



# ISHITA DRUGS & INDUSTRIES LTD.

Corp. Off.: 401, 3rd Eye II, Opp. Parimal Garden, C. G. Road, Ahmedabad-380006.  
Phone : +91 92280 16100 - 03 | +91 79 2646 8353, 4002 3839 | Fax : +91 79 26404961  
Regd. Office & Factory : 179/I, Vasna-Iyava, Tal. Sanand, Dist. : Ahmedabad.  
E-mail : [info@ishitadrugs.com](mailto:info@ishitadrugs.com) | [ishitadrugs@vsnl.net](mailto:ishitadrugs@vsnl.net) | URL : [www.ishitadrugs.com](http://www.ishitadrugs.com)



Date: 4<sup>th</sup> October, 2017

To,  
The Corporate Relationship Department,  
The Bombay Stock Exchange  
Phiroz Jijibhoy Towers  
Dalal Street, Bombay- 400 001

**Security Code: 524400**

Dear Sir,

**Sub: Compliance of Regulation 34 of SEBI (LODR) Regulation, 2015**

In compliance of Regulation 34 of SEBI (LODR) Regulation, 2015, please find enclosed herewith the Annual Report for the financial year 2016-17 duly approved and adopted by the shareholders at the 24<sup>th</sup> Annual General Meeting held on Saturday, September 30, 2017 at 3:00 p.m. at the Registered Office of the Company.

The Annual Report for the financial year 2016-17 is uploaded on the website of the Company ([www.ishitadrugs.com](http://www.ishitadrugs.com)).

Please consider the same on your records and oblige.

Thanking You.

**For, Ishita Drugs & Industries Ltd.**

  
Authorized Signatory



*"Our basic drugs in the service of humanity worldwide"*

**CIN No. L24231GJ1992PLC017054**  
**D & B D-U-N-S Number - 65-018-0359**



American National Standards Institute

A large, stylized black and white floral emblem with multiple petals, framing the central text.

# 24<sup>th</sup> Annual Report

## 2016-17



**Ishita Drugs & Industries Limited**

*"Our basic drugs in the service of humanity worldwide"*

**TWENTY- FOURTH ANNUAL REPORT AND ACCOUNTS**

Board of Directors : **Mr. Jagdish Agrawal** - Managing Director  
**Mr. P. R. Rastogi** - Director  
**Mr. Govind Gupta** - Director  
**Dr. S. K. Agrawal** - Director  
**Mrs. Abha Agrawal** - Director  
**Mr. Niranjana Agrawal** - Director

Bankers : **Corporation Bank**  
**ICICI Bank Ltd.**  
**Punjab National Bank**

Auditors : **M/s. Kishor Goyal & Co.**  
Chartered Accountants,  
Ahmedabad.

Secretarial Auditor : **M/s. Meenu Maheshwari & Associates**  
Company Secretaries  
Ahmedabad

Corporate Office : **401, 3<sup>rd</sup> EYE -II, Opp.Parimal Garden,**  
**C.G.Road, Ahmedabad - 380 006.**

Registered Office & Factory : **Survey No. 179/1, Village : Vasna-Iyava,**  
**Taluka : Sanand, District : Ahmedabad**

Website : **[www.ishitadrugs.com](http://www.ishitadrugs.com)**

Investors' Complaints may be addressed to : **Mr.Suresh Parmar**  
**Share Department**  
at Corporate office.  
E-mail: **[investors@ishitadrugs.com](mailto:investors@ishitadrugs.com)**

**ANNUAL GENERAL MEETING**  
On Saturday, 30th September, 2017  
at 3.00 P.M. at Registered Office  
of the Company

**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the **TWENTY- FOURTH ANNUAL GENERAL MEETING** of the Members of **ISHITA DRUGS AND INDUSTRIES LIMITED** (CIN L24231GJ1992PLC017054) will be held on Saturday, 30<sup>th</sup> September, 2017 at 3.00 P.M. at the Registered Office of the Company situated at Survey No. 179/1, Vasna-Iyava, Tal. Sanand, Dist. Ahmedabad to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Statement of Profit & Loss for the year ended on 31<sup>st</sup> March, 2017, and the Balance Sheet as on that date, Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mrs. Abha Agrawal (DIN 01589479), who retires by rotation and, being eligible, offers herself for reappointment.
3. To appoint the Auditors of the Company for the financial year 2017-18 pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time and to fix their remuneration.

**NOTES:**

- a) A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and not later than 48 hours before the time fixed for holding the meeting.
- b) Members are requested to advise immediately any change in their address to the Company.
- c) Member Register and Share Transfer books shall remain closed from 24.09.2017 to 30.09.2017 (both days inclusive).
- d) Members may avail of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating any person to whom their shares in the Company shall vest on occurrence of events stated in Form SH-13. Form SH-13 is to be submitted in duplicates to Bigshare Services Private Limited, RTA of the Company. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
- e) Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- f) **Voting through electronic means**
  - i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies

(Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI ( Listing Obligations and Disclosure Requirements) Regulations,2015 the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The e-voting facility will be available during the voting period as indicated herein below :

Commencement of e-voting	End of e-voting
27 <sup>th</sup> September, 2017 at 10:00 am IST	29 <sup>th</sup> September, 2017 at 5:00 pm IST

During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23<sup>rd</sup> September, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

- V. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :
    - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on **Shareholder - Login**
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click **Login**.
    - (v) **Password change menu** appears. Change the

**ELECTRONIC VOTING PARTICULARS**

EVEN (Electronic Voting Event Number)	User ID	Password

password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) Home page of remote e-voting opens. Click on remote e-voting: **Active Voting Cycles.**
- (vii) Select **“EVEN” of “Ishita Drugs & Industries Ltd”**
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [maheshwarics@yahoo.com](mailto:maheshwarics@yahoo.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
- (i) Initial password is given on page 3 of the Report
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the **Frequently Asked Questions (FAQs)** for Members and remote **e-voting user manual** for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: **1800-222-990**.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **23<sup>rd</sup> September 2017**.
- X. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23<sup>rd</sup> September 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com).  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: **1800-222-990**.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Meenu Maheshwari, Practicing Company Secretary of

Meenu Maheshwari & Associates has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company ([www.ishitadrugs.com](http://www.ishitadrugs.com)) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

By order of the Board of Directors  
For Ishita Drugs & Industries Ltd.

Place: Ahmedabad  
Dated: 30<sup>th</sup> May, 2017

Sd/-  
**Jagdish Agrawal**  
Managing Director



**DIRECTORS' REPORT**

Dear Shareholders,

We have pleasure in presenting the **Twenty-Fourth Annual Report** together with the Audited Accounts of your Company for the year ended on 31<sup>st</sup> March-2017.

**WORKING RESULTS**

₹ in Lacs

	For the year ended 31.03.2017	For the year ended 31.03.2016
Turnover & other incomes	652.06	722.93
Operating gross profit	44.16	40.25
Financial Charges	(4.46)	(5.58)
Depreciation	(14.00)	(15.41)
Profit before tax & after exceptional items	25.70	19.26
Provision for Income Tax	(8.50)	(6.65)
Provision for Deferred Tax	1.04	1.05
Previous period adjustment	0.00	0.06
Net profit / loss (-)	18.25	13.72

**DIVIDEND**

With a view to consolidate the financial position of the Company, the Board has not recommended any dividend for the year under review.

**BUSINESS OPERATIONS & FINANCIAL PERFORMANCE**

The economic and business environment in India, as well as other parts of the world, during the year under review, did not improve as anticipated. There were also temporary disruption and slowdown in certain segments of industry due to the demonetisation initiative of the Govt. of India. All such factors contributed to a decline in the total revenues of the company from ₹ 722.93 lakh in the previous year to ₹ 652.06 lakh in the year under review.

Despite the decline in revenues, the company was able to improve its operating profits from ₹ 40.25 lakh in the previous year to ₹ 44.16 lakh during the year under review, mainly due to lower raw material costs. The net profit of the company during the year under review also improved to ₹ 18.25 lakh compared to profit of ₹ 13.72 lakh in the previous year, due to reduced finance and depreciation costs.

As part of its strategy to increase exports to unregulated and semi-regulated markets, your company participated in the EXPO-cum-BSM at Myanmar organised by PHARMEXCIL during 29<sup>th</sup> – 30<sup>th</sup> March 2017. The company got a good response at the Expo and we hope that it may lead to some business with Myanmar and other South East Asian Countries in the near future.

**FUTURE OUTLOOK**

The GST Bill has been passed by the Parliament of India and would be implemented most likely from July 1, 2017. While there may be a short term slowdown due to teething issues with the implementation, we hope that it would lead to long term growth for industry. The Board is of the opinion that due to availability of credit on various inter-state purchases and expenses which were not previously available, the operating margins may get improved.

The Govt. of India (GoI) has recognised that India's Active Pharma Ingredients (API) industry has been facing problems in the past few years and India's dependence on Chinese imports for its API requirements has been increasing to almost 60-80%. The GoI is considering taking measures to encourage local API industry and if such steps are implemented, your Company would benefit and be in a position to improve its performance.

**DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has adequate and effective internal controls to provide reasonable assurance on achievement of its operational, compliance and reporting objectives. The Company has reviewed and discussed with the Management the Company's major financial risk exposures and taken steps to monitor and control such exposure.

**DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

Your Company does not have any Subsidiary or Joint Venture or Associate Company.

**FIXED DEPOSIT**

The Company has not accepted any fixed deposit from the public during the year. (PY ₹NIL).

**STATUTORY AUDITORS**

The Company, in its last annual general meeting, had appointed M/s. Kishor Goyal & Co. as auditors for the year 2016-17. The remarks made in the Auditors' report are self-explanatory.

M/s. Kishor Goyal & Co., Chartered Accountants, have been the statutory auditors of the company since FY 2007-08 and will not be eligible for re-appointment as per the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any amendments if any thereof.

The Board places on record, its appreciation for the contribution of M/s. Kishor Goyal & Co., Chartered Accountants, during their tenure as the Statutory Auditors of the Company.

The Company has been in discussion with few other Chartered Accountant firms to be appointed as Statutory Auditors of the company and the same would be finalized with the approval of the shareholders at the ensuing AGM.

**SHARE CAPITAL**

The paid up capital of the Company is ₹ 2,99,03,000/-. Your Company has not issued any kind of Shares during the financial Year ending on 31<sup>st</sup> March, 2017.

**EXTRACT OF THE ANNUAL RETURN**

The extract of the annual return in Form No. MGT – 9 shall form part of the Board's report and is set out as **Annexure A** to this Report.

**PARTICULARS OF EMPLOYEE**

There are no employees employed by the Company throughout the financial year or for a part of the financial year who were drawing remuneration above the limits provided in section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and therefore there are no details required to be given in the report.

**DIRECTORS**

(a) Mrs. Abha Agrawal (DIN 01589479) retires by rotation, and being eligible, has offered herself for reappointment. The Board recommends her re-appointment.

(b) Declaration by Independent Director(s) and re- appointment, if any: Declarations by the Independent Directors that they meet the criteria of independence as provided in sub-section (7) of Section 149 of the Companies Act, 2013 have been received and taken on note.

**DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The Company promotes ethical behavior in all its business activities and has put in implementation of a mechanism wherein the Employees are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the

Chairman of the Audit Committee of the Company or Chairman of the Company or the Compliance Officer. The Whistle Blower Policy has been appropriately communicated within the Company. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. No personnel have been denied access to the Audit Committee.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the investments made by company are given in the notes to the financial statements.

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

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto shall be disclosed in Form No. AOC-2. However **your company has not entered in any transaction attracting provision of Section 188 of Companies Act, 2013. Hence AOC-2 is not required to be attached.**

#### **DISCLOSURES RELATING TO MANAGERIAL REMUNERATION**

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors / employees of your Company is set out in **Annexure B** to this report.

Your Company does not have any employee, who was in receipt of remuneration in excess of limits specified in the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **SECRETARIAL AUDIT**

A Secretarial Audit Report given by Ms. Meenu Maheshwari, a company secretary in practice (C.P. No. 8953) is set out as **Annexure C** to this Report. The Report contains observation about non-payment of listing fees within the prescribed time. However, your Company has protested and disputed the unprecedented abnormal increase in listing fees for the year under review and written to the concerned stock exchange. The shares of the Company continue to be actively listed and traded on the said stock exchange.

#### **RISK MANAGEMENT POLICY**

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.

The Board of Directors has duly developed and implemented a risk management policy for the company.

#### **CODE OF CONDUCT**

The Board has laid down a Code of Conduct for Board Members and for Senior Management and Employees of the Company ("Code"). All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to section 149(8) and Schedule IV to the Companies Act, 2013 via terms and conditions for appointment of Independent Directors, which is a guide to professional conduct for Independent Directors and is uploaded on the website of the Company.

#### **DISCLOSURE UNDER THE SEXUAL HARRASMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has been employing about one woman employee. The Company has in place an Anti harassment policy in line with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee is set up to redress complaints received regularly, is monitored and directly report to the Chairman & Managing Director. There was no complaint received from employee during the financial year 2016-17 and hence no complaint is outstanding as on 31.03.2017 for redressal.

#### **DIRECTOR RESPONSIBILITY STATEMENT :**

Your Directors confirm :

- that in the preparation of annual accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2017 and of the profit of the Company for the year;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013, for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts on a going concern basis.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

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

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

The statement containing the necessary information required under Section 134 of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 [Chapter IX] is annexed herewith as **Annexure D**.

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

Management Discussion and Analysis, for the year under review, as stipulated in SEBI (LODR), 2015, is presented in a separate section forming part of this Annual Report.

#### **CORPORATE GOVERNANCE**

Provisions of Regulation 27 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015, relating to corporate governance are not applicable to the Company. However, with a view to increase investors' trust and transparency in its operations, the Board has decided to voluntarily adopt and follow some of the provisions of the aforesaid regulations. A separate Report on Corporate Governance forms part of this Annual Report.

#### **ACKNOWLEDGMENT**

We wish to place on record our deep appreciation of the co-operation and assistance received by the Company from the staff and employees. We further wish to thank our bankers for their continued support to the Company.

For and on behalf of the Board

Place: Ahmedabad  
Dated: 30<sup>th</sup> May, 2017

Sd/-  
**Jagdish Agrawal**  
Managing Director

**ANNEXURE A TO THE BOARD'S REPORT**  
**EXTRACT OF ANNUAL RETURNS AS ON 31<sup>ST</sup> MARCH 2017**

**Form No. MGT-9**

**[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:**

1.	CIN	L24231GJ1992PLC017054
2.	Registration Date	5 <sup>th</sup> February 1992
3.	Name of the Company	ISHITA DRUGS & INDUSTRIES LTD
4.	Category of the Company Sub-Category of the Company	PUBLIC COMPANY COMPANY HAVING SHARE CAPITAL
5.	Address of the Registered office and contact details	SURVEY NO.179/1, VILLAGE VASNA-IYAVA, TAL SANAND, DIST AHMEDABAD-382170. Contact : <a href="mailto:ishitadrugs@vsnl.net">ishitadrugs@vsnl.net</a>
6.	Whether listed company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited, E-3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Mumbai – 400072, Maharashtra Mumbai-400072 Contact : <a href="mailto:bssahd@bigshareonline.com">bssahd@bigshareonline.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Bulk Drugs, Fine Chemicals and Intermediates	Chapter 28 & 29 products	100%

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

The Company does not have any holding, subsidiary or associate company.

**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. Promoter</b>									
1) Indian									
<b>a) Individual/ HUF</b>	870181	109400	<b>979581</b>	<b>32.76</b>	870181	109400	<b>979581</b>	<b>32.76</b>	<b>0.00</b>
<b>b) Central Govt</b>	--	--	--	--	--	--	--	--	--
<b>c) State Govt(s)</b>	--	--	--	--	--	--	--	--	--
<b>d) Bodies Corp</b>	427300	0	<b>427300</b>	<b>14.29</b>	427300	0	<b>427300</b>	<b>14.29</b>	<b>0.00</b>
<b>e) Banks / FI</b>	--	--	--	--	--	--	--	--	--
<b>f) Any Other</b>	--	--	--	--	--	--	--	--	--
<b>Sub-total(A)(1):-</b>	1297481	109400	<b>1406881</b>	<b>47.05</b>	1297481	109400	<b>1406881</b>	<b>47.05</b>	<b>0.00</b>
2) Foreign									
<b>g) NRIs-Individuals</b>	--	--	--	--	--	--	--	--	--
<b>h) Other-Individuals</b>	--	--	--	--	--	--	--	--	--
<b>i) Bodies Corp.</b>	--	--	--	--	--	--	--	--	--
<b>j) Banks / FI</b>	--	--	--	--	--	--	--	--	--
<b>k) Any Other....</b>	--	--	--	--	--	--	--	--	--
<b>Sub-total(A)(2):-</b>	--	--	--	--	--	--	--	--	--



<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) V. C. Funds	--	--	--	--	--	--	--	--	--
f) Ins. Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total(B)(1)</b>	--	--	--	--	--	--	--	--	--
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	113433	3100	116533	<b>3.90</b>	101656	3100	104756	<b>3.50</b>	<b>-0.40</b>
(ii) Overseas	--	--	--	--	--	--	--	--	--
<b>b) Individuals</b>									
(i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	808858	485845	1294703	<b>43.30</b>	765827	479545	1245372	<b>41.65</b>	<b>-1.65</b>
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	163554	0	163554	<b>5.47</b>	187204	0	187204	<b>6.26</b>	<b>0.79</b>
<b>c) Others - NRIs</b>	8629	0	8629	<b>0.29</b>	46087	0	46087	<b>1.54</b>	<b>1.25</b>
<b>Sub-total(B)(2)</b>	1094474	488945	<b>1583419</b>	<b>52.95</b>	1100774	482645	<b>1583419</b>	<b>52.95</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	1094474	488945	<b>1583419</b>	<b>52.95</b>	1100774	482645	<b>1583419</b>	<b>52.95</b>	<b>0.00</b>
<b>C.Shares heldby Custodian for GDRs&amp;ADRs</b>	--	--	--	--	--	--	--	--	--
<b>GrandTotal (A+B+C)</b>	2391955	598345	<b>2990300</b>	<b>100.00</b>	2398255	592045	<b>2990300</b>	<b>100.00</b>	<b>0.00</b>

\* Previous year figures have been regrouped and reclassified to be in conformity with the current year figures.

## ii. Shareholding of Promoters

Sr. No	Shareholder's Name	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 Shares Pledged to total shares	No. of Shares	% of total Shares	% of Shares Pledged to total shares	
1.	PRATIBHA AGRAWAL	8200	0.27	NIL	8200	0.27	NIL	0.00
2.	VIRENDRA AGRAWAL	33250	1.11	NIL	33250	1.11	NIL	0.00
3.	VIRENDRA AGRAWAL	1800	0.06	NIL	1800	0.06	NIL	0.00
4.	MAHESH AGRAWAL	750	0.03	NIL	750	0.03	NIL	0.00
5.	ANJALI AGRAWAL	51500	1.72	NIL	51500	1.72	NIL	0.00
6.	AGRAWAL JAGDISHPRASAD G	85000	2.84	NIL	85000	2.84	NIL	0.00
7.	ABHA AGRAWAL	138259	4.62	NIL	138259	4.62	NIL	0.00
8.	JAGDISH AGRAWAL	232913	7.79	NIL	232913	7.79	NIL	0.00
9.	ISHITA AGRAWAL	25140	0.84	NIL	25140	0.84	NIL	0.00
10.	SUMIT AGRAWAL	239719	8.02	NIL	239719	8.02	NIL	0.00
11.	DIVYA PIPRIYA	89150	2.98	NIL	89150	2.98	NIL	0.00
12.	UMANG FINANCIAL SERVICES LTD.	297300	9.94	NIL	297300	9.94	NIL	0.00
13.	ISHITA OVERSEAS PVT.LTD.	130000	4.35	NIL	130000	4.35	NIL	0.00
14.	PRATIBHA AGRAWAL	1800	0.06	NIL	1800	0.06	NIL	0.00
15.	SUMAN AGRAWAL	12000	0.40	NIL	12000	0.40	NIL	0.00
16.	SUMIT AGRAWAL	60000	2.01	NIL	60000	2.01	NIL	0.00
17.	VIRENDRA AGRAWAL	100	0.00	NIL	100	0.00	NIL	0.00
	Total	1406881	47.05	--	1406881	47.05	--	--

## iii. Change in Promoters' Share holding

No change in shareholding of any promoter

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits ₹	Unsecured Loans	Deposits	Total Indebtedness ₹
Indebtedness at the beginning of the financial year				
i) Principal Amount	246925	11065093	---	11312018
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not	---	---	---	---
<b>Total(i+ii+iii)</b>	<b>246925</b>	<b>11065093</b>		<b>11312018</b>
Change in Indebtedness during the financial year				
- Addition	72229	---	---	72229
- Reduction	(246925)	(11065093)	---	(11312018)
<b>Net Change</b>	<b>(174696)</b>	<b>(11065093)</b>		<b>(11239789)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	72229	---	---	72229
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
<b>Total (i+ii+iii)</b>	<b>72229</b>	<b>---</b>	<b>---</b>	<b>72229</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director**

Sl. No.	Particulars of Remuneration	Mr. Jagdish Agrawal	Total Amount
1.	Gross salary	2400000	2400000
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission	0	0
5.	Others, please specify	0	0
6.	Total (A)	2400000	2400000
	Ceiling as per the Act*		6000000

\* Remuneration to Managing Director is within the limits prescribed under Schedule V to the Companies Act, 2013

**B. Remuneration to other Directors:**

No remuneration including seating fees is being paid to any other Director.

**C. Remuneration to Key Managerial Personnel Other Than MD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel	
		CFO (Sumit Agrawal)	Total ₹
1.	Gross salary	2100000	2100000
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission	0	0
5.	Others, please specify	0	0
6.	Total	2100000	2100000

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

No penalties/punishment/compounding of offences were levied under the Companies Act, 2013.

**ANNEXURE B TO THE BOARD'S REPORT**

**Information required under section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014**

**A. Ratio of Remuneration of each Director to the median remuneration of all the employees of your Company for the financial year 2016-17 is as follows:**

Name of Director	Total Remuneration (₹)	Ratio of remuneration of Director to the median remuneration
Mr. Jagdish Agrawal	24,00,000/-	9.15

**Notes :** No remuneration is being paid to any other director. The median remuneration for all employees of the company has been calculated only for employees working with the company as on March 31, 2017.

**B. Details of percentage increase in the remuneration of Director and CFO in the financial year 2016-17:**

Name	Designation	Remuneration in ₹		Increase (%)
		2016-17	2015-16	
Jagdish Agrawal	M. D.	2400000	2400000	0.00
Sumit Agrawal	CFO	2100000	2100000	0.00

**C. Percentage increase in the median remuneration of all employees in the FY 2016-17**

It is not practical to ascertain the above as the type and number of employees at different levels has changed between FY 2015-16 & FY 2016-17.

**D. Number of permanent employees on the rolls of the Company as on 31.03.17 : 16 (Sixteen)**

**E. Explanation on the relationship between average increase in remuneration and Company performance:**

There was an increase of 8.69% in remuneration of all employees in the financial year 2016-17 as compared to the financial year 2015-16. The increase was possible due to better operating margins during the year and is largely in line with the increase in operating profits of the company. (Remuneration of only those employees was considered who were with the company in 2016-17 and 2015-16).

	Growth (%)
Total Revenues	(9.80)
Operating Profit	9.71
Profit After Tax	33.01

Your company offers competitive compensation to its employees. Also, the company has to offer salaries as per the prevailing industry rates, irrespective of the performance, to retain the employees. This ensures a healthy work environment and job satisfaction for the employees. Hence, there would be a positive co-relation in the increase in remuneration of the employees and the performance of the Company. However, a perfect co-relation will not be visible given the dependency of performance of the Company on other external factors.

**F. Comparison of the remuneration of the Key Managerial Personnel against the performance of Your Company:**

There was no increase in the remuneration of the Key Managerial Personnel while the operating profits of the company increased by 9.71% in the year 2016-17 compared to 2015-16.

**G. Details of Share price and market capitalization**

	As on 31 <sup>st</sup> March 2017	As on 31 <sup>st</sup> March 2016	Increase / (Decrease) (%)
Closing Market Price on BSE	20.00	14.35	39.37
Price Earnings Ratio	32.77	31.20	5.03
Market Capitalization (₹. lakh)	598.06	429.11	39.37

Details of month wise highs and lows of the price of the shares of the company on the BSE and the volumes traded are given in the Report on Corporate Governance, forming a part of this Annual Report.

**H. Comparison of average increase in salary of employees other than the key managerial personnel and the percentage increase in the key managerial remunerations:**

There was an increase of 35.17% in the remuneration of all employees, excluding Key Managerial Personnel, during the year under review. There was no increase in the remuneration of Key Managerial Personnel in the financial year 2016-17 as compared to the financial year 2015-16 (Remuneration of only those employees was considered who were with the company in 2015-16 and 2016-17).

**I. Key Parameters of the variable Component of remuneration paid to the director**

The remuneration payable to the Director for the year 2016-17 does not include any variable component.

**J. There are no employees of the Company who receive remuneration in excess of the highest paid Director of the Company.**

**K. Affirmation**

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Remuneration Policy of your Company.

**L. Statement containing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014**

The company has no such employees.

**ANNEXURE C TO THE BOARD'S REPORT****SECRETARIAL AUDIT REPORT****Form No.MR-3**

For the financial year ended 31/03/2017

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

To,

The Members,

**ISHITA DRUGS AND INDUSTRIES LIMITED**

SURVEY NO 179/1, VASNA-IYAVA

TALUKA SANAND

AHMEDABAD – 382 170.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. ISHITA DRUGS AND INDUSTRIES LIMITED** (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of

Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013('the Act') and the rules made thereunder as applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the Audit Report)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Report)
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the Audit Report)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Report)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Report)
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Report)
  - (h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Report)
- (vi) I have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. I have relied on the report of Statutory Auditors of the Company for compliance system relating to direct tax, indirect tax and other tax laws.

The list of other Acts, Laws and Regulations as applicable to the Company is as given below:-

- Drugs & Cosmetics Act, 1940,
- Narcotic Drugs and psychotropic Substances Act, 1985,
- Indian Boilers Act, 1923,
- Factories Act, 1948
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- Employees' State Insurance Act, 1948
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Payment of Bonus Act, 1965
- The Payment of Gratuity Act, 1972
- Negotiable Instrument Act, 1881
- Sale of Goods Act, 1930
- Foreign Contribution Regulation Act, 2010
- Micro, Small and Medium Enterprises Development Act, 2006
- Income Tax Act, 1961
- Central Excise Act, 1944
- Customs Act, 1962
- Central Sales Tax Act, 1956

- VAT Act (State Acts)

#### Environmental Laws

- Water (Prevention and Control of Pollution) Act, 1974
- Water (Prevention and Control of Pollution) Cess Act, 1977
- Air (Prevention and Control of Pollution) Act, 1981
- Environment (Protection) Act, 1986
- Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008/1881

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (applicable for the period ending 31<sup>st</sup> March, 2017);
- (ii) Listing Agreements entered into by the Company with BSE (Stock Code: 524400) (BOMBAY STOCK EXCHANGE) Limited and ASE (Stock Code : 26940 )(Ahmedabad Stock Exchange) and/or Securities Exchange Board Of India (Listing Obligations And Disclosure Requirement) Regulations, 2015

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

Company has not paid listing fees for the year 2016-17 to Stock Exchanges within prescribed time during the year under review.

#### **I further report that -**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

**I further report that** during the audit period there were no instances of;

- (i) Public/Rights/Preferential issue of shares/Debentures/Sweat Equity, etc.
- (ii) Redemption/Buy-back of securities.
- (iii) Major decision taken by the members in pursuance to Section 180 of the Companies Act, 2013,
- (iv) Merger/ Amalgamation/ Reconstruction, etc.
- (v) Foreign Technical Collaboration.

#### **For Meenu Maheshwari & Associates**

Sd/-

Proprietor

(Meenu Maheshwari )

Company Secretaries

Firm Regn No.: S2015GJ305400

FCS No. 7087 C.P. No. 8953

**Date: 30.05.2017**

**Place: Ahmedabad**



**ANNEXURE A OF SECRETARIAL AUDIT REPORT**

To,  
The Members,  
ISHITA DRUGS AND INDUSTRIES LIMITED  
SURVEY NO 179/1, VASNA-IYAVA  
TALUKA SANAND  
AHMEDABAD – 382 170.

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

**1) Management Responsibility :**

(1) It is the responsibility of the management of the company to Maintain secretarial record, devise proper system to ensure compliance with the provisions of all applicable laws and regulation and to ensure that the system are adequate and operate effectively.

**2) Auditors Responsibility :**

(2) I am responsible to express an opinion on this secretarial record, standards and procedure followed by the company with respect to secretarial compliances.

(3) I believe that audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for our opinion.

(4) Wherever required, I have obtained the management representation about the compliance of laws , rules and regulation and happening of events etc.

(5) I have not verified the correctness and appropriateness of financial records and books of accounts of the Company, and The verification was done based on the records and documents provided, on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.

(6) The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

**3) Disclaimer :**

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Meenu Maheshwari & Associates**

**Sd/-**

**Proprietor**

**(Meenu Maheshwari )**

**Company Secretaries**

**Firm Regn No.: S2015GJ305400**

**FCS No. 7087 C.P. No. 8953**

**Date: 30.05.2017**

**Place: Ahmedabad**

**ANNEXURE D TO THE BOARD'S REPORT****CONSERVATION OF ENERGY**

The Company has been persistently striving to achieve improved efficiency in energy consumption by consistently running the plant at very high steam efficiency, close monitoring of energy consuming equipments, optimizing the use of steam centers minimizing losses and better housekeeping. The Company continues to make strenuous efforts to conserve and optimize the consumption of energy through improved operational methods.

**FORM - A**

Form for disclosure of particulars with respect to the conservation of energy.

**POWER AND FUEL CONSUMPTION**

	2016-17	2015-16
1) Electricity		
(a) Purchased units KWH (GEB)	122022	102148
Total amount ₹	1004402	894757
Average Rate per Unit ₹	8.23	8.76
(b) Own Generation through D.G.		
Amount of Diesel `	-----	-----
Units of Diesel consumed (Ltrs)	-----	-----
2) Other Fuels ₹	1031220	554014

**CONSUMPTION PER UNIT OF PRODUCTION**

It is impractical to apportion the consumption and cost of utilities to each product in view of multiplicity of products.

**RESEARCH AND DEVELOPMENT**

The Company through its R&D efforts has made significant progress in various activities like Process Development, Analytical Methods, Development and Chemical Synthesis.

**FORM-B**

Form of disclosure of particulars with respect to the technology absorption.

**(A) Research and Development (R&D)**

- Specific areas in which R&D is carried out by the Company.
  - Process development for newer bulk drugs and process improvement for existing product
  - Development of new analytical methods for quality control and quality assurance during production.
- Benefits derived as a result
  - Successful Commercialization of the process developed by R&D department significant savings due to in house process development.
  - Better margins due to improvement in yields.
  - Improved quality of products due to adaptation of better methods of analysis by quality assurance.
- Future plan of action
 

Research and Development efforts will be continued in process development. The Company is considering technical tie-ups with Indian and Foreign research institutes for new molecules in the chemical and biotechnology spheres.
- Expenditure on R & D:

	2016-17	2015-16
(a) Capital	----	----
(b) Recurring	₹ 189407	₹ 176855
Total (a+b)	₹ 189407	₹ 176855
(c) Total R&D expenditure as a percentage of total turnover	0.29%	0.25%

**(B) Technology Absorption, Adaptation and Innovation**

- Efforts, in brief, made towards technology absorption, adaptation and innovation:
 

Our R&D laboratory has carried out detailed experiments for the Process development of drug intermediates.
- Benefits derived as a result of the above efforts, e.g., development, import substitution, etc.:
 

Commercial Production of the specialty chemical product (Drug Intermediate) may be taken up in near future.
- In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) Nil

**(C) Foreign exchange earnings and outgo**

- a) Foreign Exchange Earning - ₹ 3774691 (PY ₹ 2262536)  
 b) Foreign Exchange Outgo - ₹ 23514621 (PY ₹ 20250965)

For and on behalf of the Board

Place: Ahmedabad  
 Dated: 30<sup>th</sup> May, 2017

Sd/-  
**Jagdish Agrawal**  
 Managing Director

**REPORT ON CORPORATE GOVERNANCE & GENERAL SHAREHOLDER INFORMATION****A. REPORT ON CORPORATE GOVERNANCE****I. Company's philosophy on Corporate Governance:**

Your company has always adapted the highest ethical standards in business and good Corporate Governance practices so that positive aspects of a "family-run" business are combined with the assurance that investors' interests would be recognized and addressed.

The salient features of the company's philosophy on corporate governance are:

1. Compliance with all Statutory laws as also other rules / requirements regarding directors / related person remuneration, disclosures, etc.
  2. Clear separation of company owned resources and personal accounts
  3. Reliance on structures and processes that are recognized as good and moral corporate practices rather on "family" persons, making it a truly professionally managed Company.
  4. Full transparency in functioning and accountability of management to the Board
  5. Internal controls and Risk management under supervision of Independent Directors
- With transparent and honest administrative practices, the management of your company believes it can further increase investors trust and work responsibly to maximize all shareholders value.

**II. Board of Directors:****Composition:**

As on date, the Board of Directors of your Company comprises six (6) Directors of which four (4) are Non-Executive/Independent Directors, one (1) is a Non-Executive Promoter Director and one is Managing Director of the Company. The composition of the Board is in conformity with Regulation 27 and suitable applicable provisions of SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015 (hereinafter referred to as "SEBI (LODR) Regulations, 2015"). The details of the Directors being appointed / re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Regulation 27 and suitable applicable provisions of SEBI (LODR) guidelines, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

**Number of Board Meetings:**

During the financial year ended on March 31, 2017, four (4) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed four (4) months.

**Date(s) on which meeting(s) were held:**

Board Meeting was held on 28/05/2016, 13/08/2016, 12/11/2016 and 13/02/2017.

The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues relating to the business.

**Committees of the Board:**

Currently, there are Three (3) Committees of the Board, namely: Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship committee. The Board decides the terms of reference for these Committees. The minutes / report of the meetings of the Committees are placed before the Board for information and action thereon, if any. The details as to the composition, terms of reference, number of meetings etc., of these Committees are provided hereunder:

**AUDIT COMMITTEE:**

The Committee comprises two independent directors and one non-independent director and is chaired by an Independent Director.

The constitution of Audit Committee meets with the requirements of Corporate Governance guidelines as well as the provisions of Section 177 of the Companies Act, 2013 and Regulation 27 and suitable applicable provisions of SEBI (LODR) guidelines. Terms of reference of appointment of Audit Committee are as under,

The Audit Committee shall have the following powers:

- It shall have authority to investigate into any matter in relation to the items specified in Section 177 of the Companies Act, 2013 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualification in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transaction of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings if any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Review in the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debentures, shareholders (in case of nonpayment of declared dividend) and creditors.

- It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly and annual financial statements before submissions to the Board.
- It shall ensure compliance of internal control systems.

Audit Committee met four times on 28/05/2016, 13/08/2016, 12/11/2016 and 13/02/2017.  
All the Meetings were also attended by the Auditors of the Company.

#### NOMINATION AND REMUNERATION COMMITTEE:

##### Composition and terms of reference:

In Compliance of section 178 of Companies Act, 2013 the Nomination and Remuneration Committee is constituted of Four (4) Directors, and an Independent Director acts as the Chairman of the Committee. The Committee's terms of reference includes, inter-alia, reviewing and recommending to the Board – the salary, commission, other benefits, service agreements and employment conditions of the Whole-time and the Managing Director and to approve the selection, appointment and remuneration of relatives of Directors for holding an office of profit pursuant to Section 188 of the Companies Act, 2013.

##### Date(s) on which the meeting(s) were held

During the financial year ended 31<sup>st</sup> March 2017, four (4) Committee Meetings were held on 28/05/2016, 13/08/2016, 12/11/2016 and 13/02/2017.

##### Details of remuneration paid to the Directors of the Company are as follows:

##### Managing Director:

The present remuneration of the Managing Director includes a salary of ₹ 200000/- per month and other perquisites, as approved by the Remuneration committee and shareholders at the AGM held on 30th September, 2015. For the financial year 2016-17, the remuneration payable to **MR. JAGDISH AGRAWAL** is reviewed by the Remuneration Committee.

##### Non-Executive Directors:

The Non-Executive Directors on the Board of your company are very senior and experienced professionals, and play a crucial role in defining the overall growth strategy of the company. They also play a pivotal role in safeguarding the interests of the investors at large by playing an appropriate control role. Their active involvement in the company's business processes and their independent views ensure a very high level of governance in the company.

**The Non-Executive directors are providing honorary services and have not been paid any salary, sitting fees, performance based incentives or any stock options during the financial year 2016-17.**

##### Relatives of the Directors

The Chief Financial Officer of the Company, **MR. SUMIT J. AGRAWAL**, is related to the Managing Director, MR. JAGDISH AGRAWAL and another promoter director, MRS. ABHA AGRAWAL. As such, his appointment and remuneration is approved by the Remuneration Committee and the shareholders. The present remuneration of the CFO is ₹ 175,000/- per month, including salary and other perquisites, as approved by the Remuneration Committee. For the financial year 2016-17, the remuneration payable to **MR. SUMIT AGRAWAL** is reviewed by the Remuneration Committee.

#### STAKEHOLDER RELATIONSHIP COMMITTEE :

##### Composition and terms of reference:

As per sub-section (5) section 178 of Companies Act, 2013 the Share transfers committee has been merged in to STAKEHOLDER RELATIONSHIP COMMITTEE.

The Board of Directors of the Company has constituted the Stakeholder Relationship Committee which is chaired by Non Executive Director to specifically look into the redressal of shareholders queries and complaints.

The terms of reference of the Committee include, inter-alia, the following:

1. To specifically look into queries and complaints received from the shareholders of the Company,
2. To oversee the performance of the Registrar and Transfer Agent of the Company, and
3. To recommend measures for overall improvement in the quality of services to the investors.
4. To effect transfer of shares;
5. To effect transmission or deletion of shares;
6. To issue duplicate share certificates, issue of certificate on receipt of requests for rematerialisation, consolidation or split of share certificates;
7. To approve the register of members as on the record date(s) and/ or book closure dates for receiving dividends and other corporate benefits:

INVESTOR COMPLAINTS		
1 Pending at the beginning of the year		NIL
2 Received during the year		NIL
3 Disposed of during the year		NIL
4 Remaining unresolved at the end of the year		NIL

##### Date(s) on which the meeting(s) were held

During the financial year 2016-17, the Committee met four times on 28/05/2016, 13/08/2016, 12/11/2016 and 13/02/2017. There were no pending complaints at the end of the financial year 2016-17.

#### III. General Body Meetings :

The venue and the time of the last three Annual General Meetings of the Company are as follows:

Year	Location	Meeting Date	Time	No. of Special Resolution set Out at the AGM
2015-2016	Survey No.179/1, Village : Vasna-Iyava Ta. Sanand,	30/09/16	3.00 p.m.	0
2014-2015		30/09/15		1
2013-2014		30/09/14		1

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority.

#### IV. Disclosures:

##### a) Disclosures on materially significant related party transactions:

Your Company has not entered into any transaction of a material nature except transactions with related parties which are furnished under Notes to the Financial Statements as stipulated under Accounting Standard 18 (AS-18), with the Promoters, Directors or the Management, their subsidiaries or relatives etc. All transactions were carried out on an arms-length basis and were not prejudicial to the interest of the Company.

##### b) Disclosures on non-compliances by the Company :

Your Company has complied with all the requirements of the Stock Exchange(s) and the Securities Exchange Board of India on matters related to Capital Markets or any other matter, as may be applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

##### c) Disclosure of Accounting Treatment:

Your Company follows Accounting Standards prescribed by the Companies Accounting Standard Rules, 2006 and relevant provisions of the Companies Act, 2013. In preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standards.

##### d) Details of compliance with mandatory and non-mandatory requirements of Regulation 27 and suitable applicable provisions of SEBI (LODR) Regulations 2015 of the Listing Agreement:

As already mentioned in the Director's Report, the provisions of the Regulation 27 and suitable applicable provisions of SEBI (LODR) Regulations, 2015, do not apply to the Company. However, the company has voluntarily chosen to adopt and follow certain provisions of the Regulation 27 and suitable applicable provisions of SEBI (LODR) Regulations 2015.

The company complies with all the mandatory requirements of the SEBI (LODR) Regulations 2015 with regard to corporate governance.

##### e) Vigil mechanism

The company has established vigil mechanism for directors, employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or the ethical policy.

The company has provided opportunities to encourage employees to become whistle blowers. It has also ensured a mechanism within the same framework to protect them from any kind of harm. It is hereby affirmed that no personnel has been denied access to the audit committee.

B. GENERAL SHAREHOLDER INFORMATION:				
1. AGM for the F.Y 2016-17	30/09/2017 at 3.00 p.m at Survey No.179/1, Village:Vasna-Iyava, Ta. Sanand, Dist. A-bad			
2. Date of Book closure	24/09/2017 to 30/09/2017 (both days inclusive)			
3. Listing on Stock Exchanges	BSE ( Scrip Code : 524400) & ASE ( Scrip Code : 26940 )			
4. Share Registrar	Bigshare Services Private Limited, E-3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Mumbai – 400072, Maharashtra.			
5. Share Transfer System	The shares of the company are compulsorily traded in dematerialized form. Shares received in physical form are transferred within a period of 30 days from the date of lodgement subject to documents being valid and complete in all respects			
6. De-materilisation of Shares	As on 31/03/17, approx. 80% shares of the company were held in de-materialized form			
7. Market Data : High, Low during each month in last financial year	Month	High	Low	Volume ( Nos)
	Apr-16	15.10	13.30	5226
	May-16	14.99	12.27	12046
	Jun-16	16.64	12.64	9572
	Jul-16	18.40	15.00	9008
	Aug-16	17.60	16.45	850
	Sep-16	17.25	13.00	10272
	Oct-16	17.61	11.95	12536
	Nov-16	19.00	14.54	5117
	Dec-16	15.26	14.25	453
	Jan-17	19.37	14.20	45844
	Feb-17	23.00	17.75	31742
	Mar-17	22.90	16.25	68047
8. Plant Locations	Survey No.179/1, Village : Vasna-Iyava, Ta. Sanand, A-bad			

#### GREEN INITIATIVE IN CORPORATE GOVERNANCE:

Pursuant to Circular No. 17/2011 dated 21<sup>st</sup> April, 2011 and Circular No. 18/2011 dated 29<sup>th</sup> April, 2011, Ministry of Corporate Affairs (MCA) has launched "Green Initiative in Corporate Governance" whereby the companies are allowed to send notices, documents and other communication to the shareholders in electronic mode. In view of the above circulars issued by MCA, your Company proposes to send documents like the Notice convening the general meetings, Financial statements, Directors' Report, Auditors' Report, etc to the email address provided by you to your Depository Participant (DP). Your Company encourages its shareholders to support the "Green Initiative" by registering their email addresses with their respective depositories/ Company's Registrar and Transfer Agent and intimate changes in the email address from time to time.



**MANAGEMENT DISCUSSION & ANALYSIS REPORT****GENERAL INFORMATION ABOUT THE COMPANY**

The company is engaged in the business of manufacturing of various APIs (Active Pharma Ingredients) and drug intermediates. It has built up a reputation as a manufacturer of "high quality" products and is known for its ethical dealings in business. The company supplies its products to leading pharmaceutical companies of India. The products are also being exported to various countries across the world.

**NATURE OF THE INDUSTRY**

The Indian API industry has been facing a challenging business environment for last few years. With opening up of the Indian markets and signing of the WTO arrangement, the imported APIs and Intermediates became available at a very competitive price. This impacted the indigenous API and Intermediates manufacturers, who could not compete with the imported pricing. The Indian API industry has also been affected by stringent pollution control norms. Presently, almost 60-70% of total APIs consumed in India are imported. Over a period of time, the manufacturing capabilities & capacities for APIs in India has gone down. However, the present Govt. has recognized this fact and has affirmed its commitment to encourage domestic API industry by introducing special measures for its development.

**OPPORTUNITY AND THREAT:**

The biggest threat for the API industry is from imports. Other threats include requirement of resources for continuous up gradation of the facility as per the cGMP standards. This is especially more important for small scale industries like your Company. However, with the Govt. focusing on the API industry, it is likely to come out with some measures to encourage the domestic API industry. Your company, with its built up reserves and debt free status, is in a good position to take advantage of any such measures declared by the Govt.

**FUTURE OUTLOOK:**

The management's opinion on the future outlook for the Company is given under the Directors' Report forming part of the Annual Report of the company.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company has adequate and effective internal controls to provide reasonable assurance on achievement of its operational, compliance and reporting objectives.

The Company has deployed controls through its policies and procedures. It helps the Management to accomplish its objectives by bringing a systematic and disciplined approach to improve the effectiveness of risk management towards good corporate governance. The Directors handle most of the day-to-day functions. The Directors are regularly looking after all the key areas of the operations.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The management's view on the business operations and financial performance of the company, including export performance and earnings, is given under the Directors' Report forming part of the Annual Report of the company.

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

The Company's operations are managed by technically and educationally qualified staff at all levels, who in turn are guided and supervised by the Directors of the Company. During the year under review, the company has increased the number of employees to better look after the various operations and to prepare for a better growth in the future.

**CAUTIONARY STATEMENT:**

Statement in the Management Discussion and Analysis, describing the Company's objective, projections and estimates are forward looking statements and progressive within the meaning of applicable security Laws and Regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors.

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

I hereby confirm that the company has obtained from all the members of the Board and employees at senior management level, affirmation that they have complied with the code of conduct for Board of Directors and senior management level employees.

For and on behalf of the Board

Place: Ahmedabad  
Dated: 30<sup>th</sup> May, 2017

Sd/-  
**Jagdish Agrawal**  
Managing Director

**CERTIFICATE PURSUANT TO REGULATION 17(8) OF THE LISTING REGULATIONS**

Mr. Jagdish Agrawal, Managing Director and Mr. Sumit Agrawal, CFO of the company shall certify that, to the best of their knowledge and belief:

- They have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report;
- These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
- These statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and / or applicable laws / regulations;
- They are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company; and they have also disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and what they have done or propose to do to rectify these;
- They have also disclosed to the auditors as well as the Audit Committee, instances of significant fraud, if any, that involves management or employees having a significant role in the company's internal control systems; and
- They have indicated to the auditors, the Audit Committee and in the notes on accounts, whether or not there were significant changes in internal control and / or of accounting policies during the year.

For and on behalf of the Board

Place: Ahmedabad  
Dated: 30<sup>th</sup> May, 2017

Sd/-  
**Jagdish Agrawal**  
Managing Director

Sd/-  
**Sumit Agrawal**  
CFO

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ISHITA DRUGS AND INDUSTRIES LTD.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **ISHITA DRUGS AND INDUSTRIES LTD.** ("The Company"), which comprise the Balance Sheet as at **31/03/2017**, the Statement of Profit and Loss, for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

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

principles generally accepted in India, of the state of affairs of the Company as at **31/03/2017**, and its **Profit** for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditors' 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**" statements 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:**

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the cash flow statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the 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.
- (e) On the basis of the written representations received from the directors as on **31/03/2017** taken on record by the Board of Directors, none of the directors is disqualified as **31/03/2017** from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - 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.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

**For Kishor Goyal & Co.**  
Chartered Accountants  
Reg No. : 008897N

Sd/-  
**(Kishor Goyal)**  
Partner  
M. No.047286

Date : 30<sup>th</sup> May, 2017  
Place : Ahmedabad

**“Annexure A” to the Independent Auditors' Report**

(Referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements” section of our report of even date)

**(1) In Respect of Fixed Assets**

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification.
- (c) Yes, in the name of the company.

**(2) In Respect of Inventories**

Physical verification of inventory has been conducted at reasonable intervals by the management and no major discrepancies have been noticed.

**(3) Compliance under section 189 of The Companies Act, 2013**

The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 189 of the companies Act-2013.

- (a) This clause is not applicable to the Company as there was no loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 189 of the companies Act-2013.
- (b) This clause is not applicable to the Company as there was no loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 189 of the companies Act-2013.
- (c) This clause is not applicable to the Company as there was no loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 189 of the companies Act-2013.

**(4) Compliance under section 185 and 186 of The Companies Act, 2013**

This clause is not applicable to the Company as there were no loans, investments, guarantees and security provided to companies, firms or other parties covered in the register maintained u/s 189 of the companies Act-2013.

**(5) Compliance under section 73 to 76 of The Companies Act, 2013 and Rules framed there under while accepting Deposits**

During the year no deposit has been accepted by the company and accordingly this clause is not applicable.

**(6) Maintenance of cost records**

The Company is not required to maintain cost records pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013.

**(7) Deposit of Statutory Dues**

- (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.
- (b) There is no dispute with the revenue authorities regarding any duty or tax payable.

**(8) Repayment of Loans and Borrowings**

Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank of debenture holders.

**(9) Utilization of Money Raised by Public Offers and Term Loan For which they Raised**

The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Hence this clause is not applicable.

**(10) Reporting of Fraud During the Year**

Based on our audit procedures and the information and explanation made available to us no such fraud noticed or reported during the year.

**(11) Managerial Remuneration**

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.

**(12) Compliance by Nidhi Company Regarding Net Owned Fund to Deposits Ratio**

As per information and records available with us The company is not Nidhi Company.

**(13) Related party compliance with Section 177 and 188 of companies Act - 2013**

Yes, All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

**(14) Compliance under section 42 of Companies Act - 2013 regarding Private placement of Shares or Debentures**

Not applicable as no preferential allotment made during the year.

**(15) Compliance under section 192 of Companies Act – 2013**

The company has not entered into any non-cash transactions with directors or persons connected with him.

**(16) Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934**

The company is not required to be registered under section 45-IA of the Reserve Bank of India Act.

**For Kishor Goyal & Co.**  
Chartered Accountants  
Reg No. : 008897N

Sd/-  
**(Kishor Goyal)**  
Partner  
M. No.047286

Date : 30<sup>th</sup> May, 2017  
Place : Ahmedabad

**"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of ISHITA DRUGS AND INDUSTRIES LTD.**

**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 **ISHITA DRUGS AND INDUSTRIES LTD.** ("The Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and operating effectiveness of internal control based on the assessed risk. The procedures selected depend upon 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Kishor Goyal & Co.**  
Chartered Accountants  
Reg No. : 008897N

Sd/-  
**(Kishor Goyal)**  
Partner  
M. No.047286

Date : 30<sup>th</sup> May, 2017  
Place : Ahmedabad



## BALANCE SHEET AS AT 31ST MARCH, 2017

(Amount in ₹)

S.N	PARTICULARS	Note No		As at 31/03/2017	As at 31/03/2016
<b>I</b>	<b><u>EQUITY AND LIABILITIES</u></b>				
<b>1</b>	<b><u>SHAREHOLDERS FUNDS</u></b>				
	(a) SHARE CAPITAL	<b>A</b>	<b>29903000</b>		29903000
	(b) RESERVES AND SURPLUS	<b>B</b>	<b>28242900</b>		26418295
	<b>TOTAL(1)</b>			<b>58145900</b>	56321295
<b>2</b>	<b><u>NON-CURRENT LIABILITIES</u></b>				
	(a) LONG TERM BORROWINGS		<b>0</b>		0
	(b) DEFERRED TAX LIABILITIES (NET)		<b>639428</b>		743915
	<b>TOTAL(2)</b>			<b>639428</b>	743915
<b>3</b>	<b><u>CURRENT LIABILITIES</u></b>				
	(a) SHORT TERM BORROWINGS	<b>C</b>	<b>72229</b>		11065093
	(b) TRADE PAYABLES		<b>11816720</b>		12577945
	(c) OTHER CURRENT LIABILITIES	<b>D</b>	<b>61652</b>		330123
	(d) SHORT TERM PROVISIONS	<b>E</b>	<b>908840</b>		863557
	<b>TOTAL(3)</b>			<b>12859441</b>	24836718
	<b>TOTAL(1+2+3)</b>			<b>71644769</b>	81901928
<b>II</b>	<b><u>ASSETS</u></b>				
<b>1</b>	<b><u>NON-CURRENT ASSETS</u></b>				
	(a) FIXED ASSETS				
	(i) TANGIBLE ASSETS	<b>F</b>	<b>10171144</b>		11132854
	(b) NON-CURRENT INVESTMENTS	<b>G</b>	<b>1592254</b>		1536900
	(c) LONG-TERM LOANS AND ADVANCES	<b>H</b>	<b>498200</b>		498200
	<b>TOTAL(1)</b>			<b>12261598</b>	13167954
<b>2</b>	<b><u>CURRENT ASSETS</u></b>				
	(a) CURRENT INVESTMENTS	<b>I</b>	<b>25361292</b>		20001641
	(b) INVENTORIES	<b>J</b>	<b>5616304</b>		7654559
	(c) TRADE RECEIVABLES		<b>17040975</b>		18808076
	(d) CASH AND CASH EQUIVALENTS	<b>K</b>	<b>11124250</b>		21945498
	(e) SHORT-TERM LOANS AND ADVANCES	<b>L</b>	<b>89175</b>		177553
	(f) OTHER CURRENT ASSETS	<b>M</b>	<b>151176</b>		146646
	<b>TOTAL(2)</b>			<b>59383171</b>	68733973
	<b>TOTAL(1+2)</b>			<b>71644769</b>	81901928

Notes on Accounts &amp; Significant Accounting Policies

N

As per our attached report of even date.

**For Kishor Goyal & Co.**  
Chartered Accountants

Sd/-  
**Jagdish Agrawal**  
Managing Director

Sd/-  
**Govind Gupta**  
Director

Sd/-  
**Kishor Goyal**  
Partner  
Ahmedabad  
Dated : 30<sup>th</sup> May, 2017

Sd/-  
**Mrs. Abha Agrawal**  
Director  
Ahmedabad  
Dated : 30<sup>th</sup> May, 2017

Sd/-  
**Sumit Agrawal**  
CFO



## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2017

(Amount in ₹)

S.N	PARTICULARS	Note No	Year 2016-17	Year 2015-16
	<b>REVENUES</b>			
I	REVENUE FROM OPERATIONS		64395850	71017093
II	OTHER INCOME	PL-1	809979	1276165
III	<b>TOTAL REVENUE(I+II)</b>		<b>65205829</b>	<b>72293258</b>
IV	<b>EXPENSES:</b>			
	(a) COST OF MATERIAL CONSUMED	PL-2	36901501	49191636
	(b) PURCHASE OF STOCK IN TRADE	PL-3	1546897	2530075
	(c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	PL-4	1273850	(1246585)
	(d) EMPLOYEE BENEFIT EXPENSES	PL-5	6916963	6506191
	(e) FINANCIAL CHARGES	PL-6	445632	558039
	(f) DEPRECIATION		1399814	1541277
	(g) MANUFACTURING AND OTHER EXP.	PL-7	14151054	11287125
	<b>TOTAL EXPENSES</b>		<b>62635711</b>	<b>70367757</b>
V	PROFIT BEFORE EXCEPTIONAL AND EXTRA ORDINARY ITEM AND TAX ( III - IV)		<b>2570118</b>	1925501
VI	EXCEPTIONAL ITEMS		---	---
VII	PROFIT BEFORE EXTRA ORDINARY ITEM AND TAX ( V - VI)		<b>2570118</b>	1925501
VIII	TAX EXPENSE			
	(a) EARLIER YEAR'S TAX		0	(6151)
	(b) PROVISION FOR INCOME TAX		850000	665000
	(c) PROVISION FOR DEFERRED TAX		(104487)	(105126)
IX	<b>PROFIT (LOSS) FOR THE PERIOD (VII-VIII)</b>		<b>1824605</b>	1371777
X	EARNING PER EQUITY SHARE			
	a BASIC		0.61	0.46
	b DILUTED		0.61	0.46
Notes on Accounts & Significant Accounting Policies		N		

As per our attached report of even date.

**For Kishor Goyal & Co.**  
Chartered Accountants

Sd/-  
**Jagdish Agrawal**  
Managing Director

Sd/-  
**Govind Gupta**  
Director

Sd/-  
**Kishor Goyal**  
Partner  
Ahmedabad  
Dated : 30<sup>th</sup> May, 2017

Sd/-  
**Mrs. Abha Agrawal**  
Director  
Ahmedabad  
Dated : 30<sup>th</sup> May, 2017

Sd/-  
**Sumit Agrawal**  
CFO

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(Amount in ₹)

	For the Year 2016-17	For the Year 2015-16
<b>A Cash flow from operating activities :</b>		
Profit before tax	2570118	1925501
Add : Depreciation	1399814	1541277
Interest & Other financial charges	445632	558039
Less : Interest received	1199414	898485
Dividend received	5192	142942
Income from Investments	339844	497137
Operating profit before change in working capital	2871113	2486252
Add : Trade Debtors	1767101	(6258613)
Decrease / (Increase) in Inventory	2038255	5414215
Decrease /(Increase) in Loans and advances	83848	871660
Less : Provision for Taxation	850000	665000
Prior Period Expenses	0	(6151)
Trade creditors, Current liabilities & Provisions	737487	(754912)
Net cash generated from operating activities (A)	5172830	2609578
<b>B Cash inflow from investing activities :</b>		
Add : Investment sold / (purchased)	(5415005)	(3347839)
Dividend received	5192	142942
Income from Investments	339844	497137
Less : Investment in fixed assets	438103	88810
Net cash generated from investing activities (B)	(5508071)	(2796570)
<b>C Cash flow from financial activities :</b>		
Add : Interest received	1199414	898485
Add : Borrowing	(11239789)	10366941
Less : Interest & Other financial charges	445632	558039
Net cash generated from financial activities (C)	(10486007)	10707387
Net Increase/(decrease) in Cash & Cash Equivalents (A+B+C)	(10821248)	10520396
Opening balance of Cash and cash equivalents	21945498	11425102
Closing balance of Cash and cash equivalents	11124250	21945498
Net Increase/(decrease) in Cash & Cash Equivalents	(10821248)	10520396
Note : Figures in bracket indicate negative value		

Correctly extracted from Audited accounts of the Company

Sd/-

**Mrs.Abha Agrawal**

Director

Ahmedabad

Dated : 30<sup>th</sup> May, 2017

Sd/-

**Jagdish Agrawal**

Managing Director

Sd/-

**Govind Gupta**

Director

Sd/-

**Sumit Agrawal**

CFO

**Auditors' Certificate**

We have verified the above cash flow statements of Ishita Drugs And Industries Limited has been compiled from and is based on the balance sheet as at 31<sup>st</sup> March 2017 and the related statement of profit and loss for the year ended on that date. 2. The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules, 2014.

**For Kishor Goyal & Co.**

Chartered Accountants

Sd/-

**Kishor Goyal**

Partner

Place : Ahmedabad

Dated : 30<sup>th</sup> May, 2017

(Amount in ₹)

Notes	As at 31-Mar-17	As at 31-Mar-16
<b>A</b>		
<b>SHARE CAPITAL</b>		
(1) Authorised :		
35,00,000 Equity Shares of ₹ 10/- each	35000000	35000000
(2) Issued, Subscribed and paid up :		
29,90,300 Equity Shares of ₹10/- each fully paid up	29903000	29903000
Total	29903000	29903000
<b>B</b>		
<b>RESERVES &amp; SURPLUS</b>		
1. Capital Reserve		
State Cash Subsidy	1500000	1500000
2. General Reserve		
As per Last Balance sheet	24753795	23382017
Add : Transfer surplus from Statement of Profit & Loss A/c	1824605	1371777
	26578400	24753795
3. Forfeited Shares	164500	164500
	28242900	26418295
<b>C</b>		
<b>SHORT-TERM BORROWINGS</b>		
Bank Credit (Secured by First Charge on Stocks & Fixed Assets of the Company )	72229	11065093
	72229	11065093
<b>D</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long term debts ( Vehicle loan )	0	246925
TDS Payable	61652	83198
Total	61652	330123
<b>E</b>		
<b>SHORT-TERM PROVISIONS</b>		
Provisions for Employee Benefits	110515	97757
Others	798325	765800
Total	908840	863557

**F TANGIBLE ASSETS**

Particulars	Gross Block			Depreciation				Net Block		
	As at 01/04/16 ₹	Addition ₹	Deduction ₹	As at 31/03/17 ₹	As at 01/04/16 ₹	Addition ₹	Deduction ₹	As at 31/03/17 ₹	As at 31/03/17 ₹	As at 31/03/16 ₹
Factory Land	904811	---	---	904811	---	---	---	---	904811	904811
Plant and Machinery	21576882	333561	---	21910443	18798318	292310	---	19090628	2819815	2778564
Lab. Equipment	1896310	41988	---	1938298	1305217	59651	---	1364868	573429	591093
Cylinders	14441	---	---	14441	14441	---	---	14441	---	---
ETP	1608641	---	---	1608641	1528209	---	---	1528209	80432	80432
Factory Building	5905137	---	---	5905137	3737720	169542	---	3907263	1997875	2167417
Office Building	1264568	---	---	1264568	447232	20947	---	468180	796388	817336
Furniture & Fixtures	2093330	31965	---	2125295	1141978	127073	---	1269051	856244	951353
Office Equipment	910069	---	---	910069	432935	68522	---	501457	408613	477134
Computers	686242	30589	---	716831	635878	52040	---	687918	28913	50364
Vehicles	4281051	---	---	4281051	1966700	609727	---	2576427	1704624	2314351
<b>Total</b>	<b>41141482</b>	<b>438103</b>	<b>---</b>	<b>41579585</b>	<b>30008628</b>	<b>1399814</b>	<b>---</b>	<b>31408441</b>	<b>10171144</b>	<b>11132854</b>
Previous Year	41052672	88810	---	41141482	28467351	1541277	---	30008628	11132854	12585321

(Amount in ₹)

Notes	As at 31-Mar-17	As at 31-Mar-16
<b>G</b>		
<b>NON CURRENT INVESTMENT :</b>		
<b>(a) Unquoted</b>		
500 Equity Shares of Textile Traders Co-operative Bank Ltd. each of ₹. 25 fully paid up	12500	12500
70000 Shares of Umang Financial Services Ltd. each of ₹ 10/- fully paid up	700000	700000
3000 Shares of Anvi Lifesciences Pvt Ltd. each of ₹100/- fully paid up	600000	600000
Aggregate value of Unquoted Investment- At cost ₹1312500 (PY ₹.1312500)		
<b>(b) Quoted</b>		
204 Shares of Jet Airways (India) Ltd. each of ₹ 10/- fully paid up [ Market value ₹ 107294 (PY ₹ 111588) ]	224400	224400
39 Shares of BSE Ltd. each of ₹ 2/- fully paid up [ Market value ₹ 38128 (PY ₹ NIL) ]	31434	0.00
80 Shares of Avenue Supermart Ltd. each of ₹ 10/- fully paid up [ Market value ₹ 51036 (PY ₹ NIL) ]	23920	0.00
Total	1592254	1536900
<b>H</b>		
<b>LONG TERM LOANS AND ADVANCES:</b>		
Security Deposits (Unsecured Considered Good Unless Otherwise stated)	498200	498200
Total	498200	493200
<b>I</b>		
<b>CURRENT INVESTMENTS</b>		
Investments in units of Mutual Fund	25361292	20001641
	25361292	20001641
<b>J</b>		
<b>INVENTORIES:</b>		
As taken, valued and certified by the M.D.		
Raw material ( at cost )	889536	3762787
Raw Material in transit (at cost)	2079000	0
Work in Process ( at cost )	2551630	3825480
Packing, Fuel Etc. ( at cost )	96137	66292
Total	5616304	7654559
<b>K</b>		
<b>CASH &amp; CASH EQUIVALENTS :</b>		
Cash on hand	1174114	1666002
Banks Balance		
In Current Accounts	103078	720686
In EEFC Account	2947994	839388
In Fixed Deposit Accounts	6899063	18719422
Total	11124250	21945498
<b>L</b>		
<b>SHORT TERM LOANS &amp; ADVANCES:</b>		
(Unsecured - Considered good)		
Advances recoverable in cash or kind or for value to be received	317913	304499
Advance Payment of Income Tax ( Net of Provision)	(228738)	(126946)
Total	89175	177553
<b>M</b>		
<b>OTHER CURRENT ASSETS:</b>		
Prepaid Expenses	151176	146646
Total	151176	146646
<b>PL-1</b>		
<b>OTHER INCOME:</b>		
Discount & Kasar	(391567)	(83955)
Dividend Income	5192	142942
Interest Income	1199414	898485
Income from Investments	339844	497137
Foreign Exchange Gain/(Loss)	(342904)	(178444)
Total	809979	1276165
<b>PL-2</b>		
<b>COST OF MATERIALS CONSUMED:</b>		
Consumption of Raw Material	36664260	48942469
Consumption of Packing Material	237241	249167
Total	36901501	49191636

(Amount in ₹)

Notes	As at 31-Mar-17	As at 31-Mar-16
<b>PL-3</b> <b>PURCHASES OF TRADED GOODS</b>		
Consumption of Goods Traded	1546897	2530075
Total	1546897	2530075
<b>PL-4</b> <b>Changes in inventories of finished goods, work-in-progress and Stock-in-Trade</b>		
Inventory Adjustments		
(a) Opening Stock		
Manufacturing Goods	---	---
Work in process	3825480	2578895
	3825480	2578895
(b) Closing Stock		
Manufacturing Goods	---	---
Work in process	2551630	3825480
	2551630	3825480
Net Inventory Adjustments (a-b)	1273850	(1246585)
Total		
<b>PL-5</b> <b>EMPLOYEE BENEFITS EXPENSE</b>		
Salary & wages & Bonus	4386280	4018863
Gratuity	8943	8943
Staff Welfare Exp.	76181	37898
Director's Remuneration	2400000	2400000
Contribution for Provident Fund	24945	26394
Contribution for ESIC	20614	14093
Total	6916963	6506191
<b>PL-6</b> <b>FINANCIAL CHARGES:</b>		
Interest	162268	160001
Other financial charges	283364	398038
Total	445632	558039
<b>PL-7</b> <b>OTHER EXPENSES:</b>		
<b>A</b> <b>MANUFACTURING EXPENSE :</b>		
Stores & Spare	414101	250303
Power & Fuel	2036943	1448771
Repairs to Plant & machinery	117170	89552
Conversion charges	54130	57246
Laboratory Exp.	68202	34045
Research & Development Expenses	189407	176855
Excise duty on sales	6006827	5613020
ETP Maintenance exp.	342920	244385
	9229700	7914176
<b>B</b> <b>ADMINISTRATIVE EXPENSE</b>		
Books & Periodicals	29055	31151
Repairs To Building	471073	66155
Repairs To Others	266464	82425
Insurance Exp.	185833	159210
Security Exp.	64000	-----
Printing & Stationery Exp.	110446	97770
Postage & Telephones	210761	215777
Office and General Exp.	751467	389242
Motor Car Expenses	211954	214983
Payment to Auditor	29000	29000
Legal & Professional fees	178037	147433
Listing, filling & license fees	259289	250770
Share Transfer Exp.	56614	40690
Rent,Rates & Taxes	928227	923507
	3752221	2648113
<b>C</b> <b>SELLING &amp; DISTRIBUTION EXPENSE</b>		
Traveling & Conveyance	571241	414561
Freight & Forwarding	185453	207574
Sales Commission	286099	36076
Advertisement	126341	66625
	1169134	724836
<b>GRAND TOTAL (A+B+C)</b>	<b>14151054</b>	<b>11287125</b>
<b>Total</b>		



**NOTE N : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2017.**

Significant Accounting Policies adopted by the Company in the preparation and presentation of the Accounts.

**ACCOUNTING CONVENTION**

The financial statements are prepared and presented under historical cost convention on accrual basis of accounting, in accordance with Indian Generally Accepted Accounting Principles and Accounting Standard issued by the Institute of Chartered Accountants of India.

**FIXED ASSETS**

Fixed assets are stated at historical cost less depreciation.

**DEPRECIATION**

Depreciation of Fixed Assets is calculated and provided as per Companies Act, 2013. The depreciation has been calculated considering the useful life of an asset as stipulated in Part C of Schedule II of Section 123 of the Companies Act 2013. However, in case of certain asset class, as detailed below, the useful life has been considered based on the present condition of the assets. :

1. Computers & Data processing units: Against the stipulated useful life of 3 years, we have considered useful life of 5 years, as even 4 years old computers are presently in use.
2. Office equipment: Against the stipulated useful life of 5 years, we have considered useful life of 10 years, based on the condition and our experience of the office equipment.

Apart from the above, for assets where the residual useful life is NIL as per the Part C, the carrying amount of the asset (after retaining the residual value) has been depreciated in the current year.

Depreciation on the additions is calculated pro rata from the date of additions. Depreciation is not provided on deletion of assets, as it has no effect on the results of the Company.

**INVESTMENTS**

Long term investments are stated at cost less provision for diminution, if any, in the value of such investments. Diminution in the value is provided for where the management is of the opinion that the diminution is of a permanent nature. Short term investments are valued at lower of cost or net realizable value.

**INVENTORIES**

- a) Packing & fuel are valued at cost on FIFO Basis.
- b) Raw materials are valued at cost on FIFO Basis.
- c) Finished goods are valued at cost or market value whichever is lower.
- d) Work in progress is valued at cost.

**MODVAT**

Cenvat benefit is accounted on accrual basis on purchases of raw materials and capital goods and on actual payment basis on input services. The Cenvat benefit is appropriated against payment of excise duty on clearance of excisable goods.

**SALES**

Sales are accounted inclusive of excise duty.

**FOREIGN CURRENCY TRANSACTIONS**

Foreign Currency transactions are recorded at exchange rate prevailing on the date of transaction/ realization. Current Assets / Liabilities are taken at transaction value. Diminution in the value is provided for where the management is of the opinion that the diminution is of a permanent nature. The resultant difference, if any, on realization is recognized in the profit & loss account.

**EXCISE DUTY**

As per past practice, the Company is accounting for liability for excise duty on finished goods lying in factory premises as and when the same are cleared. Accordingly, estimated liability amounting to ₹ NIL (P.Y. ₹ NIL) in respect of such goods as on 31.03.2017 has not been provided for in the accounts and hence not included in valuation of inventory. Non-provision of this liability will not affect profit for the year.

**CUSTOM DUTY**

Custom duty is charged in the year when it is paid.

**PROVISION FOR RETIREMENT BENEFITS**

**Gratuity:** The Company's obligations towards gratuity to employees has been provided for at actuals and other retirement benefits as per policy of the company have been provided for as per AS-15(Revised). The same have been charged in the profit and loss of the Company.

**Provident Fund:** The employer and employee make statutory contribution towards the Government's Provident Fund and the same is charged in the profit and loss of the Company.

**EXPENSES**

Material known liabilities are provided based on available information / estimates.

**TIMING REVENUE RECOGNITION**

In appropriate circumstances, revenue (income) is recognized when no significant uncertainty as to measurability or collectability exists.

**TAXATION**

Provision for taxation is made based on the current tax rates in force. Deferred tax charge or credit (reflecting the tax effect of timing difference between accounting income and taxable income for the period) is determined in accordance with the Accounting Standard-22 of the Institute of Chartered Accountants of India. The deferred tax charged or credited and

the corresponding deferred tax liabilities or assets are recognized using the tax rate that have been enacted or subsequently established by the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**CASH FLOW STATEMENT**

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

**CONTINGENT LIABILITIES**

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the notes on accounts.

**IMPAIRMENT OF ASSETS**

Impairment loss, if any, is recognized in accordance with the accounting standard AS-28 issued by the Institute of Chartered Accountants of India.

**PRIOR PERIOD ITEMS**

Material items of prior period non-recurring and extra ordinary items, if any, are disclosed separately.

**NOTES :**

1. Tax provision for income tax has been made as per the Income Tax Act, 1961.
2. Debit and credit balances in respect of debtors, loans and advances and creditors are subject to confirmation and reconciliation.
3. In accordance with the Accounting Standard AS-11 issued by the Institute of Chartered Accountants of India, net loss of ₹ 3.43 lacs (PY loss of ₹ 1.78 lacs) due to foreign exchange fluctuations arising on foreign currency transactions has been considered in the Profit and Loss Account.
4. In the year under review, the Company has provided the gratuity ₹ 8943 (P.Y. ₹ 8943) towards gratuity calculated up to the date of Balance Sheet date according to the Gratuity Act on incremental basis.
5. The company has accounted for deferred tax assets of ₹ 104487 (P.Y. deferred tax assets of ₹ 105126 ) for the year under review as per AS-22 in the profit and loss account.
6. Contingent liability to the extent not provided for ₹ NIL (P.Y ₹ NIL)
7. Previous year figures have been regrouped and reclassified wherever necessary to be in conformity with the current year figures.
8. Estimated amount of capital contracts remaining to be executed and not provided for net of advance paid ₹. NIL (PY ₹ NIL).
9. **Managerial Remuneration paid :**

	2016-17	2015-16
	Mg. Dir.	Mg. Dir.
(a) Salary ₹	2400000	2400000
(b) Perks/ Reimbursement ₹	----	----

**10. Payment to Auditors (₹)**

	2016-17	2015-16
As an auditor	15000	15000
For Taxation & Other works	5000	5000
For Tax Audit	7000	7000
Out of Pocket Expense	2000	2000

11. The Company has not received any information from any of the suppliers of their status as Small Scale Industrial Unit. Hence, the amounts due to them outstanding as at 31<sup>st</sup> March 2017 is not ascertainable.
12. Related party disclosures as per the Accounting Standard AS-18 issued by the Institute of Chartered Accountants of India:
  - a. List of related parties
    - i. Subsidiaries: The Company does not have any subsidiary Company.
    - i. Key Management personnel
      - Mr. Jagdish Agrawal
      - Mr. Sumit Agrawal
    - ii. Relatives of Key Management Personnel
      - Ishita Pharmaceuticals
      - Anvi Lifesciences Pvt Ltd
      - J & J Chemicals
      - Anvi Lifesciences Pvt Ltd
      - Umang Financial services ltd
  - b. Transactions / balances outstanding with Related parties

Particulars	Key Management Personnel Amount ₹	Relatives of Key Management Personnel Amount ₹
Managerial Remuneration	4500000	---
Sales of Goods / Services	---	8488014
Purchases of Goods /Services	---	7237263
Investment in equity shares/ Share Application Money	---	1300000
Loans/advance at year end	---	300000
Lease Rent	---	840000

**Note:** Related parties are as identified by the Company and relied upon by the auditors.

13. Details of Specified Bank Notes (SBN) held and transacted during the Period from 8th November, 2016 to 30<sup>th</sup> December, 2016 is provided in Table below:

	Specified Bank Notes (SBN)(₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	416000	1248802	1664802
(+) Permitted receipts	0	570000*	570000
(-) Permitted payments	34500	216777	251277
(-) Amount deposited in Banks	381500	100	381600
Closing cash in hand as on 30.12.2016	0	1601925	1601925

\* Permitted Receipts in other denomination notes include only Cash Withdrawal from Banks.

#### 14. Earning per Shares (EPS) as per Accounting Standard AS-20

Particulars	2016-17 Amount ₹	2015-16 Amount ₹
Profit after Tax	1824605	1371777
Weighted Average no. of equity shares of ₹ 10 each		
Basic	2990300	2990300
Diluted	2990300	2990300
EPS (₹ .)		
Basic	0.61	0.46
Diluted	0.61	0.46

#### Additional information pursuant to the provisions of Companies Act, 2013.

#### 15. Quantitative details and other information:

##### A Value of imports in rupees calculated on CIF basis in respect of ;

Curr. Yr. ₹      Prev. Yr. ₹

Material 15588583      19332259

##### B Expenditure in foreign currency :

Purchases of materials 23353554      20200444  
 Miscellaneous Expenses 90741      34840  
 Travelling and Conveyance Expenses 70326      15681

##### C Value of raw materials, stores and spares consumed :

	₹	%	₹.	%
(a) Value of raw material consumed :				
Imported	16761647	45.72	25385517	51.87
Indigenous	19902613	54.28	23556952	48.13
	36664260	100.00	48942469	100.00
(b) Value of stores and spares consumed :				
Indigenous	414101	100.00	250303	100.00
	414101	100.00	250303	100.00

##### D Amount remitted in foreign currency on account of dividend

NIL      NIL

##### E Earnings in foreign exchange (₹)

3774691      2262536

#### Signature to Notes A to N

**For Kishor Goyal & Co.**  
Chartered Accountants

Sd/-  
**Jagdish Agrawal**  
Managing Director

Sd/-  
**Govind Gupta**  
Director

Sd/-  
**Kishor Goyal**  
Partner  
Ahmedabad  
Dated : 30<sup>th</sup> May, 2017

Sd/-  
**Mrs. Abha Agrawal**  
Director  
Ahmedabad  
Dated : 30<sup>th</sup> May, 2017

Sd/-  
**Sumit Agrawal**  
CFO

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

## Registration Details

Registration No.	L24231GJ1992PLC017054	State Code	04
Balance Sheet Date	31-Mar-17		

**Capital raised during the year ( Amount in thousands )**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**Position of Mobilisation and Deployment of Funds. ( Amount in thousands )**

Total Liabilities	71645	Total Assets	71645
Source of Funds			
Paid up Capital	29903	Secured Loans	0
Reserves & Surplus	28243	Deferred Tax	639
		Current Liabilities	12859
Application of Funds			
Net Fixed Assets	10171	Current Assets	59383
Investments	1592		
Long term Loans & Advance	498		

**Performance of the Company ( Amount in thousands )**

Turnover	65206	Total expenditure	62636
Profit before tax	2570	Profit after tax	1825
Earning per Share Rs.	0.61	Dividend Rate (%)	0%

**Generatic Names of Three Principal Products/services of Company.**

(as per monetary terms)

Item Code No. ( ITC Code )	29419060
Product Description	NORFLOXACIN
Item Code No. ( ITC Code )	29362920
Product Description	NICOTINIC ACID
Item Code No. ( ITC Code )	29359015
Product Description	SULFONAMIDES

**Note :** Classification of products/services under ITC code being of a technical nature is not verified by the Auditors.

As per our attached report of even date.

**For Kishor Goyal & Co.**  
Chartered AccountantsSd/-  
**Jagdish Agrawal**  
Managing DirectorSd/-  
**Govind Gupta**  
DirectorSd/-  
**Kishor Goyal**  
Partner  
Ahmedabad,  
Dated : 30<sup>th</sup> May, 2017Sd/-  
**Mrs.Abha Agrawal**  
Director  
Ahmedabad,  
Dated : 30<sup>th</sup> May, 2017Sd/-  
**Sumit Agrawal**  
CFO

## ISHITA DRUGS AND INDUSTRIES LTD

Registered Office : Survey No. 179/1 , Vasna lyava, Sanand.

*Form No. MGT-11**Proxy Form*

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

Name of the Members	
Registered address :	
E-mail Id:	
Folio No. / Client Id :	
DP ID :	

I/We, being the holder(s) of \_\_\_\_\_ equity shares of ISHITA DRUGS AND INDUSTRIES LIMITED, hereby appoint

1. Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_

Address: \_\_\_\_\_

Signature : \_\_\_\_\_ or failing him/her

2. Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_

Address : \_\_\_\_\_

Signature : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, 30<sup>th</sup> September, 2017 and at any adjournment thereof.

Sr. No.	Particulars	For	Against
	<b>ORDINARY BUSINESS</b>		
1.	Adoption of Audited Profit & Loss Account for the year ended on 31st March, 2017, and the Balance Sheet as on that date, Directors' Report and the Auditors' Report thereon.		
2.	Re-appointment of Mrs. Abha Agrawal (DIN 01589479), as Director, who retires by rotation.		
3.	Appointment of the Auditors of the Company for the financial year 2017-18 and to fix their remuneration		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of Share holder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
100 Paise  
Revenue  
Stamp

Note : This form duly completed and signed must be deposited at the registered Office of the Company not less than 48 hours before the Meeting.

## ISHITA DRUGS AND INDUSTRIES LTD

Registered Office : Survey No. 179/1 , Vasna lyava , Sanand.

*Attendance Slip*

(To be handed over at the entrance of the meeting hall)

24<sup>th</sup> Annual General Meeting - 30th September 2017

DP ID : \_\_\_\_\_

CLIENT ID : \_\_\_\_\_

FOLIO No. : \_\_\_\_\_

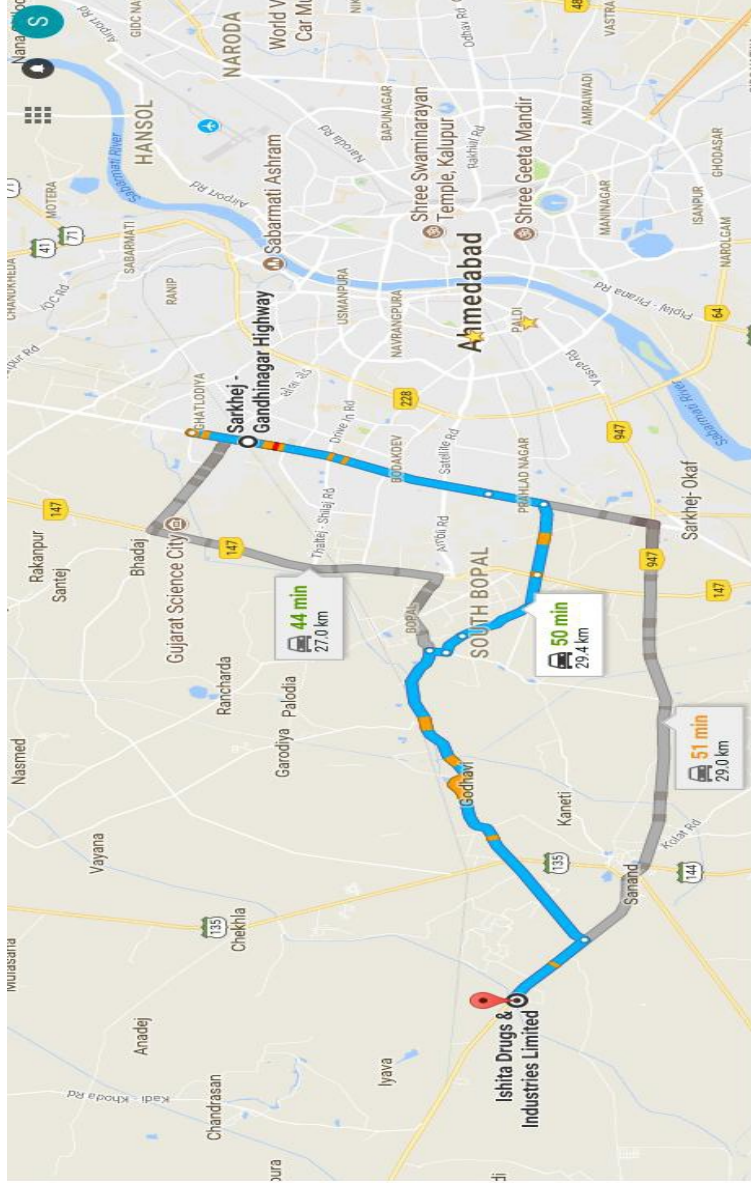
No. of Shares held \_\_\_\_\_

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company held at Survey no. 179/1, Vasna lyava, Sanand. Dist : Ahmedabad at 3.00 P.M.

Full name of Proxy (in BLOCK LETTERS) \_\_\_\_\_

Member's/Proxy's Signature \_\_\_\_\_

## Route Map of Venue of AGM



Direct Location Link: <https://goo.gl/maps/hN3kt975EP82>

By Courier / Registered / Speed Post

To,

If undelivered, please return to :  
**Ishita Drugs & Industries Limited**  
Regd. Office : Survey No. 179/1, Village : Vasna-Iyava,  
Taluka : Sanand, District : Ahmedabad - 382 170.