Submission of Annual Report under Regulation 34 of the SEBI (LODR) Regulations, 2015

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed herewith 35<sup>th</sup> Annual Report of the Company.

Thanking you.

Yours faithfully,  
Gujarat Terce Laboratories Ltd.

  
Ashka Solanki



Company Secretary & Compliance Officer

Encl.: As above

**35<sup>th</sup>**  
**Annual Report**  
**2019-2020**



***GUJARAT TERCE LABORATORIES LTD.***

**CIN : L24100GJ1985PLC007753**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Natwarbhai P. Prajapati	[DIN 00031187] Chairman & Managing Director (CEO)
Mr. Aalap Prajapati	[DIN 08088327] Whole Time Director
Mr. Amritbhai P. Prajapati	[DIN 00699001] Whole Time Director
Mr. Jayantibhai S. Prajapati	[DIN 02608139] Independent Director
Mrs. Chhayaben A. Shah	[DIN 01435892] Independent Director
Mr. Viplav S. Khamar	[DIN 07859737] Independent Director
Mr. Surendrakumar Sharma	[DIN 06430129] Independent Director
Mr. Navinchandra Patel	[DIN 08702502] Independent Director [w.e.f February 26, 2020]

### COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Dilipkumar Gajanand Nikhare (upto January 04, 2020)  
Ms. Ashka Solanki (w.e.f February 13, 2020)

### CHIEF FINANCIAL OFFICER

Mr. Bhagirath Ramhit Maurya

### REGISTERED OFFICE & FACTORY

122/2, Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar, Gujarat.  
CIN: L28112GJ1985PLC007753  
Email: ho@gujaratterce.com / gttl.factory@gmail.com  
Web: www.gujaratterce.com

### ADMINISTRATIVE OFFICE

Unit No. D-801-802, The First, B/h. Keshavbaug Party Plot, Vastrapur, Ahmedabad 380015, Gujarat

### AUDITORS

#### USS & Associates

CHARTERED ACCOUNTANTS

25, 2nd Floor, Avani Complex, B/h. Navrangpura Police Station,  
Navrangpura, Ahmedabad-380009.

### SECRETARIAL AUDITOR

#### Pinakin Shah & Co.

PRACTICING COMPANY SECRETARY

A/201, Siddhi Vinayak Towers, B/h. BMW Showroom, Makarba, Ahmedabad-380051

### BANKER

**BANK OF BARODA** - Ellisbridge Branch,  
Pritamnagar 1st Slop, Ellisbridge, Ahmedabad-380006, Gujarat

**HDFC BANK LTD.** - C.G. ROAD Branch,  
Ground Floor Silver Brooke-A Opp. Doctor House,  
Nr. Parimal Cross Roads, C.G. Road, Ahmedabad – 380006, Gujarat

### REGISTRAR & SHARE TRANSFER AGENT

#### Bigshare Services Pvt. Ltd.

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis,  
Makwana Road Marol, Andheri East, Mumbai - 400059, Maharashtra.

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## NOTICE

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of Gujarat Terce Laboratories Limited will be held on Friday, 21st August, 2020 at 11:00 a.m. through video conferencing or other audio visual mode to transact the following business.

### **ORDINARY BUSINESS:**

**1. Adoption of Financial Statements**

To consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020 together with the Board's Report and the Auditors' Report thereon.

**2. Appointment of Mr. Natwarbhai Prajapati (DIN: 00031187), who retires by rotation and being eligible, offers himself for re-appointment:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:-

**"RESOLVED THAT** pursuant to section 152(6) and other applicable provisions, if any, of the Companies Act, 2013, Mr. Natwarbhai Prajapati (DIN: 00031187), Managing Director of the Company, who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as the Managing Director of the Company."

**3. To appoint Statutory Auditor's:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary resolution:-

**"RESOLVED THAT** pursuant to the provisions of section 139,142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, M.A. Shah & Co., Chartered Accountants, (ICAI Firm Registration No.112630W) be and are hereby appointed as Statutory Auditors of the Company in place of, M/s USS & Associates, Chartered Accountants (ICAI Registration No.122634W), whose tenure expires at the ensuing Annual General Meeting, at such a remuneration of Rs. 1,35,000 plus GST and reimbursement of out-of pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors (including its Committee thereof) of the Company and the said Auditors."

**"RESOLVED FURTHER THAT** M.A. Shah & Co., Chartered Accountants, if appointed as the Statutory Auditors of the Company, shall hold office for a consecutive period of five years, at such remuneration plus reimbursement of out-of pocket, travelling and living expenses etc. from the conclusion of this Thirty Fifth Annual General Meeting till the conclusion of Thirty Ninth Annual General Meeting of the Company."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

### **SPECIAL BUSINESS**

**4. Appointment of Mr. Navinchandra Patel (DIN: 08702502), as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution;

**"RESOLVED THAT** Mr. Navinchandra Patel (DIN: 08702502) who was appointed as an Additional Independent Director by the Board of Directors under Section 161 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Regulation 17 and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and based on the recommendations of the Nomination & Remuneration Committee and the Board of Directors of the Company and subject to regulatory approvals, if any, with effect from February 26, 2020 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as the Independent Director of the Company for a term of five consecutive years."

**"RESOLVED FURTHER** that the Board be and is hereby authorised to do all such acts, deeds and things, including authorising any official of the Company to do all such acts, deeds and things as may be necessary to give effect to this resolution."

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### **5. Re-appointment of Smt. Chhayaben Ashwinbhai Shah (DIN: 01435892), as an Woman Independent Director of the Company:**

To Consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendations of the Nomination & Remuneration Committee and the Board of Directors of the Company Smt. Chhayaben Ashwinbhai Shah (DIN:01435892), Woman Independent Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment for the next term of five consecutive years under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, be and is hereby accorded to be re-appointed as an Woman Independent Non-Executive Director of the Company to hold office for five consecutive years with effect from August 21, 2020 to August 20, 2025 and whose office shall not be liable to retire by rotation”.

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### **Notes:**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/ OAVM.
2. An Explanatory statement pursuant to Section 102(1) of the Act, relating to Special Business to be transacted at the AGM is annexed hereto.
3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
4. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
7. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.



8. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
9. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
10. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at [gujaratterce.in](http://gujaratterce.in). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
11. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins on August 18, 2020 at 9:00 A.M. and ends on August 20, 2020 at 5:00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 14, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote on the meeting day.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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 e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<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>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip / communicated by mail indicated in the PAN field.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"><li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li></ul>

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- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

### **PROCESS FOR THOSE SHAREHOLDERS WHO’S EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 15 days prior to meeting mentioning



their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 15 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login 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.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@gujaratterce.com](mailto:cs@gujaratterce.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.



## **GUJARAT TERCE LABORATORIES LIMITED**

**Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, setting out the material facts concerning each item of special business:**

### **Agenda No. 2**

<b>Name</b>	<b>Mr. Natwarbhai Prajapati</b>
Age	68 years
Date of Birth	01/06/1952
DIN	00031187
Qualification	B.Sc, D.Pharma
Brief Profile including expertise	Mr. Natwarbhai Prajapati is having experience of more than 33 years in the field of Pharmaceuticals industry. He is the promoter and Managing Director of Gujarat Terce Laboratories Limited. His association with the Company added immense value to Company's Financial Stability.
Directorship in other Companies	NIL
Names of listed Companies in which holds the directorship and the membership of Committees Board	NIL
Relationship with other Directors and KMP	He is the father of Mr. Aalap Prajapati and Brother of Mr. Amritbhai Prajapati
Shareholding in Gujarat Terce Laboratories Limited	595872
Attendance in the meetings in the last financial year	Disclosed in the Corporate Governance Report

### **Agenda Item No. 3**

As per the provisions of the Companies Act, 2013 the tenure of Statutory Auditors i.e. M/s USS & Associates (FRN: 122634W), Chartered Accountants of the Company expires and therefore, the Company is required to appoint Statutory Auditor u/s 139(1) of the Companies Act, 2013. The Board on the recommendation of the Audit Committee approves the appointment of M.A. Shah & Co., Chartered Accountants, having (FRN: 112630W W) [Peer Reviewed Firm] located at Ahmedabad, subject to approval of shareholders of the Company at the Annual General Meeting. The Fees Payable and the terms of appointment are mutually agreed between the Board of Directors (including its Committee thereof) of the Company and the said Auditors. There is no material change in the fee payable to such auditor from that paid to the outgoing auditor.

**Agenda No. 4**

<b>Name</b>	<b>Mr. Navinchandra Patel</b>
Age	53 years
Date of Birth	01/06/1966
DIN	08702502
Qualification	B.A. in Psychology
Brief Profile including expertise	Mr. Navinchandra Patel having an immense experience in the field of mechanical works.
Directorship in other Companies	NIL
Names of listed Companies in which holds the directorship and the membership of Committees Board	NIL
Relationship with other Directors and KMP	NIL
Shareholding in Gujarat Terce Laboratories Limited	NIL
Attendance in the meetings in the last financial year	Disclosed in the Corporate Governance Report

**Agenda No. 5**

<b>Name</b>	<b>Smt. Chhayaben Ashwinbhai Shah</b>
Age	58 years
Date of Birth	08/08/1961
DIN	01435892
Qualification	Home Science
Brief Profile including expertise	Smt. Chhayaben Ashwinbhai Shah having an immense experience in the pharmaceuticals industry .
Directorship in other Companies	1
Names of listed Companies in which holds the directorship and the membership of Committees Board	NIL
Relationship with other Directors and KMP	NIL
Shareholding in Gujarat Terce Laboratories Limited	NIL
Attendance in the meetings in the last financial year	Disclosed in the Corporate Governance Report

## GUJARAT TERCE LABORATORIES LIMITED

### DIRECTOR'S REPORT

To,  
The Members of  
**GUJARAT TERCE LABORATORIES LIMITED**

Your Directors have pleasure in presenting the 35th Annual Report of your Company together with the Audited Financial Statement for the year ended 31st March, 2020.

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

#### 1. FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Revenue from operation	3754.38	3103.05
Profit before Interest and Depreciation	96.91	81.09
Less: Interest	29.18	25.39
Profit Before Depreciation		
Less: Depreciation	24.15	21.13
<b>Profit Before Tax</b>	<b>43.58</b>	<b>34.57</b>
<b>Less/Add: Tax Expenses</b>		
<b>Current Tax</b>	<b>20.64</b>	<b>13.12</b>
<b>Deferred Tax</b>	<b>(4.67)</b>	<b>(21.80)</b>
<b>Total Tax Expenses</b>	<b>15.96</b>	<b>(8.68)</b>
<b>Profit for the year</b>	<b>27.61</b>	<b>43.25</b>
<b>Income Tax Effect</b>	-	-
<b>Other Comprehensive Income</b>	-	-

#### 2. STATE OF COMPANY'S AFFAIRS

The operating income increased to Rs. 3754.38 lakh from Rs. 3103.05 lakh in the previous year showing a growth of 21%. The Profit before Tax for the year is Rs. 43.58 lakh as against Rs. 34.57 lakh in previous year registering growth of 26.06%. The net profit decreased to Rs. 27.61 lakh from Rs. 43.25 lakh in the previous year.

#### 3. IMPACT OF THE COVID-19

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers. The switch to work from home for employees was carried out seamlessly to work remotely and securely. This response has reinforced customer and employee confidence in GTLL and many of them have expressed their appreciation and gratitude for keeping their businesses running under most challenging conditions.

Although there are uncertainties, GTLL as always involved in public service, started mass production of Sanitizers at a reasonable rate to serve the nation in these trying times. With its positive outlook, innovative business model and work commitment even in these uncertain time due to the pandemic, the Company is anticipating to navigate the challenges ahead and gain better momentum in the near future.

#### 4. TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013

No amount has been transferred to General Reserve during the year.

#### 5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Covid 19 is something that no one planned for it, has hit us hard. As the lockdown started in last week of March, Our FY 20 had negligible effect of it. The Q1 of FY 21, saw lockdown across India for almost 60 days.



As we had assumed that this will last long, our first priority was safety of our team. Our team has an Mediclaim cover since long along with accidental insurance. The Mediclaim coverage as per IRDA notification covered Covid cases. Our sales and HO team was working from home all throughout the lockdown. Our Factory was operational after first week of closure due to lockdown. Supply chain and demand were hit from day one, and was worsening as days passed by. Our Q1 revenues are down by 30 % QoQ. As a company we saw an opportunity in healthcare and wellness products, and thus launched 3 new products to cater the demand. Initial response of the new products is encouraging. We see new opportunity in this segment, which was untouched by the company. We are planning to launch new products in this segment and entering areas which are new for us. As the demand trend is not encouraging, it is difficult to ascertain this FY 21 numbers. We have well understood that covid is going to stay, and a U or V recovery of demand is difficult. Our team is charged and as a company we are looking at new opportunities to add volume in healthcare and wellness segment.

#### **6. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

Tercewellness LLP became the Associate Company of Gujarat Terce Laboratories Limited with effect from 29th September, 2019 and the same ceases to be the associate company of with effect from 13th February, 2020.

#### **7. CHANGE IN THE NATURE OF BUSINESS**

During the Financial Year 2019-2020 Company has not commenced any new business nor discontinued/sold or sold or disposed off any of its existing businesses or hived off any segment or division. .

#### **8. MEETINGS OF THE BOARD OF DIRECTORS**

During the year Six Board Meetings were held, the details of which are given in Corporate Governance Report. The provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 were adhered to while considering the time gap between two meetings. Details of the number of Board Meeting held during the year forms part of the Corporate Governance Report.

#### **9. CORPORATE GOVERNANCE**

As provided under Regulation 15(2) of the SEBI (LODR) Regulations, 2015, the compliance with Corporate Governance as specified in Regulation 17,17A, 18, 19, 20, 21,22, 23, 24, 25, 26, 27 and 46(2)(b) to (i) & Para C, D & E of Schedule V are not applicable to the Company as paid up share capital doesn't exceed Rs. 10 Crore.

The Company has decided to maintain and adhere to the Corporate Governance requirements set out by SEBI voluntarily. The Report on Corporate Governance along with requisite Certificate from M/s. Pinakin Shah & Co., Practicing Company Secretary, Ahmedabad is annexed to this Report.

#### **10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A report on Management Discussion and Analysis, as required in terms of Regulation 34(2) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, forms part of this report and it deals with the Business Operations and Financial Performance, Research & Development Expansion & Diversification, Risk Management, Marketing Strategy, Safety & Environment, Human Resource Development, significant changes in key financial ratios etc. in **Annexure-A**

#### **11. DIVIDEND**

The Company has not recommended any dividend for current year.

#### **12. DEPOSITS**

Your Company has not accepted any deposits from the public within the meaning of Section 73 and 74 of the Companies Act, 2013 and read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended 31st March, 2020.

#### **13. A STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY FOR THE COMPANY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK, IF ANY, WHICH IN THE OPINION OF THE BOARD MAY THREATEN THE EXISTENCE OF THE COMPANY**

Risk management is embedded in your company's operating framework. Your company believes that managing risk helps in maximizing returns. The company's approach to addressing business risk is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the company is exposed to are:

- **Commodity Price Risks**

The Company is exposed to the risk of price fluctuation of raw material as well as finished goods. The company proactively manages these risks through forward booking, Inventory management and proactive vendor development practices. The Company's reputation for quality, product differentiation and service,

## **GUJARAT TERCE LABORATORIES LIMITED**

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coupled with existence of powerful brand image with robust marketing network mitigation the impact of price risk on finished goods.

- **Regulatory Risks**

The company is exposed to risks attached to various statutes and regulations including the company Act. The company is mitigating these risks through regular review of legal compliances carried out through internal as well as external compliance audits.

- **Human Resources Risks**

Retaining the existing talent pool and attracting new talent are major risks. The company has initiated various measures including rolling out strategic talent management system, training and integration of learning and development activities.

- **Strategic Risks**

Emerging businesses, capital expenditure for capacity expansion, etc., are normal strategic risk faced by the company. However, the company has well-defined processes and procedures for obtaining approvals for investments in new business and capacity expansion etc.

### **14. DIRECTORS & KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Natwarbhai Prajapati (DIN: 00031187) will retire by rotation at the Annual General Meeting and is being eligible for re-appointment. Pursuant to Regulation 17 of SEBI (LODR) Regulations, 2015, details of Directors retiring by rotation is provided under explanatory statement of the Notice of the Annual General Meeting.

The Board of directors, on the recommendations of the Nomination and Remuneration Committee (NRC), had appointed Mr. Navinchandra Patel (DIN: 08702502) as an Additional Independent Director w. e. f. February 26, 2020 till the ensuing 35th Annual General Meeting and proposed to be appointed as Independent Director for the term for 5 years, by the resolution to be passed by the Shareholders at the AGM i.e. till 31st March, 2025.

Also, the Board of Directors on the recommendation of Nomination and Remuneration Committee (NRC) has decided to re-appoint Smt. Chhayaben Ashwinbhai Shah (DIN: 01435892) as the Woman Independent Director of the Company for the next term of five consecutive years.

On the recommendations of the Nomination and Remuneration Committee (NRC), Mr. Dilipkumar Nikhare has resigned from the Post of Company Secretary & Compliance Officer w. e. f. 04th January, 2020 and Ms. Ashka Solanki has been appointed as Company Secretary & Compliance Officer as Key Managerial Personnel w. e. f. 13th February, 2020 respectively.

All Independent Directors (IDs) have given declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details terms of appointment of IDs are disclosed on the company's website with following link <http://gujaratterce.in/Codes-and-Policies>

### **15. NOMINATION AND REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, senior Management and their Remuneration including criteria for determining qualifications, positive attributes, Independence of a director. The details of the Nomination and Remuneration Policy are covered in the Corporate Governance Report. The said policy has also been uploaded on the Company's website at <http://gujaratterce.in/Codes-and-Policies>

### **16. ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS**

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and Individual Directors pursuant to the requirements of the Companies Act, 2013 and rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and schedule prescribed thereunder.

### **17. AUDITORS**

#### **Statutory Auditors**

The Board of Directors at its meeting held on 29th June, 2020, as per the recommendation of the Audit Committee, and pursuant to the provisions of Section 139(9) of the Companies Act, 2013, have decided to appoint M.A. Shah & CO., Chartered Accountants, (Firm Registration No: 112630W), Ahmedabad for a term of five consecutive year commencing from Financial Year 01/04/2020 to 31/03/2025 to hold office as the Statutory Auditors of the Company subject to the approval by the members at the 35th Annual General Meeting of the Company.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualifications.



### **Internal Auditors**

The Board of Director has appointed M/s D V Shah & Associates, Chartered Accountants, Ahmedabad as Internal Auditor of the Company in terms of Section 138 of the Companies Act, 2013 and rules made thereunder, from Financial Year 2018-19 to 2022-23, upon recommendation of the Audit Committee.

### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Pinakin Shah & Co, Practising Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith marked as **Annexure-B** to this Report. The Secretarial Auditor has not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report.

### **18. EXPLANATION OR COMMENTS ON DISQUALIFICATIONS, RESERVATIONS, ADVERSE REMARKS OR DISCLAIMERS IN THE AUDITOR'S REPORTS**

There have been no disqualifications, reservations, adverse remarks or disclaimers in the auditor's reports, requiring explanation or comments by the Board.

### **19. COMMITTEES OF THE BOARD**

In compliance with the requirement of applicable laws and as part of best governance practices, the Company has following Committees of the Board as on 31st March, 2020:

- i. Audit Committee
- ii. Stakeholders Relationship Committee
- iii. Nomination and Remuneration Committee

The details with respect to the aforesaid Committees forms part of the Corporate Governance Report.

### **20. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

There were loans, guarantees or investments made by the Company under section 186 of the Companies Act, 2013 are given in note 5 to the financial statements.

### **21. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 134 (3) (c) of the Companies Act, 2013, the Board of Directors hereby confirms that,

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- ii. It has in the selection of the accounting policies, consulted the Statutory Auditors and has applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31st March, 2020 and of the profit or loss of the company for that period.
- iii. It has 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, to the best of its knowledge and ability.
- iv. It has prepared the annual accounts on a going concern basis.
- v. 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 efficiently.
- vi. 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.

### **22. REPORTING OF FRAUDS**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

### **23. EXTRACT OF ANNUAL RETURN**

The extract of Annual Return required under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 forms part of this report as **Annexure-C**

## **GUJARAT TERCE LABORATORIES LIMITED**

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### **24. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure-D** to this report.

### **25. INSURANCE**

All Inventories including Buildings, Machinery etc., is adequately insured against major risks.

### **26. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Company and were on arm's length basis. There were no materially significant related party transactions entered with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company. The transactions entered into, pursuant to the omnibus approval so granted, are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval. The policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company <http://gujaratterce.in/Codes-and-Policies>. Since all related party transactions entered into were in the ordinary course of business and were on an arm's length basis, form AOC-2 is not applicable to the Company.

### **27. FAMILIARISATION PROGRAMME OF INDEPENDENT DIRECTORS**

The Objective of a familiarization program is to ensure that the Independent Directors are updated on the business environment and overall operations of the Company. This enables the Independent Directors to make better informed decisions in the interest of the Company and its stakeholders.

In Compliance with the requirements of SEBI Regulations, the Company has put in place a familiarization program for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of industry in which the Company operates, business model etc.

A familiarization program was conducted for Independent Directors on areas such as the core functions and operations of the Company, overview of the industry, financials and the performance of the Company by site visits to plant location.

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

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Vigil Mechanism or 'Whistle Blower Policy' for directors, employees and other stakeholders to report genuine concerns has been established. The Audit committee reviews the functioning of the Whistle Blower mechanism on a quarterly basis. Due to changes in SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Policy has a systematic mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or policy.

### **29. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

### **30. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure-E**.

### **31. EQUITY CAPITAL**

The Authorized Equity Share Capital of the Company consist of 11000000 equity shares of Rs. 10/- each and issued, subscribed and paid up Equity Share Capital consist of 7420300 equity shares of Rs. 10/- each fully paid up during the financial year ending on 31st March, 2020.

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

The Company believes that a strong internal control framework is necessary for business efficiency, management effectiveness and safeguarding assets. The Company has a well-defined internal control system in place, which is designed to provide reasonable assurance related to operation and financial control. The Management of the



Company is responsible for ensuring that Internal Financial Control has been laid down in the Company and that controls are adequate and operating adequately.

The audit scope, reporting framework is defined in charter of the Internal Audit, which is approved by the Audit Committee of the Board of Directors. The Internal Auditors evaluates the efficacy and adequacy of internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all the locations of the Company. Based on the report of the Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are placed before the Audit Committee of the Board. The Internal Audit also continuously evaluates the various processes being followed by the Company and suggests value addition, to strengthen such processes and make them more effective.

**33. 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.

**34. A STATEMENT UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place a Prevention of sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

Your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under. Your Company has constituted an Internal Complaints Committee to handle all clearing and forwarding Agency where our employees are working and Manufacturing site.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. number of complaints filed during the financial year : Nil
- b. number of complaints disposed of during the financial year : Nil
- c. number of complaints pending as on end of the financial year : Nil

**35. DISCLOSURE REGARDING MAINTENANCE OF COST RECORDS**

Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time is not applicable to your company hence, your Company is not required to maintain cost records.

**36. HUMAN RESOURCE**

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

**37. ACKNOWLEDGEMENT**

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the executives, staff and workers of the Company.

Place : Ahmedabad  
Date : 29.06.2020

By Order of the Board of Directors  
For, Gujarat Terce Laboratories Ltd

Sd/-  
Natwarbhai Prajapati  
Chairman & Managing Director  
(DIN: 00031187)



**ANNEXURE-A**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Global pharmaceutical markets are in the midst of major discontinuities. While growth in developed markets will slow down, emerging markets will become increasingly important in the coming decade. It was anticipated that by 2020 the pharmaceutical market will be more than double to US \$1.3 trillion, with E7 countries- Brazil, China, India, Indonesia, Mexico, Russia and Turkey. Further, incidence of chronic conditions in the developing world will increasingly resemble those of the developed world.

Indian pharmaceutical sector supplies over 50 per cent of the global demand for various vaccines, 40 per cent of the generic demand for US and 25 per cent of all medicines for UK. India contributes the second largest share of pharmaceutical and biotech workforce in the world. India's domestic pharmaceutical market turnover reached Rs 1.4 lakh crore (US\$ 20.03 billion) in 2019, up 9.8 per cent y-o-y from Rs 1.29 lakh crore (US\$ 18.12 billion) in 2018.

During December 2019, on moving annual total (MAT) basis, industry growth was at 9.8 per cent, price growth was at 5.3 per cent, new product growth was at 2.7 per cent, and volume growth was at two per cent y-o-y.

Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20 per cent of the global export in terms of volume, making the country the largest provider of generic medicines globally. It is expected to expand even further in the coming years. Pharmaceutical export from India, which include bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgicals reached US\$ 13.69 billion in FY20 (till January 2020). The export is expected to reach US\$ 20 billion by 2020.

Medical devices industry in India has been growing 15.2 per cent annually and is expected to reach US\$ 8.16 billion by 2020 and US\$ 25 billion by 2025.

Affordable medicines under the Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) achieved a record sales turnover of Rs 52 crore (US\$ 7.38 million) in the month of April 2020.

'Pharma Vision 2020' by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery. The sector has received cumulative Foreign Direct Investment (FDI) worth US\$ 16.39 billion between April 2000 and December 2019. Under Union Budget 2020-21, allocation to the Ministry of Health and Family Welfare stands at Rs 65,012 crore (US\$ 9.30 billion), whereas, Rs 6,429 crore (US\$ 919 million) has been allocated to health insurance scheme, Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY). In November 2019, the cabinet approved the extension/renewal of extant Pharmaceuticals Purchase Policy (PPP) with the same terms and conditions, while adding one additional product, namely Alcoholic Hand Disinfectant (AHD), to the existing list of 103 medicines till the final closure/strategic disinvestment of pharma CPSUs.

Government expenditure on healthcare increased to Rs 3.24 lakh crore (US\$ 45.96 billion) in FY20, growing at a CAGR of 18 per cent from FY16. As per Economic Survey 2019-20, government expenditure (as a percentage of GDP) increased to 1.6 per cent in FY20 from 1.2 per cent in FY15 for health. FDI increased to 74 per cent in existing pharmaceutical companies and 100 per cent in new projects.

India plans to set up a nearly Rs 1 lakh crore (US\$ 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically by 2023.

**OPPORTUNITIES AND THREATS:**

In FY 2019-2020, our business reflected the agility of our supply and helped us reach our customers at the right time. Thus, ensuring that we could capitalize on short-term market opportunities and leverage the same to build long-term partnerships. Our people management initiatives are focused on customizing knowledge-enhancement modules that cater to diverse needs of each business. We have driven a culture which is based on meritocracy and have a strong reward policy for talent that outshines their set responsibilities. Our HR policies have helped boost innovation and have provided opportunities to learn and grow. This has enabled our team of 300 plus employees to consistently contribute to GTLL's growth. Our commitment to integrity and inclusion begins at the top, with clear leadership from the Board and is embedded at every level of our business. We have consistently worked towards creating a truly inclusive work culture that celebrates and upholds diversity. Our workforce including our senior leadership represent a diverse set of experiences and opinions to help us achieve our goals and better understand the needs of patients across the globe. India's drug price control regime is inconsistent in its implementation.

India's large import dependence on China (nearly 70% by value) has become a significant threat to India's healthcare manufacturing and global supply chain. While Indian pharma players over a time period have steadily migrated up the value chain to focus on value-added formulations with higher margins, but this over dependence on China has increased



the threat to the nation's health security as some of these critical APIs are crucial to mitigate India's growing disease burden. Any disruption in supply chain of APIs can result in significant shortages in the supply of essential drugs in India. Some of the critical APIs for high-burden disease categories such as cardiovascular diseases, diabetes and tuberculosis are listed in the National List of Essential Medicines (NLEM). In fact, the current market is largely dependent on China for many antibiotic APIs manufactured by the fermentation route such as penicillin, cephalosporin and macrolides. The increased dependency of low-cost API is mainly attributed to China's extensive efforts towards developing economies of scale, easing regulations for bulk drug manufacturers, availability of low-cost utilities, building process efficiencies and supporting manufacturers in the form of subsidy, low taxes and fiscal incentives. India has significantly lost out on the API manufacturing owing to the inadequate government support and API focused infrastructure coupled with complexity in getting approvals for setting up a manufacturing plant, delayed pollution clearances, high cost with low availability of utilities, regulatory and price control regime are some of the key challenges faced by the bulk drug industry.

#### **OUTLOOK:**

The sector in which the Company has been operating is developing faster and provides ample growth opportunities. India is now among the top 5 pharmaceutical emerging markets. On back of increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets, the domestic pharmaceutical market is expected to grow India's economic growth is expected to accelerate, backed by improved investor confidence and better policy reforms. The Company is positive of increasing its market share through long-term growth opportunities in its existing products, acquisition of new customers and introduction of new products. We expect to grow at market rates in the near future. The Company boosts its capabilities and products portfolio which will result in more opportunities for growth the market.

#### **RISKS AND CONCERNS:**

##### **Quality risk:**

In case of discrepancies during packaging/ manufacturing, patient safety may be endangered due to failure of collection, review, follow up, or report adverse events from all potential sources. Constant Quality Improvements incorporated throughout the organization and team committed to quality standards and procedures.

##### **Competitive Dynamics:**

Adverse global and domestic demand-supply dynamics and unfair trade practices can pose competitive risks. The Company has continuously monitor and evaluate the market development and competitive landscape.

##### **Environment, Health, Safety and Sustainability:**

Any shortcoming in compliance with Company policies on maintaining Environment, Health, Safety and Sustainability standards can erode the brand image and trust. The Company has greater focus and increased regulatory activity on environmental issues.

##### **Intellectual property:**

The Company may run the risk of running into litigation if company's products and processes infringe trademark held by other manufacturers. The Company has create a vigilance mechanism via an IPR department to check for possible infringement of intellectual property rights of trademark proprietor.

##### **New Product risk:**

New product development and launch involves substantial expenditure, which may not be recovered due to several factors including development uncertainties, increased competition, regulatory delays lower than anticipated price realizations, delay in market launch and marketing failure.

##### **New capital investments:**

The Company continuously adds capacity to meet the increasing demand of pharma products from various markets. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The capacities are built in anticipation of demand and the Company runs the risk of under-utilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

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

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

The Company has appointed D.V. SHAH & ASSOCIATES, as internal auditors. The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. Significant issues are

## **GUJARAT TERCE LABORATORIES LIMITED**

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brought to the attention of the audit committee for periodical review. The Audit Committee approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an ongoing basis and sufficient deviations are brought to 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.

We continue to build our team with high quality talent, and put thrust on providing continuous training to be competitive. We continuously strive to integrate the entire organization from strategic support functions like finance, human resources, and regulatory affairs to core operations like research, manufacturing and supply chain. The internal audit function is further strengthened in consultation with statutory auditors for monitoring statutory and operational issues. Adherence to statutory compliance is a key focus area for entire leadership team of the Company.

### **FINANCIAL PERFORMANCE:**

During FY19-20 our performance was impressive. In FY19, Our Revenue from the Operations for the year ended March 31, 2020 was 37.54 Crores representing an increase of 21 % over the previous year. Overall performance of company during the year was extremely appreciable and the Net Profit of company has reached to Rs. 27.61 Lacs compared to last year's profit of Rs. 43.25 Lacs registering a downfall of 26.06%.

The borrowing from Rs. 12.79 Lacs last year has increased to Rs15.52 Lacs this year. We have made steady progress in building a robust pipeline, strengthening capabilities and consolidating processes to build faster delivery. During FY19-20 Your Company has increase Property, Plant and Equipment of Rs. 23 Lacs. This is going to support our capacity building initiatives and help us reap benefits for the long-term. In FY19-20, we continued to grow at a market-leading pace. This performance has been supported by the agility of our supply chain and quality excellence of our products. Moreover, we undertook several initiatives to optimize processes in our existing manufacturing units to improve production.

### **HUMAN RESOURCES:**

At Gujarat Terce Laboratories Limited, we are aware that our employees power the success of our Company and in turn, we are committed to empowering theirs. We believe that People management is probably one of the most important leadership skills, as it directly influences productivity, morale and motivation throughout the organization. In line with this strategy, we have structured ground-breaking and game-changing innovations for our employees. In order to make the organisation strong, progressive and dynamic; our Company focusses on organisational development, employee engagement and talent management and retention. During the year, we focused on improving productivity, people management skills, engagement and leadership skills of our employees, to make them leaders of tomorrow. Our approach to reward and recognition is quite transparent, meritocratic and market competitive, built on an ethical and values based performance culture which aligns the interests of our employees, shareholders and customers. The total employee strength of the Company at the end of financial year 2019-20 is 329 against 310 as at the end of financial year 2018-19, increased by 21 employees. Important factors that could make a difference to the Company's operations include among others, economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

### **SEGMENT WISE PERFROMANCE:**

Our Company's operations belong to a Single Segment and therefore no segment wise performance given.

The Sector in which the Company been operating is developing faster and provides ample opportunities. Further due to rise in foreign direct investment in the sector, Company will be able to develop projects at fast pace and looking forward for better development and high investment returns.

### **CAUTIONARY NOTE:**

The Management Discussion & Analysis Report may contain certain statement that might be considered forward looking within the meaning of applicable securities, laws and regulations. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Company's operations such as Government policies, tax laws, political and economic development.

Place : Ahmedabad  
Date : 29.06.2020

By Order of the Board of Directors  
For, Gujarat Terce Laboratories Ltd

Sd/-  
Natwarbhai Prajapati  
Chairman & Managing Director  
(DIN: 00031187)



**ANNEXURE-B**  
**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

**For the financial year ended on 31st March, 2020**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015)

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 (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - 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 – (not applicable);
  - 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;

Based on our verification, we have observed that the SEBI Regulations mentioned at (c), (d), (e), (g) and (h) are not applicable to the Company during the year as it has not:

- i. Issued further Share Capital;
- ii. Listed Debt Capital;
- iii. Proposed to Delist its Equity Shares;
- iv. Proposed to Buy Back any of its Securities.

## **GUJARAT TERCE LABORATORIES LIMITED**

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6. Specifically applicable Laws to the Company, as identified and confirmed by the Management:  
Drugs and Cosmetics Act, 1940 and Rules 1945, The Drug Price Control Order, 2013; Food Safety and Standards Act, 2006, The Trade Marks Act, 1999, Sales Promotion Employees (Conditions and Services) Act, 1976, Importer Code (IEC Code), The Narcotic Drugs and Psychotropic Substances Act, 1985; The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954; Uniform Code for Pharmaceutical Marketing Practices (UCPMP) and Labour Laws, etc.

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS 1) and General Meeting (SS 2).
- b) Clauses of Listing Agreements (applicable till November 30, 2015) entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 01, 2015).

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

### **We further report that:**

- A. 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;
- B. Adequate notice is given to all the 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 clarification on the Agenda items before the meeting and for meaningful participation at the meeting;
- C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;
- D. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable laws, rules, regulations and guidelines;

### **We further report that:**

Compliances of applicable Financial Laws including, Direct & Indirect Tax Laws by the Company has not reviewed in this Audit Report; since the same has been subject to reviewed by the Statutory Auditor & other Designated Professionals.

### **We further report that:**

Based on our review of Compliance Mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the Managing Director and taken on record by the Board of Directors at their meeting(s), we are of opinion that, there are adequate systems and processes in place in the Company, which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed the Company has responded appropriately to the notices received from various statutory/regulatory authorities including initiating action for corrective measures, wherever focused necessary.

### **We further report that:**

During the audit period there are no events/actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, etc. referred above.

**Date : 29.06.2020**  
**Place : Ahmedabad**

**Pinakin Shah & Co.**  
**Company Secretaries**

**Sd/-**  
**Pinakin Shah**  
**Proprietor**  
**FCS: 2562; COP: 2932**  
**UDIN : F002562D000335180**



ANNEXURE-C

**Form No. MGT-9**  
**Extract of Annual Return**

As on the financial year ended on 31st March, 2020

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

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L24100GJ1985PLC007753
Registration Date	28/03/1985
Name of the Company	Gujarat Terce Laboratories Limited
Category / Sub-Category of the Company	Company having share capital
Address of the Registered Office and contact details	122/2 Ravi Estate, Bileshwarpura, Chhatral Gandhinagar, Gujarat – 382729 Telephone No.- 079-48933706 Email ID: ho@gujaratterce.com, cs@gujaratterce.com
Whether listed company	Yes (BSE)
Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	Bigshare Services Pvt. Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East Mumbai 400059 Phone: 022 – 62638200 Email : sandeep@bigshareonline.com / investor@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:-

Sr. No.	Name and descriptions of main products/ services	NIC Code of the product/ Service	% to Total turnover of the company
1.	Medical and Pharmaceutical Preparations	*24	100

\*As per National Industrial Classification 2004

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

S. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	CONCERN held by COMPANY	% of shares SECTION	APPLICABLE
1.	*Terce Wellness LLP	AAQ-4901	Associate	50%	2(6)

\*Terce Wellness LLP became the Associate Company of Gujarat Terce Laboratories Limited w.e.f 29th September, 2019 and the same ceases to be the Associate Company w.e.f February 13, 2020.

**GUJARAT TERCE LABORATORIES LIMITED**

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

**i) Category-wise Share Holding :**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual / HUF	1538473	0	1538473	20.73	1570905	-	1570905	21.17	0.44
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1075900	0	1075900	14.50	1075900	-	1075900	14.50	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1) :-</b>	<b>2614373</b>	<b>0</b>	<b>2614373</b>	<b>35.23</b>	<b>2646805</b>	<b>-</b>	<b>2646805</b>	<b>35.67</b>	<b>0.65</b>
<b>2) Foreign</b>									
NRIs-Individuals	-	-	-	-	-	-	-	-	-
Other-Individuals	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Banks / FI -	-	-	-	-	-	-	-	-	-
Any other -	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2) :-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>2614373</b>	<b>0</b>	<b>2614373</b>	<b>35.23</b>	<b>2646805</b>	<b>0</b>	<b>2646805</b>	<b>35.67</b>	<b>0.44</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs -	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
- Foreign Portfolio Investor									
- Alternate Investment Funds	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1) :-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



i) **Category-wise Share Holding : (Contd.....)**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>2) Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	83918	1900	85818	1.15	46185	1800	47985	0.65	(0.5)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individuals shareholders holding nominal share capital upto Rs.2 lakhs for Financial Year 2018-19	1926353	1241700	3168053	42.69	1788371	1218400	3006771	40.52	(2.17)
ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakhs for Financial Year 2017-18	1452263	100	1452363	19.57	1383031	400	1383431	18.64	(0.93)
c) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
d) NBFCs Registered with RBI	-	-	-	-	-	-	-	-	-
e) Others (specify)									-
Trusts	-	-	-	-	-	-	-	-	-
Custodians/Clearing member	10818	-	10818	0.14	12138	-	12138	0.16	0.02
Directors Relatives	-	-	-	-	8800	500	9300	0.13	0.13
HUF -	-	-	-	-	224213	-	224213	3.02	3.02
NRIs (REPAT)	87481	-	87481	1.18	88263	-	88263	1.19	0.01
NRIs (Non REPAT)	1394	-	1394	0.02	1394	-	1394	0.02	-
<b>Sub-total(B)(2) :-</b>	<b>3562227</b>	<b>1243700</b>	<b>4805927</b>	<b>64.76</b>	<b>3552395</b>	<b>1221100</b>	<b>4773495</b>	<b>64.33</b>	<b>(0.43)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>3562227</b>	<b>1243700</b>	<b>4805927</b>	<b>64.76</b>	<b>3552395</b>	<b>1221100</b>	<b>4773495</b>	<b>64.33</b>	<b>(0.43)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>6138900</b>	<b>1281400</b>	<b>7420300</b>	<b>100</b>	<b>6199200</b>	<b>1221100</b>	<b>7420300</b>	<b>100</b>	<b>-</b>



**GUJARAT TERCE LABORATORIES LIMITED**

**(ii) Shareholding of promoters:**

Sr. No.	Name of promoter	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	ABUNDANT TRADE LINK PRIVATE LIMITED	1075900	14.50	0	1075900	14.50	0	0.00
2	SHOBHANABEN N.PRAJAPATI	16173	0.22	0	16173	0.22	0	0
3	NATWARBHAI PURSHOTTAMDAS PRAJAPATI	563440	7.59	0	595872	8.03	0	0.44
4	AMRITBHAI PURSHOTTAMDAS PRAJAPATI	31510	0.42	0	31510	0.42	0	0.00
5	MANJULABEN S. PRAJAPATI	927150	12.49	0	927150	12.49	0	0.00
6	AALAP NATUBHAI PRAJAPATI	200	0.0027	0	200	0.0027	0	0.00
	<b>TOTAL</b>	<b>2614373</b>	<b>35.20</b>	<b>0</b>	<b>2646805</b>	<b>35.66</b>	<b>0</b>	<b>0.46</b>

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

S. N.		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
	At the beginning of the year	2614373	35.20	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the Year specifying the reasons for increase / decrease	*As per notes below			
				32432	0.44
	At the End of the year	-	-	2646805	35.66

**\*Notes:**

S. N.		Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	NATWARBHAI PURSHOTTAMDAS PRAJAPATI						
	At the beginning of the year	01.04.2019		563440	7.59	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the Year specifying the reasons for increase / decrease	04.11.2019	Acquisition	563440	7.59	5000	0.067
		05.11.2019	Acquisition	568440	7.59	7432	0.11
		08.11.2019	Acquisition	575872	7.59	10000	0.13
		11.11.2019	Acquisition	585872	7.59	10000	0.13
	At the end of the year	31.03.2020				595872	0.44



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

S. N.		Shareholding at the beginning of the year		Increase/Decrease in shareholding during the Year			Shareholding at the end the year	
		No. of shares	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reason	No. of shares	% of total shares of the Company
1	NEEPABEN PARESHBHAI PATEL	168206	2.27		No Change		168206	2.27
2	PARESHKUMAR DAYALJIBHAI PATEL	156566	2.11		No Change		156566	2.11
3	ARVINDBHAI CHAUDHARI	114800	1.55		No Change		114800	1.55
4	SHAILESH PRAJAPATI	16,300	0.22	23.04.2019	1000	Buy		
				11.06.2019	916	Buy		
				12.06.2019	200	Buy		
				13.06.2019	1200	Buy		
				17.06.2019	500	Buy		
				18.06.2019	100	Buy		
				19.06.2019	2000	Buy		
				21.06.2019	4000	Buy		
				24.06.2019	6000	Buy		
				25.06.2019	6000	Buy		
				05.11.2019	3000	Buy		
				21.11.2019	5411	Buy		
				22.11.2019	1609	Buy		
				29.11.2019	5000	Buy		
				03.12.2019	5000	Buy		
				27.02.2020	103	Buy		
				28.02.2020	21	Buy		
				02.03.2020	932	Buy		
				03.03.2020	1206	Buy		
04.03.2020	5000	Buy						
05.03.2020	20000	Buy						
06.03.2020	10000	Buy						
				16.03.2020	727	Buy	96225	1.30
5	RASHMI NAVINBHAI MEHTA	45128	0.61	31.01.2020	500	Buy		
				06.03.2020	6000	Buy	51628	0.70
6	DHARMESH BHAILAL VAGHELA	50000	0.67		No Changes		50000	0.67
7	JINAL BHAVIKBHAI VORA	49979	0.67		No Changes		49979	0.67
8	JYOTSANA P VORA	36250	0.49		No Changes		36250	0.49
9	PRANAV PRAFULCHANDRA VORA (HUF)	36250	0.49		No Changes		36250	0.49
10	BHAVIK PRAFULCHANDRA VORA (HUF)	36250	0.49		No Changes		36250	0.49
	<b>TOTAL</b>	<b>709729</b>	<b>9.57</b>				<b>796154</b>	<b>10.74</b>

## GUJARAT TERCE LABORATORIES LIMITED

### (v) Shareholding of Directors and Key Managerial Personnel :

S. N.	Particulars	Shareholding at the beginning of the year		Change during the Year	Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	No. of shares	% of total shares of the company
1	NATWARBHAI PURSHOTTAMDAS PRAJAPATI	563440	7.59	32432	595872	8.03
2	AALAP NATUBHAI PRAJAPATI	200	0.0027		200	0.0027
3	AMRITBHAI PURSHOTTAMDAS PRAJAPATI	31510	0.42	-	31510	0.42
4	CHHAYABEN ASHWINBHAI SHAH	-	-	-	-	-
5	*NAVINCHANDRA PATEL	-	-	-	-	-
6	JAYANTIBHAI SHANKARLAL PRAJAPATI	8500	0.12	-	8500	0.12
7	VIPLAV SURYAKANT KHAMAR	-	-	-	-	-
8	SURENDRA KUMAR SHARMA	300	-	-	300	-
9	**DILIPKUMAR GAJANANDABHAI NIKHARE	-	-	-	-	-
10	BHAGIRATH RAMHIT MAURYA	-	-	-	-	-
11	***ASHKA SOLANKI	-	-	-	-	-

\* Mr. Navinchandra Patel appointed w.e.f 26th February, 2020.

\*\* Mr. Dilipkumar Nikhare resigned as the Company Secretary & Compliance Officer of the Company w.e.f 04th January, 2020.

\*\*\* Ms. Ashka Solanki was appointed as the Company Secretary & Compliance Officer of the Company w.e.f 13th February, 2020.

### (vi) Indebtedness

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	6514762	300000	9000000	15814762
ii) Interest due but not paid	-	-	607500	607500
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>6514762</b>	<b>300000</b>	<b>9607500</b>	<b>16422262</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	456952066	-	-	456952066
Reduction	437807638	-	907500	438715138
<b>Net Change</b>	<b>19144428</b>	<b>-</b>	<b>-907500</b>	<b>18236928</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	25659190	300000	8700000	34659190
ii) Interest due but not paid	-	-	372600	372600
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>25659190</b>	<b>300000</b>	<b>9072600</b>	<b>35031790</b>



(vii) Remuneration of Directors and Key Managerial Personnel:

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

(Amount in Rupees.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Natwarbhai P. Prajapati	Amritbhai P. Prajapati	Aalap N. Prajapati	
1.	Gross Salary	18,08,385	4,04,385	9,74,385	31,87,155
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961				
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961				
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit				
	- Others, specify.....	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>18,08,385</b>	<b>4,04,385</b>	<b>9,74,385</b>	<b>31,87,155</b>

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Independent and Non – Executive Directors				Total Amount
		Chhayaben Ashwinbhai Shah	Jayantibhai Shankarlal Prajapati	Surendrakumar Prakashchandra Sharma	Viplav Suryakantbhai Khamar	
1	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	NIL				
2	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify					
3	<b>Total</b>					
4	<b>Total Managerial Remuneration</b>	NIL				

**GUJARAT TERCE LABORATORIES LIMITED**

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO	CS	
1.	Gross Salary	4,50,000	3,46,990	7,96,990
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961			
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961			
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit			
	- others, specify.....	-	-	-
5.	Others, please specify	-	-	-
	<b>TOTAL</b>	<b>4,50,000</b>	<b>3,46,990</b>	<b>7,96,990</b>

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

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made If any (give details)
<b>A. COMPANY</b>					
Penalty	NIL				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	NIL				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL				
Punishment					
Compounding					

Place : Ahmedabad  
Date : 29.06.2020

By Order of the Board of Directors  
For, Gujarat Terce Laboratories Ltd

Sd/-  
Natwarbhai Prajapati  
Chairman & Managing Director  
(DIN: 00031187)



**ANNEXURE-D**

**STATEMENT OF DISCLOSURE OF REMUNERATION**

**UNDER SECTION 197 OF THE COMPANIES ACT 2013 AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**A. PARTICULARS OF REMUNERATION:**

- i. Ratio of remuneration of each Executive Director to the median remuneration of Employees of the Company for the financial year 2019-20, the percentage increase in remuneration of Chairman & Managing Director, Executive Directors, Company Secretary and CFO during the financial year 2019-20:

Sr.	Name of Director/ KMP	Designation	Ratio of Remuneration of each director to median remuneration of employees	Percentage (%) increase in Remuneration
1	Natwarbhai P Prajapati	Chairman and Managing Director	1:6.58	Nil
2	Amritbhai P Prajapati	Whole Time Director	1:1.47	Nil
3	Aalap N. Prajapati	Whole Time Director	1:3.56	31.63%
3	Bhagirathi R. Maurya	Chief Financial Officer	1:1.64	Nil
4	Dilipkumar G. Nikhare*	Company Secretary	-	Nil
5	Ashka Solanki*	Company Secretary	-	Nil

\* Ratio of Remuneration of each director to median remuneration of employees and Percentage (%) increase in Remuneration is not given because they were in the employment for the part of the year

**Note:**

- a) The Non-Executive Directors of the Company are entitled for sitting fees. The detail of remuneration of Non-Executive Directors is provided in the Report on Corporate Governance and is governed by the Nomination and Remuneration Policy, as stated herein below. The ratio of remuneration and percentage increase for Non-Executive Directors remuneration is therefore not considered for the purpose above.

II. S.N.	Particulars	Details
1	% increase in the median remuneration of employee in the financial year 2019-20	15.54%
2	Total number of permanent employees on the rolls of the Company as on 31st March, 2019 (on standalone basis)	329
3	The median remuneration of employees of the Company during the year under review.	Rs. 2.74 Lakhs
4.	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	<p>The average percentile increase in the remuneration of all employees was 28 % for the FY 2019-20.</p> <p>The average percentile increase in the remuneration of Managerial Personnel was 56% for the FY 2019-20.</p> <p>The comparison of increase in average percentiles between employees and Managerial was 28 %. The average increase in the remuneration of both, the managerial and employees was determined based on the overall performance of the Company. Further the criteria for remuneration of employees is based on the internal evaluation of key performance areas while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination and Remuneration Committee and approved by the board of directors.</p>

**GUJARAT TERCE LABORATORIES LIMITED**

III. The Company affirms remuneration is as per the Remuneration Policy of the Company.

**B. PARTICULARS OF EMPLOYEES:**

**RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**i. Particulars of top Ten Employee in terms of remuneration drawn**

Sr. No.	Name & Designation of Employee	Remuneration Received (Rs. in Lakhs)	Nature of Employment	Qualifications	Experience	Date of Commencement of Employment	Age	Name of Previous Employment	% of Equity Shares held	Relative of Director or Manager
1	Natwarbhai Prajapati	18	Permanent	B.Sc, D.Pharma	35	28/03/1985	66	-	8.03	Managing Director
2	Aalap Prajapati	12	Permanent	B.Tech Electronic, MBA	8	01/02/2012	32	-	0.003	Son of Managing Director
3	Sunitha R.Ajmeer	10.8	Permanent	B.Sc	10	01/10/2010	48	First Employment	NIL	NA
4	Deepak Bhatnagar	10.26	Permanent	B. Sc	26	01/05/1994	46	Noel Pharmaceuticals	NIL	NA
5	Rajendra Joshi	10.26	Permanent	B.Sc, MBA Marketing	22	01/07/1998	41	Bombay Tablet Manufacturing Pvt. Ltd.	NIL	NA
6	Ravikant Saini	9.60	Permanent	B.Sc	26	01/05/1994	52	Marida Copper Extensions Pvt.Ltd.	NIL	NA
7	Shashi Prakash	8.40	Permanent	B.Sc	20	01/01/2000	45	Aglowmed Limited	NIL	NA
8	Nirmal Kant Sharma	7.68	Permanent	M.Sc. in Organic Chemistry	16	01/05/2004	45	Dura tax lab. Ltd.	NIL	NA
9	Narayanlal Suthar	7.68	Permanent	B.Sc. and Diploma in Pharmacy	3	01/05/2017	45	Ozone Pharmaceutical Ltd	NIL	NA
10	Sanjay Jain	7.08	Permanent	B.com	26	01/05/1994	53	Group Pharmaceuticals	NIL	NA

ii. Employees who are employed throughout the year and in receipt of remuneration aggregating Rs.1,02,00,000/- or more per year: Nil

iii. Employees who are employed part of the year and in receipt of remuneration aggregating Rs. 8,50,000/- per month: Nil

Place : Ahmedabad

Date : 29.06.2020

By Order of the Board of Directors  
For, Gujarat Terce Laboratories Ltd

Sd/-  
Natwarbhai Prajapati  
Chairman & Managing Director  
(DIN: 00031187)



## CORPORATE GOVERNANCE REPORT

At Gujarat Terce Laboratories Limited, the Corporate Governance is about creating the value of all stakeholders, accountability and fairness towards stakeholders. This section on Corporate Governance forms part of the Annual Report to the shareholders. It is not mandatory to give this report in terms of Regulation 15(2) of the SEBI (LODR) Regulations, 2015. Corporate Governance is, essentially, a philosophy. It encompasses not only the regulatory and legal requirements, but also the voluntary practices developed by the company to protect the best interests of all stakeholders. However, in the harsh realities of day to day economic stress and competitive growth, corporate governance can only deliver on an avowed philosophy if there is a strong and sustainable framework.

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

Gujarat Terce Laboratories Limited believes that Corporate Governance is the set of processes, customs, policies, rules, regulations and laws, by which companies are directed, controlled and administered by the management in the best interest of the Stakeholders. It ensures fairness, transparency, accountability and integrity of the management. It is a way of life rather than a mere legal compulsion. Corporate Governance is adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders including customers, employees and society at large. Corporate Governance is compliance of law, rules & regulations in true letter and spirit. Corporate Governance gives standards against which clearly defined standards against which performance of responsibilities can be measured.

Gujarat Terce Laboratories Limited is committed to learn and adopt the best practices of Corporate Governance.

### 2. BOARD OF DIRECTORS

#### A. COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and Section 149 of the Companies Act, 2013 (Act).

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. The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has vested with the requisite powers, authorities and duties. Every member of the Board, including the Non-Executive Directors, has full access to any information related to the Company.

The Company is managed by the Board of Directors in coordination with the Senior Management team. As on 31st March, 2020, the Company has Eight (8) Directors on its Board out of which three (3) are Executive Directors and Five (5) are Independent Directors including one Woman Director. The Board periodically evaluates the need for change in its composition and size. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation.

#### Composition/Category of Directors/Attendance at Meetings/Directorships and Committee Memberships in other Companies as on 31st March, 2020:

Sr. No.	Name of Director	Category	Relationships between directors inter-se	Attendance of Meetings during 2019-20		Last Annual General Meeting Attended	Other Directorships / Board Committees (Numbers)			List of Directorship held in Other Listed Companies and Category of Directorship
				Board Meeting held during his/her tenure	Board Meeting attended during his/her tenure		Directorships in Other Cos.	Committee membership	Committee Chairmanship	
1	Mr. Natwarbhai Prajapati	Promoter, Non-Independent and Executive director	-	6	5	Yes	0	0	-	-



**GUJARAT TERCE LABORATORIES LIMITED**

Sr. No.	Name of Director	Category	Relationships between directors inter-se	Attendance of Meetings during 2019-20		Last Annual General Meeting Attended	Other Directorships / Board Committees (Numbers)			List of Directorship held in Other Listed Companies and Category of Directorship
				Board Meeting held during his/her tenure	Board Meeting attended during his/her tenure		Directorships in Other Cos.	Committee membership	Committee Chairmanship	
2	Mr. Aalap Prajapati	Promoter, Non-Independent and Executive Director	Son of Natwarbhai Prajapati	6	6	Yes	-	1	-	-
3	Mr. Amritbhai Prajapati	Promoter, Non-Independent and Executive Director	Brother of Natwarbhai Prajapati	6	5	Yes	-	-	-	-
4	Mrs. Chhayaben Ashwinbhai Shah	Independent and Non-Executive Director	-	6	5	Yes	-	2	-	-
5	Mr. Jayantibhai S. Prajapati	Independent and Non-Executive Director	-	6	2	Yes	-	-	-	-
6	Mr. Viplav Khamar	Independent and Non-Executive Director	-	6	6	Yes	-	2	1	-
7	Mr. Surendrakumar Sharma	Independent and Non-Executive Director	-	6	6	Yes	-	1.	1	-
8	*Mr. Navinchandra Patel	Independent and Non-Executive Director	-	-	-	No	-	-	-	-

\* The Board of directors approved the appointment of Mr. Navinchandra Patel (DIN: 08702502) as an Independent Director of the Company w. e. f. February 26, 2020.

**Note:**

- This excludes Directorship held in Private & Foreign Companies and Companies incorporated under Section 8 of the Companies Act, 2013 as per the Regulation 26 of the Listing Regulations.
- Committees include Audit Committee and Stakeholders' Relationship Committee of Public Company

None of the Directors is a director in more than 20 Companies and more than 10 public limited Companies, in terms of Section 165 of the Companies Act, 2013. Also, none of the Directors is a member of neither more than 10 Committees, nor acts as Chairman of more than 5 Committees across all Companies in which they are Directors, as required under Regulation 26 of the Listing Regulation. The Independent Directors fulfill the requirements stipulated in Regulation 25(1) of the Listing Regulations.

**B. BOARD MEETINGS**

The gap between two Board meetings did not exceed 120 days. 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 their meaningful participation in the meetings.



The Board met Eight times in financial year details of which are summarized as below:

S.No.	Date of Meeting	Board Strength	No. of Directors Present
1	18.05.2019	7	7
2	09.08.2019	7	6
3	22.10.2019	7	5
4	08.01.2020	7	6
5	13.02.2020	7	5
6	26.02.2020	7	6

**C. Relationship between Directors:** Mr. Amritbhai Prajapati and Mr. Aalap Prajapati are related as Brother and son respectively with Mr. Natwarbhai Prajapati. No other Director is related to any other Director on the Board.

**D. No. of Securities held by non-executive director as on 31st March, 2020**

Mr. Jayantibhai Prajapati	– 8500 equity shares
Mr. Surendrakumar Sharma	– 300 equity shares
Mrs. Chhayaben Ashwinbhai Shah	– Nil
Mr. Viplav Suryakantbhai Khamar	– Nil
Mr. Navinchandra Patel	- Nil

**E. Independent Directors:** The Independent Directors, who are from diverse field of expertise and have long standing experience and expert knowledge in their respective fields are very relevant as well as of considerable value for the company's business. As a part of familiarization programmes as required under Listing Regulations, the Directors have been appraised during the Board Meetings about the amendments to the various enactments viz., Companies Act, 2013 (the Act), Listing Regulations, Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information etc.

During the year, a no separate meeting of the Independent Directors was held due to the Pandemic of COVID-19 without the presence of Executive Directors / Managing Director / Management to discuss the matter as required/ agreed amongst them. Also, Securities and Exchange Board of India (SEBI) has informed the stakeholders that this would not be considered as non-compliance for the financial year 2019-20.

Further familiarization programs and the terms & conditions of appointment of the Independent Directors as required under the Companies Act, 2013 & Listing Regulations are updated on the Company's website at [www.gujaratterce.com](http://www.gujaratterce.com)

**F. Formal annual evaluation:** The Board of Directors, Nomination & Remuneration Committee and Independent Director has carried out an annual evaluation of its own performance, its Committees and individual Directors pursuant to the requirements of the Act and the Listing Regulations.

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

Name of the Director	Expertise in specific functional area
Mr. Natwarbhai Prajapati	General Corporate Management
Mr. Aalap Prajapati	Marketing, Entrepreneur, Business & Corporate Planning and Strategy
Mr. Amritbhai Prajapati	Factory Management
Mrs. Chhayaben Ashwinbhai Shah	Marketing and Capital Markets
Mr. Jayantibhai S. Prajapati,	Communication and Capital Markets
Mr. Viplav Khamar	Marketing and Production
Mr. Navinchandra Patel	Marketing and Production

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### **G. Web link**

<http://gujaratterce.in/Codes-and-Policies> - For below Policies:

- Code of conduct for director and senior management
- Criteria of making payments to non-executive directors
- Policy on Related Party Transaction
- Policy on Familiarization Programme for Independent Directors
- Policy on Materiality
- Preservation of Documents and Archival Policy
- Terms and condition for Appointment of Independent Director
- Nomination and Remuneration Policy
- Policy on code of fair Disclosures
- Policy and Procedures for inquiry in case of leak of UPSI
- Risk Management Policy
- Whistle Blower Policy
- Code of conduct as per SEBI (PIT) Regulations, 2015
- Policy on Prevention of Sexual Harassment

### **H. Matrix setting out the core skills/expertise/competence of the board of directors**

The board skill matrix provides a guide as to the core skills, expertise, competencies and other criteria (collectively referred to as 'skill sets') considered appropriate by the board of the Company in the context of its business and sector(s) for it to function effectively and those actually available with the Board. The skill sets will keep on changing as the organization evolves and hence the board may review the matrix from time to time to ensure that the composition of the skill sets remains aligned to the Company's strategic direction.

The skill sets identified by the board along with availability assessment is as under:

<b>Core Skills/Experience/Competence</b>		<b>Actual Availability with current board</b>
<b>Industry knowledge/experience</b>		
(a)	Healthcare Industry Knowhow	Available
(b)	Creating value through Intellectual Property Rights	Available
(c)	Global Operations	Available
(d)	Value Spotting and Inorganic Growth	Available
<b>Technical skills/experience</b>		
(a)	Strategic planning	Available
(b)	Risk and compliance oversight	Available
(c)	Marketing	Available
(d)	Policy Development	Available
(e)	Accounting, Tax, Audit and Finance	Available
(f)	Legal	Available
(g)	Sales/ Customer Engagement	Available
(h)	Public Relations and Liasoning	Available
(i)	Information Technology	Available
<b>Behavioural Competencies</b>		
(a)	Integrity & ethical standards	Available
(b)	Mentoring abilities	Available
(c)	Interpersonal relations	Available



## **I. Confirmation on the independence of the Independent Directors**

The Board of Directors hereby confirms that in their opinion, the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

### **(i) BOARD COMMITTEES**

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to committees of the directors set up for the purpose. These specialist committees prepare the groundwork for decision making and report at the subsequent Board meeting.

Presently the Board is assisted by various Committees - Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

Details on the role and composition of these committees including the number of meetings held during the financial year and the related attendance are provided below:

### **(ii) AUDIT COMMITTEE**

The Company has complied with the requirements of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013 as regards composition of Audit Committee.

#### **Terms of reference**

The terms of reference of Audit Committee as per Provisions of Companies Act, 2013 read with Listing Regulations inter alia includes the following:

#### **i. Financial Statements**

- a. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b. Discussion and review, with the management and auditors, the annual/ quarterly financial statements before submission to the Board, with particular reference to:
  - Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of sub-section 3(c) of section 134 of the Companies Act, 2013.
  - Disclosure under 'Management Discussion and Analysis of Financial Condition and Results of Operations.'
  - Any changes in accounting policies and practices and reasons for the same.
  - Major accounting entities involving estimates based on exercise of judgement by management.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transaction.
  - Disclosure of contingent liabilities.
  - Scrutinize inter corporate loans and investments.
  - To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

#### **ii. External Audit**

- To have timely discussions with external auditors.
- To recommend the Board, the appointment, re-appointment, removal of the external auditors, fixation of audit fee and also approval for payment for any other services rendered by the external auditors.
- To evaluate auditor's performance, qualification and independence.

#### **iii. Internal Audit**

- To review on a regular basis the adequacy of internal audit function.
- To review the appointment, removal, performance and terms of remuneration of the Internal Auditor.
- To review the regular internal reports to management prepared by the internal auditor, as well as management's response thereto.

## **GUJARAT TERCE LABORATORIES LIMITED**

- To review the findings of any internal investigation by the internal auditors into the 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.
- Discussion with internal auditors any significant findings and follow-up thereon.
- To review internal audit reports relating to the internal control weaknesses.

### **iv. Internal Control**

To review with the management, external and internal auditors, the scope of internal audit, adequacy of internal control systems and ensure adherence thereto and any other related issues.

All Members of the Audit Committee have accounting and financial management expertise. The Chairman of the Committee attended the 34th Annual General Meeting held on 20th September, 2019 to answer the shareholders' queries. The role of Audit Committee, the powers exercised by it pursuant to the terms of reference, and the information reviewed by it are in accordance with the requirements as specified in the Regulation 18 of SEBI (LODR) Regulations, 2015, Companies Act, 2013 and other applicable laws, if any. Apart from the above, the Audit Committee also exercises the role and powers entrusted upon it by the Board of Directors from time to time.

During the period under review, the Audit Committee met Four times on 18.05.2019, 09.08.2019, 22.10.2019, and 13.02.2020.

Composition of Audit Committee and attendance of each member during the meetings held in FY 2019-2020 are given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>No of meetings attended during the year 2019-20</b>
*Mr. Surendrakumar Sharma	Chairman	Non-Executive Independent Director	4
Mr. Viplav Khamar	Member	Non-Executive Independent Director	4
** Smt. Chhayaben Shah	Member	Non-Executive Independent Director	0
*** Jayanti Prajapati	Member	Non-Executive Independent Director	2

\* Mr. Surendrakumar Sharma was appointed as the Chairman of the Audit Committee w.e.f 13th February, 2020.

\*\*Smt. Chhayaben Shah was appointed as the Member of the Audit Committee w.e.f 13th February, 2020.

\*\*\*Mr. Jayantibhai ceased to be the member of the Audit Committee w.e.f 13th February, 2020.

### **(iii) NOMINATION AND REMUNERATION COMMITTEE**

The Company has complied with the requirements of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 as regards composition of Nomination and Remuneration Committee.

#### **Terms of reference**

The role of the Nomination and Remuneration Committee is to recommend to the Board, the remuneration package for the Managing/ Executive Directors and senior officials just one level below the Board. The committee functions as follows:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of every Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.



- vii. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- viii. To devise a policy on Board diversity.
- ix. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- x. To perform such other functions as may be necessary or appropriate for the performance of its duties.

The roles and responsibilities of the Committee are in accordance with the requirements as specified in the Regulation 19 of SEBI (LODR) Regulations, 2015, Companies Act, 2013 and other applicable laws, if any. Apart from the above, the Committee also exercises the role and powers entrusted upon it by the Board of Directors from time to time.

The Committee has held Five Meetings during the FY 2019-20 i.e. 18.05.2019, 09.08.2019, 22.10.2019, 13.02.2020 and 26.02.2020.

Composition of Nomination and Remuneration Committee and attendance of each member during the meetings held in FY 2019-20 are given below:

Name	Designation	Category	No of meetings attended during the year 2019-20
Mr. Surendra Kumar Sharma	Chairman	Non-Executive Independent Director	5
*Mr. Jayantibhai Prajapati	Member	Non-Executive Independent Director	2
Mr. Viplav Khamar	Member	Non-Executive Independent Director	5
**Smt Chhayaben Shah	Member	Non-Executive Independent Director	1

\*Mr. Jayantibhai Prajapati ceased to be the member of the Nomination and Remuneration Committee w.e.f 13.02.2020.

\*\*Smt. Chhayaben was appointed as the member of the Nomination and Remuneration Committee w.e.f 13.02.2020.

#### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A consolidated summary of the ratings given by each Director was then prepared. The report of performance evaluation was then discussed and noted by the Board.

The performance evaluation of the Chairman and Managing Director and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

#### (iv) REMUNERATION TO DIRECTORS

- a. **Pecuniary Relationship with Non-Executive Directors:** None of the Non-executive Directors has any pecuniary relationship or transactions with the company except as per requirements of Accounting Standard 24 are disclosed in the notes to accounts annexed to the financial statements.
- b. **The criteria for making payments to non- executive director:** Mentioned in the below link of the Company website <http://gujaratterce.in/Codes-and-Policies>
- c. **Disclosures with respect to remuneration:** Salary, as recommended by the Nomination and Remuneration Committee and approved by the Board and the shareholders of the Company if any. 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. Presently, the Company does not have a stock options scheme for its Directors.

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Name of the director	Service contracts (Term of Appointment)	Remuneration & Perquisites and other allowance (Amt. in Rs.)	Commission	Sitting Fees	Notice Period & Severance Fees	Total
Mr. Natwarbhai P. Prajapati	upto 10/01/2022	1808385	0	0	30 days	1808385
Mr. Amritbhai P. Prajapati	upto 31/07/2021	404385	0	0	30 days	404385
Mrs. Chhayaben A. Shah	upto 31/03/2020	0	0	0	30 days	0
Mr. Jayantibhai S. Prajapati	upto 20/09/2024	0	0	0	30 days	0
Mr. Surendrakumar P. Sharma	upto 09/08/2023	0	0	0	30 days	0
Mr. Viplav S. Khamar	upto 26/06/2022	0	0	0	30 days	0
Mr. Aalap N. Prajapati	upto 31/03/2023	974385	0	0	30 days	974385
Mr. Navichandra Prajapati	Upto 31/03/2025 (Subject to the Approval of the members in the AGM)	0	0	0	30 days	0

Remuneration is within limits specified under section 197 of the Companies Act, 2013 and rules made thereunder.

**(v) STAKEHOLDER RELATIONSHIP COMMITTEE**

The Company has complied with the requirements of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 as regards composition of Stakeholders Relationship Committee.

**Terms of reference**

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.

The Committee has held Four Meetings during the FY 2019-20 i.e. 18.05.2019, 09.08.2019, 22.10.2019 and 13.02.2020.

The Composition of Stakeholders Relationship Committee and attendance of each member during the meetings held in financial year 2019-20 are given below.

Name	Position	Category	No. of meetings attended out of four (4) meeting held during the year 2018-19
*Mr. Viplav Khamar	Chairman	Non- Executive Independent Director	4
**Mr. Jayantibhai Prajapati	Member	Non- Executive Independent Director	2
***Smt. Chhayaben Shah	Member	Non- Executive Independent Director	0
Mr. Aalap N. Prajapati	Member	Executive Whole Time Director	4



\*Mr. Viplav Khamar was appointed as the Chairman of the Stakeholder Relationship Committee w.e.f 13.02.2020.

\*\*Mr. Jayantibhai Prajapati ceases to be the Chairman and Member of Stakeholder Relationship Committee w.e.f 13.02.2020.

\*\*\*Smt. Chhayaben Shah was appointed as the member of the Stakeholder Relationship Committee w.e.f 13.02.2020

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

Particulars	No. of Complaints
Investor complaints pending as at April 1, 2019	0
Investor complaints received during the year ended on March 31, 2020	0
Investor complaints resolved during the year ended March 31, 2020	0
Investor complaints pending as on March 31, 2020	0

The Committee considers and resolves the grievances of the security holders. The Committee also reviews the manner and time-lines of dealing with complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc., and the responses thereto.

Ms. Ashka Solanki, Company Secretary is the Secretary to the Committee and the Compliance Officer appointed for the compliance of capital market related laws.

(vi) **GENERAL BODY MEETINGS:**

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

Year	Venue of AGM	Date & Time	No. of special resolutions passed
2016-17	Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	25/09/2017 at 10.00 a.m.	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Natwarbhai P Prajapati (DIN 00031187), as a Managing Director, designated as a "CEO" of the Company</li> <li>Appointment of Mr. Viplav Suryakantbhai Khamar(DIN 07859737) as an Independent Director of the Company</li> </ul>
2017-18	Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	24/09/2018 at 10.00 a.m.	<ul style="list-style-type: none"> <li>Regularisation of Mr. Aalap Prajapati as Director</li> <li>Appointment of Mr. Aalap N. Prajapati (DIN: 08088327) as Whole Time Director</li> <li>Appointment of Mr. Surendra Kumar Sharma as Independent Director of the Company</li> </ul>
2018-19	Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar	20/09/2019 at 10.00 a.m	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Jayantibhai Shankarlal Prajapati (DIN:02608139), as an Independent Director of the Company.</li> <li>To advance loan or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the Director of the Company is interested.</li> <li>To approve the exemption in respect of loan to directors given in section 185(2) of The Companies Act, 2013 and rules made thereunder.</li> <li>Re-appointment of statutory auditor M/s. USS &amp; Associates for financial year from 01/04/2019 to 31/03/2020.</li> <li>Alteration in the main object clause of memorandum of association of the company.</li> <li>Deletion of the other objects clause of the Memorandum of Association.</li> <li>Amendment of the Liability Clause of the memorandum of Association.</li> <li>Amendment of the Capital Clause of the Memorandum of Association.</li> <li>Adoption of New Set of Articles of Association</li> </ul>



## **GUJARAT TERCE LABORATORIES LIMITED**

2. Passing of Resolution by Postal Ballot: None of special resolution was passed by way of postal ballot during the financial year ended March 31, 2020. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

### **(vii) 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, Jai Hind-Gujarati and also put the same on its website at [www.gujaratterce.in](http://www.gujaratterce.in). Disclosures pursuant to various clauses of the Listing obligations and disclosure requirements are promptly communicated to Bombay Stock Exchange.

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.

### **(viii) GENERAL SHAREHOLDER INFORMATION**

#### **a. Exclusive e-mail id for investor grievances**

Pursuant to Regulation 13(3) of the SEBI (LODR) Regulations, 2015, the following email id has been designated for communicating investor grievances: [cs@gujaratterce.com](mailto:cs@gujaratterce.com)

Person in-charge of the Department: Ms. Ashka Solanki

#### **b. Annual General Meeting**

The 35th Annual General Meeting will be held on Friday, 21st August, 2020 at 11:00 a.m. through video conferencing mode.

#### **Financial Year: 2019-20**

First quarter results: July/August 2019

Second quarter results: October 2019

Third quarter results: February 2020

Annual results: April/May/June 2020

Annual General Meeting: August/September 2019

#### **c. Book Closure**

The Register of Members and the Share Transfer Register will be closed from Saturday, 15th August, 2020 to Friday, 21st August, 2020 (both days inclusive).

#### **d. Dividend Payment Date - Not applicable**

#### **e. The equity shares of the Company are listed at: Bombay Stock Exchange Limited (BSE)**

#### **f. Annual Listing fees for the year 2020-21 have been paid to the stock exchange. The Company has also paid the Annual Custodial fees to both the depositories.**

#### **g. Stock Codes: 524314**

#### **h. High/Low of monthly Market Price of the Company's Equity Shares (In Rs. Per share)**

Month	Bombay Stock Exchanges(BSE)	
	High Price	Low Price
April, 2019	9.50	7.76
May, 2019	9.14	6.90
June, 2019	7.00	6.00
July, 2019	6.31	5.71
August, 2019	6.49	5.95
September, 2019	6.50	5.90
October, 2019	7.99	6.00
November, 2019	9.57	7.70
December, 2019	9.31	7.61
January, 2020	9.82	7.95
February, 2020	8.35	6.63
March, 2020	9.58	6.33



- i. International Securities Identification Number (ISIN) : INE499G01013  
j. Corporate Identity Number (CIN) : L24100GJ1985PLC007753  
k. Registrar & Transfer Agent:

**Bigshare Services Private Limited**

1st Floor, Bharat Tin Works Building,

Opp. Vasant Oasis Makwana Road,

Marol, Andheri East Mumbai 400059

Tel: 022 62638200 Fax: 022 62638299

E-mail:- sandeep@bigshareonline.com, Investor@bigshareonline.com

Website-www.bigshareonline.com

**l. Share Transfer System**

As per the SEBI guidelines, the Registry and Share transfer activity is being handled by M/s Big Share Services Private Limited, Mumbai. The Share Transfer requests received in physical form are normally registered within 15 days from the date of receipt.

**m. Distribution of Shareholding (As on March 31, 2020)**

**On the basis of Share held:**

SHAREHOLDING	NO OF SHAREHOLDER	% OF HOLDERS	SHARE AMOUNT	% OF HOLDING
1-5000	12773	94.8678	15701340	21.1600
5001-10000	319	2.3693	2759440	3.7188
10001-20000	127	0.9433	2033030	2.7398
20001-30000	47	0.3491	1162860	1.5671
30001-40000	35	0.2600	1251300	1.6863
40001-50000	55	0.4085	2630840	3.5455
50001-100000	42	0.3119	2925520	3.9426
100001-999999999	66	0.4902	45738670	61.6399
<b>Total</b>	<b>13464</b>	<b>100</b>	<b>74203000</b>	<b>100</b>

**On the basis of category:**

Category	No of Shares Holder	% of Shareholders	No. of shares	% of Holding
Clearing Members	10	0.07	12138	0.16
Corporate Bodies	24	0.18	47985	0.65
Group Companies	1	0.01	1075900	14.50
Non Resident Indian	12	0.09	89657	1.21
Other Directors	3	0.02	9300	0.13
Promoter	5	0.04	1570905	21.17
Public	13409	99.59	4614415	62.19
<b>Total</b>	<b>13464</b>	<b>100</b>	<b>7420300</b>	<b>100</b>

**n. 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 15 working days of receipt.

During the year, the Company has electronically confirmed Demat requests for 22,600 equity shares. As on March 31, 2020, 83.54% of the total shares issued by the Company were held in dematerialized form.

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

## **GUJARAT TERCE LABORATORIES LIMITED**

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- o. Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March-2020: There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2019
- p. Plant Location: 122/2, Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar 382729
- q. Compliance Officer: Ms. Ashka Solanki
- r. **Address for Correspondence:**  
All enquiries, clarification and correspondence should be addressed to the compliance officer at the following Addresses.
  - 1) **Gujarat Terce Laboratories Limited**  
D-802, The First, B/h Keshavbaug Party Plot, Vastrapuar Ahmedabad-380051  
Tel – 079-48933706 E-mail:cs@gujaratterce.com, ho@gujaratterce.com
- s. List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad: Not Applicable

### **(ix) OTHER DISCLOSURES**

#### **a. Related Party Transactions**

Transactions with related parties, as per requirements of Accounting Standard 24, are disclosed in the notes to accounts annexed to the financial statements. All the transactions with related parties were in the ordinary course of business and on arm's length basis. In terms of Regulation 23 of Listing Regulations the Company is obtaining prior approval of the Audit Committee for entering into any transaction with related parties. The Audit Committee granted omnibus approval for certain transactions to be entered into with the related parties, during the year. Statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis Policy on dealing with Related Party Transactions can be viewed in the Company's website at [www.gujaratterce.com](http://www.gujaratterce.com) and the same has been amended on 13th February, 2020.

- b. **Details of non-compliance:** by the Company, penalties and structures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities or any matter related to capital markets during the last three years: No strictures or penalties have been imposed on the Company.
- c. **Whistle Blower Policy/ Vigil Mechanism:** The Company has formulated Whistle Blower Policy in conformity with the Regulation 22 of the Listing Regulation and Section 177 of the Companies Act, 2013, the same has been hosted on the company website at <http://gujaratterce.in/Codes-and-Policies> to provide a mechanism for directors and employees of the company to approach the Ethics Counselor/ Chairman of the Audit Committee of the Company for the purpose of dealing with instance of fraud and mismanagement, if any and also ensure that whistleblowers are protected from retribution, whether within or outside the organization: No personnel have been denied access to the Audit Committee, if any, during the year.
- d. **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** The details of number of complaints filed and disposed of during the year and pending as on March 31, 2019 is given in the Directors' report.
- e. web link where policy for determining 'material' subsidiaries is disclosed: <http://gujaratterce.in/Codes-and-Policies>
- f. web link where policy on dealing with related party transactions: <http://gujaratterce.in/Codes-and-Policies>
- g. **Commodity Price Risk and Hedging activities:** Not Applicable
- h. **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):** Not Applicable
- i. **A certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority:** The Certificate of Company Secretary in practice is annexed herewith as a part of the report.



j. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: Not Applicable

k. Total fees for all services paid by the listed entity, on a standalone basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: Details relating to fees paid to the Statutory Auditors are given in Note 30 to the Standalone Financial Statements.

**(x) Non Mandatory Requirements:**

The Company has adopted following Non Mandatory requirements of C & E of the Non-Mandatory requirements as provided in Part E of Schedule II of the Listing Regulations and not adopted A & B since they are discretionary requirements.

**Discretionary Requirements:**

- The Company does not maintain a separate office for the Non-Executive Chairman as Chairman
- There is no separate Posts of Chairman & CEO
- The quarterly financial results are published in the newspapers of wide circulation and are not sent to individual shareholders. Further, the financial results are available on the website of the Company and of the Stock Exchange where the shares of the Company are listed, i.e. BSE Ltd.
- The Auditors' Opinion on the Financial Statements is unmodified.
- Internal Auditor reports to the Audit Committee.

**(xi) Details of compliance with mandatory requirements and adoption of the non-mandatory Requirements of Listing Regulation:**

**Mandatory Requirements:**

During the year, The Company complies with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance.

**(xii) The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46:**

Particulars	Regulation Number	Compliance status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	NA
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	NA
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes

**GUJARAT TERCE LABORATORIES LIMITED**

Particulars	Regulation Number	Compliance status (Yes/No/NA)
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	NA
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	NA
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes
Website	46(2)(b) to(i)	Yes

**DECLARATION OF COMPLIANCE WITH THE GENERAL  
TO CODE OF CONDUCT OF THE COMPANY**

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I declare as follows:

1. The Company does have a General Code of Conduct approved by its Board of Directors, which is posted on its website [www.gujaratterce.com](http://www.gujaratterce.com) and
2. All the members of the Board of Directors and Senior Management of the Company have individually submitted statements of affirmation of compliance with the said Code of Conduct for the financial year ended 31st March, 2020.

Place : Ahmedabad  
Date : 29.06.2020

By Order of the Board of Directors  
For, Gujarat Terce Laboratories Ltd

Sd/-  
Natwarbhai Prajapati  
Chairman & Managing Director  
(DIN: 00031187)



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## MD / CEO & CFO CERTIFICATION

Mr. Natwarbhai P. Prajapati (CMD), and Mr. Bhagirath R. Maurya (CFO) of the Company hereby certify to the Board that:

- a) We have reviewed the Financial Statements for the year ended March 31, 2020 and that to the best of our knowledge and belief, we state that:
  - 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) We further state that 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.

Place : Ahmedabad  
Date : 29.06.2020

Sd/-  
Natwarbhai P. Prajapati  
Chairman & Managing Director

Sd/-  
Bhagirath R. Maurya  
Chief Financial Officer

**AUDITORS CERTIFICATE ON COMPLIANCE**

I have examined compliance of conditions of Corporate Governance by Gujarat Terce Laboratories Limited (the Company), for the year ended 31st March, 2020, as stipulated in Chapter IV of SEBI (LODR) Regulations, 2015 of the said Company with stock exchanges.

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

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 Chapter IV of SEBI (LODR) Regulations, 2015.

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

**Date : 29.06.2020**  
**Place : Ahmedabad**

**Pinakin Shah & Co.**  
**Company Secretaries**

**Sd/-**  
**Pinakin Shah**  
**Proprietor**  
**FCS: 2562; COP: 2932**



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,  
The Members of  
**Gujarat Terce Laboratories Limited**  
Reg. Off.: 122/2 RAVI ESTATE, BILESHWARPURA,  
CHHATRAL, GANDHINAGAR – 382729, GUJARAT

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Gujarat Terce Laboratories Limited having CIN L24100GJ1985PLC007753 and having registered office at 122/2 RAVI ESTATE, BILESHWARPURA, CHHATRAL, GANDHINAGAR 382729, GUJARAT (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	NATWARBHAI PARSOTTAM PRAJAPATI	00031187	28-03-1985
2	AMRITBHAI PURSHOTTAMDAS PRAJAPATI	00699001	01-03-2006
3	CHHAYABEN ASHWINBHAI SHAH	01435892	31-03-2015
4	JAYANTIBHAI SHANKARLAL PRAJAPATI	02608139	01-04-2009
5	SURENDRAKUMARPRAKASHCHANDRA SHARMA	06430129	10-08-2018
6	VIPLAV SURYAKANTBHAI KHAMAR	07859737	27-06-2017
7	PRAJAPATI AALAP NATUBHAI	08088327	01-04-2018
8	NAVINCHANDRA PATEL	08702502	13-02-2020

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

Date : 28.07.2020  
Place : Ahmedabad

Pinakin Shah & Co.  
Company Secretaries

Sd/-  
Pinakin Shah  
Proprietor  
FCS: 2562; COP: 2932  
UDIN: F002562B000514403



**ANNEXURE- E****ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****A. CONSERVATION OF ENERGY****(i) The steps taken or impact on conservation of energy;**

<b>Electricity</b>	<b>Current Year</b>	<b>Previous Year</b>
Unit Consumption	104250	94800
Total Amount	848354	760123
Average Cost	7.65	7.73
Own generation:	N.A.	N.A.

(ii) The steps taken by the company for utilising alternate sources of energy: Nil

(iii) The capital investment on energy conservation equipments: Nil

**B. TECHNOLOGY ABSORPTION**

a) The efforts made towards technology absorption: The Company continues to adopt and use the latest technologies to improve the productivity and quality of its services and products.

b) The benefits derived like product improvement, cost reduction, product development or import substitution: 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.

c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): There is no technology imported during last three years as The Company's operations do not require significant import of technology.

(d) The expenditure incurred on Research and Development: Nil

**C. FOREIGN EXCHANGE EARNING AND OUTGO (Amt. in Lakhs)**

<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
Earning: Export in terms of actual inflows	2.95	14.17
Outgo: Imports in terms of actual outflows	---	---

Place : Ahmedabad  
Date : 29.06.2020

By Order of the Board of Directors  
For, Gujarat Terce Laboratories Ltd

Sd/-  
Natwarbhai Prajapati  
Chairman & Managing Director  
(DIN: 00031187)



## Independent Auditor's Report

To the Members of  
**Gujarat Terce Laboratories Limited**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Gujarat Terce Laboratories Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

#### Emphasis of Matter

We draw attention to Note 32 of the financial statements, which describes the details of discontinued operations. Our opinion is not modified in respect of this matter.

#### Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding

## **GUJARAT TERCE LABORATORIES LIMITED**

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of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



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

#### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

#### **As required by Section 143 (3) of the Act, we report that:**

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

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 pending litigations and the impact on its financial position - refer note 12 of notes to the Financial Statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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.

**Place : Ahmedabad**  
**Date : 29/06/2020**

**For, U S S & ASSOCIATES**  
**Chartered Accountants**

**Sd/-**  
**(Ujal S. Mehta)**  
**Proprietor**  
**M. No. 112337**  
**F.R.N. 122634W**  
**UDIN: 20112337AAAABP7293**

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of Gujarat Terce Laboratories Limited on the financial statements for the year ended 31 March 2020, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, the procedure for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and the nature of the business. .
- (b) In our opinion and according to the information and explanation given to us, the company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Custom duty, Goods and Service Tax and any other material statutory dues during the year with the appropriate authorities. Moreover, as at March 31, 2020, there are no such undisputed dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, duty of customs, value added tax outstanding on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, and value added tax have not been deposited by the Company on account of disputes:

<b>Name of Statute</b>	<b>Nature of dues</b>	<b>Amount of Dues</b>	<b>Period to The amount Related</b>	<b>From Where Dispute is Pending</b>
Income Tax	Assessment (TDS)	Rs.1,41,968/-	A.Y. 2012-13	Commissioner of Income-Tax(Appeals) Dated.02/01/2018

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year under review. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.



- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place : Ahmedabad  
Date : 29/06/2020

For, U S S & ASSOCIATES  
Chartered Accountants

Sd/-  
(Ujal S. Mehta)  
Proprietor  
M. No. 112337  
F.R.N. 122634W

## Annexure - B to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Gujarat Terce Laboratories Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

## **GUJARAT TERCE LABORATORIES LIMITED**

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### **Auditors' Responsibility**

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

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

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

Place : Ahmedabad  
Date : 29/06/2020

For, U S S & ASSOCIATES  
Chartered Accountants

Sd/-  
(Ujal S. Mehta)  
Proprietor  
M. No. 112337  
F.R.N. 122634W



**Balance Sheet as at 31st March, 2020**

*(Amt.in Rs.)*

Particulars	Note No.	As at 31 March, 2020	As at 31 March, 2019
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Property, Plant & Equipment	3	23,001,927	20,603,591
Capital Work in Progress		-	-
Goodwill		-	-
Other Intangible Assets		-	-
Financial Assets :			
Investments	4	2,692,674	2,910,695
Loans	5	21,508,505	9,604,405
Other Financial Assets	6	823,106	741,044
Other Non-current Assets	7	3,022,361	14,092,352
Net Assets of discontinued operations	32	<u>53,223,692</u>	<u>53,223,692</u>
		<b><u>104,272,265</u></b>	<b><u>101,175,779</u></b>
<b>Current Assets:</b>			
Inventories	8	34,331,893	37,781,672
Financial Assets:			
Investments		-	-
Trade Receivables	9	70,069,785	45,284,832
Cash and Cash Equivalents	10	417,469	1,827,326
Loans	11	2,150,000	250,000
Other Current Financial Assets		-	-
Other Current Assets	12	<u>12,152,144</u>	<u>7,053,289</u>
		<b><u>119,121,291</u></b>	<b><u>92,197,119</u></b>
<b>TOTAL</b>		<b><u>223,393,556</u></b>	<b><u>193,372,898</u></b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Equity:</b>			
Equity Share Capital	13	74,203,000	74,203,000
Other Equity	14	<u>36,906,578</u>	<u>34,144,850</u>
		<b><u>111,109,578</u></b>	<b><u>108,347,850</u></b>
<b>Non-Current Liabilities:</b>			
Financial Liabilities:			
Borrowings	15	1,552,319	1,279,208
Other Financial Liabilities	16	8,873,000	9,173,000
Provisions	17	10,643,714	9,047,148
Deferred Tax Liabilities (Net)	18	<u>(1,633,824)</u>	<u>(1,165,913)</u>
		<b><u>19,435,209</u></b>	<b><u>18,333,443</u></b>
<b>Current Liabilities:</b>			
Financial Liabilities:			
Borrowings	19	23,753,545	5,230,917
Trade Payables	20	31,889,570	28,106,981
Other Financial Liabilities	21	9,589,888	4,625,471
Other Current Liabilities	22	1,480,478	1,455,361
Provisions	23	24,070,555	26,247,835
Current Tax Liabilities (Net)	24	<u>2,064,733</u>	<u>1,025,040</u>
		<b><u>92,848,769</u></b>	<b><u>66,691,605</u></b>
<b>TOTAL</b>		<b><u>223,393,556</u></b>	<b><u>193,372,898</u></b>
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 32		

As Per Our Audit Report of Even Date Attached

**For U S S & Associates**

Chartered Accountants

Sd/-

**(Ujal Mehta)**

Proprietor

M. No. 112337

F.R.N . 122634W

Place : Ahmedabad

Date : 29/06/2020

For and on behalf of the Board of Directors

Sd/-

**N. P. Prajapati**

Chairman & M.D.

DIN : 00031187

Sd/-

**Bhagirath Maurya**

CFO

Place : Ahmedabad

Date : 29/06/2020

Sd/-

**Aalap Prajapati**

Wholetime Director

DIN: 08088327

Sd/-

**Ashka Solanki**

CS & CO



**GUJARAT TERCE LABORATORIES LIMITED**

**Statement of Profit and Loss for the year ended 31 March, 2020 (Amt.in Rs.)**

Particulars	Note No.	For the Year ended 31 March, 2020	For the Year ended 31 March, 2019
1. Revenue from operations	25	375,438,745	310,305,160
2 Other income	26	2,861,080	3,248,671
<b>3 Total revenue</b>		<b>378,299,825</b>	<b>313,553,831</b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	27a	51,695,649	38,204,169
(b) Purchases of stock-in-trade		91,105,662	80,198,197
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	27b	(3,749,319)	1,852,954
(d) Employee benefits expense	28	151,281,257	128,201,149
(e) Finance costs	29	2,917,855	2,538,665
(f) Depreciation ,amortisation and impairment expenses	3	2,415,240	2,113,516
(g) Other expenses	30	78,274,931	56,987,582
<b>Total expenses</b>		<b>373,941,275</b>	<b>310,096,232</b>
<b>5 Profit / (Loss) before tax</b>		<b>4,358,550</b>	<b>3,457,599</b>
<b>6 Tax expense:</b>			
(a) Current tax expense for current year		2,064,733	1,312,204
(b) Deferred tax	18	(467,911)	(2,180,213)
		1,596,822	(868,009)
<b>7 Profit / (Loss) for the year</b>		<b>2,761,728</b>	<b>4,325,608</b>
<b>Other Comprehensive Income (OCI):</b>			
Re-measurement losses on post employment defined benefit plans		-	-
Income Tax effect		-	-
<b>Total</b>			
Net loss/(gain) on Fair Value through OCI(FVTOCI) on equity securities		-	-
<b>Other Comprehensive income for the year (net of tax)</b>		-	-
<b>Total Comprehensive income for the year (net of tax)</b>		<b>2,761,728</b>	<b>4,325,608</b>
<b>8 Earnings per share (of Rs. 10/- each):</b>			
(a) Basic	31	<b>0.37</b>	<b>0.58</b>
(b) Diluted	31	<b>0.37</b>	<b>0.58</b>
<b>Significant accounting policies</b>	2		
<b>Notes forming part of the financial statements</b>	<b>1 to 32</b>		

As Per Our Audit Report of Even Date Attached

**For U S S & Associates**  
Chartered Accountants  
Sd/-  
**(Ujal Mehta)**  
Proprietor  
M. No. 112337  
F.R.N . 122634W  
**Place : Ahmedabad**  
**Date : 29/06/2020**

For and on behalf of the Board of Directors

Sd/-  
**N. P. Prajapati**  
Chairman & M.D.  
DIN : 00031187  
Sd/-  
**Bhagirath Maurya**  
CFO  
**Place : Ahmedabad**  
**Date : 29/06/2020**

Sd/-  
**Aalap Prajapati**  
Wholetime Director  
DIN: 08088327  
Sd/-  
**Ashka Solanki**  
CS & CO



### Cash Flow Statement for the year ended 31 March, 2020

Particulars	For the Year ended 31 March, 2020		For the Year ended 31 March, 2019	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		4,358,550		3,457,599
<u>Adjustments for:</u>				
Provision For Tax and Earlier Years	-		-	
Depreciation, amortisation and impairment	2,415,240		2,113,516	
(Profit) / loss on sale / write off of property, plant and equipment	-		18,884	
Net (Gain) / Loss on Foreign Currency Transactions	(33,645)		(14,075)	
Finance costs	2,917,855		2,538,665	
Interest income	(2,810,090)		(2,491,523)	
	<u>2,489,360</u>		<u>2,165,467</u>	
<b>Operating profit / (loss) before working capital changes</b>		<u>6,847,910</u>		<u>5,623,066</u>
<b>Changes in working capital:</b>				
<i>Adjustments for (increase)/decrease in operating assets and liabilities:</i>				
Inventories	3,449,779		119,298	
Trade Receivables	(24,758,855)		533,415	
Other Assets	(6,998,855)		(3,177,489)	
Trade payables	3,782,589		(5,126,655)	
Other Liabilities	2,812,254		(2,793,794)	
	<u>(21,713,088)</u>		<u>(10,445,225)</u>	
<b>Net Changes in working capital:</b>				
<b>Cash generated from operations</b>		<u>(14,865,178)</u>		<u>(4,822,159)</u>
Net income tax (paid) / refunds		(1,025,040)		(1,312,203)
<b>Net cash flow from / (used in) operating activities (A)</b>		<u>(15,890,218)</u>		<u>(6,134,362)</u>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on property, plant and equipment, including capital advances, if any	(4,813,576)		(3,970,328)	
Proceeds from sale of property, plant and equipment	-		5,859	
Long Term Loans & Advances realised	(916,171)		312,219	
Interest received	2,810,090		2,491,523	
Change in non current assets of discontinued operations	-		-	
Investment	218,021		(167,193)	
	<u>(2,701,636)</u>		<u>(1,327,920)</u>	
<b>Net cash flow from / (used in) investing activities (B)</b>		<u>(2,701,636)</u>		<u>(1,327,920)</u>
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of share capital	-		-	
Proceeds from non-current borrowings (Net)	1,569,677		1,079,031	
Proceeds from current borrowings (Net)	18,522,628		3,408,019	
<b>Net Gain / (Loss) on Foreign Currency Transactions</b>	7,547		14,075	
Finance Costs	(2,917,855)		(2,538,665)	
	<u>17,181,997</u>		<u>1,962,460</u>	
<b>Net cash flow from / (used in) financing activities (C)</b>		<u>17,181,997</u>		<u>1,962,460</u>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<u>(1,409,857)</u>		<u>(5,499,822)</u>
Cash and cash equivalents at the beginning of the year		1,827,326		7,327,148
<b>Cash and cash equivalents at the end of the year</b>		<u>417,469</u>		<u>1,827,326</u>

As Per Our Audit Report of Even Date Attached

**For U S S & Associates**

Chartered Accountants

Sd/-

**(Ujal Mehta)**

Proprietor

M. No. 112337

F.R.N . 122634W

Place : Ahmedabad

Date : 29/06/2020

For and on behalf of the Board of Directors

Sd/-

**N. P. Prajapati**

Chairman & M.D.

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Place : Ahmedabad

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**Aalap Prajapati**

Wholetime Director

DIN: 08088327

Sd/-

**Ashka Solanki**

CS & CO

**GUJARAT TERCE LABORATORIES LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**a. Equity Share Capital:**

	No. of Shares	Amount (Rs.)
<b>Equity Shares of INR 10/- each issued, subscribed and fully Paid-up:</b>		
As at April 1, 2018	7420300	74203000
As at March 31, 2019	7420300	74203000
As at March 31, 2020	7420300	74203000

**b. Other Equity:**

	Reserves and surplus				Items of OCI	Total
	Securities Premium	General Reserve	Investment subsidy	Retained Earnings	FVTOCI	
<b>As at April 1, 2018</b>	<b>15,000,000</b>	<b>4,175,632</b>	-	<b>13,662,701</b>	<b>(3,019,091)</b>	<b>29,819,242</b>
Add: Profit for the year	-	-	-	4,325,608	-	4,325,608
[Less]: Other comprehensive income	-	-	-	-	-	-
<b>Total Comprehensive income</b>	<b>15,000,000</b>	<b>4,175,632</b>	-	<b>17,988,309</b>	<b>(3,019,091)</b>	<b>34,144,850</b>
Net Movement in FCMITDA	-	-	-	-	-	-
Transaction with owners in their capacity as owners:						
Dividend	-	-	-	-	-	-
Corporate Dividend Tax on Dividend (Net of CDT credit)	-	-	-	-	-	-
<b>As at March 31, 2019</b>	<b>15,000,000</b>	<b>4,175,632</b>	-	<b>17,988,309</b>	<b>(3,019,091)</b>	<b>34,144,850</b>
Add: Profit for the year	-	-	-	2,761,728	-	2,761,728
[Less]: Other comprehensive income	-	-	-	-	-	-
<b>Total Comprehensive income</b>	<b>15,000,000</b>	<b>4,175,632</b>	-	<b>20,750,037</b>	<b>(3,019,091)</b>	<b>36,906,578</b>
Net Movement in FCMITDA	-	-	-	-	-	-
Transaction with owners in their capacity as owners:						
Dividend	-	-	-	-	-	-
Corporate Dividend Tax on Dividend (Net of CDT credit)	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>15,000,000</b>	<b>4,175,632</b>	-	<b>20,750,037</b>	<b>(3,019,091)</b>	<b>36,906,578</b>

As Per Our Audit Report of Even Date Attached

**For U S S & Associates**

Chartered Accountants

Sd/-

**(Ujal Mehta)**

Proprietor

M. No. 112337

F.R.N . 122634W

**Place : Ahmedabad**

**Date : 29/06/2020**

For and on behalf of the Board of Directors

Sd/-

**N. P. Prajapati**

Chairman & M.D.

DIN : 00031187

Sd/-

**Bhagirath Maurya**

CFO

**Place : Ahmedabad**

**Date : 29/06/2020**

Sd/-

**Aalap Prajapati**

Wholetime Director

DIN: 08088327

Sd/-

**Ashka Solanki**

CS & CO



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## Notes to financial statement

### 1. COMPANY OVERVIEW:

Gujarat Terce Laboratories Limited [“the company”], a company limited by shares, incorporated and domiciled in India, operates as a pharmaceutical company. The registered office of the company is situated at 122/2, Ravi Estate, Bileshwarapura, Chhatral, Gandhinagar, Gujarat – 382729.

### 2. 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. Basis of accounting and preparation of financial statements:

The financial statements have been prepared in accordance with Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.

The financial statements have been prepared on historical cost basis except for the following assets and liabilities which have been measured at fair view or revalued amount:

- i. Financial instruments
- ii. Gratuity Liability
- iii. Contingent Liability
- iv. Assets held for sale and discontinued operations

#### 2. Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments are provided below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### Critical Estimates:

##### a. Income Taxes:

Significant estimates are involved in determining the provision for income taxes.

##### b. Property, plant and Equipments:

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Management reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting period end and any revision to these is recognized prospectively in current and future periods.

##### c. Employee benefits:

Significant judgments are involved in making judgments about the life expectancy, discounting rate, salary increase, etc. which significantly affect the working of the present value of future liabilities on account of employee benefits by way of defined benefit plans.

##### d. Impairment of assets and investments:

Significant judgment is involved in determining the estimated future cash flows from the Investments, Property, Plant and Equipment and Goodwill to determine its value in use to assess whether there is any impairment in its carrying amount as reflected in the financials.

##### e. Product warranty and expiry claims:

Significant judgments are involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry of such unsold goods lying with stockiest.

**3. Foreign Currency Transactions:**

The transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of transactions.

Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognized in the Statement of Profit and Loss.

**4. Revenue Recognition:**

a. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government and is shown net of returns, trade allowances, rebates, value added taxes and volume discounts.

b. Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.

c. The specific recognition criteria described below must also be met before revenue is recognized:

**Sale of Goods:**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

**Interest Income:**

Interest income from a financial asset is recognized when it is probable that economic benefit will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and the rate applicable.

**Other Income:**

Other income is recognized when no significant uncertainty as to its determination or realization exists.

**5. Taxes on Income:**

**a. Current Tax:**

Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax items are recognized in co-relation to the underlying transaction either in statement of profit and loss, Other Comprehensive Income or directly in Equity.

**b. Deferred Tax:**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realized or the liability is settled.. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.



**c. MAT credit entitlement:**

Minimum Alternate Tax [MAT] paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset based on historical experience of actual utilization of such credit and only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. Such asset, if any recognized, is reviewed at each Balance sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the company will be liable to pay normal tax during the specified period.

**6. Plant, property and Equipment**

Freehold land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable, if any] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance costs are charged to the Statement of Profit and Loss during the reporting period in which they are incurred, unless they meet recognition criteria for capitalization under Property, Plant and Equipment.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

**7. Depreciation:**

Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013.

Depreciation on additions of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are used.

Depreciation on impaired assets is calculated on its reduced value, if any, on a systematic basis over its remaining useful life.

Low value items which are in the nature of assets (excluding immovable assets) and valuing upto Rs. 5000/- are not capitalized and charged to Statement of Profit and Loss in the year of acquisition.

**8. Borrowing Cost**

Borrowing costs consist of interest and other borrowing costs that are incurred in connection with the borrowing of funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognized as per EIR method. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalized as part of the cost of such assets, up to the date the assets are ready for their intended use.

**9. Impairment of Assets:**

The Property, Plant and Equipment and Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units]. Non-financial assets other than Goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The

## GUJARAT TERCE LABORATORIES LIMITED

impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 10. Inventory:

Inventories are valued as under:

Raw Material	: At cost
Stock in Process	: At Cost
Finished Goods	: At cost or realizable value whichever is less
Stock in Trade	: At cost or realizable value whichever is less
Stores, Spares & other items	: At cost
Advertisement Articles Stock	: At cost

### 11. Cash and Cash Equivalents:

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

### 12. Provisions, Contingent assets and contingent liabilities:

A provision is recognized 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 as follows:

#### Contingent liabilities not provided for:

Particulars	2019-20	2018-19
Unutilized Letter of Credit	-	-
Counter guarantees furnished by the Company in respect of Bank Guarantee	-	-
Estimated amount of contracts to be executed on capital account and not provided for	-	-
Claims against the Company not acknowledged as Debt*	-	-

\*Claims against the Company not Acknowledged as Debt does not include

Income Tax Liability which may arise in future, if any, on account of appeal filed by Income tax department in ITAT against the order of CIT (Appeals) reducing the disallowance at 12.5% from 100% of sales promotion expense made by Assessing Officer in respect of Assessment year 2011-12, 2012-13, 2013-14 and 2014-15. The company paid the tax demand as per the order of CIT(Appeals). However, in future, on account of adverse order of ITAT, if any, tax liability may arise which cannot be ascertained at this stage. However, the management is of the opinion that looking to various judicial pronouncements, we have been advised by our counsel that there are fair chances of reducing the disallowance instead of enhancing the same.

The Income Tax Department had raised demands amounting Rs. 1,41,968 against the Company for AY 2012-13 against which the Company preferred an appeal.

### 13. Employee Benefits:

#### A. Short Term Obligations:

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### B. Long Term Employee Benefits Obligations:

**Gratuity:** The liabilities with regard to the Gratuity are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The



present value of the gratuity obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discounting rate to the net balance of the gratuity obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the Statement of Profit and Loss. Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognises the following changes in the net gratuity obligation as an expense in the Statement of Profit and Loss:

- i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and
- ii. Net interest expense or income.

**14. Financial Instruments:**

**A. Financial Asset:**

Investment in financial assets is recognized at fair market value in the books of accounts and impairment, if any, is charged to Other Comprehensive Income accordingly.

**B. Financial Liabilities:**

**Recognition and Measurement:** Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**15. Earnings per share:**

Basic earnings per share are calculated by dividing the net profit or loss [excluding other comprehensive income] for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits [consolidation of shares] that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss [excluding other comprehensive income] for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**16. Expenditure:**

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

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

**18. 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.

**19. Assets held for sale and Discontinued Operations:**

Company was working in pharmaceutical and metal division. Metal division has suspended its operations and it is classified as held for sale and discontinued operation. So depreciation on asset of metal division has not been provided during the year under review. As per valuation report, the fair value of the assets of the metal division is higher than the carrying amount in the balance sheet, So there is no impairment in the assets in respects of assets held for sale and discontinued operations.



**GUJARAT TERCE LABORATORIES LIMITED**

20. Sundry creditors, sundry debtors, deposits, loans and advances recoverable in cash or kind are subject to confirmation.
21. Details of C.I.F. Value of Imports, Expenditure in Foreign currency and earnings in foreign currency are as under :

Particulars	2019-20	2018-19
(a) CIF Value of Imports:		
Raw Material	Nil	Nil
Machineries	Nil	Nil
(b) Expenditure in foreign currency less commission and other expenses	Nil	Nil
(c) Earnings in foreign currency Export sales	7,62,692	14,17,125

22. Details of Raw Material Consumed:

Particulars	As on 31.03.2020		As on 31.03.2019	
	% of Total Value	Consumption (Rs.)	% of Total Value	Consumption (Rs.)
(a) Imported	-	-	-	-
(b) Indigenous	100%	4,43,08,143	100%	3,32,03,503

23. Related Party:

Information about related parties as required by Ind AS – 24 is as under:

Sr.	Related Party	Relationship	Nature of Transaction	Amount Rs.
1	N. P. Prajapati	Chairman and M.D.	Managerial Remuneration	18,08,385
2	A P. Prajapati	Director	Managerial Remuneration	4,04,385
3	Aalap Prajapati	Director	Managerial Remuneration	9,74,385
4	Manjulaben S Prajapati	Relative	Salary	2,66,385
5	Jyotsana Prajapati	Relative	Salary	4,28,385
6	Shobhana Prajapati	Relative	Salary	2,66,385

	Key Management Personnel	Relatives of Key Management Personnel	Total
Salary	-	9,61,155	9,61,155
Managerial Remuneration	31,87,155	-	9,61,155

As Per Our Audit Report of Even Date Attached

**For U S S & Associates**

Chartered Accountants

Sd/-

**(Ujal Mehta)**

Proprietor

M. No. 112337

F.R.N . 122634W

Place : Ahmedabad

Date : 29/06/2020

For and on behalf of the Board of Directors

Sd/-

**N. P. Prajapati**

Chairman & M.D.

DIN : 00031187

Sd/-

**Bhagirath Maurya**

CFO

Place : Ahmedabad

Date : 29/06/2020

Sd/-

**Aalap Prajapati**

Wholetime Director

DIN: 08088327

Sd/-

**Ashka Solanki**

CS & CO

**NOTE 3 - PROPERTY, PLANT AND EQUIPMENT:**

**FIXED ASSETS (As per Company's Act.), A/c. Year : 2019-20**

Particulars	Useful life (Years)	Gross Block (Amount Rs.)			Depreciation (Amount Rs.)				Net Block (Amt. Rs.)		
		Op. Bal. as on 01/04/2019	Addition During the year	Sales During the year	B0balance as on 31/03/2020	Op. Bal. as on 01/04/2019	Provision During the year	Dep. written Back as exception	Dep. Written back on sale of asset	Balance as on 31/03/2020	As on 31/03/2019
Factory Land		16290029	0	0	16290029	0	0	0	0	16290029	16290029
Factory & Building	30.00	19326171	0	0	19326171	8120719	329,110	0	0	8449829	11205452
Vehicles	10.00	3981818	837,567	0	4819385	2190429	279,502	0	0	2469931	1791389
Laboratory Equipments	20.00	3207489	419,550	0	3627039	3087833	35,222	0	0	3123055	119656
Electric Installation	20.00	2039016	0	0	2039016	1682793	50,854	0	0	1733647	356223
Machineries	20.00	37251856	3,075,185	0	40327041	13782518	451,842	0	0	14234360	23469338
Furniture	10.00	9488175	79,450	0	9567625	4378553	850,248	0	0	5228801	5109622
Block & Design	20.00	3289230	0	0	3289230	2997108	86,572	0	0	3083680	292122
Computer	3.00	2273592	196,525	0	2470117	2108344	91,517	0	0	2199861	165248
Communication Appliances	3.00	78580	205,299	0	283879	77363	41,028	0	0	118391	1217
Sterlin Resort (Time share)		70650	0	0	70650	0	0	0	0	0	70650
Godown	30.00	6559366	0	0	6559366	1136803	199,345	0	0	1336148	5422563
<b>Total</b>		<b>103855972</b>	<b>4813576</b>	<b>0</b>	<b>108669548</b>	<b>39562463</b>	<b>2415240</b>	<b>0</b>	<b>0</b>	<b>41977703</b>	<b>64293509</b>
Less: discontinued Operation (Note 32)		47621285			47621285	3931370				3931370	43689915
<b>Grand Total</b>		<b>56234687</b>	<b>4813576</b>	<b>0</b>	<b>61048263</b>	<b>35631093</b>	<b>2415240</b>	<b>0</b>	<b>0</b>	<b>38046333</b>	<b>20603591</b>
<b>Previous Year</b>		<b>52315359</b>	<b>3970328</b>	<b>51000</b>	<b>56234687</b>	<b>32302501</b>	<b>2113516</b>	<b>0</b>	<b>26257</b>	<b>35631093</b>	<b>18771528</b>

**Notes forming part of the financial statements**

Particulars	As at 31st March, 2020	As At 31 March 2019
<b>NOTE 4 - NON- CURRENT INVESTMENT:</b>		
<b>Investments (At cost):</b>		
Bank Fixed Deposits	2,692,674	2,910,695
<b>TOTAL</b>	<b>2,692,674</b>	<b>2,910,695</b>
<b>NOTE 5 - LOANS:</b>		
Advances recoverable in cash or kind or for value to be received Unsecured, considered good	21,508,505	9,604,405
<b>TOTAL</b>	<b>21,508,505</b>	<b>9,604,405</b>
<b>Notes:</b>		
1. All the above loans have been given for business purpose as well as revenue generation from spare funds.		
2. All the above loans are repayable within a period of 3 to 5 years.		
3. All of the above loans are interest bearing @ 12% p.a. except loan to Ketan N. Shah and Dipal J. Desai.		
<b>NOTE 6 - OTHER FINANCIAL ASSETS:</b>		
<b>(a) Security deposits</b>		
Unsecured, considered good	1,077,409	995,347
Less: Discontinued Operation (Note 32)	254,303	254,303
<b>TOTAL</b>	<b>823,106</b>	<b>741,044</b>
<b>NOTE 7 - OTHER NON-CURRENT ASSETS:</b>		
Loans and advances recoverable in cash or kind or for value to be received Unsecured, considered good	2,247,404	8,784,327
Advance for Purchase of Capital Assets	-	4,532,948
Balances With Statutory Authorities	1,198,786	1,198,906
Less: Discontinued Operation ( note 32)	423,829	423,829
<b>TOTAL</b>	<b>3,022,361</b>	<b>14,092,352</b>
<b>NOTE 8 - INVENTORIES:</b>		
(a) Raw materials (At cost)	3,235,116	3,909,045
(b) Work-in-progress (At cost)	1,070,393	612,311
(c) Finished goods (other than those acquired for trading) (at cost or realisable value whichever is lower)	7,085,373	14,978,784
(d) Stock-in-trade (acquired for trading) (at cost or realisable value whichever is lower)	16,250,158	5,065,510
(e) Stores, spares & other items (at cost)	4,719,913	4,059,176
(f) Advertisement Article Stock (at cost)	1,970,940	9,156,846
<b>TOTAL</b>	<b>34,331,893</b>	<b>37,781,672</b>
<b>Notes:</b>		
The above includes goods in transit as under:		
Raw Material	1,210	Nil
Stock in trade	55,201	Nil
Finished goods	Nil	Nil
Packing Material	125,000	Nil
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories	-	-



## Notes forming part of the financial statements

Particulars	As at 31st March, 2020	As At 31 March 2019
<b>NOTE 8 - INVENTORIES: (CONTD.....)</b>		
<b>Note: Details of inventory of work-in-progress:</b>		
<b>Pharma Division</b>		
Acolate L Tablet	5,000	
Acolate Plus Tablet	168,482	247,450
Almocef 100 Dry Syrup	186,635	
Codimol 100 Dry Syrup	160,933	
Codimol 100 Tablet		307,758
Codimol 200 Tablet	82,185	
Jomef AC Tablet	3,678	
LTR Tablet	7,519	
OCEF 125 Dry Syrup	196,697	
OCEF 200 Tablet	183,846	
Pentomax D Capsule		35,875
Pridilan 40 SR Tablet	75,418	
Rebem DSR Capsule		21,228
	<b>1,070,393</b>	<b>612,311</b>
<b>NOTE 9 - TRADE RECEIVABLES:</b>		
<b>Secured - Considered Good</b>		
Outstanding for less than 6 months		
Unsecured - Considered Good	63,347,985	39,133,513
Unsecured - Considered Doubtful		
Outstanding for more than 6 months		
Unsecured - Considered Good	15,612,335	15,041,854
Unsecured - Considered Doubtful	-	-
	<b>78,960,320</b>	<b>54,175,367</b>
Less : Impairment Allowances	-	-
Less: Discontinued Operation ( note 32)	8,890,535	8,890,535
<b>TOTAL</b>	<b>70,069,785</b>	<b>45,284,832</b>
<b>NOTE 10 - CASH AND CASH EQUIVALENTS:</b>		
(a) Cash on hand	329,248	1,798,293
(b) Balances with banks		
(i) In current accounts	88,221	29,033
(ii) In EEFC accounts	-	-
(iii) Share Issue Account	-	-
(c) other bank balances		
Bank Deposits	-	-
<b>TOTAL</b>	<b>417,469</b>	<b>1,827,326</b>
<b>Notes:</b>		
<b>A) Balances with Banks include:</b>		
i. Balances in unclaimed dividend accounts	Nil	Nil
ii. Balances to the extent held as margin money deposits against Guarantee	Nil	Nil
<b>B) Bank deposits with maturity of more than 12 months</b>	Nil	Nil
<b>C) Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.</b>	Nil	Nil
<b>D) There are no amounts of cash and cash equivalent balances held by the entity that are not available for use by the Company.</b>	Nil	Nil

**Notes forming part of the financial statements**

Particulars	As at 31st March, 2020	As At 31 March 2019
<b>NOTE 11 - LOANS:</b>		
Advances given to Employees (Interest Free) Unsecured, considered good	2,150,000	250,000
<b>TOTAL</b>	<b>2,150,000</b>	<b>250,000</b>
<b>NOTE 12 - OTHER CURRENT ASSETS:</b>		
Prepaid Expenses	2,603,035	2,427,693
Balances With Statutory Authorities	9,549,109	4,625,596
<b>TOTAL</b>	<b>12,152,144</b>	<b>7,053,289</b>
<b>NOTE 13 - EQUITY:</b>		
<b>(a) Authorised</b>		
11000000 Equity shares of Rs.10 each with voting rights	110000000	110000000
<b>(b) Issued, Subscribed and fully paid up</b>		
7420300 Issued, Subscribed and fully paid up Equity shares of Rs.10 each with voting rights	74203000	74203000
<b>TOTAL</b>	<b>74203000</b>	<b>74203000</b>
<b>NOTE 2.1 - RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW :</b>		
	<b>As at 31st March, 2020 No. of shares</b>	<b>As At 31 March 2019 No. of shares</b>
Equity shares at the beginning of the year	7420300	7420300
Add: Shares issued during the year	0	0
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 31st March, 2020		As at 31st March, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights:</b>				
- Natwarbhai P. Prajapati	595872	8.03%	563440	7.59%
- Manjulaben Prajapati	927150	12.49%	927150	12.49%
- Abundant Tradelink Private Limited	1075900	14.50%	1075900	14.50%



## Notes forming part of the financial statements

Particulars	As at 31st March, 2020	As At 31 March 2019
<b>NOTE 14 - OTHER EQUITY:</b>		
<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 for:	-	-
<b>Closing balance</b>	<b>15,000,000</b>	<b>15,000,000</b>
<b>General reserve*</b>		
Opening balance	4,175,632	4,175,632
Add: Transferred from Investment subsidy	-	-
Less: Utilised / transferred during the year for	-	-
<b>Closing balance</b>	<b>4,175,632</b>	<b>4,175,632</b>
<b>Investment Subsidy</b>		
Opening balance	-	-
Add: Additions / transfers during the year	-	-
Less: transfers during the year to general reserve on completion of statutory time limit	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	14,969,218	10,643,610
Add: Adjustments through OCI	-	-
Add: Profit / (Loss) for the year	2,761,728	4,325,608
<b>Closing balance</b>	<b>17,730,946</b>	<b>14,969,218</b>
<b>TOTAL</b>	<b>36,906,578</b>	<b>34,144,850</b>
<b>Notes:</b>		
* General Reserve and security premium can be used for the purpose and as per the guidelines prescribed as per the Companies Act, 2013.		
** The company has no investment in equity. So, It is not required to recognise any change in the fair value of investments.		
<b>NOTE 15 - BORROWINGS:</b>		
Term loans		
From banks		
Secured	1,252,319	979,208
Loans and advances from Directors & Related Parties		
Unsecured	-	-
Loans and advances from Others		
Unsecured	300,000	300,000
<b>TOTAL</b>	<b>1,552,319</b>	<b>1,279,208</b>
1. Auto Loan from HDFC Bank is repayable in 60 monthly equal instalments of Rs. 33268 starting from 07/01/2018. The total outstanding amount as at march 31st, 2020 is 979208.		
2. Auto Loan from HDFC Bank is repayable in 36 monthly equal instalments of Rs. 32544 starting from 07/12/2019. The total outstanding amount as at march 31st, 2020 is 926437.		
3. Unsecured Loan in from Abundant Tradelink Private Limited which is repayable on demand.		

**Notes forming part of the financial statements**

Particulars	As at 31st March, 2020	As At 31 March 2019
<b>NOTE 16 - OTHER FINANCIAL LIABILITIES:</b>		
Trade / security deposits received from Distributors	8,873,000	9,173,000
<b>TOTAL</b>	<b>8,873,000</b>	<b>9,173,000</b>
<b>NOTE 17 - PROVISIONS:</b>		
Long Term Provisions		
Provision For Gratuity	10,643,714	9,047,148
<b>TOTAL</b>	<b>10,643,714</b>	<b>9,047,148</b>
<b>a) Amount recognized in the balance sheet:</b>		
Opening Net Liability		
Current Provision of Gratuity	2321411	2678442
Long Term Provision of Gratuity	9047148	7913481
<b>Total opening Liability</b>	<b>11368559</b>	<b>10591923</b>
Expense Recognized in statement of profit and loss	2419778	1523926
Employee benefit paid directly by employer	-613690	-747290
Liabilities/ (Assets) recognized in the balance sheet	<b>13174647</b>	<b>11368559</b>
<b>b) Expense/ (income) recognized in the statement of Profit &amp; Loss account</b>		
Current service cost	1277507	1084389
Interest cost on benefit obligation	885611	831466
Past Service Cost - Vested Benefit Recognized During the period	0	0
Net actuarial (gain)/ losses in the year	256660	-391929
Amount included in " Employee benefit expense "	<b>2419778</b>	<b>1523926</b>

**NOTE 18 - DEFERRED TAX LIABILITY:**

As per AS 22 on Accounting for taxes on income issued by ICAI, the Company has provided deferred tax liabilities as on 31st March, 2016. The components of deferred tax liability for the current financial year are:

Deferred Tax Liability	Deferred Tax Liability/(assets) as at 1.4.2019	Current year change/(credit)	Deferred Tax Liability/(assets) as at 31.3.2020
(A) Difference between book and Tax depreciation	1,789,917	1,667	1,791,584
Tax liability on Deferred Revenue Expenditure	-	-	-
<b>(A)</b>	<b>1,789,917</b>	<b>1,667</b>	<b>1,791,584</b>
(B) Deferred Tax Assets- on account of allowable gratuity expense as per income tax on actual payment	-	-	-
<b>(B)</b>	<b>2,955,830</b>	<b>469,578</b>	<b>3,425,408</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>(1,165,913)</b>	<b>(467,911)</b>	<b>(1,633,824)</b>



## Notes forming part of the financial statements

Particulars	As at 31st March, 2020	As At 31 March 2019
<b>NOTE 19 - CURRENT BORROWINGS:</b>		
(a) Loans repayable on demand		
From banks		
Secured	23,753,545	5,230,917
<b>TOTAL</b>	<b>23,753,545</b>	<b>5,230,917</b>
<b>Notes:</b>		
(i) Details of security for the secured short-term borrowings:		
Loans repayable on demand from banks:		
<b>1. Cash Credit A/c- Bank of Baroda</b>		
Working capital loan which is repayable on demand is secured by equitable Mortgage of Factory Land & Building and Residential Bungalow of Director Shri Natwarbhai P. Prajapati and hypothecation of all the Plant & Machineries, movable fixed assets, stock, book debts & all the current assets of the company. Cash credit interest is charged with interest @ 8.75%.(at present MCLR + 0.10%)		
<b>NOTE 20 - TRADE PAYABLES:</b>		
Trade payables:		
Due to Micro & Small Enterprises	5,208,265	4,729,890
Other than Micro & Small Enterprises	26,681,305	23,377,091
<b>TOTAL</b>	<b>31,889,570</b>	<b>28,106,981</b>
<b>Disclosure in respect of Micro, Small and medium Enterprise:</b>		
[A] Principal amount remaining unpaid to any suppliers as at year end	5,158,832	4,729,890
[B] Interest due thereon	49,433	-
[C] Amount of interest paid by the company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
[D] Amount of the interest due and payable for the year of delay in making payment (which have been but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
[E] Amount of interest accrued and remaining unpaid at the end of the accounting year	49,433	-
[F] Amount of further interest remaining due and payable in succeeding years	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprise on the basis of information available with the company.		
<b>NOTE 21 - OTHER FINANCIAL LIABILITIES:</b>		
Current maturities of long-term debt	653,326	304,636
Interest accrued on trade /security deposits	582,276	607,500
Creditor for Expenses	8,354,286	3,713,335
<b>TOTAL</b>	<b>9,589,888</b>	<b>4,625,471</b>



**GUJARAT TERCE LABORATORIES LIMITED**

**Notes forming part of the financial statements**

Particulars	As at 31st March, 2020	As At 31 March 2019
<b>NOTE 22 - OTHER CURRENT LIABILITIES:</b>		
Statutory remittances (Contributions to PF and ESIC, Professional Tax, VAT, GST, TDS Payable etc.)	1,253,727	1,079,960
Advances from customers	261,641	410,291
Less: Discontinued operation( Note 32)	34,890	34,890
<b>TOTAL</b>	<b>1,480,478</b>	<b>1,455,361</b>
<b>NOTE 23 - PROVISIONS:</b>		
Provision for Employee Benefits	23,546,158	25,784,620
Other Provisions	524,397	463,215
<b>TOTAL</b>	<b>24,070,555</b>	<b>26,247,835</b>
<b>NOTE 24 - CURRENT TAX LIABILITY:</b>		
Provision for tax	2,064,733	1,025,040
<b>TOTAL</b>	<b>2,064,733</b>	<b>1,025,040</b>
Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>NOTE 25 - REVENUE FROM OPERATIONS:</b>		
(a) Sale of products		
Domestic Sales	374,676,053	308,888,035
Export Sales	762,692	1,417,125
(b) Other operating revenues	-	-
<b>TOTAL</b>	<b>375,438,745</b>	<b>310,305,160</b>
Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>(i) Sale of products comprises (Broad Heads):</b>		
<b>Manufactured goods - Pharma Division</b>		
Almocef Tablet	7,662,185	4,810,360
Codimol 200 Tablet	9,974,874	8,341,225
Almocef 200 Tab	11,630,965	6,419,606
<b>Traded goods - Pharma Division</b>		
Acolate Kid Susp.	15,544,600	12,018,840
Acolate P Plus Tablet	-	10,556,241
Replash Orange Sachet	9,552,423	-
Tynol MF forte Suspension	13,207,950	9,701,859
<b>(ii) Other operating revenues comprise:</b>		
Rate Difference	-	-
<b>Total - Other operating revenues</b>	<b>-</b>	<b>-</b>



## Notes forming part of the financial statements

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>NOTE 26 - OTHER INCOME:</b>		
(a) Interest income (Note : 26.a)	2,810,090	2,491,523
(b) Miscellaneous Income	-	716,816
(c) Other non-operating income (net of expenses directly attributable to such income) (Note: 26.b)	50,990	40,332
<b>TOTAL</b>	<b>2,861,080</b>	<b>3,248,671</b>
<b>Note (26A):</b>		
Interest on Bank Deposits	181,310	185,531
Interest on Other Loans	2,628,780	2,231,742
Interest on sales tax refund	-	74,250
Interest on overdue trade receivables	-	-
<b>TOTAL - INTEREST INCOME</b>	<b>2,810,090</b>	<b>2,491,523</b>
<b>Note (26B):</b>		
Discount Earned(Net)	1,447	21,334
Insurance Claim on Goods lost in transit	6,082	-
Foreign Exchange fluctuation income	33,645	-
Duty Drawback	9,816	18,998
<b>TOTAL - OTHER NON-OPERATING INCOME</b>	<b>50,990</b>	<b>40,332</b>
<b>NOTE 27A - COST OF MATERIALS CONSUMED:</b>		
<b>Raw Materials</b>		
Opening stock	3,909,045	4,678,385
Add: Purchases	43,634,214	32,434,163
	<b>47,543,259</b>	<b>37,112,548</b>
Less: Closing stock	3,235,116	3,909,045
<b>Raw Material Consumed (A)</b>	<b>44,308,143</b>	<b>33,203,503</b>
<b>Packing Material</b>		
Opening stock	4,023,776	3,091,280
Add: Purchases	7,792,616	5,847,842
	<b>11,816,392</b>	<b>8,939,122</b>
Less: Closing stock	4,684,513	4,023,776
<b>Packing Material Consumed (B)</b>	<b>7,131,879</b>	<b>4,915,346</b>
<b>Stores and Spares</b>		
Opening stock	35,400	35,400
Add: Purchases	255,627	85,320
	<b>291,027</b>	<b>120,720</b>
Less: Closing stock	35,400	35,400
<b>Stores and Spares Consumed (C)</b>	<b>255,627</b>	<b>85,320</b>
<b>Cost of Material Consumed (A) + (B) + (C)</b>	<b>51,695,649</b>	<b>38,204,169</b>
<b>Material consumed comprises:</b>		
<b>Pharma Division</b>		
Azithromycin	5,372,626	3,580,851
Cefixime Trihydrate	7,968,459	7,318,197
Cefpodoxime Proxetil IP	8,638,487	6,250,265
Cefuroxime Axetil IP	5,662,918	3,602,926

**Notes forming part of the financial statements**

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b><u>NOTE 27B - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:</u></b>		
<b>Inventories at the end of the year:</b>		
Finished goods	7,085,373	14,978,784
Work-in-progress	1,070,393	612,311
Stock-of-trading goods	16,250,158	5,065,510
	<b>24,405,924</b>	<b>20,656,605</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	14,978,784	4,888,565
Work-in-progress	612,311	476,396
Stock-of-trading goods	5,065,510	17,144,598
	<b>20,656,605</b>	<b>22,509,559</b>
<b>Net (increase) / decrease</b>	<b>(3,749,319)</b>	<b>1,852,954</b>
<b><u>NOTE 28 - EMPLOYEE BENEFITS EXPENSE:</u></b>		
Salaries and wages	143,420,710	121,509,357
Contributions to provident and other funds	7,363,546	4,824,068
Staff welfare expenses	497,001	1,867,724
<b>TOTAL</b>	<b>151,281,257</b>	<b>128,201,149</b>
<b><u>NOTE 29 - FINANCE COSTS:</u></b>		
(a) Interest expense on:		
(i) Borrowings	1,660,745	1,368,979
(iii) Others *	879,129	989,613
* includes interest on government and other dues		
(b) Other borrowing costs		
- Bank Charges	377,981	180,073
<b>TOTAL</b>	<b>2,917,855</b>	<b>2,538,665</b>
<b><u>NOTE 30 - OTHER EXPENSES:</u></b>		
Power and fuel	1,033,062	759,300
Rent	1,778,160	1,395,392
Repairs and maintenance - Building	744,395	317,146
Repairs and maintenance - Machinaries	548,693	767,078
Repairs and maintenance - Others	2,314,162	1,336,750
Insurance	2,422,435	1,579,381
Rates and taxes	2,644,010	1,687,801
Communication	2,977,965	3,200,471
Freight and forwarding	7,112,787	6,431,398
Sales commission	7,863,436	6,873,546
Legal and Professional Exp.	3,579,500	4,605,639
Sales Promotion Exp.	34,236,350	17,594,872
Travelling and Conveyance	1,379,280	1,460,326
Donations and contributions	154,000	100,000
Payments to auditors (Statutory & Tax Audit)	120,000	120,000
Miscellaneous expenses	9,366,697	8,758,482
<b>TOTAL</b>	<b>78,274,931</b>	<b>56,987,582</b>



## Notes forming part of the financial statements

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>NOTE 31 - EARNING PER SHARE:</b>		
<b>Earning Per Share</b>		
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	2,761,728	4,325,608
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>0.37</b>	<b>0.58</b>

As Per Our Audit Report of Even Date Attached

**For U S S & Associates**

Chartered Accountants

Sd/-

**(Ujal Mehta)**

Proprietor

M. No. 112337

F.R.N . 122634W

**Place : Ahmedabad**

**Date: 29/06/2020**

For and on behalf of the Board of Directors

Sd/-

**N. P. Prajapati**

Chairman & M.D.

DIN : 0000031187

Sd/-

**Bhagirath Maurya**

CFO

**Place : Ahmedabad**

**Date : 29/06/2020**

Sd/-

**Aalap Prajapati**

Wholetime Director

DIN: 0008088327

Sd/-

**Ashka Solanki**

CS & CO

## GUJARAT TERCE LABORATORIES LIMITED

### Notes forming part of the financial statements

#### **NOTE 32 - DISCONTINUED OPERATIONS:**

On 1st January 2018, the board of directors of the company decided to discontinue the operations of the Metal Division whose operations were temporarily suspended by the management since last few years. At 31st March 2018, Metal division was classified as a discontinued operations. The Metal Division which was earlier shown as segment is no longer presented in segment report.

The results of Metal Division for the year are presented below:

	<u>(In Rupees)</u>
	<u>31st March 2020</u>
Revenue	NIL
Expense	NIL
Finance Costs	NIL
Impairment Loss recognised on the re-measurement to fair value less costs to sell	NIL
Profit/(Loss) before tax from a discontinued operation	NIL
Tax (expenses) / Income:	NIL
Related to current pre-tax profit/(loss)	NIL
Related to measurement to fair value less costs of disposal	NIL
Profit/(loss) for the year from a discontinued operation	NIL

The major classes of assets and liabilities of Metal Division classified as held for sale and discontinued operations as at 31st March 2020 are as follows:

	<u>(In Rupees)</u>
	<u>31st March 2020</u>
<b>Assets:</b>	
Property, Plant & Equipments (Note 3)	43689915
Other Financial Assets (Note 6)	254303
Other Non-current Assets (Note 7)	423829
Trade Receivables (Note 9)	8890535
<b>Assets classified as held for sale</b>	<b>53258582</b>
<b>Liabilities:</b>	
Other current liabilities (Note 22)	34890
<b>Liabilities directly associated with the assets classified as held for sale and discontinued operation</b>	<b>34890</b>
<b>Net Assets Directly associated with discontinued operations</b>	<b>53223692</b>
<b>Write-down of Property, Plant and Equipment</b>	

At the time of classification of metal division as discontinued operations, the recoverable amount was estimated for certain items of property, plant and equipment and no impairment loss was identified.

As Per Our Audit Report of Even Date Attached

**For U S S & Associates**

Chartered Accountants

Sd/-

**(Ujal Mehta)**

Proprietor

M. No. 112337

F.R.N . 122634W

**Place : Ahmedabad**

**Date: 29/06/2020**

For and on behalf of the Board of Directors

Sd/-

**N. P. Prajapati**

Chairman & M.D.

DIN : 0000031187

Sd/-

**Bhagirath Maurya**

CFO

**Place : Ahmedabad**

**Date : 29/06/2020**

Sd/-

**Aalap Prajapati**

Wholetime Director

DIN: 0008088327

Sd/-

**Ashka Solanki**

CS & CO