



SANDU PHARMACEUTICALS LTD

Regd. Office: Plot Nos. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Saligao, Bardez, Goa 403511.
Tel: +91 832 2407474 / 6715000, E-mail: sandupharma@sandu.in

Ref No: SPL/SEC/BSE/2018-19/891

To,
Department of Corporate Services
Bombay Stock Exchange Limited,
Phirojshah Jeejobhoy tower,
Dalal Street,
Mumbai-400001

Date: 02/10/2018

Sub: 33RD Annual Report of Sandu Pharmaceuticals Limited pursuant to Regulation 34(1) of SEBI (LODR) Regulation 2015.

Sir,

Please find attached herewith Soft Copy of the 33RD Annual Report as required to be submitted pursuant to regulation 34(1) of the SEBI (LODR) Regulation 2015.

You are requested to take the same on record and oblige.

Thanking you,

Yours Faithfully,

FOR SANDU PHARMACEUTICALS LTD.



Company Secretary

Encl: - As Above



AN ISO 9001:2008 CERTIFIED ORGANISATION

Corporate Office: P. B. No. 17201, Sandu Nagar, D. K. Sandu Marg, Chembur, Mumbai – 400 071.
Tel.: +91 22 2528 4402 / 3306, Fax: +91 22 2528 2403, E-mail: info@sandu.in, Web: www.sandu.in

CIN:L24233GA1985PLC001587





33rd Annual Report 2017-2018





To,
The Members/Shareholders of
Sandu Pharmaceuticals Limited.

As you are aware that the Government of India has already made it compulsory/mandatory to buy and sell shares in Demat form. From our records it has come to our knowledge that you still continue to hold our Company's shares in physical form. kindly note that the shares held in physical form can be stolen/damaged/or defaced by any person knowingly or unknowingly. In case you want /intend to sell/transfer/transmit your shares in future it will be very easy and convenient to do that if the said shares are held in Demat form. The procedure for converting shares from physical to Demat form is very simple, convenient and cost effective. In case at some point if you intend to sell your existing shares you will not be permitted, as you will have to undergo the whole process of converting your shares from physical to Demat form. Hence we request and appeal to you to get your shares converted into Demat form. For your convenience purpose Company has appointed RTA whose name, address and company details are below mentioned.

A separate official letter in this regard has been dispatched to those shareholders who still hold our Company's share in physical form. We request you to kindly go through the same and get your shares converted into DEMAT from the present physical form.

Registrar and Share Transfer Agents:

M/s Sharex Dynamic (India) Pvt Ltd
Unit 1,Luthra Industrial Premises
Andheri (East), Mumbai-400 072
Tel: 022-28515606
E-mail- sharexindia@vsnl.com

We once again request you to get your shares transferred from existing physical form to Demat form.

With warm regards.

By order of Board of Directors
For Sandu Pharmaceuticals Limited

sd/-
Pratika Mhambray
Company Secretary
M No:A36512

Thirty Three Annual Report 2017-18

CORPORATE INFORMATION

| | |
|------------|--------------------------|
| CIN | L24233GA1985PLC001587 |
| Website | www.sandu.in |
| Email Id | corp.sec@sandu.in |
| Contact No | +91 832 2407474/ 6715000 |

BOARD OF DIRECTORS

| | |
|----------------------------|-----------------|
| Bhaskar G. Sandu | (DIN: 02816792) |
| Dilip R. Salgaocar | (DIN: 00044240) |
| Dr. Krishna B. Deshpande | (DIN: 06557518) |
| Dr. Mrs. Shubhada P. Sandu | (DIN: 07148834) |
| Dr. Madan L. Kapre | (DIN: 03113515) |
| K. Vinaykumar | (DIN: 02322747) |
| Shashank B. Sandu | (DIN: 00678098) |
| Umesh B. Sandu | (DIN: 01132141) |

BOARD COMMITTEES

| | | |
|-------------------|---------------------------------------|-------------------------------------|
| Audit Committee | Nomination and Remuneration Committee | Stakeholders Relationship Committee |
| K. Vinaykumar | Dr Madan L Kapre | Bhaskar G Sandu |
| Dilip R Salgaocar | Dilip R Salgaocar | Dr Madan L Kapre |
| Dr Madan L Kapre | K. Vinaykumar | Umesh B Sandu |
| Umesh B Sandu | Bhaskar G Sandu | |

COMPANY SECRETARY

Pratika Mhambray

CHIEF FINANCIAL OFFICER

Rakesh Parekh from
08th May 2017

AUDITORS

| | |
|--|--|
| STATUTORY AUDITOR | SECRETARIAL AUDITOR |
| M/s Dileep and Prithvi Dahanukar Bldg, 3 rd Floor 480, Kalbadevi Road, Mumbai 400 002 | Swapnil Dixit 57/B, Venkatesh Prasad Building, above Corporation Bank, Bordem, Bicholim, Goa 403504 |

SOLICITORS & ADVOCATES

M/s Madekars & Co
Advocates & Solicitors
Engineer House, First Floor,
86, Mumbai Samachar Marg,
Fort, Mumbai 400 023
Tel (022) 2267 7217
Telefax (022) 2265 7712

INTERNAL AUDITORS

M/s Akhil Pai and
Associates-Mapusa.

M/s Lalit R. Gawde &
Co. Mumbai

BANKERS

Dena Bank
Chembur Branch, Mani Bhavan, Sion Trombay Road,
Chembur, Mumbai 400071

Registrar and Share Transfer Agent

M/s Sharex Dynamic (India) Pvt. Ltd
Unit 1, Luthra Industrial Premises
Andheri (East), Mumbai-400 072
Tel: 022-2851560/ 22641376 / 22702485/ 28515644
E-mail:sharexindia@vsnl.com

ADDRESS

| | |
|---|---|
| Registered Office | Corporate Office |
| Sandu Pharmaceuticals Limited Plot No.25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa- 403 511 | Sandu Pharmaceuticals Limited Sandu Nagar, D.K. Sandu Marg Chembur, Mumbai 400 071 |

ISNI INE: 751D01014 (DEMAT)

33rd ANNUAL GENERAL MEETING

| | |
|-------|--|
| Date | : Saturday, 29 th September 2018 |
| Time | : 9.30 am |
| Venue | : Plot No 25, 26, 29 & 30, Pilerne Industrial Estate, Marra Bardez, Goa 403511 |

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NOTICE

NOTICE is hereby given that the 33rd ANNUAL GENERAL MEETING of Sandu Pharmaceuticals Limited (CIN: L24233GA1985PLC001587) will be held on Saturday, 29th September, 2018 at 9:30 a.m. at the Registered Office of the Company at Plot No 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Saligao Bardez Goa -403511 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. Bhaskar G Sandu (DIN:02816792) who retires by rotation in compliance with the provisions of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. **Appointment of Statutory Auditors**

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

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force M/s Dileep and Prithvi, Chartered Accountants, Mumbai having ICAI Firm Registration No. 122290W who have offered themselves for Appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby Appointed as Statutory Auditors of the Company ,to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors”

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

SPECIAL BUSINESS**4. Reappointment of Managing Director**

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

Resolution: -

“RESOLVED THAT pursuant to the Articles of Association of the Company and Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, of the Companies Act, 2013, if any, read with Rules 3 to 8, of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s) and reenactment(s) thereof for the time being in force) and in terms of recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors at their respective meetings held on 05TH June 2018, approval of members be and is hereby accorded for re-appointment of Shri Umesh B Sandu, (DIN: 01132141) as Managing Director of the Company, at a remuneration and on the terms set out below, for a period of 3(Three) years with effect from April 01, 2018

Salary are inclusive of Companies share in PF/PPF and perquisites.

For the Financial Year 2018-19 ₹ 37,80,000 p. a.

For the Financial Year 2019-20 ₹ 43,20,000 p. a.

For the Financial Year 2020-21 ₹ 50,40,000p.a.

The appointment will be subject to termination by three months notice in writing on either side. The above remuneration payable to Shri. Umesh B Sandu is subjected shall be subjected to the overall ceiling prescribed under Section 196 and 197 read with the provisions of Part I and Section II of Part II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Shri. Umesh B Sandu Managing Director, the Company has no profits or its profits are inadequate, the remuneration set out above, be paid as minimum remuneration, subject to such statutory approvals as may be applicable. “

5. Reappointment of Shri. Dilip R Salgaocar as an Independent Director.

To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri Dilip Salgaocar (DIN:00044240) , who has submitted a declaration that he meets the criteria for independence

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as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of five years i.e. from 01st April 2019 to 31st March 2024, whose period of appointment shall not be liable to retire by rotation.

6. Reappointment of Dr Krishna B Deshpande as an Independent Director.

To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Dr Krishna B Deshpande (DIN:06557518), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of five years i.e. from 01st April 2019 to 31st March 2024, whose period of appointment shall not be liable to retire by rotation.”

7. Reappointment of Dr. Madan Kapre as an Independent Director

To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Dr Madan Kapre (DIN:03113515), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby

re-appointed as an Independent Director of the Company to hold office for a period of five years i.e. from 01st April 2019 to 31st March 2024, whose period of appointment shall not be liable to retire by rotation.”

8. Reappointment of Shri. K Vinaykumar as an Independent Director.

To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri K Vinaykumar (DIN:02322747), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of five years i.e. from 01st April 2019 to 31st March 2024, whose period of appointment shall not be liable to retire by rotation.”

By order of Board of Directors
For. Sandu Pharmaceuticals Limited
sd/-
Pratika Mhambrey
Company Secretary
M No:A36512

Dated: 14th August 2018

Place: Mumbai

Registered Office:

Sandu Pharmaceuticals Limited

Plot No.25, 26, 29 & 30

Pilerne Industrial Estate, Marra

Bardez, Goa- 403 511

CIN: L24233GA1985PLC001587

Tel: +91 832 2407474/ 6715000 Fax:+ 022-25282403

Email: corp.sec@sandu.in

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the Meeting.
2. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
3. In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on the date of the AGM.
5. As required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 of the Bombay Stock Exchange the relevant details of Directors seeking Appointment/Re-appointment at the ensuing Annual General Meeting are given in the notice of the Annual General Meeting.
6. Shareholders can register their complaints, if any, on an exclusive e-mail id: corp.sec@sandu.in which has been designated for the said purpose.
7. The shareholders are expected to send their queries on annual report to the Company Secretary, at least 7 days before the date of meeting, so that the requisite information/explanations can be provided in time.
8. The Register of Members and Share Transfer Books will remain closed from Saturday, 22nd September 2018 to Saturday, 29th September 2018 (both days inclusive).
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or its Registrars and Transfer Agents at the below mentioned address.

M/s Sharex Dynamic (India) Pvt Ltd
Unit 1, Luthra Industrial Premises,
Andheri (East), Mumbai- 400 072.
Tel No: 022-2851560/ 22641376 / 22702485/ 28515644
E-mail:sharexindia@vsnl.com
10. As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in Demat form, the nomination form may be filed with the respective DP.
11. The Securities Exchange Board of India (SEBI) vide its earlier circulars have made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction. Members are requested to submit the PAN details to their Depository Participant (DP) in case of holding in dematerialized form or the Company's Registrar and Share Transfer Agents in case of holdings in physical form, mentioning the correct folio number.
12. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically. Members holding shares in Demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.

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13. The Annual Report of the Company circulated to the Members of the Company, will be made available on the Company's website at www.sandu.in and also on website of the Bombay Stock Exchange. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
14. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of Annual Report to the Meeting.
15. Members / Proxies attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
16. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection at the AGM.
17. Remote E-voting
- Voting Options:-
- 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 read with Regulation 44 of SEBI (LODR) Regulations 2015, the Company is pleased to provide to the members facility to exercise their right to vote on resolutions proposed to be considered at the 33rd Annual General Meeting 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 Central Depository India Limited (CDSL).

The instructions for shareholders voting electronically are as under:

- i. The voting period begins on Wednesday, 26th September 2018 and ends on Friday, 28th September 2018. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Saturday, 22nd September 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-voting website www.evotingindia.com
- iv. Click on Shareholders.
- v. Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

| | |
|-----|---|
| | For Members holding shares in Demat Form and Physical Form |
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) |

| | |
|--|--|
| | <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p> |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p> |

- ix. After entering these details appropriately, click on “SUBMIT” tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant <Sandu Pharmaceuticals Limited (Company Name) on which you choose to vote.
- xiii. On the voting page, you will see

“RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution

- xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvi. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xviii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system
- xix. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx. Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk. evoting@cdslindia.com.

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- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

I. VOTING THROUGH BALLOT

The Chairman shall, at the Meeting, at the end of discussion on the resolution on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot for all those members who are present at the meeting but have not cast their votes by availing the remote e-voting.

II. VOTING AT AGM :-

The members who have not casted their votes either electronically, can exercise their voting rights at the AGM through Ballot.

Other Instructions

1. If votes are casting electronically and also by attending Annual General Meeting, then votes casted electronically will prevail.

2. The Company has appointed CS Swapnil Dixit, Practicing Company Secretary, to act as the Scrutinizer. The Scrutinizer shall within a period not exceeding two (2) working days from the conclusion of the Meeting unblock the votes in presence of atleast two witnesses (not in the employment of the Company) and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Managing Director.
3. The Results shall be declared after the Annual General Meeting of the Company. The results declared along with the Scrutinizer’s Report shall be placed on the company’s website www.sandu.in and on the website of CDSL www.evotingindia.com within two (2) days of passing of the resolution at the Annual General Meeting of the Company and the same shall also be communicated to BSE Limited where the shares of the Company are listed.
4. Subjected to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of Annual General Meeting i.e 29th September 2018.

For Sandu Pharmaceuticals Limited
By order of Board of Directors
Sd/-

Pratika Mhambray
Company Secretary
M No:A36512

Dated: 14th August 2018.
Place: Mumbai

Registered Office:

Sandu Pharmaceuticals Limited
Plot No.25, 26, 29 & 30
Pilerne Industrial Estate, Marra Bardez,
Goa- 403 511
CIN: L24233GA1985PLC001587
Tel: +91 832 2407474/ 6715000 Fax:+ 022-25282403
Email: corp.sec@sandu.in

EXPLANATORY STATEMENT:

Resolution No 4:

The tenure of Shri Umesh B. Sandu as Managing Director was upto 31st March 2018, however considering past performance of Shri Umesh B. Sandu the Board of Directors have at their Meeting held on 05th June 2018, pursuant to approval of remuneration by Nomination and Remuneration Committee recommended reappointment of Shri Umesh B. Sandu as Managing Director subjected to approval of the same in the 33rd Annual General Meeting. He is aged about 51 years. He is B.Com, LLB, FCS. Prior to his joining the Company since 1994, he was associated with a finance company in their Merchant Banking Division.

As Shri. Umesh B. Sandu is associated with the Ayurvedic Industry for the last more than 25 years, he has hands on knowledge and experience in the following areas.

- i) Ayurvedic Extraction, Formulations and Manufacturing.
- ii) Sales, Marketing and Distribution.
- iii) Accounts, Finance and Taxation.
- iv) Legal, overall General Administration.

The proposed remuneration will be within overall limit of the Schedule V of the Companies Act 2013.

Briefly, the terms and conditions of the reappointment and remuneration are as follows:-

For the Financial Year 2018-19 ₹ 37,80,000 p. a.

For the Financial Year 2019-20 ₹ 43,20,000 p. a.

For the Financial Year 2020-21 ₹ 50,40,000 p. a.

The above remuneration shall be payable as per Schedule V, Shri Umesh B Sandu will not be liable to retire by rotation and will not be eligible for sitting fees.

4. Comparative Remuneration profile with respect to Industry As Shri. Umesh B. Sandu is professionally qualified even on the merits of his qualification and experience he will stand to earn more than what is proposed in the present contract.
5. Pecuniary Relationship directly or indirectly with the Company or Managerial person if any, Shri. Umesh B. Sandu is the son of Shri. Bhaskar. G. Sandu and Brother of Shri. Shashank B. Sandu and aunty Smt. Dr. Shubhada Sandu who are also the promoters of the Company to the extent of their relationship with Shri. Umesh B. Sandu they are interested.
6. Shri. Umesh B. Sandu is also holding 6,77,100 Nos of Equity shares of the Company constituting 9.56 % of the paid up share capital of the Company.

Resolution No 5:

The Members at the 29th Annual General Meeting held on 30th September 2014 approved the appointment of Shri. Dilip Salgaocar as Independent Director of the Company. The current term of Shri. Dilip Salgaocar as an independent Director will expire on March 31st, 2019.

As per Section 149(10) of the Companies Act, 2013 (CA2013), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company. As per Section 149(11) of CA 2013, no independent Director shall hold office for more than two consecutive terms, but shall be eligible for appointment after the expiration of three years of ceasing to become an independent Director.

The Company has received a notice in writing from a member proposing the candidature of Shri. Dilip Salgaocar for the office of Director of the Company. Shri. Dilip Salgaocar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Shri. Dilip Salgaocar that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Shri. Dilip Salgaocar fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Shri. Dilip Salgaocar is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Shri. Dilip Salgaocar are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. Copy of draft letter of appointment of Shri. Dilip Salgaocar setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

In line with the aforesaid provisions of the CA2013 and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Shri. Dilip

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Salgaocar, it is proposed to re-appoint him as an independent Director on the Board of Sandu Pharmaceuticals Limited for a period of five years commencing from April 01st, 2019.

In the opinion of the Board, Shri. Dilip Salgaocar fulfils the conditions specified in the Act and he is independent of the management. The Board recommends passing of the Resolution at Item No. 5 of the Notice as a Special Resolution.

Save and except Shri. Dilip Salgaocar, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

Resolution No 6:

The Members at the 29th Annual General Meeting held on 30th September 2014 approved the appointment of Dr Krishna Deshpande as Independent Director of the Company. The current term of Dr Krishna Deshpande as an Independent Director will expire on March 31st, 2019.

As per Section 149(10) of the Companies Act, 2013 (CA2013), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company. As per Section 149 (11) of CA 2013, no independent Director shall hold office for more than two consecutive terms, but shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director.

The Company has received a notice in writing from a member proposing the candidature of Dr Krishna Deshpande for the office of Director of the Company. Dr Krishna Deshpande is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Dr Krishna Deshpande that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Dr Krishna Deshpande fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations Dr Krishna Deshpande is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Dr Krishna Deshpande are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. Copy of draft letter of appointment of Dr Krishna Deshpande setting out the terms and conditions of appointment is available for inspection by the members at the

registered office of the Company. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No 6 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

In line with the aforesaid provisions of the CA 2013 and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Dr Krishna Deshpande, it is proposed to re-appoint him as an independent Director on the Board of Sandu Pharmaceuticals Limited for a period of five years commencing from April 01st, 2019.

In the opinion of the Board, Dr Krishna Deshpande fulfils the conditions specified in the Act and he is independent of the management. The Board recommends passing of the Resolution at Item No. 6 of the Notice as a Special Resolution.

Save and except Dr Krishna Deshpande, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

Resolution No 7:

The Members at the 29th Annual General Meeting held on 30th September 2014 approved the appointment of Dr Madan Kapre as Independent Director of the Company. The current term of Dr Madan Kapre as an Independent Director will expire on March 31st, 2019.

As per Section 149(10) of the Companies Act, 2013 (CA2013), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company. As per Section 149(11) of CA2013, no independent Director shall hold office for more than two consecutive terms, but shall be eligible for appointment after the expiration of three years of ceasing to become an independent Director.

The Company has received a notice in writing from a member proposing the candidature of Dr Madan Kapre for the office of Director of the Company Dr Madan Kapre is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Dr Madan Kapre that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing

Regulations”). In the opinion of the Board, Dr Madan Kapre fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations Dr Madan Kapre is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Dr Madan Kapre are provided in the “Annexure” to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India. Copy of draft letter of appointment of Dr Madan Kapre setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No 6 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the members.

In line with the aforesaid provisions of the CA2013 and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Dr Madan Kapre, it is proposed to re-appoint him as an independent Director on the Board of Sandu Pharmaceuticals Limited for a period of five years commencing from April 01st, 2019.

In the opinion of the Board, Dr Madan Kapre fulfils the conditions specified in the Act and he is independent of the management. The Board recommends passing of the Resolution at Item No. 7 of the Notice as a Special Resolution.

Save and except Dr Madan Kapre, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

Resolution No 8:

The Members at the 29th Annual General Meeting held on 30th September 2014 approved the appointment of Shri. K. Vinaykumar as Independent Director of the Company. The current term of Shri. K. Vinaykumar as an Independent Director will expire on March 31st, 2019.

As per Section 149(10) of the Companies Act, 2013 (CA 2013), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company. As per Section 149 (11) of CA 2013, no independent Director shall hold office for more than two consecutive terms, but shall be eligible for appointment after the expiration of three years of ceasing to become an

independent Director.

The Company has received a notice in writing from a member proposing the candidature of Shri. K. Vinaykumar for the office of Director of the Company. Shri. K. Vinaykumar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Shri. K. Vinaykumar that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). In the opinion of the Board, Shri. K. Vinaykumar fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Shri. K. Vinaykumar is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Shri. K. Vinaykumar are provided in the “Annexure” to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India. Copy of draft letter of appointment of Shri. K. Vinaykumar setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No 6 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the members

In line with the aforesaid provisions of the CA 2013 and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Shri K. Vinaykumar, it is proposed to re-appoint him as an independent Director on the Board of Sandu Pharmaceuticals Limited for a period of five years commencing from April 01st, 2019.

In the opinion of the Board, Shri K. Vinaykumar fulfils the conditions specified in the Act and he is independent of the management. The Board recommends passing of the Resolution at Item No. 8 of the Notice as a Special Resolution.

Save and except Shri. K. Vinaykumar, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

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ANNEXURE TO ITEMS 2 OF THE NOTICE

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting
(in pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosures Requirements)
Regulations 2015

| Particulars | Resolution No 2 | Resolution No 4 |
|---|--|--|
| Name of the Director | Shri Bhaskar G. Sandu | Shri. Umesh B. Sandu |
| Date of Birth | 01 st August 1936 | 17 th February 1967 |
| Nationality | Indian | Indian |
| Date of appointment on the Board | 10 th September 1993 | 05 th June 2018 |
| Qualifications | B.COM | BCOM ,LLB ,CS |
| Expertise in specific functional area | Shri Bhaskar G Sandu (DIN:02816792) has vast experience in Ayurvedic Extraction, Formulations, Manufacturing and Finance. He possesses more than 50 years of Working experience in the Ayurvedic Industry. | Shri. Umesh B Sandu (01132141) is a Commerce and Law Graduate from University of Mumbai and is also Qualified Company Secretary from ICSI. |
| Number of shares held in the company | 7,37,000 | 6,77,100 |
| List of the directorship held in other companies | NIL | NIL |
| Chairman/Member in the Committee of the Boards of Companies in which he is Director | NIL | NIL |

| Particulars | Resolution No 5 | Resolution No 6 | Resolution No 7 |
|---------------------------------------|---|---|---|
| Name of the Director | Shri Dilip R Salgaoncar | Dr Krishna B Deshpande | Dr Madan L Kapre |
| Date of Birth | 20 th October 1947 | 23 rd August 1943 | 02 nd September 1951 |
| Nationality | Indian | Foreigner | Indian |
| Date of appointment on the Board | 14 th August 2018 | 14 th August 2018 | 14 th August 2018 |
| Qualifications | B.E (Chem) | M.B.B.S | M.B.B.S, D.L.O,F.R.C.S |
| Expertise in specific functional area | Shri. Dilip R Salgaoncar is a Qualified engineer B.E(Chem) and is the Managing Director of Geno Pharmaceuticals Pvt Ltd, he has wide experience in accounting, finance, trading, and is involved in pharmaceuticals industry. The Company is being benefited by his experience and experience | Dr. Krishna B Deshpande is a Bachelor of Medicine and Surgery (M.B.B.S) from Aurangabad Medical College.He is also a Member (fellowship) of American Board of Surheoans, Royal College of Surgeons and Surgical Association of Gastrointestinal Endoscopic Surgery.He has more than 45 Years of experience in the medical field and has worked at various senior positions.He is currently attached with Hospitals in Cleveland, Ohio,U.S.A | Dr Madan L Kapre is M.B.B.S, D.L.O,F.R.C.S & practicing in Nagpur. Dr Madan L Kapre is having experience of more than 40 years in the field of medicines.He has held various positions panel in India, U.K. and Saudi Arabia.He has also conducted various panel discussions lectures in India and Abroad. He is also recipient of various awards |

| | | | |
|---|---|-----|-------------------------------|
| Number of shares held in the company | NIL | NIL | NIL |
| List of the directorship held in other companies | GENO PHARMACEUTICALS PRIVATE LIMITED INDO SWISS JEWELS LIMITED GENO SPORTS CLUB | NIL | NEETI CLINICS PRIVATE LIMITED |
| Chairman/Member in the Committee of the Boards of Companies in which he is Director | NIL | NIL | NIL |

| Particulars | Resolution No 8 |
|---|--|
| Name of the Director | Shri K Vinaykumar |
| Date of Birth | 20 th November 1965 |
| Nationality | Indian |
| Date of appointment on the Board | 14 th August 2018 |
| Qualifications | Mech Engineer and M.B.A |
| Expertise in specific functional area | Shri K Vinaykumar is Mech Engineer and M.B.A from IIM (Ahmedabad) and currently pursuing a Fellowship Program in Management with thesis in the field of Marketing. He is a Member of American Marketing Association, Market Research Society of India, Federation of AP Chamber of Commerce and Industry, National HRD Network |
| Number of shares held in the company | NIL |
| List of the directorship held in other companies | NEXUS FLIGHT OPERATIONS INDIA PRIVATE LIMITED INCLUSIVE SERVICES AND TECHNOLOGIES PRIVATE LIMITED DATAWISE MANAGEMENT SERVICES INDIA PRIVATE LIMITED ETERNALGREEN INNOVATIONS PRIVATE LIMITED |
| Chairman/Member in the Committee of the Boards of Companies in which he is Director | NIL |

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DIRECTOR'S REPORT

TO THE MEMBERS,

The Directors have pleasure in presenting before you the THIRTY THREE Annual Report of SANDU PHARMACEUTICALS LIMITED together with Audited Balance Sheet and Statement of Profit & Loss for the financial year ended 31st March, 2018.

1. FINANCIAL RESULTS:-

The Company's financial performance, for the year ended March 31, 2018 is summarized below:

| | | (in ₹) |
|---|--------------|--------------|
| Particulars | 2017-18 | 2016-17 |
| Revenue from Operations (Gross) | 4,91,599,301 | 4,36,710,413 |
| Other Income | 1,217,803 | 47,05,960 |
| Total Income | 4,92,817,103 | 4,41,416,373 |
| Total Expenses | 4,85,264,834 | 4,41,811,036 |
| Profit before exceptional items and tax | 7,552,269 | -3,94,662 |
| Exceptional | NIL | -927933 |
| Profit/Loss Before Tax | 7,552,269 | 533,271 |
| Tax Expenses | | |
| Less: Current Tax | 1,977,645 | 6,599,948 |
| Deferred Tax | -40,855 | -1,624,270 |
| Profit/(Loss) for the Period | 5,615,479 | -4,442,407 |
| Other Comprehensive Income | 1,132,360 | 1,942,120 |
| Total Other Comprehensive Income (Net of Tax) | 6,747,839 | -2,500,287 |
| Earnings per equity shares | 0.79 | -0.63 |

• REVIEW OF OPERATIONS

In the financial year 2018-19, the company achieved an Income from operations of ₹ 4,91,599,301 as compared to ₹ 4,36,710,413 in the previous year.

Profit before tax was ₹ 7,552,269 for the year ending 31st March, 2018 as compared to Profit of ₹ 5,33,271 in the previous year.

Profit after tax was ₹ 5,615,479 for the year ended 31st March, 2018 as compared to a Profit of ₹ -4,442,407 in the previous year.

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year till the date of the Directors Report.

2. DIVIDEND:

In order to utilize the funds for the Company's Long term prospects the Management has advised the Company to conserve the funds for long term projects, in the view of the same, they do not recommend any dividend.

3. RISK MANAGEMENT:

The Board has laid down a clear Risk Management Policy to identify potential business risks and install effective mitigation processes to protect Company's assets and business Risks. Risk assessment and minimization plan are reviewed by the Board on a periodic basis. Risk Management Policy and the details of this policy are available on the website of the Company under the web link http://www.sandu.in/Risk_Managment_Policy.pdf

4. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate Internal Financial Control Systems, commensurate with the size, scale and complexity of its operations. The Management evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company on an ongoing basis.

5. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors had approved the Policy on Whistle Blower. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director/employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. Whistleblower Policy approved and adopted by the Board of Directors which can be accessed in our website http://www.sandu.in/vigil_mechanism_policy.pdf

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL:-

Shri Bhaskar Sandu holding DIN: 02816792 (Non Executive Director) retires by rotation and, being eligible, offer herself for re appointment.

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.

6.1 BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 the Board has carried out an annual evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been given in the Corporate Governance Report. The Weblink of familiarization Programme undertaken for Independent Director is also available on http://www.sandu.in/Familiarisation_Programme_of_the_Independent_Directors.pdf.

The Nomination and Remuneration Committee has defined the evaluation criteria and procedure for the Performance Evaluation process for the Board, its Committees and Directors. The criteria for Board Evaluation include inter alia, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the Managing Director/Executive Director.

Criteria for evaluation of the Committees of the Board include degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

6.2 NOMINATION AND REMUNERATION POLICY

The policy of the Company on Directors Appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matter, as required under sub section (3) of section 178 of the Companies Act, 2013 is available on our website http://www.sandu.in/Nomination_and_Remuneration_Policy_new.pdf.

There has been no change in the policy since the last fiscal year. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the company.

6.3 MEETINGS

During the year 5 (Five) Board Meetings and 5 (Five) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act 2013.

6.4 AUDIT COMMITTEE

The details of the composition of the Audit Committee are given in the corporate Governance Report. During the year all the recommendations of the Audit Committee were accepted by the Board.

6.5 POLICIES

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

In addition to its Code of Conduct and Ethics, key policies that have been adopted by the Company are as follows:

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| Name of the Policy | Brief Description | Web link |
|--|--|---|
| Whistleblower Policy | The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected frauds, or violation of the Company's code of conduct and ethics. There has been no change to the Whistleblower Policy adopted by the Company during the fiscal 2016 | http://www.sandu.in/Whistle_Blower__Policy_new.pdf |
| Nomination and Remuneration Policy | This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive/non executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees. | http://www.sandu.in/Nomination_and_Remuneration_Policy_new.pdf |
| Related Party Transaction Policy | The policy regulates all transactions between the company and its related parties | http://www.sandu.in/Related_Party_Transaction_Policy_new.pdf |
| Insider Trading Policy | The Policy provides framework in dealing with securities of the Company | http://www.sandu.in/Insider_Trading_Policy_new.pdf |
| Policy for determining Materiality of event or Information | This Policy for Determination of Materiality of Events or Information is aimed at providing guidelines to the management of Sandu Pharmaceuticals Limited, to determine the materiality of events or information, which could affect investment decisions and ensure timely and adequate dissemination of information to the Stock Exchange(s) (as hereinafter defined). | http://www.sandu.in/Insider_Trading_Policy_new.pdf |
| Archival Policy | The Policy deals archival of corporate records of Sandu Pharmaceuticals Limited | http://www.sandu.in/Archival__Policy.pdf |
| Board Diversity Policy | This policy aims to set out the approach to achieve diversity on the Board of Directors ("Board") of Sandu Pharmaceuticals Limited | http://www.sandu.in/Policy_on_Board_Diversity_new.pdf |
| Risk Management Policy | The Risk management policy of Sandu Pharmaceuticals Limited will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. | http://www.sandu.in/Risk_Management_Policy_new.pdf |

7. DIRECTORS RESPONSIBILITY STATEMENT:-

In accordance with the provisions of section 134(3) (c) read with section 134(5) of the Companies Act 2013, your Directors confirm that:

- a) In the preparation of annual accounts, for the year ended 31st March, 2018, the applicable accounting standards read with the requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same.
- b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent

so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2018 and of the profit of the Company for the year ended on that date.

- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on a 'going concern basis'.
- e) Internal financial controls to be followed by the

Company have been laid down and that such internal financial controls are adequate and are operating effectively and

- f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

8. CORPORATE SOCIAL RESPONSIBILITY POLICY:

Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

9. THE AMOUNT IF ANY WHICH IT PROPOSES TO CARRY TO ANY RESERVE

The Company has not transferred any amount to reserve and hence it is NIL.

10. RELATED PARTY TRANSACTIONS:

The related party contracts entered into your Company with related companies does not fall under the ambit of Section 188(1) of the Act.

All the related party transactions entered during the financial year were at arm's length and in the ordinary course of business. In compliance with the provisions of the Companies Act 2013 and Regulation 23(2) of the SEBI Regulation 2015, all related party transactions had been placed before the Audit Committee for prior approval. Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 information pertaining to related parties are given in Form AOC-2 as Annexure I of this Report.

11. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant material orders passed by the Regulators/Courts which could impact the going concern status of the Company and its future operations.

12. AUDITORS

12. a STATUTORY AUDITORS

M/s Dileep and Prithvi, Statutory Auditor of the Company retires at the conclusion of the ensuing Annual General Meeting and has offered themselves to be appointed as Statutory Auditor of the Company as recommended by Members of Audit Committee and Board of Directors. They have confirmed their eligibility to the effect that their appointment, if made, would be within the

prescribed limits under the Act and that they are not disqualified for appointment

12. b SECRETARIAL AUDITOR:

Pursuant to provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Mr. Swapnil Dixit, Company Secretary in practice to undertake the Secretarial Audit of the Company for the Financial Year 2017-18. The Secretarial Audit report for the financial year 2017-18 is annexed herewith as "ANNEXURE B".

13. INTERNAL COMPLAINTS COMMITTEE

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for Redressal of complaints against Sexual Harassment and there were no complaints received during the financial year.

14. DISCLOSURE REQUIREMENTS

Your Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

- Management Discussion and Analysis is annexed as "ANNEXURE A" to the report
- Secretarial Audit Report as "ANNEXURE B".
- As per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with the Stock Exchanges, a separate section on the Corporate Governance is annexed as "Annexure - C"
- Auditors Certificate on Corporate Governance "Annexure -D"
- Certificate from Managing Director under Reg 17(8) of SEBI (LODR) Regulation "Annexure -E",

15. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

A) CONSERVATION OF ENERGY:

- a) Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- b) No specific investment has been made in reduction in energy consumption.

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- c) As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.
- d) The required data with regard to conservation of energy as applicable to our Company is furnished below:

| Particulars | For the year ended 31.03.2018 | For the year ended 31.03.2017 |
|-----------------------|-------------------------------|-------------------------------|
| 1. ELECTRICITY | | |
| Purchased (units) | 235,996 Units | 258,652 Units |
| Total Amount ₹ | ₹ 1,769,117/- | ₹ 1,741,199/- |
| Rate/Units in ₹ | ₹ 7.50 / unit | ₹ 6.73 / unit |
| Fuel Consumed | | |
| Quantity- | | |
| Furnace | 56,760 Kgs | 65970 Ltrs |
| Oil | 10,650.460 Ltrs | 5773 Ltrs |
| Total amount- | | |
| Furnace Oil | ₹ 1,632,799/- | ₹ 1,939,234/- |
| Diesel | ₹ 636,452/- | ₹ 326,300/- |
| Rate per Ltr- | | |
| Furnace Oil | ₹ 28.77 | ₹ 29.40/- |
| Diesel | ₹ 59.76 | ₹ 56.52/- |

B) TECHNOLOGY ABSORPTION:

Company's products are manufactured by using in-house know how and no outside technology is being used for manufacturing activities. Therefore no technology absorption is required. The Company constantly strives for maintenance and improvement in quality of its products and entire Research & Development activities are directed to achieve the aforesaid goal

C) FOREIGN EXCHANGE EARNINGS AND OUT-GO:

During the period under review there was no foreign exchange earnings or out flow.

16. EXTRACT OF ANNUAL RETURN

As provided under section 92 (3) of the Act, the extract of the Annual Return in form MGT- 9 is annexed herewith as "Annexure G" which forms part of this report.

17. STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

The information required under section 197 of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Directors is annexed as "Annexure - H" to this report.

18. FIXED DEPOSITS:-

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014 during the financial year 2017-18.

19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:-

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 the Company are given in the notes to the financial statements.

20. PARTICULARS OF CONTRACT OR ARRANGMENTS WITH RELATED PARTY

During the year under review, the Company had not entered into any contract / arrangement / transaction with the related parties which could be considered as material as per SEBI (LODR) Regulations 2015.

21. CODE OF CONDUCT:

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Code of Conduct for Directors has been posted on http://www.sandu.in/Code_of_Conduct_for_Directors-new.pdf and for Senior Management Personnel http://www.sandu.in/Code_of_Conduct_for_Senior_Managment-new.pdf.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the designated employees and personnel have confirmed compliance with the Code. The Declaration signed by the Managing Director pursuant to Regulation 26(3) read with Schedule V (Part D) of the SEBI (LODR) Regulation 2015 is published in this report.

22. PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prohibition of Insider Trading with a view to regulate trading in securities by the Directors and Designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board of Directors and the designated employees have confirmed compliance with the Code. Code of Conduct for Prohibition of Insider Trading is available on website of the Company under the web link www.sandu.in

23. PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the company secretary in advance.

24. AUDITORS REPORT AND SECRETARIAL AUDIT REPORT

The Secretarial Audit Report doesn't contain any qualification, reservation or adverse remarks. Whereas the Auditors Report was subjected to one Qualification.

The Company has no arrears of undisputed statutory dues which remained outstanding as at 31st March 2018, for a period of more than six months from the date they became payable, except dues of Tax Deducted at source aggregating to Rs. 4,50,746/- (P.Y. Rs. 6,32,126/-) on account of defaults pertains to prior years.

25. EXPLANATION TO AUDITORS REMARK AS PER ANNEXURE A (Vii)(a) OF INDEPENDENT AUDIT REPORT

According to the Management , out of the reported tax liability a major portion will not be due and payable as per rectification of the same in process

26. ACKNOWLEDGEMENTS:

Your Company and its Directors wish to extend their sincerest thanks to the Members of the Company, Bankers, State Government, Local Bodies, Customers, Suppliers, Executives, Staff and workers at all levels for their continuous cooperation and assistance.

By order of Board of Directors
 For. **Sandu Pharmaceuticals Limited**
 sd/-
Pratika Mhambray
 Company Secretary
 M No:A36512

Dated: 14th August 2018
 Place: Mumbai

ANNEXURE-A

MANAGEMENT DISCUSSION AND ANALYSIS:-

Pursuant to Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, your Directors wish to report as follows:-

i. Industry Structure & Development:

The Ayurvedic medicines industry has remained a highly fragmented industry with many cottage industry players. A large part of the medicine manufacture process has been passed on through traditions. The propagation of the industry has been without any significant governmental support for a long time.

The economic policies of the Government and political situation in the country are quite favorable to the present business of your Company. The launch of the National Ayush Mission has in the current year can be expected to boost awareness and usage of Ayurvedic medicines in the country.

As one of the first companies to have instituted scientific methods to establish large scale manufacturing practices, Sandu Pharmaceuticals is well poised to take advantage of these developments.

There is also a gradual shift towards Ayurveda and more and more people are opting for Ayurvedic medicines. This is expected to benefit your Company in the long run.

ii. Opportunities and Threats :

There are opportunities in the Ayurvedic Industry to develop new products through proper research and development and there is no doubt that the industry will thrive. At Sandu Pharmaceuticals, we have been at the forefront of establishing scientific product development, resulting in superior product quality and efficacy.

Your Company also has good opportunities in the export markets. Your Company has been making concerted efforts to reach out to the export markets through active participation in Exports Industry Trade Shows. The results of these efforts are now beginning to bear fruit, and we expect more success in the coming years.

The industry continues to be plagued by low quality, unorganised players who continue to sell their medicines without quality standards. The lack of minimum quality standards has affected the perception of Ayurveda as a viable healthcare product.

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Another challenge is the continuous increase in the raw material input costs which increases the pressure on the profitability of your Company. As a result, we are forced to increase price of our products although the price increases are not as high as the cost increases, resulting in greater pressures for process efficiency on your Company.

iii. Segment wise performance:

Segment wise analysis of performance is not applicable to your Company under Accounting Standards 17 because there is only one segment i.e. Pharmaceutical.

iv. Outlook:

The outlook for the industry and consequently for your Company during the current financial year is reasonably good subject however to the effects of government policies, inflationary pressure and general global slowdown which is bound to affect your company.

v. GST (Goods and Service Tax)

The Government of India introduced a new law Goods and Service Tax, thereby repealing Central Excise Law & also the Sales Tax and all other Indirect Tax Laws. In this long run the company expects a favourable response from the trade but in the immediate short run lot of apprehension are exposed by various channel partners.

The Company expects that the input credits which it was not getting in the earlier Central Excise Law and also various set offs in the Sales Tax and Central Sales Tax will be available thereby this will be cash flow reduction and helps the company in the long run.

vi. Bio-Diversity Act

The Central Government has promulgated a Bio Diversity vested all the State Bio-Diversity Boards with the Task of collecting the access benefits sharing from the Company's which are buying their natural resources from the forest or forest producers.

The Company feels that this is a Act whereby unnecessary tax is being levied on the Company's and the guise of access benefit sharing (ABS). The industry with their Association is in process to protect the interest of Member Companies to represent before Government and even take appropriate steps to file proceedings before higher judiciary

vii. Risk and concerns:

Domestic and international market conditions would be the only risk which may be faced by your Company apart from input costs which are causing adverse impact on your Company's profitability. Other risks and concerns related to finance, production, stocks, insurance etc. are being managed adequately and efficiently by your Company.

viii. Internal Control Systems and their adequacy:

Your Company has put effective internal control systems into operation and is having adequate Internal Audit mechanism to monitor and review the same under the overall control and supervision of the Internal Auditor and the Audit Committee of the Independent Directors. Continuous improvements as suggested by our Internal Auditors are being implemented.

ix. Discussion of Financial performance with respect to operational Performance:

The financial performance with respect to the operational performance during the year under review was satisfactory. Your Company was successful in maintaining the profit level only because of the higher volumes and higher sales realization in spite of increased raw material prices.

x. Material Development in Human Resource / Industrial Relations:

Your Company is constantly endeavoring to introduce Human Resource Development activities for overall improvement of its team and induction of professional manpower. Your Company has good industrial relations. Your Company has continued to maintain good relationship with all employees at all the levels which also resulted to achieve higher production and sales.

xi. Material Financial and Commercial Transaction:

There are no material significant financial and commercial transactions with related parties viz. Promoters, Directors or the Management, their companies / firms or relatives conflicting with the interest of your Company. The promoters and the Directors are not dealing in the shares of your Company.

ANNEXURE – B

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED
31ST MARCH, 2018**

[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,
Sandu Pharmaceuticals Limited,
Pilerne industrial Estate, Marra,
Bardez, Goa – 403511.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sandu Pharmaceuticals Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 (hereinafter referred as to the "Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Sandu Pharmaceuticals Limited (the Company) for the financial year ended on 31st March, 2018 according to the applicable provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. (Provisions of

Overseas Direct Investment and External Commercial Borrowings not applicable to the Company during the Audit Period);

- (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 Period);
 - (d) The Securities and Exchange Board of India (Employee Stock option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 (Not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - (h) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
(Not applicable to the Company during the Audit Period).
- (vi) The following Laws and Regulations applicable specifically to the Company (as per the representations made by the Company) Viz.,
 - Drugs and Cosmetics Act, 1940
 - Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
 - The Medicinal and Toilet Preparations (Excise Duties) Act, 1955

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- Biological Diversity Act, 2002
- The Indian Copyright Act, 1957
- The Environment (Protection) Act, 1986;
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Air (Prevention and Control of Pollution) Act, 1981;
- The Electricity Act, 2003;
- The Legal Metrology Act, 2009 and Rules made thereunder;
- Indian Boilers Act 1923
- Sexual Harassment of Women (Prevention, Prohibition and Redressal) Act 2013
- Employees' Pension Provident Fund and Miscellaneous Provisions Act 1952
- Employees State Insurance Act 1948
- Factories Act 1948
- Sales of Goods Act, 1930
- Labour Relations Act 2002
- Indian Income Tax Act 1961
- Central Excise Act 1944
- Central Sales Tax Act 1956
- Maternity Benefits Act 1961
- The Apprentices Act 1961

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited

During the period under review and as per the explanations and clarifications given to us and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Compliance under Section 203 of the Act:

The Company has a full time Company secretary and

a Chief Financial Officer duly appointed as required under the Act.

The Nomination and Remuneration committee is duly constituted to comply with the provisions of Section 178(1) of the Companies Act, 2013 with effect from 30th May, 2015.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the audit period.

As required by the Secretarial Standard 1 (SS 1), issued by the Institute of Company Secretaries of India (ICSI), New Delhi,

- a) adequate notice was given to all directors to schedule the Board Meetings,
- b) agenda and detailed notes on agenda were sent at least seven days in advance in advance, and;
- c) 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 member's views are captured and/ or recorded as part of the minutes during the audit period.

We further report that as per the explanations given to me and the representations made by the Management and relied upon by me there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**FOR SWAPNIL J DIXIT AND ASSOCIATES,
COMPANY SECRETARIES**

Sd/-

**CS SWAPNIL JAYANT DIXIT
PROPRIETOR**

M. NO. ACS 34739

C. P. NO. 12942

Place: Bicholim - Goa

Date: 30th May 2018

This Report is to be read with my letter of even date which is annexed as Annexure-I and forms an integral part of this report.

Annexure – I forming part of Form No. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED
31ST MARCH, 2018**

To,
The Members,
Sandu Pharmaceuticals Limited,
Pilerne industrial Estate, Marra,
Bardez, Goa – 403511.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR SWAPNIL J DIXIT AND ASSOCIATES,
COMPANY SECRETARIES**

Sd/-

**CS SWAPNIL JAYANT DIXIT
PROPRIETOR
M. NO. ACS 34739
C. P. NO. 12942**

Place: Bicholim - Goa

Date: 30th May 2018

ANNEXURE-C**CORPORATE GOVERNANCE REPORT**

In accordance with Schedule V SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with BSE Limited (BSE) the report containing the details of Corporate Governance systems and processes at Sandu Pharmaceuticals Limited is as follows:

1. Company's Philosophy on Corporate Governance:

Your Company believes in adopting best Corporate Governance practices and envisages the attainment of the highest levels of transparency, accountability and ethics, in all facets of its operations. Company recognizes the rights and interests of its stakeholders and is committed to protect the same. Company considers that all operations and actions must serve the underlying goal of increasing employee and customer satisfaction and enhancing overall shareholder value together with fair treatment to its stakeholders.

2. Board of Directors

A. Composition and Category of Directors

The present Board comprises of 8 Members consisting of 1 Executive Director and 7 Non Executive Directors out of which 4 are Independent Directors. The name and category of each Director are given below.

| Name of the Director | Category |
|-----------------------------|---|
| Shri. Bhaskar G. Sandu | Chairman and Non Executive Director |
| Shri. Dilip R. Salgaocar | Independent Director |
| Dr. Krishna B. Deshpande | Independent Director |
| Dr. Madan L. Kapre | Independent Director |
| Shri. K. Vinaykumar | Independent Director |
| Shri. Shashank B. Sandu | Non Executive Director |
| Dr. Mrs. Shubhada P. Sandu | Non Executive Director and Women Director |
| Shri. Umesh B. Sandu | Executive Director |

B. Board Training and Induction

At the time of appointment of an Independent Directors, a formal letter of appointment are given to them, which inter alia explains the role, function, duties and responsibilities expected of them as a Director of the Company. The Directors are also explained in detail the compliances required from them under the Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 and their affirmation taken with respect to the same as per the relevant Act/Regulation.

C. BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND PROCEDURE

The Board of Directors are the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and also ensures that shareholder's long term interest are being served.

The Board has Constituted three Committees, namely Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee.

a) Board Agenda

The Board meetings are scheduled well in advance and the Board members are given a notice of at least 7 days prior to the meeting date. All major items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions.

b) Scheduling and selection of agenda items for Board Meeting

Minimum four Board Meetings are held annually. Additional Board meetings are convened by giving appropriate notice to address the Company's specific needs.

The meetings are usually held at Company's Corporate office at Sandu Nagar, D.K. Marg, Chembur, Mumbai -400 071

During the year ended on 31st March, 2018, the Board of Directors had 5 (Five) meetings. These were held on 30/05/2017,14/09/2017,23/10/2017,14/12/2017,14/02/2018.The last Annual General Meeting (AGM) was held on 29/09/2017. The attendance record of the Directors at the Board Meetings during the year ended on 31/03/2018, and at the last AGM is as under:-

Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and Number of other Directorship and Chairmanships/Memberships of Committees of each Director in various Companies (upto 31st March 2018):

| Name of the Director | Attendance at the meetings during 2017-18 | | Shareholding of Directors in the Company | No. of other Directorship as on 31-03-2018 | No. of Membership(s)/ Chairmanship(s) of Board Committees in other Companies as on 31-03-2018. |
|--------------------------|---|-----|--|--|--|
| | Board | AGM | | | |
| Shri. Bhaskar G. Sandu | 5 | 1 | 7,37,000 | Nil | NIL |
| Shri. Dilip R. Salgaocar | 3 | 1 | NIL | 2 | NIL |
| Dr. Krishna B. Deshpande | 1 | 0 | NIL | Nil | NIL |
| Dr. Madan L. Kapre | 5 | 1 | NIL | 1 | NIL |
| Shri. K. Vinaykumar | 5 | 1 | NIL | 3 | NIL |
| Shri. Shashank B. Sandu | 5 | 1 | 6,57,900 | 9 | NIL |
| Shri. Umesh B. Sandu | 5 | 1 | 6,77,100 | 9 | NIL |
| Dr Mrs Shubhada Sandu | 5 | 1 | 10,000 | NIL | NIL |

- The Directorship held by Directors as mentioned above, do not include directorships in foreign Companies.
- None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees [as prescribed in SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015] across all the companies in which he/she is a Director.
- None of the Directors held directorship in more than 10 public limited companies.
- All Independent Directors of the Company have been appointed as per the provisions of the Companies, Act 2013 (the Act). Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website: www.sandu.in.

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(c) Number of Board Meeting held with dates

Seven Board Meetings were held during the year, as against the minimum requirement of four meetings.

The details of Board meetings are given below:

| Date | Board Strength | No. of Directors Present |
|------------|----------------|--------------------------|
| 30/05/2017 | 8 | 7 |
| 14/09/2017 | 8 | 6 |
| 23/10/2017 | 8 | 7 |
| 14/12/2017 | 8 | 6 |
| 14/02/2018 | 8 | 7 |

D) Independent Directors

I. INDEPENDENT DIRECTORS MEETING:

During the Financial year under review, the Independent Directors met only once in the financial year i.e 14th February 2018 inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole.
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

II. BOARD AND DIRECTORS EVALUATION AND CRITERIA FOR EVALUATION

The Board has carried out an annual evaluation of its own performance, performance of the Directors, as well as the evaluation of the working of its Committees for the FY 2017-18.

The Nomination and Remuneration Committee has defined the evaluation criteria and procedure for the Performance Evaluation process for the Board, its Committees and Directors. The criteria for Board Evaluation include inter alia, Board structure and composition, effectiveness of Board processes, information and functioning.

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings, Qualification, positive attributes and Independence of a Director. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the Managing Director.

Criteria for evaluation of the Committees of the Board include degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of the meetings.

III Selection of Independent Director

Considering the requirement of skill sets on the Board, eminent people having independent standing in their respective field/profession, and who can effectively contribute to the company's business and policy decisions are considered by Nomination and Remuneration Committee for appointment, as Independent Directors on the Board. The Committee, inter alia, consider qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for selection of Directors and determining Directors Independence. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under the law.

IV. Independent Directors Familiarization Programme

The Company has familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programme's. The Company has adopted the familiarization programme for Independent Directors and the details of which are uploaded on the website of the company http://www.sandu.in/Familiarisation_Programme_for_Independent_Director-new.pdf

Information provided to the Board

The Board has complete access to all information with the Company. The information is provided to the Board on regular basis and the agenda papers for the meetings are circulated in advance of each meetings. The information supplied to the Board as per Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 includes,

- Annual Operating Plans and Budgets.
- Quarterly, half yearly and yearly results of the Company.
- Minutes of the Meeting of the Board, Audit Committee and other Committee of the Board.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Any issue which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed stricture on the conduct of the listed entity or taken adverse view regarding another enterprises that may have negative implications on the listed entity.
- Statement on compliance with code of conduct.
- Quarterly Corporate Governance Report.
- Details of transactions with Related Party.
- Details of inter corporate Loans, Investments and Guarantees made/given by the Company.
- Non Compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The Board has periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company.

E) BOARD COMMITTEES

Details of Board Committees and other related information are provided hereunder

a) Composition of Board Committee

Composition of Board Committees

Audit Committee:

- | | | |
|----|------------------------|------------|
| 1. | Shri. K. Vinaykumar | - Chairman |
| 2. | Dr. Madan L Kapre | - Member |
| 3. | Shri Dilip R Salgaocar | - Member |
| 4. | Shri Umesh B. Sandu | - Member |

Stakeholders Relationship Committee:

- | | | |
|----|----------------------|-----------|
| 1. | Shri Bhaskar G Sandu | -Chairman |
| 2. | Dr. Madan L Kapre | -Member |
| 3. | Shri Umesh B. Sandu | -Member |

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- b) Meetings of Board Committees held during the year and Directors attendance

Nomination and Remuneration Committee

1. Dr Madan L Kapre - Chairman
2. Shri Dilip R. Salgaocar - Member
3. Shri K Vinaykumar - Member
4. Shri Bhaskar G Sandu - Member

| Board Committees | Audit Committee | Nomination and Remuneration Committee | Stakeholders Relationship Committee |
|---------------------------|-----------------|---------------------------------------|-------------------------------------|
| Meeting held | 5 | 4 | 4 |
| Directors attendance | | | |
| Shri Bhaskar G Sandu | 0 | 5 | 4 |
| Shri Dilip R Salgaocar | 2 | 2 | 0 |
| Shri Madan L Kapre | 5 | 5 | 4 |
| Shri K Vinaykumar | 5 | 5 | 0 |
| Shri. Krishna B Deshpande | 0 | 0 | 0 |
| Shri Shashank B Sandu | 0 | 0 | 0 |
| Shri Umesh B Sandu | 5 | 0 | 5 |

NA-Not Member of the Committee

- c) Terms of Reference and other details of Board Committees

Audit Committee

Composition of the Committee

1. Shri. K. Vinaykumar-Chairman, Independent Director
2. Dr. Madan L. Kapre -Independent Director
3. Shri. Dilip R. Salgaocar-Independent Director
4. Shri. Umesh B. Sandu-Managing Director

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and are in line with those prescribed by SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Members of the Audit Committee possess financial / accounting expertise/exposure.

Terms of reference as per the Companies Act 2013

1. The recommendation for appointment, remuneration and terms of the appointment of auditors of the company.
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
3. Examination of the financial statement and auditor's report thereon.
4. Approval or any subsequent modification of transactions of the company with related parties.
5. Scrutiny of inter-corporate Loans and Investments.
6. Valuation of undertakings or assets of the company, wherever it is necessary.
7. Evaluation of internal financial controls and risk management systems.
8. Monitoring the end use of funds raised through public offers and related matters.

Terms of reference as per Regulation 18(3) of SEBI (listing Obligation and Disclosure Requirements) Regulations, 2015:

Powers of the Audit Committee

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

Role of the Audit Committee, inter alia, includes the following:

- (1) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions;
 - (g) Modified opinion(s) in the draft audit report;
- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) Evaluation of internal financial controls and risk management systems;
- (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

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- (14) Discussion with internal auditors of any significant findings and follow up there on;
- (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) To review the functioning of the whistle blower mechanism;
- (19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Review of information by Audit Committee

The Audit Committee shall mandatory review the following information

- (1) Management discussion and analysis of financial condition and results of operations.
- (2) Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- (3) Management letters / letters of internal control weaknesses issued by the statutory auditors.
- (4) Internal audit reports relating to internal control weaknesses
- (5) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) Statement of deviations.
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

Meeting Details

Four Meetings of the Audit Committee were held during the year. The details of meetings and attendance are given on page no. 28 of this Report.

2. Nomination and Remuneration Committee

Composition of the Committee

1. Dr Madan L. Kapre - Chairman Independent Director
2. Shri Dilip R. Salgaocar - Independent Director
3. Shri Bhaskar G. Sandu - Non Executive Director
4. Shri K Vinaykumar - Independent Director

1. Terms of Reference

The Nomination and Remuneration Committee was formed with the responsibility for determining the remuneration for all executive directors and KMP's, including any compensation payments, such as

retirement benefits or stock options and also to determine principles, criteria and the basis of remuneration policy of the company and shall also recommend and monitor the level and structure of pay for senior management i.e one level below the Board.

2. Nomination and Remuneration Committee shall perform the following role
 - a) Formulation of the criteria for determining qualification, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, Key managerial personnel and other employees.
 - b) Formulation of criteria for evaluation of independent Directors and the Board.
 - c) Devising a policy on Board Diversity
 - d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
 - e) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Meeting details

Two meetings of the Nomination and Remuneration Committee were held during the year. The Details of meeting and attendance are given on page no. 28 of this Report.

The details relating to remuneration of Directors have been given under a separate section viz “Directors Remuneration in this report.”

Nomination and Remuneration Policy

- a) The Company has formulated the Nomination and Remuneration Policy to lay down criteria & terms & conditions with regards to identifying persons who are qualified to become Directors and persons who are qualified to be appointed in Senior Management & Key Managerial Positions & to determine their remuneration.
- b) To carry out evaluation of the performance of Director as well as Key Managerial & Senior Managerial Personnel

3. Stakeholders Relationship Committee

Composition of the Committee

1. Shri Bhaskar G. Sandu
2. Dr. Madan L Kapre
3. Shri. Umesh B. Sandu

The Stakeholders Relationship Committee is primarily responsible to review all matters connected with the company’s transfer of securities and redressal of shareholders/Investors/security holders’ complaints. The Committee also monitors the implementation and compliance with company’s Code of Conduct for prohibition of insider trading.

The number of Directorships, Committee Membership(s)/Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations) and Provisions of the Companies Act 2013.

Terms of Reference of the Committee, inter alia, includes the following:

- Oversee and review all matters connected with the transfer of the Company’s securities.

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- Approve issue of the Company's duplicate share / debenture certificates.
- Consider, resolve and monitor redressal of investors'/ shareholders' / security holders' grievances related to transfer of securities, non-receipt of Annual Report, non-receipt of declared dividend etc.
- Oversee the performance of the Company's Registrars and Transfer Agents.
- Recommend methods to upgrade the standard of services to investors.
- Monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading.
- Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable.
- Perform such other functions as may be necessary or appropriate for the performance of its duties.

Meeting Details

Four meetings of the Committee were held during the year. The details of meetings and attendance are given on page no. 28 of this Report.

F. Code of Conduct

The Company has adopted a 'Code of Conduct' for the Directors and Senior Management of the Company as per Regulation 17(5) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Regulation 17(5)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires that the duties of Independent Directors as laid down in the Companies Act, 2013 should be included in the Code of Conduct to Directors. Hence duties of Independent Directors were included in Sandu Pharmaceuticals Code of Conduct. The Code of Conduct has been uploaded on the website of the Company. The code promotes conducting business in an ethical efficient and transparent manner so as to meet its obligations to its shareholders and all other stakeholders.

G. Prevention of Insider Trading Code:

As per SEBI (Prevention of Insider Trading) Regulation, 2015 the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees at Senior Management and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Company has appointed Ms Pratika Mhambray as Compliance Officer, who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review there has been due compliance with the said code.

H. Means of Communication

Quarterly results: The Company's quarterly results are published in Gomantak times (English) or Navhind Times and Goadoot (Regional Newspaper) and are displayed on company's website www.sandu.in.

Website: The Company's website www.sandu.in contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

Annual Report: The Annual Report containing, inter alia, Audited Financial Statement, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website www.sandu.in.

I. General Shareholders Information.**(a) Location and time, where last three AGM were held:**

| Location | Date | Time |
|---|--|-----------|
| Plot Nos. 25, 26, 29 & 30, Pilerne Indl Estate, Marra, Bardez ,Goa 403511 | Wednesday, 30 th September 2015 | 9.00 a.m. |
| | Friday, 30 th September 2016 | 9.00 a.m. |
| | Friday, 29 th September 2017 | 9:30 a.m. |

(b) Special Resolution passed

| | |
|---|-----|
| Whether Special Resolution passed at the last Annual General Meeting held on 29 th September 2017. | No |
| Whether Special Resolution passed at the last Annual General Meeting held on 30 th September 2016 | No |
| Whether Special Resolution passed at the last Annual General Meeting held on 30 th September 2015 Approval for Related Party Transaction with Sandu Brothers Private Limited | Yes |

(c) Postal Ballot:

For the year ended March 31, 2018 there have been no ordinary or special resolutions passed by the Company's Shareholders through postal ballot.

(d) Investor Grievance Redressal

The number of complaints/Requests received and resolved to the satisfaction of investors during the year under review and their break-up are as under from company and RTA:

| Type of Requests | Number of Requests |
|--------------------------|--------------------|
| Opening Balance | 0 |
| Received during the year | 8 |
| Resolved during the Year | 8 |
| Closing Balance | 8 |

*No Complaints were received during the year

J. Means of Communication

| Quarterly Results | Published in Newspaper |
|--|--|
| Newspaper in which normally published | Gomantak Times (English) or Navhind Times & Goa Doot (Marathi) |
| Any website ,where displayed | www.sandu.in |
| Whether it also displays official news releases | Yes |
| The presentations made to institution investors or to the analysts | N.A |

K. General Shareholders Information.**(1) Annual General Meeting**

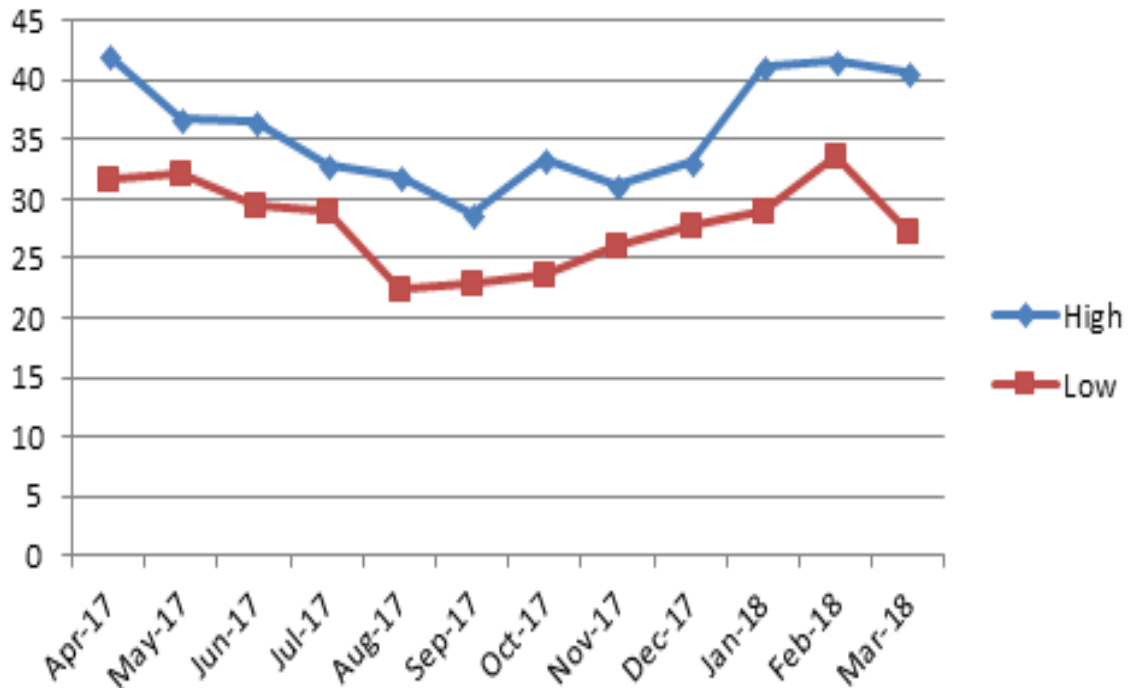
| | |
|-------|--|
| Date | 29 th September 2018 |
| Time | 9.30 a.m. |
| Venue | Plot No 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez Goa-403511 |

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- (2) Financial Calendar (tentative) Results for the quarter ending
June 30, 2018 – Second week of August 2018
September 30, 2018 - Second week of November, 2018
December 31, 2018 - Second week of February, 2019
March 31, 2019 – forth week of May, 2019
- (3) Date of Book closure Saturday, 22nd September 2018 to Saturday, 29th September 2018 (both days inclusive)
- (4) Listing on Stock Exchange (Equity Shares)
Bombay Stock Exchange
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001
Scrip Code: 524703
- a) Payment of Listing Fees
Annual listing fee for the year 2018-19 has been paid by the Company to BSE
- b) Payment of Depository Fees
Annual Custody/Issuer fee for the year 2018-19 has been paid to NSDL and CDSL.
- (5) Stock Market Price Data (Bombay Stock Exchange)

| Month | High | Low | Volume |
|----------------|-------|-------|--------|
| April 2017 | 42.10 | 31.75 | 228086 |
| May 2017 | 36.9 | 32.05 | 78781 |
| June 2017 | 36.45 | 29.6 | 49743 |
| July 2017 | 32.9 | 29 | 57733 |
| August 2017 | 31.9 | 22.5 | 104766 |
| September 2017 | 28.8 | 23 | 70501 |
| October 2017 | 33.45 | 23.55 | 174188 |
| November 2017 | 31.15 | 26 | 69025 |
| December 2017 | 33.2 | 27.7 | 66367 |
| January 2018 | 41.25 | 29 | 187895 |
| February 2018 | 41.75 | 33.75 | 103515 |
| March 2018 | 40.65 | 27.35 | 45642 |

[Source: This information is compiled from the data available from the websites of BSE]



(6) Distributing of Shareholding as on 31st March 2018.

| Size of Holdings | No. of Shareholders | Percentage % | No. of Shares | Percentage % |
|------------------|---------------------|--------------|---------------|--------------|
| Upto to 5000 | 9220 | 90.82 | 1,26,26,830 | 17.83 |
| 5001 to 10000 | 423 | 4.17 | 35,81,780 | 5.06 |
| 10001 to 20000 | 180 | 1.77 | 27,40,430 | 3.87 |
| 20001 to 30000 | 191 | 1.88 | 48,14,370 | 6.80 |
| 30001 to 40000 | 30 | 0.30 | 10,71,430 | 1.51 |
| 40001 to 50000 | 28 | 0.28 | 13,25,780 | 1.87 |
| 50001 to 100000 | 43 | 0.42 | 30,53,600 | 4.31 |
| 100001 to above | 37 | 0.36 | 4,15,95,780 | 58.74 |

(7) Registrars and Transfer Agents

M/s. Sharex Dynamic (India) Private Limited
 Unit 1, Luthra Industrial Premises,
 Andheri (East), Mumbai-400 072
 Email- sharexindia@vsnl.com

(8) Compliance Officer

Pratika P Mhambray is the Company Secretary and Compliance Officer of the Company.

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(9) Shares held in physical and dematerialized form:

60,77,050 of shares amounting to 85.82 % of the total paid up capital are held in dematerialized form and 10,03,950 of shares amounting to 14.18% in physical form as on March 31, 2018.

(10) Share Transfer System

Share transfers are processed and share certificates duly endorsed are delivered within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Managing Director/ authorized Representative. A summary of transfer/transmission of securities of the Company so approved by the Managing Director/Company Secretary is placed at every Board meeting.

(11) SEBI Complaints Redressal System (SCORES)

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

(12) General Shareholder Information

Distribution of Shareholding as on March 31, 2018

| Category code | Category of Shareholder | Number of Shareholders | Total number of Shares | As a percentage of (A+B+C) |
|---------------|--|------------------------|------------------------|----------------------------|
| (A) | Shareholding of Promoter and Promoter Group | | | |
| (1) | Indian | 10 | 3185690 | 44.99 |
| (2) | Foreign | 0 | 0 | 0 |
| | Total Shareholding of Promoter and Promoters Group | 10 | 3185690 | 44.989 |
| (B) | Public Shareholding | | | |
| (1) | Institution | 1 | 500 | 0.01 |
| (2) | Non Institution | 10141 | 38,94,810 | 55 |
| | Total Public Shareholding | 10142 | 3895310 | 55.01 |
| (C) | Shares held by Custodian and against which Depository Receipt have been issued | | | |
| (1) | Promoter and Promoters Group | 0 | 0 | 0 |
| (2) | Public | 0 | 0 | 0 |
| | Total(A)+(B)+(C) | 10152 | 7081000 | 100 |

13) Global depository receipts (GDR) or any Convertible instruments, conversion dates and likely impact on Equity

N.A

14) Dematerialization of Shares and Liquidity

The total number of shares in dematerialized form as on 31st March, 2018 is 60,77,050, representing 85.82% of the total number of shares of the Company. The equity shares of the Company are actively traded on BSE.

15) Reconciliation of Share Capital

As stipulated by SEBI, a Qualified Practising Company Secretary carried out Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the stock exchange where the company's shares are listed. The audit confirms that the total Listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

16) Unclaimed /Undelivered Share Certificates

Pursuant to Regulation 39(4) read with Schedule VI of the SEBI (LODR) Regulations, 2015 the Company is required to send at least three reminders at the last available address as per the records to the shareholders whose certificates were undelivered and returned to the Company.

Thereafter, in case of non receipt of response to the reminder, unclaimed physical shares will be dematerialized and will be held in "Unclaimed Suspense Account", with details of shareholding of each individual allottee whose shares are credited to such unclaimed suspense account. All corporate benefits shall also be credited to such suspense account for a period of 7 years and thereafter shall be transferred to IEPF. There were no unclaimed / undelivered Share Certificate during the financial year ended 31st March 2018.

17) Plant Location

Plot No 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa 403511.

18) Address for correspondence

| | |
|--|--|
| The Company Secretary Sandu Pharmaceuticals Limited Plot No 25,26,29 & 30 Pilerne Indl. Estate, Marra, Bardez, Goa 403511 Email:-corp.sec@sandu.in Contact no:08326715017 | M/s Sharex Dynamic (India) Pvt Ltd Unit 1, Luthra Industrial Premises, Andheri (East), Mumbai- 400 072 Tel No 022- 28515606 Email:sharexindia@vsnl.com |
|--|--|

DISCLOSURES

(a) Related Party Transactions

The Company has adopted a policy on Related Party Transactions as per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, which is disclosed on http://www.sandu.in/Related_Party_Transaction_Policy-new.pdf

The related party contracts entered into by the Company with Sandu Brothers Private Limited do not fall under the ambit of Section 188(1) of the Act and all related party transactions during the financial year were at arm's length and in the ordinary course of business. In compliance with the provisions of the Act and Regulation 23(2) of the SEBI Regulation 2015, all related party transactions had been placed before the Audit Committee for prior approval. Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 information pertaining to related parties are given in Form AOC-2 as Annexure - I of this Report.

Accordance with Regulation 27(2) (b) of SEBI (Regulation) 2015 all material transactions with related parties have been disclosed quarterly along with Compliance report on Corporate Governance.

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| Sr No | Name of the Company | Relationship | Nature of Transaction | Amount |
|-------|---|-----------------------------------|--|---|
| 1. | Sandu Brothers Private Limited | Relative of Directors are members | 1. Purchase of finished Ayurvedic medicines 2. Sale of finished Ayurvedic medicines 3. Taken premises on Leave and License | 21,90,18,063 1,57,36,894 1,80,000 |
| 2. | M/s Sanbro Marketing Services Private Limited | Common Directors | Service Contract | 24,24,797 |
| 3. | M/s Sanfar Communication Pvt. Ltd. | Common Directors | Service Contract | 31,56,476 |
| 4. | M/s Sanbert Packaging Pvt.Ltd | Common Directors | Service Contract | 21,66,211 |
| 5. | M/s Sanmark Realty And Finance Pvt. Ltd. | Common Directors | Service Contract | 22,59,325 |
| 6. | M/s Akshat Finvest & Properties Pvt.Ltd. | Common Directors | Service Contract | 28,72,821 |
| 7. | M/s.Noumura Realty & Constructions Pvt. Ltd | Common Directors | Service Contract | 22,48,680 |
| 8. | M/s Phybrichem Engineers Pvt.Ltd | Common Directors | Service Contract | 28,56,906 |
| 9. | M/s Neelamber Leasing And Finvest Private Limited | Common Directors | Service Contract | 25,35,232 |
| 10. | M/s Sandu Research Foundation Pvt.Ltd | Common Directors | Service Contract | 26,43,466 |

(b) Strictures and Penalties

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

(c) The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behavior. No person has been denied access to the chairman of the Audit Committee.

For and on behalf of Board of Directors
Of Sandu Pharmaceuticals Limited

Sd/-
Bhaskar Sandu
Chairman
DIN: 02816792

Dated: 14/08/2018
Place: Mumbai

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**ANNEXURE – D**

To,
The Members of
Sandu Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by **SANDU PHARMACEUTICALS LIMITED** (the Company), for the year ended 31st March, 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

The Company's Management is responsible for compliance of conditions of Corporate Governance requirements as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Auditor's Responsibility

Pursuant to the requirements of the above mentioned Listing Regulations, our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the relevant Listing Regulations. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on Use

This Certificate has been solely issued for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Dileep and Prithvi
Chartered Accountants
FRN : 122290W

Sd/-
Dileepkumar Shah
(Partner)
M.No 046848

Place:Mumbai
Date:05th June 2018

ANNEXURE - E

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER UNDER REGULATION 17(8) READ WITH PART B OF SCHEDULE II OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

To,
The Board of Directors of
Sandu Pharmaceuticals Limited

A. I have reviewed financial statements and the cash flow statement for the year ended 31st March 2018 and that to the best of my knowledge and belief:

These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

These statements together present a true and fair view and are in compliance with existing accounting standards, applicable laws and regulations.

B. To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

C. I accept the responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls if any, of which they are aware and the steps have taken or propose to take to rectify the deficiencies if any.

D. I have indicated to the auditors and the Audit committee

Significant changes in internal control over financial reporting during the year;

Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

Instances of significant fraud of which i have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Sandu Pharmaceuticals Limited**

Sd/-
Rakesh Parekh
Chief FinancialOffice

Place: Mumbai
Date: 31/03/2018

ANNEXURE - F

DECLARATION OF MANAGING DIRECTOR

As provided under Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. I, Shri Umesh B Sandu, Managing Director (DIN: 01132141) affirm that the Board Members and the Senior Management Personnel have confirmed compliance with the Codes of Conduct, as applicable to them, for the Financial year ended 31stMarch 2018.

For **Sandu Pharmaceuticals Limited**

Sd/-
Umesh B. Sandu
Managing Director
Place: Mumbai
DIN: 01132141

Place: Mumbai
Date: 05th June 2018

**ANNEXURE - G
FORM NO. MGT-9**

Extract of Annual Return

As on the financial year ended on 31st March, 2018

[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 | L24233GA1985PLC001587 |
| 2. | Registration Date | 15/11/1985 |
| 3. | Name of the Company | Sandu Pharmaceuticals Limited |
| 4. | Category/Sub category of the Company | Public Company Limited by shares |
| 5. | Whether listed Company(Yes/No) | Yes |
| 6. | Address of the Registered office and contact details | Plot No 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez Goa-403511 |
| 7. | Name Address and Contact details of Registrar and Transfer Agent | M/s Sharex Dynamic (India) Private Limited Unit 1,Luthra Industrial Premises, Andheri (East), Mumbai -400 072 Tel:022-28515606 E-mail :sharexindia@vsnl.com |
| II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY | | |
| | All the business activities contributing 10% or more of the total turnover of the Company | As per Attachment A |
| III | PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES | As per Attachment B |
| IV | SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) | |
| | i) Category –wise Share Holding | As per Attachment C |
| | ii)Shareholding of Promoter | As per Attachment D |
| | iii) Change in promoter's Shareholding | As per attachment E |
| | iv)Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) | As per Attachment F |
| | v)Shareholding of Directors and Key Managerial Personnel | As per Attachment G |
| V | INDEBTEDNESS | |
| | Indebtedness of the Company including interest outstanding/accrued but not due for payment | As per Attachment H |
| VI | REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL | |
| | A)Remuneration to Director ,WTD, and /or Manager | As per Attachment I |
| | B)Remuneration to other Directors | As per Attachment J |
| | C)Remuneration to Key Managerial Personnel other than MD/Managers/WTD | As per Attachment K |
| VII | PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES | As per Attachment L |

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ATTACHMENT A

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the turnover of the Company shall be stated

| Sr. No | Name and Description of main product/services | NIC Code of the Product | % to total turnover of the company |
|--------|---|-------------------------|------------------------------------|
| 1. | Manufacture of Ayurvedic Medicine | 3043 | 100% |

*As per National Industrial Classification-Ministry of Statistics and Programme implementation

ATTACHMENT B

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE

| Sr. No | Name and Address of the Company | CIN/GIN | Holding/ Subsidiary of the Company | % of shares held | Applicable Section |
|--------|---------------------------------|---------|------------------------------------|------------------|--------------------|
| | N.A | N.A | N.A | N.A | N.A |

ATTACHMENT C

IV. SHAREHOLDING 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 01-04-2017 | | | | No. of Shares held at the end of the year 31-03-2018 | | | | % Change during the year |
|---|--|----------|----------------|-------------------|--|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. PROMOTER'S | | | | | | | | | |
| (1). INDIAN | | | | | | | | | |
| | | 0 | | | | 0 | | | 0 |
| (a). Individual | 2228100 | 0 | 2228100 | 31.466 | 2228100 | 0 | 2228100 | 31.466 | 0 |
| (b). Central Govt. | | 0 | | | | 0 | | | 0 |
| (c). State Govt(s). | | 0 | | | | 0 | | | 0 |
| (d). Bodies Corpp. | 957590 | 0 | 957590 | 13.523 | 957590 | 0 | 957590 | 13.523 | 0 |
| (e). FIINS / BANKS. | | 0 | | | | 0 | | | 0 |
| (f). Any Other | | 0 | | | | 0 | | | 0 |
| Sub-total (A) (1):- | 3185690 | 0 | 3185690 | 44.989 | 3185690 | 0 | 3185690 | 44.989 | 0 |
| (2). FOREIGN | | | | | | | | | |
| (a). Individual NRI / For Ind | | 0 | | | | 0 | | | 0 |
| (b). Other Individual | | 0 | | | | 0 | | | 0 |
| (c). Bodies Corporates | | 0 | | | | 0 | | | 0 |
| (d). Banks / FII | | 0 | | | | 0 | | | 0 |
| (e). Qualified Foreign Investor | | 0 | | | | 0 | | | 0 |
| (f). Any Other Specify | | 0 | | | | 0 | | | 0 |
| Sub-total (A) (2):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 3185690 | 0 | 3185690 | 44.989 | 3185690 | 0 | 3185690 | 44.989 | 0 |
| (B) (1). PUBLIC SHAREHOLDING | | | | | | | | | |
| (a). Mutual Funds | | 0 | | | | 0 | | | 0.000 |
| (b). Banks / FI | 0 | 500 | 500 | 0.007 | 0 | 500 | 500 | 0.007 | 0.000 |
| (c). Central Govt. | | 0 | | | | 0 | | | 0.000 |
| (d). State Govt. | | 0 | | | | 0 | | | 0.000 |
| (e). Venture Capital Funds | | 0 | | | | 0 | | | 0.000 |
| (f). Insurance Companies | | 0 | | | | 0 | | | 0.000 |
| (g). FIIs | | 0 | | | | 0 | | | 0.000 |
| (h). Foreign Venture Capital Funds | | 0 | | | | 0 | | | 0.000 |

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| | | | | | | | | | |
|--|----------------|----------------|----------------|---------------|----------------|----------------|----------------|---------------|----------|
| (i). Others (specify) | | 0 | | | | 0 | | | 0.000 |
| Sub-total (B)(1):- | 0 | 500 | 500 | 0.007 | 0 | 500 | 500 | 0.007 | 0 |
| 2. Non-Institutions | | | | | | | | | |
| (a). BODIES CORP. | | | | | | | | | |
| (i). Indian | 147255 | 9000 | 156255 | 2.207 | 130393 | 9000 | 139393 | 1.969 | -0.238 |
| (ii). Overseas | | 0 | | | | 0 | | | 0.000 |
| (b). Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto ₹1 lakh | 1891912 | 1017250 | 2909162 | 41.084 | 1808635 | 994450 | 2803085 | 39.586 | -1.498 |
| (ii) Individual shareholders holding nominal share capital in excess of ₹.1 lakh | 732107 | 0 | 732107 | 10.339 | 881228 | 0 | 881228 | 12.445 | 2.106 |
| (c). Other (specify) | | | | | | | | | |
| Non Resident Indians | 20156 | 0 | 20156 | 0.285 | 8342 | 0 | 8342 | 0.118 | -0.167 |
| Overseas Corporate Bodies | | 0 | | | | 0 | | | 0 |
| Foreign Nationals | | 0 | | | | 0 | | | 0 |
| Clearing Members | 76130 | 0 | 76130 | 1.075 | 61762 | 0 | 61762 | 0.872 | -0.203 |
| Trusts | 1000 | 0 | 1000 | 0.014 | 1000 | 0 | 1000 | 0.014 | 0 |
| Foreign Boodies - D R | | 0 | | | | 0 | | | 0 |
| Sub-total (B)(2):- | 2868560 | 1026250 | 3894810 | 55.004 | 2891360 | 1003450 | 3894810 | 55.004 | 0 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 2868560 | 1026750 | 3895310 | 55.011 | 2891360 | 1003950 | 3895310 | 55.011 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | | 0 | | | | 0 | | | 0.000 |
| Grand Total (A+B+C) | 6054250 | 1026750 | 7081000 | 100.00 | 6077050 | 1003950 | 7081000 | 100.00 | 0 |

Note :There is no change in the number of shares held by the promoter in the Company

ATTACHMENT D

V. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

Shareholding Promoters:

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the Year | | | % changes in share holding during the year |
|--------|--|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No.of Shares | % of total Shares of the company | % of shares Pledged/ encumbered to total shares | No.of Shares | % of total Shares of the company | % of shares Pledged/ encumbered to total shares | |
| 1 | BHASKAR GOVIND SANDU | 737000 | 10.408 | 0 | 737000 | 10.408 | 0 | 0 |
| 2 | UMESH B SANDU | 677100 | 9.562 | 0 | 677100 | 9.562 | 0 | 0 |
| 3 | SHASHANK BHASKAR SANDU | 657900 | 9.291 | 0 | 657900 | 9.291 | 0 | 0 |
| 4 | SANMARK REALTY AND FINANCE PRIVATE LIMITED | 543930 | 7.682 | 0 | 543930 | 7.682 | 0 | 0 |
| 5 | NOUMURA REALTY AND CONSTRUCTIONS PRIVATE LIMITED | 219010 | 3.093 | 0 | 219010 | 3.093 | 0 | 0 |
| 6 | PHYBRICHEM ENGINEERS PRIVATE LIMITED | 155963 | 2.203 | 0 | 155963 | 2.203 | 0 | 0 |
| 7 | GEETA U SANDU | 85000 | 1.2 | 0 | 85000 | 1.2 | 0 | 0 |
| 8 | MINAL SHASHANK SANDU | 61100 | 0.863 | 0 | 61100 | 0.863 | 0 | 0 |
| 9 | AKSHATH FINVEST AND PROPERTIES PRIVATE LIMITED | 38687 | 0.546 | 0 | 38687 | 0.546 | 0 | 0 |
| 10 | SHUBHADA PRABHAKAR SANDU | 10000 | 0.141 | 0 | 10000 | 0.141 | 0 | 0 |

ATTACHMENT E

VI. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

Change in Promoter's Shareholdings (please specify if there is no change)

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the Year | | | % changes in share holding during the year |
|--------|--------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No.of Shares | % of total Shares of the company | % of shares Pledged/ encumbered to total shares | No.of Shares | % of total Shares of the company | % of shares Pledged/ encumbered to total shares | |
| N.A | | | | | | | | |

ATTACHMENT F

VII. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR and ADRs)

| Sr. No | Name | No.of Shares at the beginning /end of the Year | % of the Shares of the company | Date | Increasing/ Decreasing in shareholding | Reason | No.of shares | % of total Shares of the company |
|--------|------------------------|--|--------------------------------|------------|--|--------|--------------|----------------------------------|
| 1 | MUKESH RAOJIBHAI PATEL | 219176 | 3.095 | 01-04-2017 | | | | |
| | | | | 21-04-2017 | -11076 | Sold | 208100 | 2.939 |
| | | | | 09-02-2018 | -2604 | Sold | 205496 | 2.902 |
| | | | | 23-02-2018 | -4599 | Sold | 200897 | 2.837 |
| | | | | 02-03-2018 | -12650 | Sold | 188247 | 2.658 |
| | | | | 09-03-2018 | -915 | Sold | 187332 | 2.646 |
| | -Closing Balance | | | 31-03-2018 | | | 187332 | 2.646 |
| 2 | TANVI JIGNESH MEHTA | 25000 | 0.353 | 01-04-2017 | | | | |
| | | | | 21-04-2017 | 2000 | Buy | 27000 | 0.381 |
| | | | | 28-04-2017 | 7057 | Buy | 34057 | 0.481 |
| | | | | 19-05-2017 | 2196 | Buy | 36253 | 0.512 |
| | | | | 02-06-2017 | -1500 | Sold | 34753 | 0.491 |
| | | | | 09-06-2017 | -680 | Sold | 34073 | 0.481 |
| | | | | 04-08-2017 | 248 | Buy | 34321 | 0.485 |
| | | | | 13-10-2017 | 13013 | Buy | 47334 | 0.668 |
| | | | | 20-10-2017 | 3229 | Buy | 50563 | 0.714 |
| | | | | 27-10-2017 | 24590 | Buy | 75153 | 1.061 |
| | | | | 10-11-2017 | 8001 | Buy | 83154 | 1.174 |
| | | | | 17-11-2017 | 7498 | Buy | 90652 | 1.28 |
| | | | | 24-11-2017 | 5300 | Buy | 95952 | 1.355 |
| | | | | 01-12-2017 | 9493 | Buy | 105445 | 1.489 |
| | | | | 08-12-2017 | 15481 | Buy | 120926 | 1.708 |
| | | | | 15-12-2017 | 19217 | Buy | 140143 | 1.979 |
| | | | | 22-12-2017 | 5000 | Buy | 145143 | 2.05 |
| | | | | 29-12-2017 | 2309 | Buy | 147452 | 2.082 |
| | | | | 05-01-2018 | 1450 | Buy | 148902 | 2.103 |
| | | | | 12-01-2018 | 125 | Buy | 149027 | 2.105 |
| | | | | 02-02-2018 | 4950 | Buy | 153977 | 2.175 |
| | | | | 16-02-2018 | 2000 | Buy | 155977 | 2.203 |

| Sr. No | Name | No.of Shares at the beginning /end of the Year | % of the Shares of the company | Date | Increasing/ Decreasing in shareholding | Reason | No.of shares | % of total Shares of the company |
|--------|-----------------------------------|--|--------------------------------|------------|--|-----------|--------------|----------------------------------|
| | | | | 23-02-2018 | 1509 | Buy | 157486 | 2.224 |
| | | | | 09-03-2018 | 7558 | Buy | 165044 | 2.331 |
| | -Closing Balance | | | 31-03-2018 | | | 165044 | 2.331 |
| 3 | HITESH KUVELKAR | 105828 | 1.495 | 01-04-2017 | | | | |
| | | | | 07-04-2017 | 145 | Buy | 105973 | 1.497 |
| | | | | 09-06-2017 | 300 | Buy | 106273 | 1.501 |
| | | | | 16-06-2017 | 320 | Buy | 106593 | 1.505 |
| | | | | 15-09-2017 | 450 | Buy | 107043 | 1.512 |
| | | | | 22-09-2017 | 671 | Buy | 107714 | 1.521 |
| | | | | 06-10-2017 | 900 | Buy | 108614 | 1.534 |
| | -Closing Balance | | | 31-03-2018 | | | 108614 | 1.534 |
| 4 | AMIT DATTATRAY KHANDEKAR | 67318 | 0.951 | 01-04-2017 | | | | |
| | -Closing Balance | | | 31-03-2018 | | No Change | 67318 | 0.951 |
| 5 | KHUSHBUBEN RAKESH VAIDYA | 18000 | 0.254 | 02-06-2017 | | | | |
| | | | | 07-07-2017 | 8000 | Buy | 26000 | 0.367 |
| | | | | 09-02-2018 | 3000 | Buy | 29000 | 0.41 |
| | | | | 16-02-2018 | 574 | Buy | 29574 | 0.418 |
| | | | | 23-02-2018 | 1926 | Buy | 31500 | 0.445 |
| | | | | 02-03-2018 | 103 | Buy | 31603 | 0.446 |
| | | | | 09-03-2018 | 50 | Buy | 31653 | 0.447 |
| | | | | 16-03-2018 | 2825 | Buy | 34478 | 0.487 |
| | -Closing Balance | | | 31-03-2018 | 550 | Buy | 35028 | 0.495 |
| 6 | JAINAM SHARE CONSULTANTS PVT. LTD | 31191 | 0.44 | 01-04-2017 | | | | |
| | | | | 14-04-2017 | 100 | Buy | 31291 | 0.442 |
| | | | | 21-04-2017 | 175 | Buy | 31466 | 0.444 |
| | | | | 28-04-2017 | -691 | Sold | 30775 | 0.435 |
| | | | | 21-07-2017 | 100 | Buy | 30875 | 0.436 |

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| Sr. No | Name | No.of Shares at the beginning /end of the Year | % of the Shares of the company | Date | Increasing/ Decreasing in shareholding | Reason | No.of shares | % of total Shares of the company |
|--------|-----------------------------------|--|--------------------------------|------------|--|-----------|--------------|----------------------------------|
| | | | | 28-07-2017 | -200 | Sold | 30675 | 0.433 |
| | | | | 04-08-2017 | 100 | Buy | 30775 | 0.435 |
| | | | | 11-08-2017 | -200 | Sold | 30575 | 0.432 |
| | | | | 01-09-2017 | 200 | Buy | 30775 | 0.435 |
| | | | | 15-09-2017 | 500 | Buy | 31275 | 0.442 |
| | | | | 30-09-2017 | -75 | Sold | 31200 | 0.441 |
| | | | | 06-10-2017 | 20 | Buy | 31220 | 0.441 |
| | | | | 13-10-2017 | -695 | Sold | 30525 | 0.431 |
| | | | | 20-10-2017 | 500 | Buy | 31025 | 0.438 |
| | | | | 27-10-2017 | -500 | Sold | 30525 | 0.431 |
| | | | | 03-11-2017 | 5000 | Buy | 35525 | 0.502 |
| | | | | 29-12-2017 | 1000 | Buy | 36525 | 0.516 |
| | | | | 05-01-2018 | -1000 | Sold | 35525 | 0.502 |
| | | | | 02-02-2018 | -4500 | Sold | 31025 | 0.438 |
| | | | | 16-02-2018 | 400 | Buy | 31425 | 0.444 |
| | | | | 23-02-2018 | -300 | Sold | 31125 | 0.44 |
| | | | | 02-03-2018 | 1100 | Buy | 32225 | 0.455 |
| | | | | 09-03-2018 | -1200 | Sold | 31025 | 0.438 |
| | -Closing Balance | | | 31-03-2018 | | | 31025 | 0.438 |
| 7 | MAHAN INDUSTRIES LTD | 28698 | 0.405 | 01-04-2017 | | | | |
| | -Closing Balance | | | 31-03-2018 | | No Change | 28698 | 0.405 |
| 8 | RAVINDRA VINAYAK BHATAVADEKAR HUF | 27734 | 0.392 | 01-04-2017 | | | | |
| | -Closing Balance | | | 31-03-2018 | | No Change | 27734 | 0.392 |
| 9 | YATIN JAYKRISHNA DESAI | 24000 | 0.339 | 01-04-2017 | | | | |
| | -Closing Balance | | | 31-03-2018 | | No Change | 24000 | 0.339 |

| Sr. No | Name | No. of Shares at the beginning /end of the Year | % of the Shares of the company | Date | Increasing/ Decreasing in shareholding | Reason | No. of shares | % of total Shares of the company |
|--------|-----------------------------------|---|--------------------------------|------------|--|--------|---------------|----------------------------------|
| 10 | MATALIA STOCK BROKING PVT LTD | 22387 | 0.316 | 01-04-2017 | | | | |
| | | | | 07-04-2017 | 1050 | Buy | 23437 | 0.331 |
| | | | | 21-04-2017 | -800 | Sold | 22637 | 0.32 |
| | | | | 28-04-2017 | 500 | Buy | 23137 | 0.327 |
| | | | | 02-06-2017 | -600 | Sold | 22537 | 0.318 |
| | | | | 09-06-2017 | 500 | Buy | 23037 | 0.325 |
| | | | | 30-06-2017 | 600 | Buy | 23637 | 0.334 |
| | | | | 01-09-2017 | 1065 | Buy | 24702 | 0.349 |
| | | | | 15-09-2017 | -265 | Sold | 24437 | 0.345 |
| | | | | 20-10-2017 | -150 | Sold | 24287 | 0.343 |
| | | | | 24-11-2017 | 500 | Buy | 24787 | 0.35 |
| | | | | 05-01-2018 | -600 | Sold | 24187 | 0.342 |
| | | | | 12-01-2018 | -50 | Sold | 24137 | 0.341 |
| | | | | 02-02-2018 | -200 | Sold | 23937 | 0.338 |
| | -Closing Balance | | | 31-03-2018 | | | 23937 | 0.338 |
| 11 | RAKESHKUMAR KIRITKUMAR VAIDYA HUF | 32600 | 0.46 | 01-04-2017 | | | | |
| | | | | 02-06-2017 | 18000 | Buy | 50600 | 0.715 |
| | | | | 07-07-2017 | 8000 | Buy | 58600 | 0.828 |
| | | | | 25-08-2017 | -20000 | Sold | 38600 | 0.545 |
| | | | | 30-09-2017 | -6000 | Sold | 32600 | 0.46 |
| | | | | 27-10-2017 | -30000 | Sold | 2600 | 0.037 |
| | -Closing Balance | | | 03-11-2017 | -2600 | Sold | 0 | 0 |
| 12 | BHAVNA BEEMAL PATEL | 58587 | 0.827 | 01-04-2017 | | | | |
| | | | | 26-05-2017 | -1500 | Sold | 57087 | 0.806 |
| | | | | 02-06-2017 | -36000 | Sold | 21087 | 0.298 |
| | -Closing Balance | | | 07-07-2017 | -21087 | Sold | 0 | 0 |

ATTACHMENT G

VIII. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

Shareholding of Directors and Key Managerial Personnel:

| Sr No | Particulars | Shareholding at the Beginning of the year 01/04/2017 | | Cumulative Shareholding during the year 31/03/2018 | |
|-------|------------------------|--|----------------------------------|--|----------------------------------|
| | | No of Shares | % of total Shares of the Company | No of Shares | % of total shares of the company |
| 1. | Bhaskar G Sandu | 737000 | 10.408 | 737000 | 10.408 |
| 2. | Shashank B Sandu | 657900 | 9.291 | 657900 | 9.291 |
| 3. | Umesh B Sandu | 677100 | 9.562 | 677100 | 9.562 |
| 4. | Shubhada P Sandu | 10000 | 0.141 | 10000 | 0.141 |
| 5. | Pratika Mhambray (KMP) | NIL | NIL | NIL | NIL |
| 6. | Rakesh Parekh (CFO) | NIL | NIL | NIL | NIL |

ATTACHMENT H

IX. INDEBTEDNESS

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

| Particulars | Secured Loans Excluding Deposits (₹) | Unsecured Loans | Deposits | Total Indebtedness (₹) |
|--|--|-----------------|------------|--------------------------|
| Indebtedness at the beginning of the financial year 01.04.2017 | | | | |
| 1. Principal Amount | 10,55,32,303 | NIL | NIL | 10,55,32,303 |
| 2. Interest due but not paid | | | | |
| 3. interest accrued but not due | 3,84,044 | NIL | NIL | 3,84,044 |
| Total of (1+2+3) | 10,59,16,347 | NIL | NIL | 10,59,16,347 |
| Change in indebtedness during the financial year | | | | |
| +Addition | 35,00,000 | NIL | NIL | 35,00,000 |
| -Reduction | 66,38,182 | NIL | NIL | 66,38,182 |
| Net Change | 10,27,78,165 | NIL | NIL | 10,27,78,165 |
| Indebtedness at the end of the financial year 31.03.2018 | | | | |
| 1. Principal Amount | 9,41,93,279 | NIL | NIL | 9,41,93,279 |
| 2. Interest due but not paid | | | | |
| 3. interest accrued but not due | | | | |
| Total of (1+2+3) | 9,41,93,279 | NIL | NIL | 9,41,93,279 |

ATTACHMENT I

X. REMUNERATION OF DIRECTOR AND KEY MANAGERIAL PERSONNEL

Remuneration to Managing Director, Whole Time Director and/or Manager

| Sr. No | Particulars of Remuneration | Shri. Umesh Sandu Managing Director | (In ₹) Total Amount |
|--------|---|--|------------------------|
| 1. | Gross Salary | | |
| | Salary as per provisions in section 17(1) of the income tax act | | |
| | (b) Value of perquisites u/s 17(2) income tax, 1961 | 25,75,200 | 25,75,200 |
| | © Profit in lieu of salary under section 17(3) income tax act, 1961 | NIL | NIL |
| 2. | Stock option | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL |
| 4. | Commission | NIL | NIL |
| | - As % of profit | | |
| | - Others, specify | NIL | NIL |
| 5. | Others, please specify | NIL | NIL |
| | Provident Fund & other fund | NIL | NIL |
| | Total (A) | 2,08,800 | 2,08,800 |
| | Ceiling as per the Act | 27,84,000 | 27,84,000 |
| | | 30,00,000 | 30,00,000 |

ATTACHMENT J

XI. REMUNERATION OF DIRECTOR AND KEY MANAGERIAL PERSONNEL

Remuneration of other directors:

Independent Directors:- (In ₹)

| Particulars of Remuneration | Name of Directors | | | | Total Amount (In ₹) |
|--|-----------------------|-------------------------|-------------------|------------------|------------------------|
| | Dilip R. Salgaocar | Krishna B. Deshpande | Madan L. Kapre | K. Vinaykumar | |
| Fees for attending Board /Committee Meetings | NIL | NIL | NIL | NIL | NIL |
| Commission | NIL | NIL | NIL | NIL | NIL |
| Others | NIL | NIL | NIL | NIL | NIL |
| Total | NIL | NIL | NIL | NIL | NIL |

Other Non-Executive Directors:- (In ₹)

| Other Non Executive Director | Bhaskar G Sandu | Shashank B Sandu | Shubhada P Sandu | Total Amount (In ₹) |
|--|--------------------|---------------------|---------------------|------------------------|
| Fees for attending Board /Committee Meetings | NIL | NIL | NIL | NIL |
| Commission | NIL | NIL | NIL | NIL |
| Others | NIL | NIL | NIL | NIL |
| Total | NIL | NIL | NIL | NIL |

ATTACHMENT K

XII. REMUNERATION OF DIRECTOR AND KEY MANAGERIAL PERSONNEL

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| Sr. No | Particulars of Remuneration | Key Managerial Personnel | | (In ₹) |
|--------|---|--------------------------|-------------------|-----------------|
| | | Chief Financial Officer | Company Secretary | Total |
| 1. | Gross Salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act | 5,47,971 | 4,16,150 | 9,64,121 |
| | (b) Value of perquisites u/s 17(2) Income Tax Act | NIL | NIL | NIL |
| | (c) Profit in lieu of salary under section 17(3) Income Tax Act | NIL | NIL | NIL |
| 2. | Stock option | NIL | NIL | NIL |
| 3. | Sweat Equity Shares | NIL | NIL | NIL |
| 4. | Commission -As % of profit -others, specify | NIL | NIL | NIL |
| 5. | Others, please specify contribution to PF | NIL | 21,600 | 21600 |
| 6. | Performance Bonus | NIL | NIL | NIL |
| | Total | 5,47,971 | 4,37,750 | 9,64,121 |

ATTACHMENT L

XIII. Penalties /Punishment/compounding of offences (under the companies act)

| Type | Section Of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/NCLT/ COURT) | Appeal made, if any (give details) |
|--------------------------------|------------------------------|---|--|----------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | NA | NA | NA | NA | NA |
| Punishment | NA | NA | NA | NA | NA |
| Compounding | 372A(2) 372A(5) | 50,000 on Company. 50,000 on Company | | NCLT NCLT | |
| B Directors | | | | | |
| Penalty | NA | NA | NA | NA | NA |
| Punishment | NA | NA | NA | NA | NA |
| Compounding | 372A(2) 372A(5) | 50,000 on Managing Director. 50,000 on Managing Director | | NA NA | NA NA |
| C Any other officer in default | | | | | |

ANNEXURE - H

STATEMENT OF PARTICULARS REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year.

| Sr No | Directors | Ratio to Median Remuneration |
|-------|--|------------------------------|
| 1. | Bhaskar G Sandu- Chairman and Non Executive Director | - |
| 2. | Dilip R Salgaocar-Non Executive Independent Director | - |
| 3. | Krishna B Deshpande Non Executive Independent Director | - |
| 4. | Dr Madan L Kapre Non Executive Independent Director | - |
| 5. | K Vinaykumar Non Executive Independent Director | - |
| 6. | Shashank B Sandu- Non Executive | - |
| 7. | Shubhada P Sandu Non Executive | 19.15% |
| 8. | Umesh B Sandu Managing Director | |

The Median remuneration of all employees of the company for the Financial year 2017-18 was ₹ 1,56,600

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the Financial Year.

| Sr No | Director, Chief Financial Officer, Company Secretary | % increase /(decrease) of remuneration in the financial year |
|-------|--|--|
| 1. | Bhaskar G Sandu- Chairman and Non Executive Director | - |
| 2. | Dilip R Salgaocar-Non Executive Independent Director | - |
| 3. | Krishna B Deshpande Non Executive Independent Director | - |
| 4. | Dr Madan L Kapre Non Executive Independent Director | - |
| 5. | K Vinaykumar Non Executive Independent Director | - |
| 6. | Shashank B Sandu- Non Executive | - |
| 7. | Shubhada P Sandu Non Executive | - |
| 8. | Umesh B Sandu Managing Director | 11.31% |
| 9. | Rakesh Parekh Chief Financial Officer | - |
| 10. | Pratika Mhambray Company Secretary | 7.29% |

Note: Shri Rakesh Parekh is appointed on 08th May 2017 so comparison of salary is not possible.

- (iii) The percentage increase in the median remuneration of employees in the Financial Year: 22.21%
- (iv) The Number of permanent employees on roll of the Company: 273
- (v) The explanation on the relationship between average increase in remuneration and company Performance Average Increase in remuneration of all employees was 10.56%
- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.

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| | |
|---|--------------|
| Aggregate of remuneration paid to Key Managerial Personnel (KMP) | 42,90,000 |
| Total Revenue | 49,28,17,103 |
| Remuneration of KMP's as a % of total revenue | 0.87% |
| Profit Before Tax (PBT) | 75,52,269 |
| Remuneration of KMP's as a % PBT | 56.80% |

- (vii) Variations in the market capitalization of the company, price earning ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer, the variation in the net worth of the company as at the close of the current financial year and previous financial year

| Particulars | As on 31.03.2018 | As on 31.03.2017 | % Increase |
|-----------------------|------------------|------------------|------------|
| Share Price | | | |
| BSE | 28.65 | 31.75 | -9.76% |
| Market Capitalization | 202,870,650 | 224,821,750 | -9.76% |
| BSE | | | |
| Price Earning Ratio | 36.32 | 52.92 | -32.42% |
| Net worth | 280,824,671.93 | 274,076,834.5 | 2.46% |

*share price at BSE is considered for calculation of Price Earnings Ratio

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereto and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average salary increase of Non Managerial Employees is 3.57 %

Average Salary increase of Managerial employees is 19%

There is no exceptional circumstances in increase in managerial remuneration.

- (ix) Comparison of each remuneration of the key managerial personnel (KMPs) against the performance of the Company.

| KMPs | Remuneration in FY 2017-18 | Total Revenue | Remuneration a % of Revenue | Profit Before Tax(PBT) | Remuneration of KMPs as a % of PBT |
|--|----------------------------|---------------|-----------------------------|------------------------|------------------------------------|
| Umesh B. Sandu Managing Director | 30,00,000 | 49,28,17,103 | 0.61% | 75,52,269 | 39.72% |
| Rakesh Parekh Chief Financial Officer | 7,75,000 | | 0.16% | | 10.26% |
| Pratika Mhambray Company Secretary | 5,15,000 | | 0.10% | | 6.82% |

- x) The Key parameter for any variable component of remuneration availed by the Director
There are no variable payment is made to the Whole Time Director based on the performance during the year.
- xi) The ratio of the remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the Year
Managing Director is highest paid Director. No employee received remuneration higher than the Managing Director.
- xii) Affirmation that the remuneration is as per the remuneration policy of the Company
Remuneration paid during the year ended 31.03.2018 is as per remuneration policy of the Company

ANNEXURE - I
FORM NO. AOC- 2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014. Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

I. Details of contracts or arrangements or transactions not at Arm's length basis.- N. A

| SL. No. | Particulars | Details |
|---------|---|---------|
| 1. | Name (s) of the related party & nature of relationship | NIL |
| 2. | Nature of contracts/arrangements/transaction | |
| 3. | Duration of the contracts/arrangements/transaction | |
| 4. | Salient terms of the contracts or arrangements or transaction including the value, if any | |
| 5. | Justification for entering into such contracts or arrangements or transactions' | |
| 6. | Date of approval by the Board | |
| 7. | Amount paid as advances, if any | |
| 8. | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | |

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

| Particulars | Details | Nature of relationship |
|--|--|-----------------------------------|
| Name (s) of the related party & nature of relationship | 1. Sandu Brothers Private Limited | Relative of Directors are members |
| | 2. M/s Sanbro Marketing Services Private Limited. | Common Directors |
| | 3. M/s Sanfar Communication Pvt. Ltd. | Common Directors |
| | 4. M/s Sanbert Packaging Pvt.Ltd | Common Directors |
| | 5. M/s Sanmark Realty And Finance Pvt. Ltd | Common Directors |
| | 6. M/s Akshath Finvest & Properties Pvt. Ltd | Common Directors |
| | 7. M/s.Noumura Realty & Constructions Pvt. Ltd | Common Directors |
| | 8. M/s Phybrichem Engineers Pvt. Ltd | Common Directors |
| | 9. M/s Neelamber Leasing And Finvest Private Limited | Common Directors |
| | 10. M/s Sandu Research Foundation Pvt.Ltd | Common Directors |

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| Nature of contracts/arrangements/ transaction | Duration of the contracts/ arrangements/transaction | Salient terms of the contracts or arrangements or transaction including the value, if any |
|---|--|---|
| 1. a) Purchase/sale of finished Ayurvedic Medicine for marketing b) Taken premises on leave and License | 01 st April 2014 to 31 st March 2019 | Refer No 1 |
| 2. Service Contract. | 01 st April 2017 to 31 st March 2018 | Refer No 2 |
| 3. Service Contract | 01 st April 2017 to 31 st March 2018 | Refer No 2 |
| 4. Service Contract | 01 st April 2017 to 31 st March 2018 | Refer No 2 |
| 5. Service Contract | 01 st April 2017 to 31 st March 2018 | Refer No 2 |
| 6. Service Contract | 01 st April 2017 to 31 st March 2018 | Refer No 2 |
| 7. Service Contract | 01 st April 2017 to 31 st March 2018 | Refer No 2 |
| 8. Service Contract | 01 st April 2017 to 31 st March 2018 | Refer No 2 |
| 9. Service Contract | 01 st April 2017 to 31 st March 2018 | Refer No 2 |
| 10. Service Contract | 01 st April 2017 to 31 st March 2018 | Refer No 2 |

| Date of approval by the Board | Amount paid as advances, if any |
|-------------------------------|---------------------------------|
| 30 th May 2014 | 8,13,35,158 |
| 30 th May 2017 | N.A |
| 30 th May 2017 | N.A |
| 30 th May 2017 | N.A |
| 30 th May 2017 | N.A |
| 30 th May 2017 | N.A |
| 30 th May 2017 | N.A |
| 30 th May 2017 | N.A |
| 30 th May 2017 | N.A |
| 30 th May 2017 | N.A |

Note 1:

M/s Sandu Brothers Private Limited manufacture's and process and pack the Ayurvedic Drugs and Formulation in accordance with specifications provided to it by M/s Sandu Pharmaceuticals Limited and pack them in bulk or in such other packs in the manner as may be stipulated or specified by M/s Sandu Pharmaceuticals Limited to enable to market the same by buying the said products on its account.

The other related information as envisaged under the company's (Meeting of Board and its Power) Rules, 2014 and amendments thereto, and the Company's Related Party Transaction Policy are furnished Hereunder.

Note 2:

M/s Sandu Pharmaceuticals Limited has entered into Service Contract with Company's that are related to M/s Sandu Pharmaceuticals, for availing services of the company's in order to carry on day to day activities.

For and on behalf of Board of Directors

Sd/-

Bhaskar G Sandu

Chairman

DIN: 02816792

Dated: 14th August 2018

Place: Mumbai

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INDEPENDENT AUDITORS' REPORT

To the Members of,
SANDU PHARMACEUTICALS LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Sandu Pharmaceuticals Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS 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 there under. We conducted audit of Ind AS Financial Statements 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 Ind AS financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 March 31, 2018, and its profit including other comprehensive income, its cash flows and the changes in equity and for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. 1) As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India -Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the said Order.
- 2) As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable 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 including other comprehensive income, the Statement Cash Flow and statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 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"; and
 - (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) Rule, 2014 as amended, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company does not have any pending litigation which would impact its financial position.
 - ii. The Company does not have any long-term contracts having material foreseeable losses. The Company does not have any derivatives contracts.
 - iii. The Company is not liable to make any payments towards Investor Education and Protection Fund.
 - iv. the disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited Ind AS financial statements for the period ended 31 March, 2017, have been disclosed. Refer Note [16 of Financial Statements]

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued financial statements prepared in accordance with the Accounting Standards referred in section 133 of the Companies Act, 2013 audited by the previous auditor whose report for the year ended March 31, 2016 dated 30th May, 2016 expressed unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

For Dileep & Prithvi
Chartered Accountants
Firm Reg. No. 122290W

Dileepkumar Shah
(Partner)
M. No. 046848

Place: Mumbai
Date: 05th June 2018

Annexure -A to the Auditor's Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the Ind AS financial statements for the year ended on March 31, 2018, of **Sandu Pharmaceuticals Limited**)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of plant, property and equipment.
- (b) According to the information and explanations given to us, the plant, property and equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed by the management on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. In case of leasehold land, that have been taken on lease and disclosed as plant, property and equipment in the Ind AS financial statements, the lease agreement is in the name of the company, where the company is the lessee in the agreement.
- (ii) According to the information and explanations given to us, the inventories has been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted unsecured loans to companies, firms, limited liability partnership or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) to (c) of the order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of section 185 & 186 of the Companies Act, 2013 in respect of loans, investments, guarantees or securities, as applicable.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 of the Act. Therefore, the provisions of the clause (v) of paragraph 3 of the Order are not applicable to the company.
- (vi) We have been informed that the Company is not required to maintain cost records under subsection (1) of section 148of the Companies Act, 2013, which has been relied upon.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Wealth tax, Income-tax, Service tax, Sales Tax, Custom Duty, Excise Duty, goods and service tax and other material statutory dues, as applicable. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed statutory dues which remained outstanding as at 31st March 2018, for a period of more than six months from the date they became payable, except dues of Tax Deducted at source aggregating to Rs. 4,50,746/- (P.Y. Rs. 6,32,126/-) on account of defaults pertains to prior years.
- (b) According to the information and explanations given to us and records of the Company, no dues of Income-tax and Service Tax are outstanding in the books of the Company on account of any dispute.
- (viii) According to the information and explanations given to us, the company has not defaulted in repayment of dues to banks and financial institution. The Company has not taken any loan from the Government and has not issued any debentures.
- (ix) The Company has not raised any money by way of public offer or further public offer (including debt instruments) and in our opinion the term loans have been applied for the purpose for which they were raised.
- (x) According to the information and explanations furnished by the management, which has been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company,

managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provision of Section 197 read with schedule V to the Companies Act, 2013.

- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations give to us and based on our examination of the records. In our opinion, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements as required by the Applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence clause 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations give to us and based on our examination of the records, the company has not entered into any non-cash transactions with directors or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- (xvi) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Dileep & Prithvi
Chartered Accountants
Firm Reg. No. 122290W

Dileepkumar Shah
(Partner)
M. No. 046848

Place: Mumbai
Date: 05th June 2018

Annexure-B to Auditors report

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

1. We have audited the internal financial controls of Sandu Pharmaceuticals Limited (“the Company”) as of 31 March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal financial Controls

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

Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls & 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.”) issued by ICAI and the Standards on Auditing, 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 issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance note required 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.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial Controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion on the Company’s internal financial control system over financial reporting.

Meaning of internal financial controls over Financial Reporting

6. 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 Control Over Financial Reporting

7. 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

8. In our opinion, the Company has, in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established.
9. 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 Dileep & Prithvi

Chartered Accountants
Firm Reg. No. 122290W

Dileepkumar Shah

(Partner)
M. No. 046848

Place: Mumbai

Date: 05th June 2018

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Balance Sheet as at 31st March 2018

| PARTICULARS | Note No. | As at 31 st March, 2018 Amount (₹) | As at 31 st March, 2017 Amount (₹) | As at 1 st April, 2016 Amount (₹) |
|--------------------------------------|----------|---|---|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, Plant and Equipment | 3 | 174,107,009 | 173,180,534 | 175,481,978 |
| Other Intangible Assets | 4 | 1,594,892 | 1,710,785 | 746,981 |
| Financial Assets: | | | | |
| Investments | 5 | 11,239,932 | 9,915,934 | 7,863,662 |
| Other non current assets | 6 | 50,000,000 | - | - |
| | | 236,941,833 | 184,807,253 | 184,092,621 |
| Current assets | | | | |
| Inventories | 7 | 114,404,476 | 106,782,772 | 111,507,564 |
| Financial Assets: | | | | |
| Trade receivables | 8 | 66,939,046 | 63,468,919 | 71,473,383 |
| Cash and cash equivalents | 9 (a) | 13,630,094 | 23,484,205 | 5,830,024 |
| Bank balances other than 9 (a) above | 9 (b) | 448,439 | 3,385,657 | 1,112,950 |
| Other Financial Assets | | - | - | - |
| Other current assets | 10 | 12,910,641 | 82,394,068 | 129,782,602 |
| | | 208,332,696 | 279,515,621 | 319,706,521 |
| | | 445,274,530 | 464,322,874 | 503,799,142 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity Share capital | 11 | 70,810,000 | 70,810,000 | 70,810,000 |
| Other Equity | 12 | 210,014,670 | 203,266,830 | 205,767,117 |
| | | 280,824,670 | 274,076,830 | 276,577,117 |
| Non-current liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 13 | 2,465,127 | 893,450 | 7,782,021 |
| Deferred tax liabilities (Net) | 14 | 8,157,074 | 7,985,812 | 9,281,698 |
| | | 10,622,201 | 8,879,262 | 17,063,719 |
| Current liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 15 | 91,084,266 | 99,278,165 | 100,522,081 |
| Trade payables | 16 | 30,220,901 | 40,866,184 | 58,763,668 |
| Other current liabilities | 17 | 11,463,692 | 14,791,765 | 23,842,930 |
| Provisions | 18 | 21,058,800 | 26,430,667 | 27,029,627 |
| | | 153,827,659 | 181,366,782 | 210,158,306 |
| | | 445,274,530 | 464,322,874 | 503,799,142 |

Significant Accounting policies 2

The accompanying Notes from 30 to 34 are an integral part of Financial Statements.

As per our report of even date attached.

For Dileep & Prithvi

Chartered Accountants

Firm Reg No 122290W

By the hand of

Sd/-

Dileepkumar Shah

(Partner)

M.No:046848

Sd/-

Bhaskar G. Sandu

(Chairman)

DIN:02816792

Sd/-

Umesh B. Sandu

(Managing Director)

DIN:01132141

Sd/-

Rakesh Parekh

(CFO)

Sd/-

Shashank B. Sandu

(Director)

DIN:00678098

Sd/-

Pratika S. Mhambray

(CS)

Place: Mumbai

Dated : 5th June 2018

Place: Mumbai

Dated : 5th June 2018

Statement of Profit and Loss for the ended 31st March, 2018

| Particulars | Note No. | Year ended 31 st March, 2018 Amount (₹) | Year ended 31 st March, 2017 Amount (₹) |
|--|----------|--|--|
| Income | | | |
| Revenue From Operations | 19 | 491,599,301 | 436,710,413 |
| Other Income | 20 | 1,217,803 | 4,705,960 |
| Total Income | | 492,817,103 | 441,416,373 |
| Expenses | | | |
| Cost of materials consumed | 21 | 74,192,797 | 74,607,716 |
| Purchases of Stock-in-Trade | 22 | 218,882,831 | 173,636,439 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 23 | (9,138,948) | 8,121,785 |
| Excise duty on sale of goods | | 1,440,210 | 8,458,647 |
| Employee benefits expenses | 24 | 59,364,451 | 54,179,912 |
| Finance costs | 25 | 12,310,466 | 14,940,646 |
| Depreciation and amortization expenses | | 6,024,160 | 8,676,155 |
| Other expenses | 26 | 122,188,867 | 99,189,736 |
| Total expenses | | 485,264,834 | 441,811,036 |
| Profit/(loss) before exceptional items and tax | | 7,552,269 | (394,662) |
| Exceptional Items | 27 | - | (927,933) |
| Profit/(Loss) Before Tax | | 7,552,269 | 533,271 |
| Tax expense: | 28 | | |
| Current tax | | 1,977,645 | 6,599,948 |
| Deferred tax | | (40,855) | (1,624,270) |
| Profit (Loss) For The Period | | 5,615,479 | (4,442,407) |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss in Subsequent Periods : | | | |
| Remeasurement gains/(losses) on post employment defined benefit plans | | 126,377 | 611,794 |
| Fair value changes of investments | | 1,218,100 | 1,658,710 |
| Income tax relating to items that will not be reclassified to profit or loss | | (212,117) | (328,384) |
| Total Other Comprehensive Income For The Period (Net of Tax) | | 1,132,360 | 1,942,120 |
| Total Comprehensive Income For The Period (Net of Tax) | | 6,747,839 | (2,500,287) |
| Earnings Per Equity Share | 29 | | |
| Basic | | 0.79 | (0.63) |
| Diluted | | 0.79 | (0.63) |

Significant Accounting policies 2

The accompanying Notes from 30 to 34 are an integral part of Financial Statements.

As per our report of even date attached.

For Dileep & Prithvi

Chartered Accountants

Firm Reg No 122290W

By the hand of

For and on behalf of the Board of Directors

Sandu Pharmaceuticals Limited

CIN : L24233GA1985PLC001587

Sd/-

Dileepkumar Shah

(Partner)

M.No:046848

Sd/-

Bhaskar G. Sandu

(Chairman)

DIN:02816792

Sd/-

Umesh B. Sandu
(Managing Director)

DIN:01132141

Sd/-

Rakesh Parekh
(CFO)

Sd/-

Shashank B. Sandu

(Director)

DIN:00678098

Sd/-

Pratika S. Mhambray
(CS)

Place: Mumbai

Dated : 5th June 2018

Place: Mumbai

Dated : 5th June 2018

Statement of changes in equity for the Period ended 31st March, 2018

A. Equity Share Capital & Reconciliation of number of shares outstanding at the beginning and end of the year

| Particulars | As at 31 st March, 2018 | | As at 31 st March, 2017 | |
|---|------------------------------------|-------------------|------------------------------------|-------------------|
| | Number of shares | Amount (₹) | Number of shares | Amount (₹) |
| Balance at the beginning of the year | 70,810,000 | 70,810,000 | 70,810,000 | 70,810,000 |
| Changes in equity share capital during the year | - | - | - | - |
| Balance at the end of the year | 70,810,000 | 70,810,000 | 70,810,000 | 70,810,000 |

B. Other Equity

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | | Total(₹) |
|--|----------------------|--------------------|----------------------|---|-------------------------|---|--------------------|
| | Capital Reserve (₹) | General Reserve(₹) | Retained Earnings(₹) | Equity Instruments through Other Comprehensive Income (₹) | Revaluation Surplus (₹) | Other Comprehensive Income -Employee Benefits (₹) | |
| Balance at 1 st April, 2016 | 2,600,000 | 92,428,369 | 20,998,191 | 525,344 | 98,080,471 | - | 214,632,375 |
| Changes in fair value of inventories in pursuant to Ind As | | | (8,865,258) | | | - | (8,865,258) |
| Restated balance at 1 st April, 2016 | 2,600,000 | 92,428,369 | 12,132,933 | 525,344 | 98,080,471 | - | 205,767,117 |
| Profit for the Year (Net of tax) | | | (4,442,407) | | | | (4,442,407) |
| Other Comprehensive Income (Net of tax) | - | | | 1,487,863 | - | 454,257 | 1,942,120 |
| Transfer to retained earnings | - | | 1,380,456 | - | (1,380,456) | - | - |
| Balance at 31st March, 2017 | 2,600,000 | 92,428,369 | 9,070,982 | 2,013,207 | 96,700,015 | 454,257 | 203,266,830 |
| Profit for the Year | - | | 5,615,479 | | - | | 5,615,479 |
| Other Comprehensive Income(Net of tax) | - | | | 1,038,525 | - | 93,835 | 1,132,360 |
| Transfer to general reserve | (2,600,000) | 2,600,000 | | | | | |
| Transfer to retained earnings | - | | 1,380,456 | | (1,380,456) | | |
| Balance at 31st March, 2018 | - | 95,028,369 | 16,066,917 | 3,051,732 | 95,319,559 | 548,092 | 210,014,670 |

Significant Accounting policies 2

The accompanying Notes from 30 to 34 are an integral part of Financial Statements.

As per our report of even date attached.

For Dileep & Prithvi
Chartered Accountants
Firm Reg No 122290W
By the hand of

For and on behalf of the Board of Directors
Sandu Pharmaceuticals Limited
CIN : L24233GA1985PLC001587

Sd/-
Dileepkumar Shah
(Partner)
M.No:046848

Sd/-
Bhaskar G. Sandu
(Chairman)
DIN:02816792

Sd/-
Umesh B. Sandu
(Managing Director)
DIN:01132141
Sd/-
Rakesh Parekh
(CFO)

Sd/-
Shashank B. Sandu
(Director)
DIN:00678098
Sd/-
Pratika S. Mhambray
(CS)

Place: Mumbai
Dated : 5th June 2018

Place: Mumbai
Dated : 5th June 2018

Statement of Cash Flow for the year ended 31st March, 2018

| Particulars | Year ended 31 st March, 2018 | | Year ended 31 st March, 2017 | |
|---|--|-------------------|--|-------------------|
| | Amount (₹) | Amount (₹) | Amount (₹) | Amount (₹) |
| A. Cash flow from operating activities | | | | |
| Net Profit / (Loss) before extraordinary items and tax | | 7,552,269 | | (394,662) |
| Adjustments for: | | | | |
| Depreciation and amortisation expenses | 6,024,160 | | 8,676,155 | |
| Finance costs | 12,310,466 | | 14,940,646 | |
| Interest income | (233,096) | | (133,234) | |
| Dividend income | (34,240) | | (24,896) | |
| Profit on sale of Property, Plant and Equipment | (493,000) | | - | |
| Bad Debts | 389,350 | | - | |
| Provision for doubtful trade and other receivables, loans and advances | - | | 198,280 | |
| Gain on Sale of Financial Instruments | - | | (393,563) | |
| Re-measurement losses on employee defined benefit plans | 126,377 | | 611,794 | |
| Prior period Income | - | | (325,371) | |
| | | 18,090,017 | | 23,549,811 |
| Operating profit / (loss) before changes in operating assets & liabilities | | 25,642,286 | | 23,155,149 |
| Changes in operating assets | | | | |
| (increase) / decrease in inventories | (7,621,704) | | 4,724,792 | |
| (increase) / decrease in Trade receivables | (3,859,477) | | 7,806,184 | |
| (increase) / decrease in other operating assets | 17,142,408 | | 17,852,455 | |
| Changes in operating liabilities | | | | |
| (increase) / decrease in trade payables | (10,645,283) | | (17,897,484) | |
| (increase) / decrease in other operating liabilities | (5,096,172) | (10,080,228) | 539,145 | 13,025,091 |
| Cash Generated from operation | | 15,562,058 | | 36,180,240 |
| Income Tax Paid | | (3,240,394) | | 12,969,542 |
| Net Cash flow from Operating activities | | 12,321,664 | | 49,149,782 |
| B. Cash flow from investing activities | | | | |
| Purchases of Property, Plant and Equipment | (6,834,743) | | (6,085,211) | |
| Sales of Property, Plant and Equipment | 493,000 | | - | |
| Purchase of Non Current Financial Instruments | (105,900) | | (5,871,084) | |
| Proceed from Non Current Financial Instruments | - | | 5,477,516 | |
| Proceed from Current Investment | - | | | |
| Interest received | 233,096 | | 133,234 | |

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| Particulars | Year ended 31 st March, 2018 | | Year ended 31 st March, 2017 | |
|---|--|---------------------|--|---------------------|
| | Amount (₹) | Amount (₹) | Amount (₹) | Amount (₹) |
| Dividend received | 34,240 | | 24,896 | |
| Gain on Sale of Financial Instruments | - | | 393,563 | |
| Net cash flow from / (used in) investing activities (B) | | (6,180,307) | | (5,927,086) |
| C. Cash flow from financing activities | | | | |
| Proceeds from long-term borrowings | 1,571,677 | | | |
| Repayment of long-term borrowings | - | | (7,111,243) | |
| Repayment of Short-term borrowings (net) | (8,193,899) | | (1,243,916) | |
| Finance cost | (12,310,466) | | (14,940,646) | |
| Net cash flow from / (used in) financing activities (C) | | (18,932,688) | | (23,295,805) |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | | (12,791,331) | | 19,926,891 |
| Cash and cash equivalents at the beginning of the year | | 26,869,863 | | 6,942,974 |
| Cash and cash equivalents at the end of the year | | 14,078,533 | | 26,869,863 |

Notes :-

Amendment to Ind AS 7: Effective 01st April, 2017, the company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the Statement of Cash Flows.

The accompanying Notes from 30 to 34 are an integral part of Financial Statements.

As per our report of even date attached.

For Dileep & Prithvi
Chartered Accountants
Firm Reg No 122290W
By the hand of

For and on behalf of the Board of Directors
Sandu Pharmaceuticals Limited
CIN : L24233GA1985PLC001587

Sd/-
Dileepkumar Shah
(Partner)
M.No:046848

Sd/-
Bhaskar G. Sandu
(Chairman)
DIN:02816792

Sd/-
Umesh B. Sandu
(Managing Director)
DIN:01132141
Sd/-
Rakesh Parekh
(CFO)

Sd/-
Shashank B. Sandu
(Director)
DIN:00678098
Sd/-
Pratika S. Mhambray
(CS)

Place: Mumbai
Dated : 5th June 2018

Place: Mumbai
Dated : 5th June 2018

NOTES FORMING INTEGRAL PART OF FINANCIAL STATEMENTS OF SANDU PHARMACEUTICALS LIMITED FOR THE YEAR ENDED MARCH 31, 2018

NOTE 1. Corporate Information

Sandu Pharmaceuticals Limited referred as “the Company” is domiciled in India and was incorporated in India on November 15, 1985. The registered office of the Company is at Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, GOA - 403511. Equity shares of the Company are listed in India on the Bombay Stock Exchange (BSE).

The Company is mainly engaged in the business of manufacturing and trading of Ayurvedic Property Medicines under the brand name SANDU. The company has manufacturing plant in Goa.

NOTE 2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements:

a. Basis of Accounting and preparation of financial statements:

- The accounts are prepared under historical cost convention except for certain financial assets and liabilities which have been measured at fair value (Refer accounting policy regarding financial instruments) on Accrual basis of accounting and as a going concern and in accordance with the Indian Accounting Standards (Ind AS) notified under the companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended..
- For all periods upto and including the year ended 31st March, 2017, the company has prepared its financial Statements to comply in all material respects with the Accounting Standard specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and to reflect the financial position and result of operations of the company. These financial statements for the year ended on 31st March, 2018 are the first the company has prepared in accordance with Ind AS.
- The Company followed the provisions of Ind-AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition i.e 1st April, 2016 and transitional adjustment were recognized directly through retained earnings (Refer Note No. 33)
- Accounting Policies, not specifically referred to, otherwise are consistent with generally accepted accounting policies. In applying the accounting policies, considerations have been given to prudence, substance over form and materiality. The accounting policies adopted in the presentation of the financial statements are consistent with those followed in the previous year except for changes in the accounting policies wherever required in preparation of 1st Balance Sheet as on 1-4-2016 (i.e. transitional balance sheet) as per the Ind AS.

b. Presentation of financial statements:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013. The statement of Cash Flow has been prepared and presented as per the requirements of Ind AS-7 “Statement of Cash flows”. The disclosure requirements with respect to items in the balance sheet and statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.

c. Functional and presentation currency:

These financial statements are presented in Indian National Rupee (‘INR’), which is the Company’s functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

d. Current versus Non-current classification :

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is :

- Expected to be realized or intended to be sold or consumed in normal operating cycle;

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- Held primarily for the purpose of trading-expected to be realized within twelve months after the reporting period ;or
- Cash and cash equivalent unless restricted from being used to settle a liability for at least twelve months after the reporting period.

All Other assets are classified as non-current.

A liability is treated as current when it is :

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All Other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

e. Use of Judgements and Estimates:

In preparing these financial statements, management has made Judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements:

- Classification of leases into finance and operating lease.
- Classification of financial assets: Assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions.,
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.,
- Impairment test: key assumptions underlying recoverable amounts.,
- Useful life and residual value of Property, Plant and Equipments.,
- Recognition and measurement of provisions and contingencies:

key assumptions about the likelihood and magnitude of an outflow of resources.

f. Property, Plant and Equipment (Fixed assets) and Depreciation:

Recognition and Measurement :

“Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment

loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.”

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Foreign exchange loss /gain arising on long-term foreign currency monetary items existing as on April 1,2016 used for depreciable assets, which are capitalised as per transitional provision of IndAS101 “First time adoption”.

On transition to Ind AS, the Company has adopted optional exception under Ind AS 101 to measure leasehold land at fair value. Consequently the fair value has been assumed to be deemed cost of leasehold land on the date of transition.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that there is an increase in the future economic benefits associated with the expenditure will flow to the company.

Depreciation on property, plant and equipment :

Based on a technical assessment and a review of past history of asset usage, management of the company has not revised its useful lives to those referred to under schedule III to the Companies Act,2013.

Depreciation on property, plant and equipments is provided using Straight Line Method based on the useful life of the assets as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II to the Companies Act, 2013. The estimate of useful life of the assets has been taken as per Part C of Schedule II to the Companies Act, 2013 and has also been assessed by the management which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support etc.

The estimated useful life of property, plant and equipments is mentioned below:

| Type of Asset | Period (Years) |
|-----------------------------|----------------|
| a. Leasehold Land | 72 |
| b. Buildings & Sheds | 60 |
| c. Plant & Machinery | 20 |
| d. Furniture & Fixtures | 10 |
| e. Electrical Installations | 10 |
| f. Motor Vehicles | 8 |
| g. Office Equipments | 5 |

Capital work-in-progress

Expenditure incurred during the construction period, including all expenditure direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the assets and it recognised in the Statement of Profit and Loss.

g. Intangible Assets and amortization :

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation. All cost and expenses incidental to acquisition and installation attributable to the intangible assets are capitalized.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Computer Software

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period based on management's estimate of useful lives of such software being 3 years, or over the license period of the software, whichever is shorter.

h. Non-current assets held for sale :

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. Again or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

i. Impairment of Assets :

At each reporting date, the company reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any.

An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ('CGU') fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there

has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

j. Financial Instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- a. Debt instruments at amortized cost.
- b. Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- c. Equity instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company does not have any financial asset under this category.

Debt instrument and equity instrument at FVTPL

FVTPL is a residual category for debt instruments and equity instruments. Any debt and equity instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt and equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and loss account. The Company does not have any financial asset under this category.

In addition, the Company may elect to classify a debt and equity instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, the Company doesn't have any debt and instruments that qualify for FVTPL classification.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL, if any. For all other equity instruments, the Company decides to classify the same as at FVTOCI.

Equity instruments included within the FVTOCI category are measured at fair value with all changes recognized in the OCI.

For financial assets that are measured at FVTOCI, income by way of interest, dividend and exchange difference (on debt instrument) is recognised in profit or loss and changes in fair value (other than on account of such income) are recognised in Other Comprehensive Income and accumulated in other equity. On disposal of debt instruments measured at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit or loss. In case of equity instruments measured at FVTOCI, such cumulative gain or loss is not reclassified to profit or loss on disposal of investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

Financial liabilities

Initial recognition and measurement

The Company's financial liabilities include deposits, and trade and other payables. These are recognized initially at amortized cost net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, they are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

k. Inventories:

Inventories such as Raw Materials, Work-in-Progress, Finished Goods, Stock in Trade and Stores & Spares are valued at the lower of cost and net realizable value except scrap/waste which are value at net realizable value. The cost is computed on FIFO basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

l. Revenue Recognition:

The Company recognises revenue from sale of goods when;

- i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) the amount of revenue can be measured reliably;
- iii) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- iv) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Claim on insurance companies, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc.

Interest income are recognised on an accrual basis using the effective interest method.

Dividends are recognised at the time the right to receive payment is established.

m. Foreign Currency Transactions:

- **Initial recognition**

Foreign currency transactions, if any, are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

- **Conversion**

Foreign currency monetary items, if any, are reported using the spot rate of exchange at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

- **Exchange differences**

Exchange differences, if any, arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Exchange differenced arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

n. Employee Benefits:

Employee benefits include provident fund, gratuity fund and compensated absences.

- **Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

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- in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- in case of non-accumulating compensated absences, when the absences occur.

Provision for Bonus & Ex-Gratia is made on accrual basis. Expenditure on leave travel concession to employees is recognized in the year of availment due to uncertainties of accruals. Leave encashment is provided on actual basis.

- **Defined contribution plan**

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

- **Defined benefit plan**

For defined benefit plan in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (wherever applicable) is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

The company is contributing to the plan taken from LIC of India to mitigate its liability towards payment of Gratuity to the eligible employees. The liability for Gratuity payments has been set off with the fair value of plan assets (i.e. fund balance) and the net value has been recognized in the Balance Sheet accordingly.

o. Taxation:

Tax expense is the aggregate of current tax and deferred tax charged or credited, as the case may be to the statement of Profit and Loss except to the extent that is related to items recognized directly in equity or in other Comprehensive Income for the year in accordance with the Indian Accounting Standard-12 "Taxes on Income".

- **CURRENT TAX:**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income tax Act, 1961.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Short/Excess provision for tax being result of change in estimates of prior period or any subsequent payment of tax.

- **DEFERRED TAX :**

Deferred taxes are recognized for the future tax consequences attributable to timing differences between the carrying amount of assets and liabilities in the company's financial statements and corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax expense/income is the result of changes in the net deferred tax assets and liabilities. Deferred tax assets are recognized and carried forward only if in opinion of the management there is reasonable/virtual certainty of its realization.

The carrying amount of Deferred Tax Assets are reviewed at each balance sheet date and written down or written up, to reflect the amount that is reasonably / virtually certain, as the case may be, to be realized.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

p. Borrowing Costs:

Borrowing costs directly attributable to development of qualifying asset are capitalized till the date qualifying asset is ready for put to use for its intended purpose as part of cost of that asset. All other Borrowing costs are reduced from corresponding income or recognized as expense in the period in which they are incurred.

q. Leases:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the percentage value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

r. Provisions, Contingent Liabilities and Contingent Assets

The company creates a provision when there is a present obligation (legal or constructive) because of past event that will probably result in the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of such obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

s. Cash and cash equivalents

Cash and cash equipments in the balance sheet comprises cash on hand and cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

t. Segment reporting

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

u. Measurement of fair value

Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

Derivatives

Fair value of financial derivatives is estimated as the present value of future cash flows, calculated by reference to quoted price curves and exchange rates as of the balance sheet date.

v. Standard issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

On March 28, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates' and Ind AS 115, 'Revenue from Contracts with Customers.' The amendments are applicable to the Company from April 1, 2018.

Note 3 Property, Plant And Equipment

| Particulars | Lease hold Land | Building | Plant & Machinery | Furniture & Fixture | Vehicles | Office Equipment | Electric Installation | Tools & Dyes | Total Tangible Assets |
|---------------------------------------|-----------------|------------|-------------------|---------------------|-------------|------------------|-----------------------|--------------|-----------------------|
| At Cost or Valuation: | | | | | | | | | |
| At 1st April, 2016 | 103,700,000 | 79,788,250 | 36,502,202 | 5,009,114 | 1,453,475 | 10,945,576 | 4,527,800 | 249,707 | 242,176,124 |
| Additions | - | 1,172,520 | 1,576,863 | - | - | 2,497,728 | 815,200 | - | 6,062,311 |
| Adjustments | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| At 31st march, 2017 | 103,700,000 | 80,960,770 | 38,079,065 | 5,009,114 | 1,453,475 | 13,443,304 | 5,343,000 | 249,707 | |
| Additions | - | 49,950 | 1,191,253 | - | 4,583,081 | 360,824 | 461,075 | - | 6,646,183 |
| Disposals | - | - | - | - | (1,453,475) | - | - | - | (1,453,475) |
| At 31st march, 2018 | 103,700,000 | 81,010,720 | 39,270,318 | 5,009,114 | 4,583,081 | 13,804,128 | 5,804,075 | 249,707 | 253,431,143 |
| D e p r e c i a t i o n / | | | | | | | | | |
| Amortization: | | | | | | | | | |
| At 1st April, 2016 | - | 25,392,162 | 25,322,141 | 2,072,133 | 1,453,475 | 9,461,021 | 2,783,738 | 209,476 | 66,694,146 |
| Additions | 1,459,549 | 1,098,298 | 4,228,107 | 451,851 | - | 846,748 | 263,936 | 15,266 | 8,363,755 |
| Adjustments | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| At 31st march, 2017 | 1,459,549 | 26,490,460 | 29,550,248 | 2,523,984 | 1,453,475 | 10,307,769 | 3,047,674 | 224,742 | 75,057,901 |
| Additions | 1,459,607 | 1,030,002 | 848,570 | 399,294 | 399,334 | 1,261,778 | 315,806 | 5,317 | 5,719,708 |
| Disposals | - | - | - | - | (1,453,475) | - | - | - | (1,453,475) |
| At 31st march, 2018 | 2,919,156 | 27,520,462 | 30,398,818 | 2,923,278 | 399,334 | 11,569,547 | 3,363,480 | 230,059 | 79,324,134 |
| Net Book Value: | | | | | | | | | |
| At 1 st April, 2016 | 103,700,000 | 54,396,088 | 11,180,061 | 2,936,981 | - | 1,484,555 | 1,744,062 | 40,231 | 175,481,978 |
| At 31 st march, 2017 | 102,240,451 | 54,470,310 | 8,528,817 | 2,485,130 | - | 3,135,535 | 2,295,326 | 24,965 | 173,180,534 |
| At 31 st march, 2018 | 100,780,844 | 53,490,258 | 8,871,500 | 2,085,836 | 4,183,747 | 2,234,581 | 2,440,595 | 19,648 | 174,107,009 |

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Note 4 Intangible Assets

| Particulars | Softwares | Total Intangible Assets |
|---------------------------------------|------------------|-------------------------|
| At Cost or Valuation: | | |
| At 1st April, 2016 | 953,025 | 953,025 |
| Additions | 22,900 | 22,900 |
| Adjustments | 2,088,840 | 2,088,840 |
| Disposals | - | - |
| At 31st march, 2017 | 3,064,765 | 3,064,765 |
| Additions | 188,560 | 188,560 |
| Disposals | - | - |
| At 31st march, 2018 | 3,253,325 | 3,253,325 |
| Depreciation/Amortization: | | |
| At 1st April, 2016 | 206,044 | 206,044 |
| Additions | 312,400 | 312,400 |
| Adjustments | 835,536 | 835,536 |
| Disposals | - | - |
| At 31st march, 2017 | 1,353,980 | 1,353,980 |
| Additions | 304,453 | 304,453 |
| Disposals | - | - |
| At 31st march, 2018 | 1,658,433 | 1,658,433 |
| Net Book Value: | | |
| At 1 st April, 2016 | 746,981 | 746,981 |
| At 31 st march, 2017 | 1,710,785 | 1,710,785 |
| At 31st march, 2018 | 1,594,892 | 1,594,892 |

Note 5 Investments

| Description | As at 31 st March, 2018 | | As at 31 st March, 2017 | | As at 1 st April, 2016 | |
|--|------------------------------------|------------|------------------------------------|------------|-----------------------------------|------------|
| | Nos. | Amount (₹) | Nos. | Amount (₹) | Nos. | Amount (₹) |
| Investments in equity instruments | | | | | | |
| Carried at Fair value through other comprehensive Income : | | | | | | |
| Quoted | | | | | | |
| Kerala Ayurveda Ltd. (Share of ₹ 10 each Fully Paid) | 300 | 25,245 | 300 | 27,900 | 300 | 16,260 |
| Powergrid Corporation of India Ltd. (Share of ₹ 10 each Fully Paid) | 1,715 | 331,424 | 1,715 | 338,370 | 1,715 | 238,556 |
| Tata Chemicals Ltd. | | | | | | |

| | | | | | | |
|---|---------------|-------------------|---------------|------------------|----------------|------------------|
| (Share of ₹ 10 each Fully Paid) The Indian Hotels Company Ltd. | 500 | 338,575 | 500 | 299,375 | 500 | 186,850 |
| (Share of ₹ 1 each Fully Paid) NTPC Ltd. | 6,855 | 887,037 | 5,443 | 693,717 | 5,443 | 538,585 |
| (Share of ₹ 10 each Fully Paid) PTC India Ltd. | 600 | 101,820 | 600 | 99,600 | 600 | 77,310 |
| (Share of ₹ 10 each Fully Paid) Indraprastha Medical Corporation Ltd. | 500 | 43,700 | 500 | 46,700 | 500 | 32,000 |
| (Share of ₹ 10 each Fully Paid) Kamat Hotels (India) Ltd. | 5,000 | 242,500 | 5,000 | 265,750 | 5,000 | 259,250 |
| (Share of ₹ 10 each Fully Paid) NHPC Ltd. | 1,580 | 135,169 | 1,580 | 52,930 | 1,580 | 55,379 |
| (Share of ₹ 10 each Fully Paid) Nagarjuna Fertilizers and Chemicals Ltd. | 5,000 | 138,500 | 5,000 | 161,000 | 5,000 | 120,750 |
| (Share of ₹ 10 each Fully Paid) Nagarjuna Oil Refinery* | 550 | 8,443 | 550 | 10,670 | 550 | 12,953 |
| (Share of ₹ 1 each Fully Paid) | 500 | 1,750 | 500 | 2,300 | 500 | 1,875 |
| | 23,100 | 2,254,163 | 21,688 | 1,998,312 | 21,688 | 1,539,768 |
| Unquoted | | | | | | |
| Carried at Cost | | | | | | |
| The Shamrao Vithal Co-op. Bank Ltd. (Share of ₹ 10 each Fully Paid) | 400 | 10,000 | 400 | 10,000 | 400 | 10,000 |
| Total Investment in Equity Instruments | 23,500 | 2,264,163 | 22,088 | 2,008,312 | 22,088 | 1,549,768 |
| Units of Schemes of Various Funds: (Quoted) | | | | | | |
| Carried at Fair value through other comprehensive Income : | | | | | | |
| HDFC Top 200 Fund – Growth | 3,252 | 1,395,286 | 3,252 | 1,306,763 | 23,900 | 1,005,149 |
| Reliance Vision Fund -Retail Plan -Growth Plan | 1,492 | 796,374 | 1,492 | 734,009 | 15,716 | 615,963 |
| Reliance Regular Savings Fund -Equity Plan-Growth Plan | 12,346 | 868,987 | 12,346 | 760,769 | 30,552 | 597,862 |
| Sundaram Select Midcap – Growth | 3,348 | 1,663,339 | 3,348 | 1,234,787 | 36,556 | 1,097,655 |
| DSP Black Rock India T.I.G.E.R.Fund- Regular Growth Plan | 8,189 | 773,318 | 8,189 | 688,979 | 34,870 | 523,568 |
| IDFC Premier Equity Fund-Growth Plan | 6,269 | 565,814 | 6,269 | 513,537 | 14,837 | 427,285 |
| Kotak Opportunities – Growth | 13,518 | 1,505,108 | 13,517 | 1,377,973 | 27,443 | 1,054,943 |
| HDFC Equity Fund – Growth | 2,379 | 1,407,543 | 2,379 | 1,290,805 | 23,051 | 991,469 |
| Total of Investment in Mutual Funds | 50,793 | 8,975,769 | 50,792 | 7,907,623 | 206,925 | 6,313,894 |
| | | | | | | |
| Total Investments | 74,293 | 11,239,932 | 72,880 | 9,915,934 | 229,013 | 7,863,662 |

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Note 6 Other non current assets

| Particulars | As at | As at | As at |
|------------------------------------|------------------------------|------------------------------|-----------------------------|
| | 31 st March, 2018 | 31 st March, 2017 | 1 st April, 2016 |
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Interest bearing Security deposits | 50,000,000 | - | - |
| Total | 50,000,000 | - | - |

Note 7 Inventories

| Particulars | As at | As at | As at |
|--|------------------------------|------------------------------|-----------------------------|
| | 31 st March, 2018 | 31 st March, 2017 | 1 st April, 2016 |
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Closing Stock of Inventories: (Valued at lower of cost and net realisable value) | | | |
| Raw materials | 11,811,189 | 13,328,433 | 9,931,439 |
| Work-in-progress | 3,766,230 | 4,986,693 | 22,868,039 |
| Finished goods | 64,237,587 | 54,849,941 | 35,418,639 |
| Stock in Trade | 34,589,470 | 33,617,705 | 43,289,447 |
| Total | 114,404,476 | 106,782,772 | 111,507,564 |

Note 8 Trade receivables

| Particulars | As at | As at | As at |
|--|------------------------------|------------------------------|-----------------------------|
| | 31 st March, 2018 | 31 st March, 2017 | 1 st April, 2016 |
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Trade receivables outstanding for a period less than six months from the date they were due for payment | | | |
| Secured, considered good | - | - | - |
| Unsecured, considered good | 52,111,214 | 5,027,176 | 11,821,604 |
| Doubtful | - | 198,280 | - |
| Trade receivables outstanding for a period less than six months from the date they were due for payment | | | |
| Secured, considered good | - | - | - |
| Unsecured, considered good | 14,827,832 | - | - |
| Doubtful | - | - | - |
| | 66,939,046 | 5,225,456 | 11,821,604 |
| Less: Provision for doubtful trade receivables | - | (198,280) | - |
| Other Trade receivables | | | |
| Secured, considered good | - | - | - |
| considered Doubtful | - | - | - |
| Unsecured, considered good | - | 58,441,743 | 59,651,779 |
| Doubtful | - | - | - |
| Less: Provision for doubtful trade receivables | - | - | - |
| Total | 66,939,046 | 63,468,919 | 71,473,383 |

Note 9 (a) Cash and Bank Balances

| Particulars | As at | As at | As at |
|-----------------------------|------------------------------|------------------------------|-----------------------------|
| | 31 st March, 2018 | 31 st March, 2017 | 1 st April, 2016 |
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Balances with banks: | | | |
| In current accounts | 12,258,567 | 22,472,307 | 3,514,172 |
| Cash on hand | 1,371,527 | 1,011,898 | 2,315,852 |
| Total | 13,630,094 | 23,484,205 | 5,830,024 |

(b) Cash and Bank Balances other than 9(a)

| Particulars | As at | As at | As at |
|---|------------------------------|------------------------------|-----------------------------|
| | 31 st March, 2018 | 31 st March, 2017 | 1 st April, 2016 |
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Balances with banks: | | | |
| Deposits with original maturity of more than 3 months but less than 12 months | 448,439 | 3,385,657 | 1,112,950 |
| Total | 448,439 | 3,385,657 | 1,112,950 |

Note 10 Other Current Assets

(Unsecured, considered good unless otherwise stated)

| Particulars | As at | As at | As at |
|--------------------------------------|------------------------------|------------------------------|-----------------------------|
| | 31 st March, 2018 | 31 st March, 2017 | 1 st April, 2016 |
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Security deposits | 556,619 | 553,449 | 461,860 |
| Loans and advances to employees | 444,487 | 669,651 | 97,446 |
| Balances with government authorities | 6,969,479 | 7,767,635 | 36,669,889 |
| Advances paid to Suppliers * | 4,395,161 | 73,023,395 | 92,024,426 |
| Prepaid expenses | 290,338 | 222,602 | 237,003 |
| Accrued Interest on Bank deposits | 254,557 | 157,336 | 291,978 |
| Other Loans & Advances | - | - | - |
| Total | 12,910,641 | 82,394,068 | 129,782,602 |

* Advance paid to suppliers, includes Rs 3909771 given to company in which directos are interested.

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Note 11 Share Capital

a. The Authorised, Issued, Subscribed and fully paid up share capital are as follows:

(Figures in ₹)

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 1 st April, 2016 |
|---|------------------------------------|------------------------------------|-----------------------------------|
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Authorised Share Capital | | | |
| 1,00,00,000 Equity Shares of ₹ 10/- Each (P.Y. 1,00,00,000) | 100,000,000 | 100,000,000 | 100,000,000 |
| | 100,000,000 | 100,000,000 | 100,000,000 |
| Issued, Subscribed & Paid up Share Capital | | | |
| 70,81,000 Equity Shares of ₹ 10/- Each (P.Y. 70,81,000) | 70,810,000 | 70,810,000 | 70,810,000 |
| Total | 70,810,000 | 70,810,000 | 70,810,000 |

b. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

(Figures in ₹)

| Particulars | As at 31 st March, 2018 | | As at 31 st March, 2017 | | As at 1 st April, 2016 | |
|---|------------------------------------|-------------------|------------------------------------|-------------------|-----------------------------------|-------------------|
| | Number | ₹ | Number | ₹ | Number | ₹ |
| Shares outstanding at the beginning of the year | 7,081,000 | 70,810,000 | 7,081,000 | 70,810,000 | 7,081,000 | 70,810,000 |
| Add: Shares Issued during the year | - | - | - | - | - | - |
| Less: Shares bought back during the year | - | - | - | - | - | - |
| Shares outstanding at the end of the year | 7,081,000 | 70,810,000 | 7,081,000 | 70,810,000 | 7,081,000 | 70,810,000 |

c. Terms / Rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees.

During the year ended March 31, 2018 the company had not declared any dividend (Previous Year Nil)

d. During the year no share was reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment.

e. Details of shareholders holding more than 5 percent shares in the company:

| Particulars | As at 31 st March, 2018 | | As at 31 st March, 2017 | | As at 1 st April, 2016 | |
|---|------------------------------------|--------------|------------------------------------|--------------|-----------------------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity Shares of ₹ 10/- each fully paid | | | | | | |
| Bhaskar Govind Sandu | 737,000 | 10.41 | 737,000 | 10.41 | 737,000 | 10.41 |
| Shashank Bhaskar Sandu | 657,900 | 9.29 | 657,900 | 9.29 | 657,900 | 9.29 |
| Umesh Bhaskar Sandu | 677,100 | 9.56 | 677,100 | 9.56 | 677,100 | 9.56 |
| Sanmark Realty And Finance Private Ltd. | 543,930 | 7.68 | 543,930 | 7.68 | 543,930 | 7.68 |

f. The company had not issued any bonus share for consideration other than cash and no share had bought back during the period of five years immediately preceding the reporting date.

Note 12 Other Equity

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 1 st April, 2016 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|
| Capital Reserve | - | 2,600,000 | 2,600,000.00 |
| General Reserve | 95,028,369 | 92,428,369 | 92,428,369 |
| Net Surplus in The Statement of Profit & Loss | 16,066,917 | 9,070,982 | 12,132,933 |
| Other Comprehensive Income- | | | |
| Equity Instruments through Other Comprehensive Income | 3,051,732 | 2,013,207 | 525,344 |
| Revaluation Surplus | 95,319,559 | 96,700,015 | 98,080,471 |
| Other Comprehensive Income -Employee Benefits | 548,092 | 454,257 | - |
| Total | 210,014,669 | 203,266,830 | 205,767,117 |

Note 13 Long-term borrowings

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 1 st April, 2016 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Term loans : | | | |
| Secured | | | |
| Dena Bank | - | 893,450 | 7,782,021 |
| [Previous Year Secured by hypothecation of Plant & Machinery, Civil work to be payable in 72 monthly instalments] | | | |
| From Financial Institution | 2,465,127 | - | - |
| [Secured by hypothecation of Vehicle to be repaid in 60 monthly instalments] | | | |
| Total | 2,465,127 | 893,450 | 7,782,021 |

Note 14 Deferred Tax Liabilities (net)

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 1 st April, 2016 |
|--|---------------------------------------|---------------------------------------|--------------------------------------|
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Deferred Tax Liabilities (net): | | | |
| Opening Balance | 7,985,812 | 9,281,698 | 9,281,698 |
| Add- Deferred Tax recognised during the year - P & L | (40,855) | (1,624,270) | - |
| Add- Deferred Tax recognised during the year - OCI | 212,117 | 328,384 | - |
| Net Deferred Tax Liabilities (net) | 8,157,074 | 7,985,812 | 9,281,698 |

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Movement in Deferred tax Assets/Liabilities

| Particulars | As at 1 st April, 2016 | Recognised in the statement of Profit & Loss | Recognised in OCI | As at 31 st March, 2017 |
|--|--------------------------------------|--|----------------------|---------------------------------------|
| | Amount (₹) | Amount (₹) | Amount (₹) | Amount (₹) |
| A. Deferred tax Asset : | | | | |
| Provision for Gratuity | 291,182 | (57,770) | - | 233,412 |
| B. Deferred tax liability: | | | | |
| Property Plant & Equipment | 9,572,880 | (1,682,040) | - | 7,890,840 |
| Remeasurement gains/(losses) on post employment defined benefit plans | | - | 157,537 | 157,537 |
| Fair value changes of investments | | - | 170,847 | 170,847 |
| | | | | - |
| Net Deferred Tax Liability [B-A] | 9,281,698 | (1,624,270) | 328,384 | 7,985,812 |

| Particulars | As at 1 st April, 2017 | Recognised in the statement of Profit & Loss | Recognised in OCI | As at 31 st March, 2018 |
|--|--------------------------------------|--|----------------------|---------------------------------------|
| | Amount (₹) | Amount (₹) | Amount (₹) | Amount (₹) |
| A. Deferred tax Asset : | | | | |
| Provision for Gratuity | 233,412 | (48,083) | | 185,329 |
| B. Deferred tax liability: | | | | |
| Property Plant & Equipment | 7,890,840 | (88,938) | - | 7,801,902 |
| Remeasurement gains/(losses) on post employment defined benefit plans | 157,537 | - | 32,542 | 190,079 |
| Fair value changes of investments | 170,847 | - | 179,575 | 350,422 |
| | - | | | - |
| | - | | | - |
| Net Deferred Tax Liability [B-A] | 7,985,812 | (40,855) | 212,117 | 8,157,074 |

Note 15 Short-term borrowings

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 1 st April, 2016 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Loans repayable on demand | | | |
| From banks : | | | |
| (Secured against hypothecation of stocks & Book Debts) | 91,084,266 | 99,278,165 | 100,522,081 |
| Total | 91,084,266 | 99,278,165 | 100,522,081 |

Note 16 Trade payable

| Particulars | As at | As at | As at |
|----------------------------------|------------------------------|------------------------------|-----------------------------|
| | 31 st March, 2018 | 31 st March, 2017 | 1 st April, 2016 |
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Trade payable to related parties | 2,530,653 | | |
| Other Trade payable | 27,690,248 | 40,866,184 | 58,763,668 |
| Total | 30,220,901 | 40,866,184 | 58,763,668 |

Note 17 Other current liabilities

| Particulars | As at | As at | As at |
|--|------------------------------|------------------------------|-----------------------------|
| | 31 st March, 2018 | 31 st March, 2017 | 1 st April, 2016 |
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Advance Received from Customers | 1,062,494 | 705,990 | 4,428,032 |
| Other payables : | | | |
| Statutory Dues | 1,971,313 | 2,223,751 | 2,945,424 |
| Trade / security deposits received | 4,644,118 | 4,163,118 | 3,339,951 |
| Current Maturities of Long Term Borrowings | 626,345 | 5,360,688 | 5,583,360 |
| Outstanding Liabilities | 2,163,818 | 1,279,616 | 6,665,010 |
| Retention Money of Assets Vendors | 929,153 | 922,329 | 881,153 |
| Gratuity Payable | 66,451 | 136,273 | - |
| Total | 11,463,692 | 14,791,765 | 23,842,930 |

Note 18 Short-term provisions

| Particulars | As at | As at | As at |
|--|------------------------------|------------------------------|-----------------------------|
| | 31 st March, 2018 | 31 st March, 2017 | 1 st April, 2016 |
| | Amount (₹) | Amount (₹) | Amount (₹) |
| Provision for employee benefits: | | | |
| Provision for salaries | 4,512,727 | 3,751,945 | 3,652,534 |
| Provision for Gratuity (As per Actuarial Report) | 653,272 | 242,566 | 944,925 |
| | 5,165,999 | 3,994,511 | 4,597,459 |
| Provision - Others: | | | |
| Provision for Tax | 4,824,634 | 8,428,402 | 18,395,000 |
| Provision for Expenses | 11,068,167 | 14,007,754 | 4,037,168 |
| | 15,892,801 | 22,436,156 | 22,432,168 |
| Total | 21,058,800 | 26,430,667 | 27,029,627 |

Note 19 Revenue from operations

| Particulars | Year ended | Year ended |
|----------------------------|------------------------------|------------------------------|
| | 31 st March, 2018 | 31 st March, 2017 |
| | Amount (₹) | Amount (₹) |
| Sale of Ayurvedic Products | 491,599,301 | 436,710,413 |
| Total | 491,599,301 | 436,710,413 |

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Note 20 Other income

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|-------------------------------|--|--|
| | Amount (₹) | Amount (₹) |
| Interest income: | 233,096 | 133,234 |
| Deposit with Banks | - | 3,340,246 |
| Income Tax Refund | | |
| Dividend income: | | |
| Financial Instruments | 34,240 | 24,896 |
| Profit on sale of Fixed Asset | 493,000 | - |
| Other non-operating incomes | 457,467 | 1,207,585 |
| Total | 1,217,803 | 4,705,960 |

Note 21 Cost of materials consumed

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|----------------------------|--|--|
| | Amount (₹) | Amount (₹) |
| Opening stock | 13,328,433 | 9,931,439 |
| Add: Purchases | 72,675,553 | 78,004,710 |
| | 86,003,986 | 87,936,149 |
| Less: Closing stock | 11,811,189 | 13,328,433 |
| Total | 74,192,797 | 74,607,716 |

Note 22 Cost of traded goods

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------------------------|---------------------------------------|---------------------------------------|
| | Amount (₹) | Amount (₹) |
| Purchases of traded goods | 218,882,831 | 173,636,439 |
| Total | 218,882,831 | 173,636,439 |

Note 23 Changes in inventories of finished goods and work-in-progress

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| | Amount (₹) | Amount (₹) |
| <u>Inventories at the end of the year:</u> | | |
| Finished goods | 64,237,587 | 54,849,941 |
| Work-in-progress | 3,766,230 | 4,986,693 |
| Stock in Trade | 34,589,470 | 33,617,705 |
| Total | 102,593,287 | 93,454,339 |
| <u>Inventories at the beginning of the year:</u> | | |
| Finished goods | 54,849,941 | 35,418,639 |
| Work-in-progress | 4,986,693 | 22,868,038 |
| Stock in Trade | 33,617,705 | 43,289,447 |
| Total | 93,454,339 | 101,576,124 |
| Net (increase) / decrease | (9,138,948) | 8,121,785 |

Note 24 Employee benefits expense

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|--|--|--|
| | Amount (₹) | Amount (₹) |
| Salaries and wages | 54,849,731 | 50,213,992 |
| Contributions to provident and other funds | 3,913,991 | 3,380,867 |
| Staff welfare expenses | 600,729 | 585,053 |
| Total | 59,364,451 | 54,179,912 |

Note 25 Finance costs

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|----------------------|--|--|
| | Amount (₹) | Amount (₹) |
| Interest expense on: | | |
| Borrowings | 11,038,919 | 14,151,650 |
| Vehicle Loan | 175,413 | - |
| Security Deposits | 553,448 | 305,830 |
| Total | 11,767,780 | 14,457,480 |
| Bank Charges | 542,686 | 483,166 |
| Total | 12,310,466 | 14,940,646 |

Note 26 Other expenses

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| | Amount (₹) | Amount (₹) |
| Power and fuel | 3,243,581 | 2,340,189 |
| R & D Expenses | 303,409 | 130,324 |
| Rent | 1,390,652 | 1,445,527 |
| Repairs and maintenance - Buildings | 830,381 | 859,697 |
| Repairs and maintenance - Machinery | 3,077,541 | 2,726,413 |
| Repairs and maintenance - Others | 6,668,628 | 2,859,206 |
| Rates and taxes | 1,574,705 | 2,071,189 |
| Travelling and conveyance | 31,199,439 | 31,363,764 |
| Printing and stationery | 882,915 | 766,762 |
| Freight and forwarding | 23,600,920 | 24,968,145 |
| Business promotion | 26,738,165 | 19,252,137 |
| Legal and professional | 5,170,683 | 2,803,570 |
| Payments to auditors (Refer Note (i) below) | | |
| For Statutory Audit | 300,000 | 345,000 |
| For Tax Audit | 150,000 | 172,500 |
| For Other Matters | 50,000 | 57,500 |

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| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|-------------------------------|--|--|
| | Amount (₹) | Amount (₹) |
| Telephone / Internet Expenses | 3,027,045 | 2,313,779 |
| Insurance | 413,300 | 715,827 |
| Security Service Charges | 755,291 | 775,430 |
| Laboratory Expenses | 113,913 | 148,061 |
| Selling & Marketing Expenses* | 8,426,633 | - |
| Provisions for Doubtful Debts | - | 198,280 |
| Bad Debts | 389,350 | - |
| Donations and contributions | 100,000 | 132,000 |
| Postage & Telegram | 698,682 | 281,752 |
| Membership & Subscription | 433,717 | 466,062 |
| Packing Expenses | 475,885 | 61,076 |
| Office Expenses | 363,242 | 158,629 |
| Miscellaneous expenses | 1,810,792 | 1,776,917 |
| Total | 122,188,867 | 99,189,736 |

*It includes expenses towards Reimbursement due to dealers / stockists for the differential tax arising on imposition of GST.

Note 27 Prior Period Adjustments

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| | Amount (₹) | Amount (₹) |
| Depreciation (Excess) provided in prior years | - | (1,253,304) |
| Other Misc Item | - | 325,371 |
| | | - |
| Total | | 9,27,933 |

Note 28 Income Tax Expenses

The Major components of the income tax expenses for the year ended on March 31, 2018 and March 31, 2017

Statement of Profit & loss Section

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| | Amount (₹) | Amount (₹) |
| Current Tax : | | |
| Current Income tax Charges | 1,977,645 | 6,599,948 |
| Deferred Tax : | | |
| Relating to the origination and reversal of temporary differences | (40,855) | (1,624,270) |
| Income Tax expenses recognised in Statement of Profit & Loss | 1,936,790 | 4,975,678 |

Other comprehensive income Section

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| | Amount (₹) | Amount (₹) |
| Remeasurement gains/(losses) on post employment defined benefit plans | 32,542 | 157,537 |
| Fair value changes of investments | 179,575 | 170,847 |
| Income Tax charged to OCI | 212,117 | 328,384 |

Note 29 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following reflects the income and share data used in basic and diluted EPS computations :

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| | Amount (₹) | Amount (₹) |
| Net profit / (loss) for the year (after Tax) | 5,615,479 | (4,442,407) |
| Weighted average number of equity shares | | |
| Basic | 7,081,000 | 7,081,000 |
| Diluted | 7,081,000 | 7,081,000 |
| Par value per share | 10 | 10 |
| Earnings per share | | |
| Basic | 0.79 | (0.63) |
| Diluted | 0.79 | (0.63) |

Note 30 Contingent liabilities, contingent assets and commitments

There were demand of Income tax aggregating to ₹ 283 lakhs, against which, the company filed an appeal to Hon'ble Mumbai ITAT and the demand has been deleted in view of favourable decision of Mumbai ITAT. Further, against the decision of ITAT, the department filed an appeal to High Court of Mumbai. Considering the facts of the case, management of the view that there is a fair chance that outcome of the appeal would be in favour of the company. In view of this, no provision was required.

Note 31 Employee Benefits**a. Disclosures related to defined contribution plan**

| Particulars | For the Year ended 31 st March, 2018 | For the Year ended 31 st March, 2017 |
|---|---|---|
| | Amount (₹) | Amount (₹) |
| Provident fund contribution recognized as expense in the Statement of Profit and Loss | 1,454,540 | 1,464,830 |

b. Disclosures related to defined contribution plan

The Company has a defined benefit gratuity plan governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to gratuity on departure at last drawn basic salary for each completed year of service or part thereof.

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The plan is funded with Life Insurance Corporation under their Group Gratuity Scheme. The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the fund status and amounts recognized in the balance sheet:

| Particulars | For the Year ended 31 st March, 2018 | For the Year ended 31 st March, 2017 |
|--|---|---|
| | Amount (₹) | Amount (₹) |
| Net employee benefit expense (included under employee benefit expenses) | | |
| Current Service Cost | 345,900 | 336,903 |
| Interest on defined benefit obligation | 6,905 | 53,689 |
| Past Service Cost (vested benefits) | 494,620 | - |
| Net employee benefit expenses | 847,425 | 390,592 |
| Details of the employee benefits obligations and plan assets are as follows: | | |
| Present value of funded obligation | 2,106,876 | 2,293,834 |
| Fair value of plan assets | 1,864,310 | 1,415,360 |
| Net defined benefit liability | 242,566 | 878,474 |
| Details of changes in present value of defined benefit obligation are as follows: | | |
| Opening defined benefit obligation | 2,106,876 | 2,293,834 |
| Current service cost | 345,900 | 336,903 |
| Interest on defined benefit obligation | 151,192 | 179,432 |
| Past Service Cost (vested benefits) | 494,620 | - |
| Contribution paid | (127,494) | (101,862) |
| Remeasurement due to: | | |
| Actuarial (Gain)/Loss arising from changes in experience | (77,465) | (717,184) |
| Actuarial (Gain)/Loss arising from changes in financial assumptions | (61,734) | 115,753 |
| Return on Plan Assets excluding net interest | | |
| Closing defined benefit obligation | 2,831,895 | 2,106,876 |
| Details of changes in fair value of plan assets are as follows: | | |
| Opening fair value of plan assets | 1,864,310 | 1,415,360 |
| Interest on plan assets | 144,287 | 125,743 |
| Employer contribution | 298,523 | 414,706 |
| Benefits paid | (127,494) | (101,862) |
| Remeasurement due to - actual return on plan assets less interest on plan assets | (12,822) | 10,363 |
| Closing fair value of plan assets | 2,166,804 | 1,864,310 |
| Sensitivity analysis | | |
| Defined benefit obligation | 2,831,895 | 2,106,876 |
| Defined benefit obligation, using discount rate plus 100 basis points | 2,612,202 | 1,919,178 |
| Defined benefit obligation, using discount rate minus 100 basis points | 3,081,115 | 2,323,442 |

| Particulars | For the Year ended 31 st March, 2018 | For the Year ended 31 st March, 2017 |
|---|---|---|
| | Amount (₹) | Amount (₹) |
| Defined benefit obligation, using salary growth rate plus 100 basis points | 3,090,505 | 2,331,081 |
| Defined benefit obligation, using salary growth rate minus 100 basis points | 2,600,766 | 1,909,944 |
| The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: | | |
| Funds managed by insurers | 100% | 100% |
| The principal assumptions used in determining gratuity obligations for the Company's plans are shown below | | |
| Discount rate (p.a.) | 7.67 | 7.40 |
| Expected salary increase (p.a.) | 3.00 | 3.00 |
| Expected average remaining service | 17.39 | 17.46 |
| Retirement Age | 58 years | 58 years |
| Employee Attrition Rate | | |
| Upto Age of 44 | 2% | 2% |
| Upto Age of 45 and above | 1% | 1% |

The above informations are certified by the independent actuary and same has been taken into consideration for both the years.

Note 32 Financial instruments – Fair values and risk management

A. Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

| Particulars | As at 31 March, 2018 | | As at 31 March, 2017 | | As at 01 April, 2016 | |
|--------------------------------------|-------------------------|--------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Amount (₹) | | Amount (₹) | | Amount (₹) | |
| | Carrying Value | Fair Value | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets | | | | | | |
| Investments- Non Current* | 11,239,932 | 11,239,932 | 9,915,934 | 9,915,934 | 7,863,662 | 7,863,662 |
| Trade receivables | 66,939,046 | 66,939,046 | 63,468,919 | 63,468,919 | 71,473,383 | 71,473,383 |
| Cash and cash equivalents | 13,630,094 | 13,630,094 | 23,484,205 | 23,484,205 | 5,830,024 | 5,830,024 |
| Bank balances other than (iii) above | 448,439 | 448,439 | 3,385,657 | 3,385,657 | 1,112,950 | 1,112,950 |
| Other Financial Assets | - | - | - | - | - | - |
| Total | 92,257,511 | 92,257,511 | 100,254,715 | 100,254,715 | 86,339,608 | 86,339,608 |
| Financial Liabilities | | | | | | |
| Borrowings: | | | | | | |
| Non Current | 2,465,127 | 2,465,127 | 893,450 | 893,450 | 7,782,021 | 7,782,021 |
| Current | 91,084,266 | 91,084,266 | 99,278,165 | 99,278,165 | 100,522,081 | 100,522,081 |
| Trade payables | 30,220,901 | 30,220,901 | 40,866,184 | 40,866,184 | 58,763,668 | 58,763,668 |
| Total | 123,770,294 | 123,770,294 | 141,037,799 | 141,037,799 | 167,067,770 | 167,067,770 |

*Carrying value Non-Current Investments are measured at Fair Value Through Other Comprehensive Incomes (FVTOCI).

B. Financial risk management objectives and policies

The Company's principal financial liabilities, comprises borrowings, trade and other payable. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets, includes investments, trade & other receivables, and cash & cash equivalents derived directly from its operations.

The Company is exposed primarily to credit risk, liquidity risk and market risk (including interest rate risk and other price risk), which may adversely impact the fair value of its financial instruments. The Company's senior management oversees the management of these risks. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(i) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, loans and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

(ii) Trade receivables and other financial assets:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Management also evaluates the factors that may influence the credit risk of its customer base, including the default risk. The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if available, financial statements, credit agency information, industry information and in some case bank references. Sales limits are established for each customer and reviewed annually. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables. The Company does not hold collateral as security from all its customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

(iii) Liquidity risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(iv) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. It also have impact of Interest rate risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to risk of change in market interest rates because it borrows funds at both fixed and floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Note 33 First time adoption of Ind AS:

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and in the preparation of an opening Ind AS statement of financial position at 1st April, 2016 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions and exceptions applied

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS optional exemptions

"Deemed cost Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets except land at their previous GAAP carrying value."

Ind AS mandatory exceptions

Estimates An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1st April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP"

Classification and measurement of financial assets Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

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Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity & total comprehensive income for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(Figures in ₹)

| Particulars | Notes to 1 st time adoption | As at 1 st April, 2016 | | | As at 31 st March, 2017 | | |
|--------------------------------------|--|-----------------------------------|-------------------|--------------------|------------------------------------|-------------------|--------------------|
| | | Previous GAAP * | Adjustments | IND AS | Previous GAAP * | Adjustments | IND AS |
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Property, Plant and Equipment | 1 | 77,401,507 | 98,080,471 | 175,481,978 | 76,559,612 | 96,620,922 | 173,180,534 |
| Other Intangible Assets | | 746,981 | - | 746,981 | 1,710,785 | - | 1,710,785 |
| Financial Assets | | | | | | | |
| Investments | 2 | 7,338,316 | 525,344 | 7,863,662 | 7,731,879 | 2,184,056 | 9,915,935 |
| Current assets | | | | | | | |
| Inventories | 3 | 120,372,821 | (8,865,258) | 111,507,564 | 122,256,971 | (15,474,199) | 106,782,772 |
| Financial Assets | | | | | | | |
| Trade receivables | | 71,473,383 | - | 71,473,383 | 63,468,919 | - | 63,468,919 |
| Cash and cash equivalents | | 5,830,022 | - | 5,830,022 | 23,484,205 | - | 23,484,205 |
| Bank balances other than (iii) above | | 1,112,950 | - | 1,112,950 | 3,385,657 | - | 3,385,657 |
| Other current assets | | 129,782,602 | - | 129,782,602 | 82,394,069 | - | 82,394,068 |
| Total | | 414,058,585 | 89,740,557 | 503,799,142 | 380,992,097 | 83,330,779 | 464,322,874 |
| EQUITY AND LIABILITIES | | | | | | | |
| Equity | | | | | | | |
| Equity Share capital | | 70,810,000 | - | 70,810,000 | 70,810,000 | - | 70,810,000 |
| Other Equity | 1,2,3,4 | 116,026,560 | 89,740,557 | 205,767,117 | 120,264,439 | 83,002,391 | 203,266,830 |
| Non-current liabilities | | | | | | | |
| Financial Liabilities | | | | | | | |
| Borrowings | | 7,782,021 | - | 7,782,021 | 893,450 | - | 893,450 |
| Deferred tax liabilities (Net) | 4 | 9,281,698 | - | 9,281,698 | 7,657,428 | 328,388 | 7,985,812 |

(Figures in ₹)

| Particulars | Notes to 1 st time adoption | As at 1 st April, 2016 | | | As at 31 st March, 2017 | | |
|------------------------------|--|-----------------------------------|-------------------|--------------------|------------------------------------|-------------------|--------------------|
| | | Previous GAAP * | Adjustments | IND AS | Previous GAAP * | Adjustments | IND AS |
| Current liabilities | | | | | | | |
| Financial Liabilities | | | | | | | |
| Borrowings | | 100,522,081 | - | 100,522,081 | 99,278,165 | - | 99,278,165 |
| Trade payables | | 58,763,668 | - | 58,763,668 | 40,866,184 | - | 40,866,184 |
| Other current liabilities | | 23,842,930 | - | 23,842,930 | 14,791,765 | - | 14,791,765 |
| Provisions | | 27,029,627 | - | 27,029,627 | 26,430,666 | - | 26,430,666 |
| Total | | 414,058,585 | 89,740,557 | 503,799,142 | 380,992,097 | 83,330,779 | 464,322,874 |

*The previous GAAP figures have been reclassified to make them comparable as per Ind AS presentation requirements for the purposes of this note.

Reconciliation of total comprehensive income for the year ended 31st March, 2017

(Figures in ₹)

| Particulars | Notes to 1 st time adoption | Year ended 31 st March, 2017 | | |
|--|--|---|--------------------|--------------------|
| | | Previous GAAP | Adjustments | IND AS |
| Revenue | | | | |
| Revenue from operations | 5 | 436,710,413 | - | 436,710,413 |
| Other Income | | 4,705,960 | - | 4,705,960 |
| Total Income | | 441,416,373 | - | 441,416,373 |
| Expenses | | | | |
| Cost of materials consumed | 3 | 74,607,716 | - | 74,607,716 |
| Purchases of Stock-in-Trade | | 173,636,439 | - | 173,636,439 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 3 | 1,512,843 | 6,608,942 | 8,121,785 |
| Excise duty on sale of goods | | 8,458,647 | - | 8,458,647 |
| Employee benefits expense | 6 | 53,568,118 | 611,794 | 54,179,912 |
| Finance costs | | 14,940,646 | - | 14,940,646 |
| Depreciation and amortization expense | 7 | 7,216,606 | 1,459,549 | 8,676,155 |
| Other expenses | | 99,189,736 | - | 99,189,736 |
| Total expenses | | 433,130,751 | 8,680,285 | 441,811,036 |
| Profit/(loss) before exceptional items and tax | | 8,285,622 | (8,680,285) | (394,662) |
| Exceptional Items | | (927,933) | - | (927,933) |
| Profit/(Loss) Before Tax | | 9,213,555 | (8,680,285) | 533,271 |

(Figures in ₹)

| Particulars | Notes to 1 st time adoption | Year ended 31 st March, 2017 | | |
|---|--|---|--------------------|--------------------|
| | | Previous GAAP | Adjustments | IND AS |
| Tax expense: | | | - | |
| Current tax | | 6,599,948 | - | 6,599,948 |
| Deferred tax | | (1,624,270) | - | (1,624,270) |
| Total Tax Expenses | | 4,975,678 | - | 4,975,678 |
| Profit (Loss) For The Period | | 4,237,877 | (8,680,285) | (4,442,407) |
| Other Comprehensive Income | | | | |
| Items that will not be reclassified to profit or loss in Subsequent Periods : | | | | |
| Remeasurement gains/(losses) on post employment defined benefit plans | | - | 611,794 | 611,794 |
| Fair value changes of investments | | - | 1,658,710 | 1,658,710 |
| Income tax relating to items that will not be reclassified to profit or loss | | - | (328,384) | (328,384) |
| Total Other Comprehensive Income For The Period (Net Of Tax) | | - | 1,942,120 | 1,942,120 |
| Total Comprehensive Income For The Period (Net Of Tax) | | 4,237,877 | (6,738,165) | (2,500,287) |

*The previous GAAP figures have been reclassified to make them comparable as per Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016

| Particulars | Notes to first time adoption | 31 st March, 2017 | 1 st April, 2016 |
|--|------------------------------|------------------------------|-----------------------------|
| | | Amount (₹) | Amount (₹) |
| Total equity (shareholder's funds) as per previous GAAP | | 191,074,439 | 186,836,560 |
| Adjustments: | | | |
| Effect of change in value of inventories | 3 | (6,608,941) | (8,865,258) |
| Effect of measuring lease land at fair value | 1 | - | 98,080,471 |
| Effect of measuring Financial instruments at fair value other comprehensive Income | 2 | 1,658,710 | 525,344 |
| Other Ind AS adjustments | | (1,459,549) | - |
| Deferred Tax on above adjustment | 4 | (328,384) | - |
| Total adjustments | | (6,738,164) | 89,740,557 |
| Net impact brought forward from Opening balance sheet | | 89,740,557 | |
| Total equity as per Ind AS | | 274,076,832 | 276,577,117 |

Notes to first-time adoption:**1. Property Plant and Equipments**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as at 1st April, 2016 measured as per the previous GAAP except leasehold land which has been fair valued and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets. The resulting impact of fair valuation of land is ₹ 980.80 Lakhs is reflected in the reserves as on 1st April, 2016.

2. Fair valuation of Financial Instruments

Under Indian GAAP, the Company accounted for long term investments in unquoted and quoted equity shares and in mutual funds as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments at fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

3. Inventories

Under Indian GAAP, the Company accounted for inventories at lower of cost or net realisable value using FIFO method as per Standard Costing Formula. Under Ind AS, the Company has accounted for inventories at lower of cost or net realisable value using FIFO method as per Actual Cost values. At the date of transition to Ind AS, difference of ₹ 88.65 Lakh between the carrying value of inventories under Indian GAAP and Ind AS has been adjusted with retained earnings.

4. Deferred Tax Assets/Liabilities

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognized in correlation to the underlying transaction either in retained earnings or a separate component in equity.

5. Revenue

Under Indian GAAP, revenue from sale of products was presented excluding excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. Excise duty paid is presented on the face of the statement of profit and loss as part of expenses. There is no impact on total equity and profits. Under the Indian GAAP certain expenses in the nature of discount, rebate & price differences were shown separately as an expenses. Under Ind AS such expenses have been reduced from revenue so as to measure revenue at fair value of consideration received or receivable. This change has no impact on the profits and other equity for the year.”

6. Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

7. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

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Note 34 Related party disclosures

Related parties where control exists and related parties with whom transactions have taken place during the year are listed below:

Names of related parties and description of relationship

A. Enterprises over which key management personnel or their relatives exercise significant influence

Sandu Brothers Private Limited
 Sanbro Marketing Services Private Limited
 Sanfar Communication Private Limited
 Sanmark Realty & Finance Private Limited
 Akshath Finvest & Properties Private Limited
 Noumura Relaty & Construction Private Limited
 Phybrichem Engineering Private Limited
 Neelamber Leasing & finvest Private Limited
 Sandu Research Foundation Private Limited
 Sanbert Packaging Pvt Ltd

B Key managerial personnel

Umesh .B .Sandu Managing Director
 Rakesh Parekh Chief Financial Officer
 Pratika Mhambray Company Secretary

Transactions with related parties

| Sr. No. | Name of the related party | Relationship | Description of transactions | 1 st April, 2017 to 31 st March, 2018 | Balance as at 31 st March, 2018 | 1 st April, 2016 to 31 st March, 2017 | Balance as at 31 st March, 2017 |
|---------|---|-------------------------|---|---|--|---|--|
| | | | | Income/ (Expenses)/ Other transactions | (Payable)/ Receivable | Income/ (Expenses)/ Other transactions | (Payable)/ Receivable |
| A. | Remuneration paid to Key Management Personnel [refer note (1) below] | | | | | | |
| 1 | Umesh B. Sandu | Managing Director | Salary and perquisites Balance Payable/ Receivable | 2,784,000 | - | 2,493,600 | - |
| 2 | Nikesh Shah | Chief Financial Officer | Salary and perquisites Balance Payable/ Receivable | - | - | 624,803 | - |
| 3 | Rakesh Parekh | Chief Financial Officer | Salary and perquisites Balance Payable/ Receivable | 547,971 | - | - | - |

| Sr. No. | Name of the related party | Relationship | Description of transactions | 1 st April, 2017 to 31 st March, 2018 | Balance as at 31 st March, 2018 | 1 st April, 2016 to 31 st March, 2017 | Balance as at 31 st March, 2017 |
|---------|---|--------------------------------------|-------------------------------|---|--|---|--|
| | | | | Income/ (Expenses)/ Other transactions | (Payable)/ Receivable | Income/ (Expenses)/ Other transactions | (Payable)/ Receivable |
| 4 | Pratika Mhambray | Company Secretary | Salary and perquisites | 416,150 | | 450,000 | |
| B. | "Loans/Deposit given and repayment thereof" | | Balance Payable/ Receivable | | - | | - |
| | Sandu Brothers Pvt Ltd | Entities in which KMP are interested | Interest accrued | - | | | |
| | | | Deposit Given | 50,000,000 | | - | |
| | | | Balance receivable | | 50,000,000 | | - |
| C. | Sale/purchase of goods, services and other transactions | | | | | | |
| | Sandu Brothers Pvt Ltd | Entities in which KMP are interested | Sales of goods | 15,736,894 | | 5,267,516 | |
| | | | Purchases | 219,018,063 | | 190,705,058 | |
| | | | Rent paid | 180,000 | | 60,000 | |
| | | | Balance Payable/ (Receivable) | | 2,590,653 | | (72,576,956) |
| | Sanbro Marketing Services Pvt Ltd | Entities in which KMP are interested | Professional Fees | 2,424,797 | | - | |
| | | | Balance Payable/ (Receivable) | | (3,812,292) | | - |
| | Sanfar Communication Pvt Ltd | Entities in which KMP are interested | Professional Fees | 3,156,476 | | | |
| | | | Balance Payable/ (Receivable) | | 143,022 | | - |
| | Sanmark Realty & Finance Pvt Ltd | Entities in which KMP are interested | Professional Fees | 2,259,325 | | | |
| | | | Balance Payable/ (Receivable) | | 645,156 | | - |

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| Sr. No. | Name of the related party | Relationship | Description of transactions | 1 st April, 2017 to 31 st March, 2018 | Balance as at 31 st March, 2018 | 1 st April, 2016 to 31 st March, 2017 | Balance as at 31 st March, 2017 |
|---------|---------------------------------------|--------------------------------------|-------------------------------|---|--|---|--|
| | | | | Income/ (Expenses)/ Other transactions | (Payable)/ Receivable | Income/ (Expenses)/ Other transactions | (Payable)/ Receivable |
| | Akshath Finvest & Properties Pvt Ltd | Entities in which KMP are interested | Professional Fees | 2,872,821 | | | - |
| | | | Balance Payable/ (Receivable) | | 85,408 | - | |
| | Noumura Relaty & Construction Pvt Ltd | Entities in which KMP are interested | Professional Fees | 2,248,680 | | | - |
| | | | Balance Payable/ (Receivable) | | (87,238) | - | |
| | Phybrichem Engineering Pvt Ltd | Entities in which KMP are interested | Professional Fees | 2,856,906 | | | - |

| Sr. No. | Name of the related party | Relationship | Description of transactions | 1 st April, 2017 to 31 st March, 2018 | Balance as at 31 st March, 2018 | 1 st April, 2016 to 31 st March, 2017 | Balance as at 31 st March, 2017 |
|---------|-------------------------------------|--------------------------------------|-------------------------------|---|--|---|--|
| | | | | Income/ (Expenses)/ Other transactions | (Payable)/ Receivable | Income/ (Expenses)/ Other transactions | (Payable)/ Receivable |
| | | | Balance Payable/ (Receivable) | | 564,634 | - | |
| | Neelamber Leasing & finvest Pvt Ltd | Entities in which KMP are interested | Professional Fees | 2,535,232 | | | - |
| | | | Balance Payable/ (Receivable) | | (10,241) | - | |
| | Sandu Research Foundation Pvt Ltd | Entities in which KMP are interested | Professional Fees | 2,643,466 | | | - |
| | | | Balance Payable/ (Receivable) | | 150,419 | - | |
| | Sanbert Packaging Pvt Ltd | Entities in which KMP are interested | Professional Fees | 2,166,211 | | | - |
| | | | Balance Payable/ (Receivable) | | 76,922 | - | |

Note :

1. All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for trade receivable, trade payable and other payables are unsecured. The Company has not recorded any impairment of balances relating to amounts owed by related parties during the year ended March 31, 2018 (March 31, 2017 Nil). The assessment is undertaken each financial year through evaluating the financial position of the related party and the market in which the related party operates.

As per our report of even date attached.

For Dileep & Prithvi
Chartered Accountants
Firm Reg No 122290W
By the hand of

Sd/-

Dileepkumar Shah
(Partner)
M.No:046848

For and on behalf of the Board of Directors

Sandu Pharmaceuticals Limited
CIN : L24233GA1985PLC001587

Sd/-

Bhaskar G. Sandu
(Chairman)
DIN:02816792

Sd/-

Umesh B. Sandu
(Managing Director)
DIN:01132141

Sd/-

Rakesh Parekh
(CFO)

Sd/-

Shashank B. Sandu
(Director)
DIN:00678098

Sd/-

Pratika S. Mhambray
(CS)

Place: Mumbai
Dated : 5th June 2018

Place: Mumbai
Dated : 5th June 2018

**FORM 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]

Sandu Pharmaceuticals Limited
CIN: L24233GA1985PLC001587
Registered Office : Plot Nos. 25, 26, 29 & 30,
Pilerne Industrial Estate, Marra, Saligao, Bardez Goa – 403511
Tel: +91 832 2407474 / 6715000, Fax: +022-25282403, E-mail: corp.sec@sandu.in

Name of the member(s) : _____ e-mail Id: _____

Registered address: _____ Folio No. /*Client Id _____
_____ *DP id: _____

I/ We being the member(s) of _____ shares of Sandu Pharmaceuticals Limited, hereby appoint:

- 1) _____ of _____ having e-mail id _____ or failing him
- 2) _____ of _____ having e-mail id _____ or failing him
- 3) _____ of _____ having e-mail id _____ or failing him

* Applicable for investors holding shares in electronic form. and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 33rd Annual General Meeting of the Company, to be held on Saturday, 29th September 2018 at 9:30 a.m. at the Registered Office Plot Nos. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Saligao, Bardez, Goa – 403511 and at any adjournment thereof in respect of such resolutions as are indicated below:

**I wish my above Proxy to vote in the manner as indicated in the box below:

| Sr. No. | Resolutions | For | Against |
|---------|---|-----|---------|
| | ORDINARY BUSINESS | | |
| 1 | Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors. | | |
| 2 | Re-appointment of Bhaskar G Sandu (DIN: 02816792) who retires by rotation and being eligible seeks reappointment. | | |
| 3. | Appointment of Dileep and Prithvi, Chartered Accountants, Mumbai as Statutory Auditor of the Company. | | |
| | Special Business | | |
| 4. | Reappointment of Managing Director. | | |
| 5. | Reappointment of Shri. Dilip R Salgaocar as an Independent Director. | | |
| 6. | Reappointment of Dr Krishna B Deshpande as an Independent Director. | | |
| 7. | Reappointment of Dr. Madan L Kapre as an Independent Director. | | |
| 8. | Reappointment of Shri K Vinaykumar as an Independent Director. | | |

Signed this.....day of.....2018

wwSignature of shareholder

| |
|--------------------------------|
| Affix a 15 paise Revenue |
|--------------------------------|

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

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Notes:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 2) A proxy need not be a member of the Company.
- 3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- **4) This is only optional. Please put a ' ' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- 5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- 6) In the case of joint holder, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

SANDU PHARMACEUTICALS LIMITED

CIN: L24233GA1985PLC001587

Registered Office: Plot No. 25, 26, 29 & 30,

Pilerne Industrial Estate, Marra, Bardez, Goa - 403511

Tel: +91 832 2407474 / 6715000, Fax: +022-25282403, E-mail: corp.sec@sandu.in

ATTENDANCE SLIP

33rd Annual General Meeting

Sr. No.:

| | |
|---------------------------------|--|
| DP ID/Client ID/Folio No. | |
| Name & Address of sole Member | |
| Name of Joint Holder(s), if any | |
| No. of Shares held | |

I certify that I am a Member/ Proxy for the Member of the Company.

I hereby record my presence at the 33rd Annual General Meeting of the Company held on Saturday, 29th September, 2018 at 9.30 a.m. at the Registered Office Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa – 403511.

Member's / Proxy's Signature

----- Cut Here -----

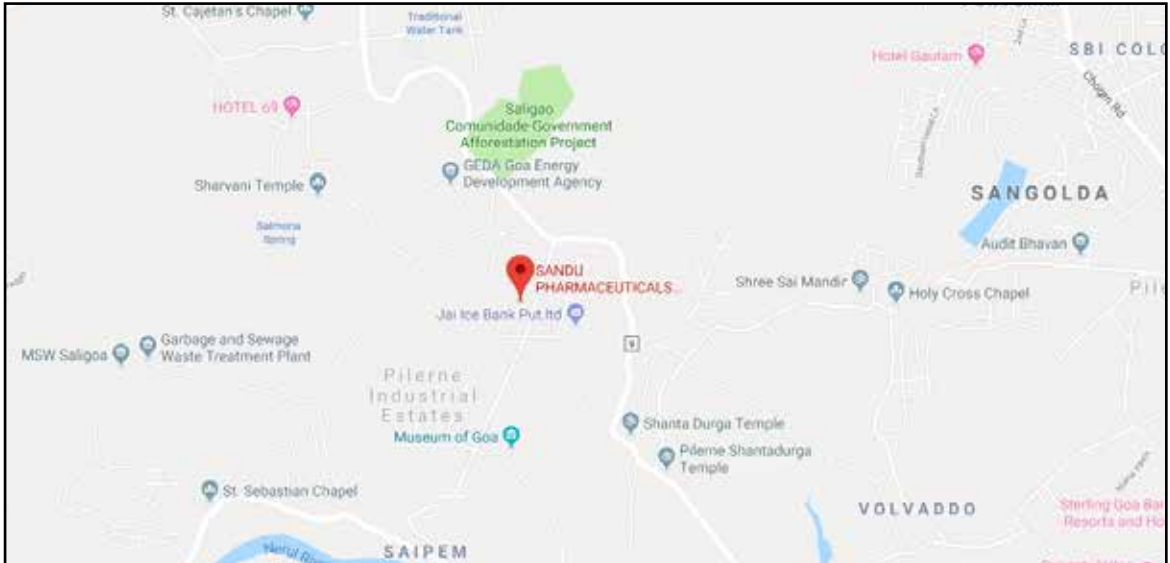
*Applicable for investors holding shares in electronic form.

| EVSN (Electronic Voting Sequence Number) | User ID | PAN No. / Sequence Number |
|---|---------|---------------------------|
| 180823035 | | |

Note: Please read the complete instructions given under the note (Instructions for shareholders voting electronically) to the Notice of the 33rd Annual General Meeting. The Voting time starts from Wednesday, 26th September 2018 at 10.00 a.m. and ends on Friday, 28th September 2018 at 5.00 p.m. The voting module shall be disabled by CDSL for voting thereafter.

**ROUTE MAP
TO ANNUAL GENERAL MEETING VENUE**

Venue: Sandu Pharmaceuticals Limited, Plot No 25, 26, 29 &30, Pilerne Industrial Estate, Marra, Bardez Goa 403511
Website: www.sandu.in Tel: +91 8322407474/6715000 Email: corp.sec@sandu.in



COURIER



If Undelivered, Please return to
Registered Office Address:

Sandu Pharmaceuticals Limited

CIN: L24233GA1985PLC001587

Plot No 25, 26, 29 &30, Pilerne Industrial Estate
Marra, Bardez Goa 403511

Website: www.sandu.in

Tel: +91 8322407474/6715000

Email: corp.sec@sandu.in