

To,  
**The Bombay Stock Exchange**  
**Phiroze Jeejeebhoy Towers,**  
**Dalal Street,**  
**Mumbai - 400 001**

Date: 04.09.2021

Script Code: 526546, ISIN: INE493D01013

**Subject: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Notice of the 28<sup>th</sup> e-Annual General Meeting & Annual Report for the Financial Year 2020-21**

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed Notice convening the 28<sup>th</sup> e-AGM and the Annual Report of the Company for the financial year 2020-21. In compliance with relevant circulars (General Circular No.02/2021 dated 13th January 2021) issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the e-AGM along with Annual Report of the Company for the financial year 2020-21 has been sent to all the members of the Company whose email addresses are registered with the Company or Depository Participant(s). The e-AGM of the Company will be held on Monday, 27<sup>th</sup> day of September, 2021, at 11.30 a.m. through Video Conferencing/ Other Audio Visual Means ("VC/ OA VM") in accordance with the aforesaid circulars. Further, in terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (as amended), the Company has fixed 17<sup>th</sup> September, 2021 as the cut-off date to determine the eligibility of the members to cast their votes by electronic means and e-Voting during the 28<sup>th</sup> AGM.

This for kind information and records

FOR CHOKSI LABORATORIES LIMITED  
~~For Choksi Laboratories Limited~~

SANJAY CHOUREY  
COMPANY SECRETARY & COMPLIANCE OFFICER

Company Secret  
Compliance Officer

**28<sup>th</sup>**

**ANNUAL REPORT  
2020-21**

यमदुमे केडुडेड

**CHOKSI**   
**LABORATORIES LIMITED**

Reg. off. Survey No. 9/1, Near Tulsiyana Industrial Estate,  
Kumerdi, Indore-452010 (M.P.)





## CHOKSI LABORATORIES LIMITED

Company Information  
CIN : L85195MP1993PLC007471

### COMPOSITION OF BOARD

Mr. Sunil Choksi	-	Managing Director
Mrs. Stela Choksi	-	Whole Time Director
Ms. Himika Choksi	-	Whole Time Director
Mr. Vyangesh Choksi	-	Whole Time Director
Mr. Sudarshan Shastri	-	Independent Director
Mr. N.K. Mani	-	Independent Director
Mr. Ratnesh Sadoriya	-	Independent Director
Mr. Mayank Pandey	-	Independent Director

**CHIEF FINANCIAL OFFICER** - Mr. Vyangesh Choksi

**COMPANY SECRETARY & COMPLIANCE OFFICER** - Mr. Sanjay Chourey

#### STATUTORY AUDITORS

Subhash Chand Jain Anurag & Associates,  
Chartered Accountants

#### REGISTERED OFFICE

Survey No 9/1,  
Near Tulsiyana Industrial Estate, Gram  
Kumerdi, Indore M.P. 452010 (Regd.  
Office till 30.07.2020 is 6/3,  
Manoramaganj, Indore M.P.)

#### SHARE TRANSFER AGENT

Link Intime Private Limited C 101, 247  
Park, L.B.S. Marg,  
Vikhroli (West), Mumbai - 400083.

#### BANKERS

State Bank of India  
Bank of India

#### OUR BRANCHES / LABORATORIES

- SURVEY NO.9/1, NEAR TULSIYANA INDUSTRIAL ESTATE, KUMEREDI, INDORE, 452010. MP.
- 32, VIBRANT BUSINESS PARK, OPP. UPL, N.H-48 VAPI (GUJRAT)
- 829. GIDC MAKARPURA, VADODARA - 390 010 (GUJRAT)
- PLOT NO. 362, INDUSTRIAL AREA PHASE II, PANCHKULA (HARYANA)
- PLOT NO. C-18 & 20 PHACE 1 - A, VERNA INDUSTRIAL ESTATE VERNA - 403722 (GOA)

Listed on  
BSE

**CHOKSI LABORATORIES LIMITED**  
**NOTICE OF 28th ANNUAL GENERAL MEETING**

**NOTICE**

Notice is hereby given that the 28th e-Annual General Meeting (e-AGM) of the members of Choksi Laboratories Limited is scheduled to be held on Monday, 27th Day of September, 2021 at 11:30 A.M. through Video Conferencing (“VC”) or Other Audio-Visual Means (“OAVM”). At the common venue at Regd. office of the Company 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 2021, Audited Balance Sheet as at 31st March 2021 and the Statement of Profit and Loss for the Financial Year ended on that date together with the reports of the Board of Directors and Auditors thereon, and in this regard, pass the following resolution as an Ordinary Resolution:**

**RESOLVED THAT** “The Audited Financial Statement of the Company for the financial year ended March 31st, 2021 and the reports of the Board of Director and Auditors thereon laid before this meeting, be and are hereby considered and adopted”

- 2. To appoint a Director in place of Mrs. Stela Choksi (DIN:00155043), who retires by rotation and being Eligible offer herself for re- appointment;**

**“RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs. Stela Choksi (DIN: 00155043), who retires by rotation at this meeting be and is here by appointed as a Director of the Company, liable to retire by rotation.

**FOR BY ORDER OF THE BOARD**  
**CHOKSI LABORATORIES LIMITED**

**SD/-**  
**SANJAY CHOUREY**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**

**PLACE: INDORE**  
**DATE: 13th August 2021**

## Notes:

### CDSL e-Voting System – For e-voting and Joining Virtual meetings

1. In view of the prevailing lock down situation across the country due to outbreak of the COVID-19 pandemic and restrictions on the movements apart from social distancing, the Ministry of Corporate Affairs (“MCA”) has vide its circular no 20/2020 dated May 5, 2020 read with circular no 14/2020 dated April 8, 2020 and circular no 17/2020 dated April 13, 2020 (collectively referred to as “MCA Circulars”) allowed companies to hold their Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue for the calendar year 2020 and also the Ministry of Corporate Affairs, Government of India vide its General Circular No.02/2021 dated 13th January 2021 allowed the companies to conduct their Annual General Meetings on or before 31st December 2021 through video conferencing (VC) or other Audio Visual Means (OAVMs) in accordance with the requirements in paragraphs 3 and 4 of the General Circular No.20/2020.
2. Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 read with the aforesaid circulars issued by MCA, the 28th Annual General Meeting of the Company shall be conducted through Video Conferencing (VC) to be referred to as “e-AGM”.
3. The Company has appointed Central Depository Service Limited (CDSL) to provide video conferencing facility for the E-AGM.
4. The Ministry of Corporate Affairs (“MCA”) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by Companies and has issued a circular on April 21, 2011 stating that the service of document by a Company can be made through electronic mode. Electronic copy of the Annual Report for the FY 2020-21 is being sent to all the members whose email ID’s are registered with the Company/Depository Participants Sending Physical copy of Annual report is dispensed with SEBI and MCA circular Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form then with the Company/Link Intime Private Limited, the Registrar and Share Transfer Agent in case the shares are held by them in physical form.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this e-AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Corporate Members who’s Authorized Representatives are intending to attend the Meeting through VC/OAVM are requested to send to the Company on their email Id: -compliance\_officer@choksilab.com, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting and through Remote E-voting.
7. The Members can join the e-AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The attendance of the Members attending the e-AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013
8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the e-AGM. For this purpose, the Company has entered into an agreement with Central Depository System Limited (CDSL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the e-AGM will be provided by CDSL.
9. The Register of Members, Beneficial Owner and Share Transfer Books of the Company will remain closed from Friday, 17th September, 2021 to Monday 27th September, 2021, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.
10. Up to 1000 members will be able to join on a First Come First Serve basis to the e-AGM.
11. No restrictions on account of First Come First Serve basis entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
12. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2021, Notice of the e-AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Annual Report 2020-21 will also be available on the Company’s website [www.choksilab.com](http://www.choksilab.com), websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of CDSL (agency for providing the Remote e-Voting facility) <https://www.evoting.cdsl.com>

13. Members who hold shares in dematerialized form are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
14. Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
15. Members who are holding shares in identical names in more than one folios, are requested to write to the Company/Link Intime Pvt. Ltd., the Registrar and Share Transfer Agent, to consolidate their holding in one folio.
16. Shareholders who are still holding physical share certificate are advised to dematerialize their shareholding to avail benefit of dematerialization.
17. Members desirous of obtaining any information concerning to the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
18. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting of the Company.
19. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
20. The shareholders are hereby informed that all the correspondence in connection with the shares is addressed to the Registrar & Share Transfer Agent **M/S LINK INTIME PRIVATE LIMITED**, at C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai -400083.
21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/LINK IN TIME PRIVATE LIMITED.
22. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
23. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the Concerned Depository Participant and holdings should be verified.
24. Members may also note that the Notice of the 28th e-Annual General Meeting and the Annual Report for 2020-21 will also be available on the Company's website at [www.choksilab.com](http://www.choksilab.com) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours (11.00A.M. to 5.00 P.M.) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor mailid: [compliance\\_officer@choksi.com](mailto:compliance_officer@choksi.com)
25. Remote e-Voting: Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members through e-Voting agency M/s. Central Depository Service Limited (CDSL).

**26. THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

The e-voting period begins on <24th September 2021 at 09.00 am and ends on 26th September 2021 at 05.00 am.> During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 17th September 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (i) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (ii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e- voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

	<b>Login Method</b>
<p><b>Type of shareholders</b></p> <p>Individual Shareholders holding securities in Demat mode with <b>CDSL</b></p>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e- Voting Service Providers.</li> </ol>
<p>Individual Shareholders holding securities in demat mode with <b>NSDL</b></p>	<p>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e- Voting period or joining virtual meeting &amp; voting during the meeting.</p> <ol style="list-style-type: none"> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your</li> </ol>

	<p>User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP</p> <p>and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e- Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Type of shareholders	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(iv) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
2. Click on “Shareholders” module.
3. Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DPID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
6. If you are a first-time user follow the steps given below

For Shareholders holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
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> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>



- (v) After entering these details appropriately, click on “SUBMIT” tab.
- (vi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Click on the EVSN for the relevant <Choksi Laboratories Limited> on which you choose to vote.
- (ix) 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.
- (x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xi) 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.
- (xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote. (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

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

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company (compliance\_officer@choksilab.com)/RTA (zoaib.mukadam@linkintime.co.in)**
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company **(compliance\_officer@choksilab.com) / RTA (allwyn.nadar@linkintime.co.in)**.

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

1. Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholders/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but

have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

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

#### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING AREAS UNDER**

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

#### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
- For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

#### **(xx) Note for Non – Individual Shareholders and Custodians**

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

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

#### **Other Instructions –**

- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and E-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on

the cut-off date (record date) of 17th September 2021.

- Ms. Surabhi Agrawal, Practicing Company Secretaries (Membership No. ACS: 56574, CP No. 23696) has been appointed as the Scrutinizer to scrutinize the E-voting process in a fair and transparent manner.
- The Scrutinizer, after scrutinizing the votes cast at the meeting (Poll) and through remote e-voting, will not later than forty eight (48) hours of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman.
- The Results shall be declared on or after the AGM of the Company. The Results declared along-with the Scrutinizer's Report shall be placed on the Company's website [www.choksilab.com](http://www.choksilab.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Exchanges.
- If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

27. Section 72 of the Companies Act, 2013 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders willing to avail this facility may make nomination in Form SH-13.

Place: Indore  
Date: 13th August, 2021

**Registered Office:**

Survey No. 9/1, Near Balaji, Tulsyana Industrial Estate  
Gram Kumedi, Indore (M.P.)  
CIN: L85195MP1993PLC007471

Contact Information

**MR. SANJAY CHOUREY**

E-mail: [compliance\\_officer@choksilab.com](mailto:compliance_officer@choksilab.com)  
Phone No. 0731-3501112

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

**Sd/-  
Sanjay Chourey  
Company Secretary & Compliance Officer**

## DIRECTOR'S REPORT

**DEAR MEMBERS,**

Your Directors are presenting the Twenty Eight Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended March 31, 2021.

### FINANCIAL SUMMARY/HIGHLIGHTS

**The summarized financial result for the year areas under:**

(Rs. In lacs)

Particulars	F.Y. 2020-21	F.Y. 2019-20
Total Revenue (Including other operating revenue)	2617.62	2848.79
Loss before Tax (PBT)	(280.81)	(571.44)
Less: a) Current Tax	0	0
b) Deferred Tax	20.04	182.95
Net Profit/ (Loss) for the period	(260.77)	(388.49)
Total Comprehensive Income	(247.41)	(372.59)
Bais & Diluted EPS per equity share of face value Rs. 10 each (in Rs.)	(3.74)	(5.58)
Equity shares of face value of Rs. 10 each (In Rs.)	696.52	696.52

### COMPANY'S PERFORMANCE REVIEW

Financial Year 2020-21 has been a challenging year with The increasing widespread of Covid-19 has put the world into varying degrees of uncertainty and disturbed the economic order completely. Global recession in 2020-21 is evident and risk of prolonging to the next fiscal years is extremely high as Nations across the globe shut down economic and social activities to limit the spread of Covid-19 and the fatalities associated with it, in financial year 2020-21 we registered Service of Rs. 2617.62 lacs as compare to Previous Year of Rs. 2848.79 Lacs, the Net loss before Tax for the year under review has amounted to Rs. 280.81 lacs as compare to previous year 571.44 Lacs, and Net loss after tax for the year is Rs. 247.41 lacs as compare to previous year 388.49 lacs for the Year 2020-21.

### EXTRACT OF ANNUAL RETURN

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

### DIVIDEND

The board of directors has not recommended any Dividend after considering the relevant circumstances and keeping in view the financial position of the company for the year under review.

### PERFORMANCE EVALUATION OF BOARD, COMMITTEE AND DIRECTORS BOARD EVALUATION

Pursuant to the provisions of the Act and the Listing Regulations, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Directors was completed during the year under review. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors and Non-Executive Director. The Board of Directors expressed their satisfaction with the evaluation process.

### Management Discussion and Analysis Report

The Management Discussion and Analysis forms an integral part of this Report (Annexure I) and gives detail of the overall industry structure, developments, performance and state of affairs of the Company's various businesses viz., the decorative business international operations, industrial and home improvement business, internal controls and their adequacy, risk management systems and other material developments during the financial year.

### Material Changes and Commitments

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report. "There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report.

Change in the Nature of Business, If Any.

There was no change in the nature of business of the Company during the Financial Year ended 31st March 2021.

### **Impact of COVID-19**

Covid-19 is the infectious disease caused by the most recently discovered coronavirus, SARS CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The CLL has adopted measures to curb the spread of infection in order to protect the health of our employees and ensure business continuity with minimal disruption. The CLL immediately took steps to mitigate sanitary and health risks and the CLL promptly set up a team of experts to assist the Health and Safety at Work places. In assessing the recoverability of receivables and other financial assets, the CLL has considered internal and external information up-to the date of approval of these financial statements. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these financial statements and the CLL will continue to closely monitor any material changes to future economic conditions.

### **Change of Registered Office**

The Board of Directors glad to inform you all that company have shifted registered office to new location within the local Municipal limits of City at Survey No 9/1, Near Tulsiyana Industrial Estate, Gram Kumerdi, Indore- 452010, Madhya Pradesh, India. It will serve as the New Central Laboratories along with the registered office of the Company.

The said decision was taken by Board at its meeting held on 30th July 2020, keeping the financial as well as corporate position of the Company that is it will aid the Company in raising the business sales, as well as building a good brand image among stakeholders.

### **Foreign Exchange Earnings & Outgo**

Foreign Exchange outgo: Rs. 76346

Foreign Exchange Earnings: Rs. 11739566

## **GOVERNANCE AND ETHICS**

### **a. Corporate Governance**

Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organizations brand and reputation. The Companies Act, 2013 and amended SEBI (Listing obligation and Disclosure Requirements) Regulation 2015 have strengthened the governance regime in the country. The Company is in compliance with the governance requirements provided under the new law and had proactively adopted many provisions of the new law, ahead of time. The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust to four stakeholders at all the times.

A separate report on Corporate Governance (Annexure II) is provided together with a Certificate from the practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated SEBI (Listing obligation and Disclosure Requirements) Regulation 2015 (Annexure III) A Certificate of the MD and CFO of the Company, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed. (Annexure IV)

### **b. Directors & Key Managerial Personnel Appointments: Director:**

Re-appointments : In accordance with the Articles of Association of the Company and Section 152 of The Companies Act, 2013, Mrs. Stela Choksi (DIN:00155043), Whole-time Director is due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment. Stela Choksi is liable to retire by rotation

The Company has received disclosures from all the directors and none of the directors has been disqualified as stipulated under Section 164 of the Companies Act, 2013 and rules made thereunder

### **c. Number of meeting of Board of Directors**

The Board of Directors met Five (5) times during the Financial Year under review viz. 22nd May 2020, 30th July, 2020, 29th August 2020, 11th Nov 2020, and 10th Feb 2021. The maximum gap between any 2 meetings did not exceed 120 days.

### **d. Independent Directors and their Meeting**

Your Company has received annual declarations from all the Independent Directors of the Company confirming that they meet with

The criteria of Independence provided in Section 149(6) of the Companies Act, 2013 and Regulations 16(1) (b) & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

The Independent Directors met on 30th July 2020 without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**e. Secretarial Standards**

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to ‘Meetings of the Board of Directors’ and ‘General Meetings’, respectively, have been duly followed by the Company

**f. Audit Committee & Composition**

The Audit Committee comprises Independent Directors namely Mr. Sudharshan Shastri (Chairman), Mr. Ratnesh Sadoriya (Member), Mr. N.K. Mani (Member) During the year all recommendations made by the Audit Committee were accepted by the Board.

**g. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises Independent Directors namely Mr. Sudarshan Shastri (Chairman), Mr. Mayank Pandey (Member), Mr. N.K. Mani (Member) during the year all recommendations made by the Nomination and Remuneration Committee were accepted by the Board.

**h. Stakeholder Relationship Committee**

The Stakeholder Relationship Committee comprises Independent Directors namely Mr, Sudarshan Shastri (Chairman) Mr, Ratnesh Sadoriya (Member), Mr, N. K. Mani (Member) During the Year all recommendation made by the Stakeholder Relationship Committee were accepted by the Board.

**i. Contracts and Arrangements with Related Parties**

All Related Party Transactions, which are foreseen and repetitive in nature, are placed before the Audit Committee on a yearly basis for obtaining prior omnibus approval of the committee. The transactions entered into pursuant to the omnibus approval are placed before the Audit Committee for review and approval on quarterly basis.

During the financial year 2020-21, there were no transactions with related parties which qualify as material transactions under SEBI (Listing obligation and Disclosure Requirements) Regulation 2015 and the Companies Act.

In line with the requirements of the Companies Act, 2013 and Equity SEBI (Listing obligation and Disclosure Requirements) Regulation 2015, the Company has formulated a Policy on Related Party Transactions which is also available on Company’s website at <http://www.choksilab.com/Downloads> The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties.

**Particulars of Employees**

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 134 and 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled there to, 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. If any member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Your Company’s mission envisages a strong sense of commitment to work by being a caring pharmaceutical company, which will continuously strive to enhance health through quality Service. Your Company aims at consistently providing service that meet customer needs as well as national and international regulatory requirements, as may be applicable. Your Company has been steadily raising the bar, setting higher goals for incremental performance and enlarging the scope of its initiatives. The environmental policy of your Company emphasizes being a caring Company, which shall protect and promote the environment by complying with applicable environmental regulations and preventing pollution in all its operations.

**INTERNAL FINANCIAL CONTROL**

According to Section 134(5) (e) of the Companies Act, 2013 the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the 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.

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive. Necessary checks and controls are in place to ensure that transactions are properly verified, adequately authorized, correctly recorded and properly reported. The Internal Auditors of the Company conducts Audit of various departments to ensure that internal controls are in place;

### **Nomination and Remuneration Policy**

The Board, on the recommendation of the Nomination and Remuneration Committee, has adopted a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management. The details of this Policy are given hereunder. The policy is available on the Company's website at <https://www.choksilab.com>

The Company considers human resources as its invaluable assets. The Nomination and Remuneration Policy aims to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company. The Remuneration Policy for all employees is designed to attract talented personnel and remunerate them fairly and responsibly, this being continuous, ongoing exercise at each level in the organization.

### **Whistle Blower Policy**

The Company has in place a Whistle Blower/Vigil Mechanism through which it's Stakeholders, Directors, and Employees can report genuine concerns about unethical behaviour and actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics. The said policy provides for adequate safeguards against victimization and direct access to the Audit Committee. The e-mail id for reporting genuine concerns is [compliance\\_officer@choksilab.com](mailto:compliance_officer@choksilab.com). During the year, no complaint was received in terms of the policy.

### **Whole Time/ Managing Director**

The Company pays remuneration by way of salary, perquisites, and allowances (fixed component) and commission (variable components wherever applicable as per terms of appointment) to its Whole-time Directors. A proper balance between fixed and variable components is aimed at. Salary is paid based on the recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors, subject to the approval of the Shareholders within the limits stipulated by the Act and the Rules made thereunder. The remuneration paid to the Whole time Directors is determined keeping in view the industry benchmark and the relative performance of the Company compared to the industry performance.

### **Non-Executive Directors**

Non-Executive Directors receive sitting fees for attending Meetings of the Board and its Committees as per the provisions of the Act and the Rules made there under. No other remuneration is paid to the Non-Executive Directors. The Nomination and Remuneration Committee may recommend to the Board, the payment of commission taking into account the evaluation of the performance of the Directors.

### **Key Managerial Personnel (KMP) and other Employees**

The remuneration of KMP other than the Whole Time Director and other Senior Managerial Employees largely consists of basic salary, perquisites, allowances and performance incentives (wherever paid). Perquisites and retirement benefits are paid according to the Company's policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification and experience, merits and performance of each employee. The Company while deciding the remuneration package takes into consideration the current employment scenario and remuneration package prevalent in the industry and peer group companies.

### **DIRECTORS RESPONSIBILITY STATEMENT**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3) (c) of the Act:

- a. in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company;
- c. the Directors had taken proper and sufficient care 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 Directors had prepared the annual accounts on a 'going concern' basis;
- e. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such

## AUDITORS & THEIR REPORT

### Statutory Auditors:

M/s. Subhash Chand Jain Anurag & Associates, having ICAI Registration No. 004733C were appointed as Statutory Auditor of the Company, for a term of 5 (five) consecutive years, at the Annual General Meeting held on 25th September 2017 They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory. Qualification mention and Auditors report.

### Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Surabhi Agrawal, Practicing Company Secretary (ACS:56574,C.P. No. 23696) to undertake the Secretarial Audit of the Company. The Secretarial Auditors in their report for the year 2020- 21 has confirmed the compliances of by the Company as covered in their report.

The Report of the Secretarial Audit for the year 2020-21 in the Form MR-3 is annexed herewith as "Annexure VI". There is no qualification, reservation or adverse remark or in Secretarial Audit Report except the following;

### Internal Auditors

In compliance with the provisions of Section 138 of Companies Act, 2013, read with Companies (Accounts) Rules, 2014, your Company has appointed as internal auditor M/s. Tanmay V. Rajurkar & Co., Chartered Accountants for the Financial Year 2020-21.

### Reporting of Fraud by auditors

During the year under review neither the statutory auditor nor the secretarial auditor has reported to the audit committee, under Section 143(12) Of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

### Related Party Transactions

In line with the requirements of the Companies Act, 2013 and SEBI Listing obligation and disclosure Regulation 2015(LODR), your Company has formulated a Policy on Related Party Transactions which is also available on [http:// www.choksilab.com](http://www.choksilab.com). All Related Party Transactions are placed before the Audit Committee for review and approval of the Committee on a quarterly basis. Also the Company has obtained prior omnibus approval for Related Party Transactions occurred during the year for transactions which are of repetitive nature and / Or entered in the ordinary course of business and are at arm's length.

All the related party transactions entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Your Company had not entered into any transactions with related parties which could be considered material in terms of Section 188 of the Companies Act, 2013. Accordingly, the disclosure of related party transactions as required under Section 134 (3)(h) of the Companies Act, 2013 in Form AOC 2:

Your Company Comply Pursuant to Regulation 23(9) of the SEBI (Listing Obligations & Disclosure Requirements), 2015, as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, Submit note on Related Party Transactions, on consolidated basis for the financial year ended 31st March, 2021 to the Stock Exchange.

## OTHER DISCLOSURES

### Particulars of Loans, Guarantees or Investments:

The particulars of loans, guarantees and investments as on 31st March 2021 are covered under the provisions of Section 186 of the Companies Act, 2013 is given in the Notes to Financial statements of the Company.

Significant and Material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company:

There are no significant and material orders passed by the Regulators / Courts / Tribunals, which would impact the going concern status of the Company and its future operations.

### Details of Fixed Deposits

During the year under review, the Company has not accepted any Deposit under Section 73 of The Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. It is further stated that the Company does not have any deposits which are not in compliance with the requirements of Chapter V of The Companies Act, 2013.



### **Prevention of Sexual Harassment at Workplace:**

The company has a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, there were no complaints pertaining to sexual harassment.”

### **Business Responsibility Report**

Regulation 34 (2) of the Listing Regulations, provides that the Annual Report of the Top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall include a Business Responsibility Report ("BRR"). Since your Company, does not feature in the Top 500 listed entities as per market capitalization as on March 31, 2021, the Business Responsibility Report for the financial year 2020-2021 does not form a part of this Annual Report.

### **Health and Safety**

Health and Safety issues are addressed systematically, effectively and proactively. Your Company takes pride in providing various forms of medical assistance to its employees. Periodic health check-ups are carried out for all employees and regular training programs are organized on safety and precautionary measures. Firefighting training programs and first aid training camps are organized regularly educate workers and employees at the plant locations and corporate office.

### **Acknowledgment**

We would like to thank to all our Stakeholders, Investors Bankers, customers, Suppliers, Government agencies, stock exchanges and depositories, Auditors, legal advisors, consultants, business associates, service providers for their continued commitment, and invincible enthusiasm which made this year productive and pleasurable.

The Board also places on record, their deep sense of appreciation towards all its Employees at all levels for adopting the values of the Company and their hard work during the year.

**For and on behalf of the Board of Directors  
Choksi Laboratories Limited**

**Place: Indore  
Date: 13th August 2021**

**Sd/-  
Sunil Choksi  
Chairman & Managing Director  
DIN-00155078**

**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 subsection(1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto

**Details of contracts or arrangements or transactions not at Arm's length basis for the FY 2020-21**

Sl. No.	Particulars	
1	Name (s) of the related party & nature of relationship	N.A.
2	Nature of contracts/arrangements/transaction	N.A.
3	Duration of the contracts/arrangements/transaction	N.A.
4	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A.
5	Date of approval by the Board	N.A.
6	Amount paid as advances, if any	N.A.

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any (f)
D. G .Choksi H.U.F. (Karta of HUF is MD)	Rent Rs.1.80 Lacs	Period of Contract 1 year and renewal as per agreement	As per agreement	----	Nil
Mr. Sunil Choksi Managing Director	Rs. 26.10 Lacs	As per term of Appointment	As per term of Appointment	----	Nil
Mr. Vyangesh Choksi Whole time Director	Rs. 6.90* Lacs	As per term of Appointment	As per term of Appointment	----	Nil
Mrs . Khyati Choksi Employee	Rs.1.60 lacs	Yearly	As per company policy	----	Nil
Mrs. Stela Choksi Whole time Director	Rs. 18.00 Lacs	As per term of Appointment	As per term of Appointment	----	Nil
	Rent of Rs. 14.02 Lacs	Period of Rent Contract 10 Years on Monthly basis.	Rent shall be Increased by 7% every two years.	----	Nil
Ms. Himika Choksi Whole time Director	Rs. 20.70 Lacs	As per term of Appointment	As per term of Appointment	----	Nil
	Rent of Rs. 11.77 Lacs	Period of Rent Contract 10 Years on Monthly basis.	Rent shall be Increased by 7% every two years.	----	Nil

*\*Mr. Vyangesh Choksi, Whole-Time Director and CFO express his desire to withhold the remuneration looking to the Covid-19 situation until the situation improves.*

**For and on behalf of the Board of Directors  
Choksi Laboratories Limited**

**Place: Indore  
Date: 13th August 2021**

**Sd/-  
Sunil Choksi  
Chairman & Managing Director  
DIN-00155078**

## ANNEXURE-II

### *Corporate Governance Report*

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2021

#### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Compliance with the Code of Corporate Governance forms an integral part of the Company's philosophy. CLL firmly believes that any meaningful policy on Corporate Governance must provide empowerment to the management of the Company and simultaneously create a mechanism of checks and balances that ensure that the decision-making powers vested in the management are not misused and are exercised with care and responsibility to meet stakeholders' aspirations and societal expectations. The core principles of Corporate Governance i.e. trusteeship, transparency, empowerment, accountability and control form the cornerstone of CLL's Corporate Governance philosophy. The Company continues to focus its resources, strengths and strategies to achieve the highest standards of Corporate Governance and endeavors to implement the Code of Corporate Governance in its true spirit.

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and applicable provisions of the Companies Act, 2013 (the Act), Your Company shall ensure that its governance framework incorporates the applicable amendments introduced in the Listing Regulations and the same is proactively communicated and absorbed down the line with a view to strength then its philosophy of Corporate Governance

#### **GOVERNANCE STRUCTURE**

Choksi Laboratories Limited (CLL)'s Governance structure broadly comprises the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

##### **Board of Directors**

The Board has an appropriate mix of Executive and Non – Executive Directors to maintain its independence. The Board periodically evaluates the need for change in its composition and size. The Board, inter alia, focuses on strategic planning, risk management, compliance, and corporate governance to maintain high standard so ethical conduct and integrity and succession planning for the Directors. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013 read with the Rules issued there under.

##### **Independent Directors**

The Company has on its Board, eminent Independent Directors who have brought in independent judgment to Board's deliberations including issues of strategy, risk management and overall governance. They have played a pivotal role in safeguarding the interests of all stakeholders.

The terms and conditions for appointment of independent directors and a sample letter of appointment issued to them, are posted on the Company's website at following the link: <https://www.choksilab.com>

##### **Committee of Directors**

The Board has constituted various Committees with an Optimum representation of its members and with specific terms of reference in accordance with the Companies Act, 2013 and the Listing Regulations. The Company currently has 3 (three) Committees of the Board, namely, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee.

The Board of Directors of the Company at its Meeting held on 30th July, 2020 in view of amendments caused to the Companies Act, 2013 by way of notification of certain provisions of Companies (Amendment) Act, by the Ministry of Corporate Affairs,. The revised terms are incorporated in their respective portion forming part of this Report

##### **Management Structure**

Management Structure for running the business of the Company as a whole is in place with appropriate delegation of powers and responsibilities.

##### **a. Chairman & Managing Director**

The Chairman and Managing Director is in overall control and responsible for the day-to-day working of the Company. He gives strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various committees.

##### **b. Executive Director-**

The executive Directors are looking into purchase and marketing and responsible for o all other functions relating to the day- to-day

management of the all the branch and, including all local issues and compliances as applicable at Labs level. He is also looking into the marketing, accounts and finance, administrator department and reports to the Chairman & Managing Director.

### BOARD OF DIRECTORS

Composition, attendance of Directors at Board Meetings and the last Annual General Meeting (AGM), Other Directorship and Membership and/or Chairmanship held by each Director

**Table-1: Composition of Board and attendance of Meetings during the year 2020-2021**

Name	Category	No. of Board Meetings held during the year 2020-2021		Whether Attended last AGM held on September 29, 2020	No. of Directorships in other companies*	No. of committee positions in other public companies		Name of Listed companies where directorship held and its category
		Held	Attended			Member	Chairman	
Mr. Sunil Choksi	Executive Director	5	4	Yes	1	1	0	Jash Engineering Ltd.
Mrs. Stela Choksi	Executive Director	5	5	Yes	0	0	0	-
Mr. Vyangesh Choksi	Executive Director	5	5	Yes	0	0	0	-
Ms. Himika Choksi	Executive Director	5	5	Yes	0	0	0	-
Mr. Sudarshan Shastri	Non-Executive Independent Director	5	5	Yes	1	2	1	M/s. Divya Jyoti Industries Limited
Mr. N.K. Mani	Non-Executive Independent Director	5	5	Yes	0	0	0	-
Mr. Ratnesh Sadoriya	Non-Executive Independent Director	5	4	No	0	0	0	-
Mr. Mayank Pandey	Non-Executive Independent Director	5	3	No	0	0	0	-

\*Excludes Directorships in Pvt. Ltd. Companies, and Companies under Section 8 of the Act.

**List of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board**

- Vision:** Ability to see the future with precision based on knowledge, experience and power of reasoning to shape company's plans.
- Strategic thinking:** Ability to identify opportunities, projects, critical evaluation of the same and plan for successful implementation, to achieve the desired business goal.
- Leadership skills:** Trait of creating an inspiring vision, motivating people to engage with that vision and manage delivery of the vision.
- Industry knowledge:** Ability to comprehend intricacies of running an industry and guide the executive management to achieve desired goals with focus on pharmacy sector.
- Marketing & Business skills:** Thorough understanding of market and ability to deploy most innovative and effective marketing strategies supported by best use of technology.
- Finance & Accounting:** Ability to analyses key financial statements, assess financial viability, contribute to strategic financial

planning; oversee budgets & efficient use of resources.

7. **Risk management:** Ability to identify key risks associated with the business and put in place risk minimization and mitigation framework, insulates the business from pitfalls.
8. **Communication skills:** Ability to convey effectively and efficiently with all stakeholders to achieve organization goals.

#### **Confirmation by Independent Directors**

All Independent Directors have declared that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulations 16 (b) of the Listing Regulations. The Board confirms that the Independent Directors fulfill conditions specified in the Listing Regulations and are independent of the Management.

#### **Compliance with the Code of Business Conduct and Ethics**

The Company has adopted a Code of Business Conduct and Ethics. The said Code is posted on the Company's website and the web link of the same is [www.choksilab.com](http://www.choksilab.com). All Board members and Senior Management Personnel have affirmed compliance with the said Code for the year ended March 31, 2021. A declaration to this effect, signed by the Chairman & Managing Director is given below: "In accordance with Regulation 26 of the Securities and

#### **Declaration on Code of Business Conduct and Ethics**

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics for the financial year ended March 31, 2021".

#### **Role of the Company Secretary in Overall Governance Process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. He ensures that all relevant information, details and documents are made available to the Board and Senior Management for effective decision making. The Company Secretary while preparing the agenda, Notes on agenda, Minutes etc. of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 2013 read with the Rules framed there under and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

#### **Recording Minutes of Proceedings at Board and Committee Meetings**

The Company Secretary records minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board / Committee members for their comments as prescribed under Secretarial Standard-1 the minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

#### **Post Meeting Follow-up Mechanism**

The Guidelines for Board meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board. The important decisions taken at the Board meetings are communicated to the departments / divisions concerned promptly. Action taken report on the decisions / minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board for noting by the Board.

#### **Compliance**

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued the rounder, Listing Regulations and Secretarial Standards issued by the Institute of Company Secretaries of India.

#### **COMMITTEES OF THE BOARD**

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Internal Committee for (Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 redressal of complaint at the workplace.

The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

##### **(a) Audit Committee - Mandatory Committee**

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities.

The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing obligation and Disclosure Requirements) Regulation 2015. Some of the important functions performed by the Committee are:

#### **Financial Reporting and Related Processes**

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgment by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgment about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- Review the investments made by the Company.

#### **Internal Controls and Governance Processes**

- Review the adequacy and effectiveness of the Company's system and internal controls.
- Review and discuss with the Management the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- To oversee and review the functioning of a vigil mechanism (implemented in the Company as a Fraud Risk Management Policy) and to review the findings of investigation into cases of material nature and the actions taken in respect thereof.

#### **Audit**

- Review the scope of the Statutory Auditors, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- Review and recommend to the Board the appointment / re-appointment of the Statutory Auditors and Cost Auditors considering their independence and effectiveness and their replacement and removal.
- Approve such additional services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.
- To recommend to the Board the remuneration of the Statutory Auditors
- To discuss with the Statutory Auditors / Internal Auditors any significant difficulties encountered during the course of the Audit.

#### **Other Duties**

- To approve the appointment, removal and terms of remuneration of the Chief Internal Auditor and to approve the appointment of the Chief Financial Officer.
- To grant Omni-bus approval for related party transactions which are in the ordinary course of business and on an arm's length pricing basis and to review and approve such transactions subject to the approval of the Board.

The composition of the Audit Committee as at 31st March, 2021 and details of the Members participation at the Meetings of the Committee are as under:

The Audit Committee met Five times during the financial year, namely May 22nd, 2020; 30th July 2020, August 29th, 2020; November 11th, 2020, and February 10th, 2021. The composition of the Committee as on March 31, 2021, and the details on the number of Audit Committee Meetings held and attended by the Members during the financial year 2020-2021 are given in table:



Composition and attendance of Audit Committee Meetings during 2020-21			
Name of Director	Position	Category	No. of Meeting attended
Mr. Sudarshan Shastri	Chairman	Non- Executive Independent Director	5
Mr. N.K. Mani	Member	Non- Executive Independent Director	5
Mr. Ratnesh Sadoriya	Member	Non- Executive Independent Director	4

***The Company Secretary acts as Secretary to the Committee***

All the Members on the Audit Committee have the requisite qualification for appointment on the Committee and possess knowledge of finance, accounting practices and internal controls.

The MD, the Chief Financial Officer (CFO), the Internal Auditor attends Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Internal Auditor reports directly to the Audit Committee.

**Self-Assessment by the Audit Committee**

The Audit Committee has set in place a process to measure and benchmark its performance each year. The assessment broadly covers composition, structure and committee meetings; overview of the financial reporting process; internal control systems and overview of internal and external audits. The results of the self-assessment are presented to the Audit Committee along with the action plan in the areas requiring improvement.

**(a) Stakeholders' Relationship Committee-Mandatory Committee**

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The composition of Committee is given in this Report. 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 terms of reference of the Committee are:**

- Transfer/transmission of shares issued by the Company from time to time;
- Issue of duplicate share certificates for shares reported lost, defaced or destroyed, as per the laid down procedure;
- Issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates;
- issue and allot right shares/bonus share pursuant to a Rights Issue/Bonus Issue made by the Company, subject to such approvals as may be required;
- to approve and monitor dematerialization of shares/debentures/other securities and all matters incidental or related thereto;
- to authorize the Company Secretary and Head Compliance/other Officers of the Share Department to attend to matters relating to non-receipt of annual reports, notices, non-receipt of declared dividend change of address for correspondence etc. and to monitor action taken;
- monitoring expeditious redressal of investors / stakeholders grievances;
- All other matters incidental or related to shares, debentures and other securities of the Company.

The composition of the Stakeholders' Relationship Committee as at 31st March, 2021 and details of the Members participation at the Meetings of the Committee are as under:

The Stakeholders' Relationship Committee met Three times during the financial year namely July 30, 2020; August 29th 2020: and February 10th, 2021. During the year no complaints were received from shareholders and investors, and no investor complaint was pending at the beginning or at the end of the year. The Company has acted upon valid requests for share transfers received during the year and no such request is pending.

The Company has a dedicated e-mail id [compliance\\_officer@choksilabs.com](mailto:compliance_officer@choksilabs.com) where investors and the other stakeholders can address their queries and grievances

The Company Secretary is the Compliance Officer and also acts as Secretary to the Committee

Composition and attendance of Stakeholder Relationship Committee Meetings during 2020-2021			
Name of Director	Position	Category	No. of Meeting attended
Mr. Sudarshan Shastri	Chairman	Non- Executive Independent Director	3
Mr. N.K. Mani	Member	Non- Executive Independent Director	3
Mr. Ratnesh Sadoriya	Member	Non- Executive Independent Director	3

Company Secretary was also available during all the Committee Meetings, As on 31st March, 2021, no investor grievance has remained unattended/pending for more than thirty days.

#### (b) Nomination and Remuneration Committee-Mandatory Committee

The Nomination and Remuneration Committee has been constituted in accordance with the requirements of statutes and its terms of reference are in compliance with the governing provisions of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The terms of reference of the Committee inter alia, include the following: Succession planning of the Board of Directors and Senior Management Employees;

- Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and too their Senior Management positions;
- Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

In compliance with the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing obligation and Disclosure Requirements) Regulation 2015, an Independent Director, is the Chairman of the Committee.

The said Committee met three times during the financial year namely July 30th, 2020, August 29, 2020 and February 10th, 2021;

Composition and attendance of Nomination and Remuneration Committee Meetings during 2020-2021			
Name of Director	Position	Category	No. of Meeting attended
Mr. Sudarshan Shastri	Chairman	Non- Executive Independent Director	3
Mr. N.K. Mani	Member	Non- Executive Independent Director	3
Mr. Mayank Pandey	Member	Non- Executive Independent Director	3

#### (c) Internal Committee for (Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In compliance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the Board has constituted an Internal Committee have been nominated in the committee to look into the complaints of the women employees relating to the Sexual Harassment of Women at Workplace.

1. number of complaints filed during the financial year: Nil
2. number of complaints disposed of during the financial year; Nil
3. number of complaints pending as on end of the financial year; Nil

#### (d) Independent Directors' Meeting

During the year under review, the Independent Directors met on 30th July 2020, under the chairmanship of the Lead Independent Director, Shri Sudarshan Shastri inter alia, to discuss:

- Independent Directors and the Board of Directors as a whole;
- Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Performance of the Chairman & Managing Director Shri Sunil Choksi and Director, Shri Vyangesh Choksi Chief Financial Officer.



- Time lines of flow of information between the Management and the Board that is necessary for the board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

## **POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors, Managing Director, Whole-time Directors, senior management and Key managerial Persons and their remuneration. This Policy is accordingly derived from the said Charter.

### **1. Criteria of selection of Non-Executive Directors**

- In case of appointment of Non-executive Directors, the N&R Committee shall satisfy itself with regard to the nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- The N&R Committee shall consider the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Director.
  - Qualification, expertise and experience of the Directors in the irrespective fields;
  - Personal, Professional or business standing;
  - Diversity of the Board.
- In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance valuation of the Director and his engagement level.

### **2. Remuneration**

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings as detailed hereunder:

- A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

### **3. Managing Director Criteria for selection / appointment**

For the purpose of selection of the MD and WTD the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

#### **Remuneration for the Managing Director & Whole-time Directors**

- At the time of appointment or re-appointment, the Managing Director and Whole-time director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Managing Director and Whole-time Director within the overall limits prescribed under the Companies Act, 2013.
- The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- The remuneration of the Managing Director and Whole-time director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retrial benefits. The variable component comprises performance bonus.
- In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:
  - responsibility required to be shouldered by the Managing Director and Whole-time director, the industry benchmarks and the current trends;
  - The Company's performance vis-à-vis the annual budget achievement and individual performance. Remuneration Policy for the Senior Management Employee

- I. In determining the remuneration of the Senior Management Employees and Key Managerial Personals, the N&R Committee shall ensure/consider the following:
  - a. The relationship of remuneration and performance;
  - b. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - c. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and variable component comprising performance bonus;
  - d. The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, and current compensation trends in the market.
- II. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

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

### Compliance Officer of the Company

Mr. Sanjay Chourey, Company Secretary is the Compliance Officer of the Company. He is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters.

### General Body Meetings

The details of Annual General Meetings held in last 3 years are as under:

Year	Venue	Date	Time
2019-20	Survey No 9/1, Near Tulsiyana Industrial Park, Gram Kumedi, Indore-MP452010	29th September 2020	11.30 a.m
2018-19	6/3, Manoramaganj, Indore	27th September 2019	11.30 a.m.
2017-18	6/3, Manoramaganj, Indore	28th September 2018	11.30 a.m.

### DISCLOSURES

#### (a) 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.

#### (b) Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act, 1956 read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set-out in the Notes to the Financial Statements.

#### (c) Internal Controls

The Company has a formal system of internal control testing which examines both the design effectiveness and operational

effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances. The Company's business processes have a strong monitoring and reporting process resulting in financial discipline and accountability.

(a) MD/CFO Certification

The MD and the CFO have issued certificate pursuant to the provisions The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

## LISTING OF SECURITIES

The Equity Shares of the Company are listed at Bombay Stock Exchange. Name and Address of the Stock Exchanges Stock/Script Code ISIN for CDSL/NSDL Dematerialized Shares BSE Ltd., Mumbai, and CHOKSI INE493D01013 the Company had duly paid the listing fees to the Bombay Stock Exchange for the financial year 2020-2021.

## PAYMENT TO STATUTORY AUDITOR'S

M/s. Subhash Chand Jain Anurag & Associates conducted Statutory Audit of the company and total audit fees paid to him of Rs. 2,00,000 (Rupees Two Lakhs) for the Financial Year 2020-21.

## DEMAT STATUS

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

## BUSINESS RISK MANAGEMENT

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

## CORPORATE SOCIAL RESPONSIBILITY

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

## VIGIL MECHANISM

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

## RISK MANAGEMENT POLICY

The Company has a Risk Management Policy (RM) to deal with instances of fraud and mismanagement, if any. The Vigil Mechanism Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. The said policy uploaded on company website; [www.choksilab.com](http://www.choksilab.com)

## PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. 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 Company Secretary & Head Compliance is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code. COMMUNICATION WITH THE MEMBERS/ SHAREHOLDERS

- The unaudited quarterly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year as per the requirements of the SEBI (Listing obligation and Disclosure Requirements) Regulation 2015, with the Stock Exchanges/ SEBI (Listing obligation and Disclosure Requirements) Regulation 2015. The aforesaid financial results are sent to BSE Limited (BSE), where the Company's equity shares are listed, immediately after these are approved by the Board. The results are thereafter given by way of a Press Release to news agencies/ and are published in leading English and Hindi daily newspapers. The audited financial statements form a part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting.
- The Company also informs by way of intimation to BSE, all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members and subsequently issues a Press Releasing regard to the same.
- The Annual Report of the Company, the quarterly and the annual results and the press releases of the Company are also placed on the Company's website: [www.choksilab.com](http://www.choksilab.com) and can be downloaded.

- In compliance with SEBI (Listing obligation and Disclosure Requirements) Regulation 2015, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges BSE Limited, are filed electronically on BSE's on-line portal website [www.listing.bseindia.com](http://www.listing.bseindia.com).

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

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

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

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

#### GENERAL INFORMATION TO SHAREHOLDERS

1. e-Annual General Meeting Date/Day : Venue : Common Venue	27th September, 2021, Time : 11.30 AM through Video Conferencing (VC) /Other Audio Visual Means (OAVM) As the meeting is through Video Conferencing (VC) /Other Audio Visual Means (OAVM) the registered office is the common venue situated at Survey No 9/1, Near Balaji Tulsiyana Industrial Estae, Gram Kumedi, Indore (MP) 452010
2 Board Meeting for consideration of Accounts for the financial year ended March, 31, 2021	30th June, 2021
3 Posting of Annual Reports	On or before 4th September, 2021
4 Book Closure Dates	September 17th, 2021 to, September 27th, 2021 (both days inclusive).
5 Last date for receipt of Proxy Forms	AGM is Conducting through VC
6. Financial Year of the Company	1st April, 2020 to 31st March, 2021.
7. Results for the Quarter ending : June 30, 2020 September 30, 2020 December 31, 2020 March 31, 20201	On or before 14th August, 2020 On or before 14th November, 2020 On or before 14th February, 2021 On or before 30th July, 2021 (Audited).

#### INVESTOR SERVICES

The Company has a Registrar and Share Transfer Agent **M/s LINK INTIME INDIA PVT. LTD** address C -101, 247 PARK, L.B.S. MARG, VIKHROLI (WEST), MUMBAI – 400083, which offers all share related services to its Members and Investors.

These services include transfer/ transmission/ dematerialization of shares, payment of dividends, sub-division/consolidation / renewal of share certificates and investor grievances.

The Share Transfer Agent is registered with SEBI as Registrar to an Issue/Share Transfer Agent in Category II Share Transfer Agent Address for Correspondence with the Share Transfer Agent of the Company **LINK INTIME INDIA PRIVATE LIMITED C -101, 247 PARK, L.B.S. MARG, VIKHROLI (WEST), MUMBAI – 400083**

Public Issue-Shares and Bonds (Allotment): 022 - 4918 6200

Members who hold shares in dematerialized form should correspond with the Depository Participant with whom they maintain Demat Account/s, for their queries relating to shareholding, change of address. However, queries relating to non-receipt of dividend, non-receipt of annual reports, or on matters relating to the working of the Company should be sent to the Share Transfer Agent of the Company.

Members who hold shares in physical form should address their queries to the Share Transfer Agent of the Company.

Members are requested to ensure that correspondence for change of address, change in bank details, processing of unclaimed dividend, subdivision of shares, renewals / split / consolidation of share certificates, issue of duplicate share certificates should be signed by the first named Member as per the specimen signature registered with the Company. The Share Transfer Agent of the Company may also, with a view to safeguard the interest of its Members and that of the Company, request for additional supporting documents such as certified copies of PAN Cards and other proof of identity and / or address.

Members are requested to indicate their DP ID & Client ID/ Ledger Folio number in their correspondence with the Company and also to provide their Email addresses and telephone numbers/FAX numbers to facilitate prompt response from the Share Transfer Agent of the Company.

## Exclusive E-Mail ID

The Company has designated an e-mail ID to enable the Members and Investors to correspond with the Company. The e-mail ID is [compliance\\_officer@choksilab.com](mailto:compliance_officer@choksilab.com).

## Market Information

Month	Bombay Stock Exchange Limited (BSE)	
	High	Low
April 2020	10.44	8.01
May 2020	10.12	8.59
June 2020	10.92	8.65
July 2020	10.50	8.55
August 2020	12.20	8.93
September 2020	11.40	9.36
October 2020	11.00	9.01
November 2020	11.34	9.01
December 2020	11.51	9.15
January 2021	10.45	9.06
February 2021	10.50	8.50
March 2021	9.46	7.11

## SHARE TRANSFER SYSTEM AND OTHER RELATED MATTERS

### i. Share transfers

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer provided the transfer documents lodged with the Company are complete in all respects.

### ii. Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders/legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

### iii. Pending Investors' Grievances

Any Member/ Investor, whose grievance has not been resolved satisfactorily, may kindly write to the Company Secretary at the Registered Office with a copy of the earlier correspondence.

### iv. Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI) quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same is submitted to BSE Limited, is also placed before Stakeholders' Relationship Committee and the Board of Directors.

The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby Members have an option to dematerialize their shares with either of the depositories.

## Other Important Information

### (a) Nomination Facility

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2015 are requested to submit to the Company nomination in the prescribed Form SH-13 for this purpose.

**(b) Updating of Shareholders Information**

Shareholders holding shares in physical form are requested to notify the changes to the Company/ its RTA, promptly by a written and duly signed request and Shareholders holding shares in electronic form are requested to send their instructions directly to their Depository Participants (DPs).

**(c) Mandatory Requirement of PAN**

SEBI vide its circular dated 20th April 2018 has mandated compulsory registration of PAN and Bank Account for all Shareholders in following cases:

- Transferees and Transferors PAN Cards for transfer of shares
  - Transfer of shares to Legal Heirs/Nominees
  - For Dematerialization of shares
  - Issuance of Duplicate Share certificates
- (d) Shareholders are requested to keep record of their specimen Signature before lodgment of Shares with the Company to obviate possibility of differences in signature and later date.

**For and on behalf of the Board of Directors  
Choksi Laboratories Limited**

**Place: Indore  
Date: 13th August 2021**

**Sd/-  
Sunil Choksi  
Chairman & Managing Director  
DIN00155078**

## ANNEXURE - I

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### A. SEGEMENT- WISEPERFORMACE

The Company is engaged in the single segment of analytical testing.

#### B. OUTLOOK

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

#### C. Impact and Estimation of the Covid-19 pandemic on the business: Immediate as well as near Future

The increasing widespread of Covid-19 has put the world into varying degrees of uncertainty and disturbed the economic order completely. Global recession in 2020-21 is evident and risk of prolonging to the next fiscal years is extremely high as Nations across the globe shut down economic and social activities to limit the spread of Covid-19 and the fatalities associated with it.

As production is curtailed around the world, in almost all sectors in unprecedented manner many industries are at risk of collapse. Construction, Food, Industry, Healthcare, Textile

A severe demand shock is underway across the discretionary spend category. The virus outbreak has disrupted the manufacturing supply chain and sharply curtailed energy demand. Collection delay and defaults are likely by consumers (lower slab domestic category due to wage disruption, and commercial & Industrial defaults due to business discontinuity) which will put more pressure on financially ailing. Overall Scenario suggest a Swoosh Recovery pattern

As the service that the company provides are in various sectors stated above an overall impact on top line around twenty percent may be expected in the immediate quarters. With the growth economy kicking in, the impact would reduce in subsequent quarters but would witness the same pattern as the overall economy. Currently, the future impact of Covid-19 on the operations, results and financial health of the Company cannot be ascertained in very affirmative ranges as the extent of adverse impact on revenues, earnings and resultant cash flows will depend on containment of impact of Covid-19 and damage done by the pandemic at different cities of Company operation and the measures by the state government and the Disaster Management Committee appointed by the state.

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

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

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

#### E. FINANCIAL AND OPERATIONAL PERFORMANCE

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

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

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

#### G. OPPORTUNITIES AND THREATS

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

## H. CAUTIONARY STATEMENT

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

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

**For and on behalf of the Board of Directors  
Choksi Laboratories Limited**

**Place: Indore  
Date: 13th August 2021**

**Sd/-  
Sunil Choksi  
Chairman & Managing Director  
DIN00155078**



**CEO / CFO CERTIFICATE**

**ANNEXURE IV**

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

**TO  
THE BOARD OF DIRECTORS  
CHOKSI LABORATORIES LIMITED**

1. We have reviewed financial statements and the cash flow statement of Choksi Laboratories Limited for the year ended 31st March, 2021 and to the best of our knowledge and belief:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - i. That there are no significant changes in internal control over financial reporting during the year;
  - ii. That there are no significant changes in accounting policies during the year; and
  - iii. That there are no instances of significant fraud of which we have become aware

**DATE: 13.08.2021  
PLACE: INDORE**

**SUNIL CHOKSI  
CHIEF EXECUTIVE OFFICER**

**VYANGESH CHOKSI  
CHIEF FINANCIAL OFFICE**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

**To,  
The Members  
CHOKSI LABORATORIES LIMITED  
SURVEY NO 9/1, NEAR TULSIYANA INDUSTRIAL PARK,  
GRAM KUMERDI, INDORE 452010 M.P.IN**

We have examined the following documents:-

1. Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the .Act');
2. Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant Documents'), as submitted by the Directors of Choksi Laboratories Limited ('the Company') bearing CIN: L85195MP1993PLC007471 and having its Registered Office at SURVEY NO 9/1, NEAR TULSIYANA INDUSTRIAL PARK, GRAM KUMERDI, INDORE 452010 M.P. to the Board of Directors of the Company ('the Board') for the financial year 2020-21. We have considered non-disqualification to include non-debarment.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Based on our examination of relevant documents made available to us by the Company and such other verifications carried out by us as deemed necessary and adequate, in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we certify that as on date of this Certificate, none of the Directors on the Board of the Company, as listed hereunder, have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

<b>DIN/PAN</b>	<b>Name</b>	<b>Begin date</b>
0000039170	Mayank Pandey	30/05/2018
0000154926	VyangeshChoksi	01/08/2009
0000155007	HimikaChoksi	01/03/2017
0000155043	Stela Choksi	01/04/2011
0000155078	Sunil Kumar Choksi	01/09/2008
0000155105	SudarshanShastri	30/01/1999
0002783996	Nanoo Krishna Mani	01/11/2009
0008146570	RatneshSadoriya	30/05/2018

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31st March, 2021.

**CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF CHOKSI LABORATORIES LIMITED**

To:  
The Members  
Choksi Laboratories Limited  
Survey No 9/1, Near Tulsiyana Industrial Park,  
Gram Kumerdi, Indore (M.P.) - 452010

1. This Certificate is issued in accordance with the terms of my engagement with Choksi Laboratories Limited having CIN - L85195MP1993PLC007471 ('the Company').
2. I, CS Surabhi Agrawal, Practising Company Secretary, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).

**Managements' Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

**Auditor's Responsibility**

4. My responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. I have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

**Opinion**

6. Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2021.
7. I 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**

8. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose.

**Place: Indore**  
**Date: September 01st, 2021**

**Surabhi Agrawal**  
**Practising Company Secretary**  
**ACS No. 56574, C. P. No.: 23696**  
**UDIN: A056574C000875568**

---

**Declaration of Code of Conduct**

This is to confirm that the Board of Directors of the Company has laid down a Code of Conduct for its member and senior management personnel of the Company and the same has also been posted on the Company's website. It is further confirmed that All the Director and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the Financial Year ended March 31, 2021, as envisaged under Regulation 26(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

## Secretarial Audit Report

### FORM No. MR-3

(For the financial year ended 31st March, 2021)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Choksi Laboratories Limited

CIN: L85195MP1993PLC007471

SURVEY NO 9/1, NEAR BALAJI TULSIYANA INDUSTRIAL ESTATE,

GRAM KUMEDI, INDORE-452010

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CHOKSI LABORATORIES LIMITED (hereinafter called "The Company") having CIN: L85195MP1993PLC007471. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records received via Emails and other electronic means maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

- I. The Companies Act, 2013 (the 'Act') and the Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the company during the year);
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the year);
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the year);
  - e. 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;
  - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the year);
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the year);
  - h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (Not applicable to the Company during the year);
  - i. The Company has complied with the requirements under the Equity Listing Agreements entered into with Bombay Stock Exchange of India Limited, National Stock Exchange of India Limited;
  - j. The Securities and Exchange Board of India (Depositories and Participants) Regulation, 2018; and
  - k. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- VI. Other specifically applicable laws to the Company:
  - a. The Employee Provident Fund & Miscellaneous Provisions Act, 1952;
  - b. Employees State Insurance Act, 1948;
  - c. Payment of Gratuity Act, 1972;
  - d. The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013;

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

- H. Secretarial Standards issued by The Institute of Company Secretaries of India.

I. The Listing Agreements entered into by the Company with the BSE Limited.

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

**I further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the minutes of the meeting of the Board of Directors or Committees of the Board, as the case may be. The dissenting members' views, if any, are captured and recorded as part of the minutes of the respective meetings.

Based on the information, representation, clarifications and reports provided by the Company, its Board of Directors, its designated officers, and authorized representatives during the conduct of audit, I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

I/we further report that during the audit period, there were no instance of :

- (a) Public/Right/Preferential issue of shares / debentures/sweat Equity, etc.
- (b) Redemption / buy-back of securities
- (c) Merger / amalgamation / reconstruction, etc.
- (d) Foreign technical collaborations

Place: Indore

Date: 16.07.2021

**Surabhi Agrawal**  
**Practicing Company Secretary**  
**ACS: 56574; C.P. No: 23696**  
**UDIN: A056574C000644601**

**Annexure to Secretarial Audit Report**

To,  
**The Members,**  
**Choksi Laboratories Limited**  
**CIN:L85195MP1993PLC007471**  
**Survey no 9/1, Near Balaji Tulsiyana**  
**Industrial Estate, Gram Kumedi, Indore-452010.MP.**

My Secretarial 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. My responsibility is to express an opinion on these Secretarial records based on done audit.
2. I have followed the audit practices and processes 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.
3. I believe that the processes and practices, I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I 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.
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.

Place: Indore

Date: 16.07.2021

**Surabhi Agrawal**  
**Practicing Company Secretary**  
**ACS: 56574; C.P. No: 23696**  
**UDIN: A056574C000644601**

**Annexure-V  
Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31st March, 2021**

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

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:-	<b>L85195MP1993PLC007471</b>
ii)	Registration Date	29/01/1993
iii)	Name of the Company	CHOKSI LABORATORIES LIMITED
iv)	Category / Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company.
v)	Address of the Registered office and contact details	SURVEY NO 9/1, NEAR TULSIYANA INDUSTRIAL PARK, GRAM KUMERDI, INDOREMP 452010 IN
vi)	Whether listed company :	Listed
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.

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

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

Sl.No.	Name and Description of Main Products/Services	NIC Code of The Product/service	% of total turnover of the company
1	Testing Laboratories	93 Other Service Activities.	100%

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

Sl.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	Nil	Nil	Nil	Nil	Nil

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

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01st April 2020)				No. of Shares held at the end of the year (As on 31st March, 2021)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	1892754	Nil	1892754	27.17	1892754	Nil	1892754	27.17	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	300000	Nil	300000	4.31	300000	Nil	300000	4.31	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (1):-</b>	<b>2192754</b>	<b>Nil</b>	<b>2191754</b>	<b>31.48</b>	<b>2192754</b>	<b>Nil</b>	<b>2192754</b>	<b>31.48</b>	<b>Nil</b>

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01st April 2020)				No. of Shares held at the end of the year (As on 31st March, 2021)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (2):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>2192754</b>	<b>Nil</b>	<b>2192754</b>	<b>31.48</b>	<b>2192754</b>	<b>Nil</b>	<b>2192754</b>	<b>31.48</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(1):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>2. Non-Institutions</b>									
i) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) NIR & OBC	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
iii) Clearing Member									
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	1466492	768515	2235007	32.08	1378207	767715	2145922	30.80	(2)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	1785667	125800	1911467	27.44	2023998	125800	2149798	30.87	3.42
<b>c) Others (specify)</b>	416035	210000	626035	8.98	266789	210000	476789	6.84	(2.14)
<b>Sub-total (B)(2):-</b>	<b>3668194</b>	<b>1104315</b>	<b>4772509</b>	<b>68.52</b>	<b>3668994</b>	<b>1103515</b>	<b>4772509</b>	<b>68.52</b>	
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>3668194</b>	<b>1104315</b>	<b>4772509</b>	<b>68.52</b>	<b>3668994</b>	<b>1103515</b>	<b>4772509</b>	<b>68.52</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Grand Total (A+B+C)</b>	<b>5860948</b>	<b>1104315</b>	<b>6965263</b>	<b>100</b>	<b>5861748</b>	<b>1103515</b>	<b>6965263</b>	<b>100</b>	<b>0</b>

### Shareholding of Promoters

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Sunil Choksi	523192	7.51	Nil	523192	7.51	Nil	Nil
2	Vyangesh Choksi	447099	6.42	Nil	447099	6.42	Nil	Nil
3.	D.G. Choksi HUF (Karta Sunil Kumar Choksi)	400000	5.74	Nil	400000	5.74	Nil	Nil
4.	Khyati Choksi	301263	4.33	Nil	301263	4.33	Nil	Nil
5.	Choksi Holding Company Private Limited	300000	4.31	Nil	300000	4.31	Nil	Nil
6.	Stela Choksi	220200	3.16	Nil	220200	3.16	Nil	Nil
7.	Himika Choksi	1000	0.01	Nil	1000	0.01	Nil	Nil
	<b>Total</b>	<b>2192754</b>	<b>31.48</b>	<b>Nil</b>	<b>2192754</b>	<b>31.48</b>	<b>Nil</b>	<b>Nil</b>

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

Sl.No.	Name of Transferor	No. of Shares at the beginning of the year	% of total shares of the company	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
							No. of Shares	% of total shares of the company
1	Nil	Nil	Nil	-	Nil	-	Nil	Nil
	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>-</b>	<b>Nil</b>	<b>-</b>	<b>Nil</b>	<b>Nil</b>

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

Sl.No.	Name	Shareholding		Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year	% of total shares of the company			No. of Shares	% of total share of the company
1	Dheeraj Kumar Lohia	207984	2.98	Nil		207984	2.98
2	Gaurav Anand	200000	2.87	Nil	Nil	200000	2.87
3	Sachin Seth	0	0	Increase	Buy	181810	2.61
4	Timsy Kapoor	150000	2.15	Nil	Nil	150000	2.15
5	Shantanu Trivedi	150000	2.15	Nil	Nil	150000	2.15
6	QuestLaboratoriesPvt.Ltd.	142200	2.04	Nil	Nil	142200	2.04
7	PratapsinghHardia	243000	3.488	Decrease	Sale	131698	1.89
8	Badrilal Bansal	100001	1.43	Nil	Nil	100001	1.43
9	Sanjay Munje	3435	0.049			83135	1.19
10	Alka Jain	75000	1.07	Nil	Nil	75000	1.07

(iv) Shareholding of Directors and Key Managerial Personnel:

Sl.No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year	% of total shares of the company				No. of Shares	% of total shares of the company
1	Sunil Choksi	523192	7.51	Nil	Nil	Nil	523192	7.51
2	VyangeshChoksi	447099	6.42	Nil	Nil	Nil	447099	6.42
3	Stela Choksi	220200	3.16	Nil	Nil	Nil	220200	3.16
4	SudarshanShastri	400	0.006	Nil	Nil	Nil	400	0.006
5	HimikaChoksi	1000	0.01	Nil	Nil	Nil	1000	0.01
	<b>Total</b>	<b>1191891</b>	<b>17.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1191891</b>	<b>17.10</b>

I. INDEBTEDNES OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ ACCRUED BUT NOT DUE FOR PAYMENT AS ON 31ST MARCH 2021

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	278,758,177.76	11,175,000.00	NIL	289,933,177.76
ii) Interest due but not paid	456,615.00	NIL	NIL	456,615.00
iii) Interest accrued but not due.	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>279,214,793.00</b>	<b>11,175,000.00</b>	<b>NIL</b>	<b>290,389,792.00</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	82,138,868.66	202,804.00	NIL	82,341,672.66
• Reduction	34,709,030.06	700,000.00	NIL	35,409,030.06
<b>Net Change</b>	<b>47,429,839.00</b>	<b>(497,196.00)</b>	<b>NIL</b>	<b>46,932,642.60</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	326,644,632.00	10,677,805.00	NIL	337,322,437.00
ii) Interest due but not paid	379,820.00	NIL	NIL	3,79,820.00
iii) Interest accrued but not due		NIL	NIL	
<b>Total (i+ii+iii)</b>	<b>327,024,452.00</b>	<b>10,677,805.00</b>	<b>NIL</b>	<b>337,702,258.00</b>



## II. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl.No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Suil Choksi	Stela Choksi	Vyangesh Choksi	Himika Choksi	
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	26,10,000	18,00,000	6,90,000*	20,70,000	71,70,0000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - Others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	<b>26,10,000</b>	<b>18,00,000</b>	<b>6,90,000</b>	<b>20,70,000</b>	<b>71,70,000</b>
	Ceiling as per the Act	As per Schedule V.				

\*Mr. Vyangesh Choksi, Whole-Time Director and CFO express his desire to withhold the remuneration looking to the Covid-19 situation until the situation improves.

### B. Remuneration to other directors:

Sl.No.	Particulars of Remuneration	Name of Directors				Total Amount
		Sudarshan Shastri	Ratnesh Sadoriya	Mayank Pandey	N. K. Mani	
1.	Independent Directors					
	• Fee for attending board committee Meetings	24000	-	-	24000	48000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>24000</b>	<b>-</b>	<b>-</b>	<b>24000</b>	<b>48000</b>
2.	Other Non-Executive Directors					
	• Fee for attending board committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>24000</b>	<b>-</b>	<b>-</b>	<b>24000</b>	<b>48000</b>
	<b>Total</b>	<b>24000</b>	<b>-</b>	<b>-</b>	<b>24000</b>	<b>48000</b>
	<b>Managerial</b>					

For and on behalf of the Board of Directors  
Choksi Laboratories Limited  
sd/-

Place: Indore

Date: 13th August 2021

**Sunil Choksi**  
Chairman & Managing Director  
DIN00155078

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

Sl.No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	Not Applicable	4,00,000	0.00	4,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Not Applicable	Nil	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	Not Applicable	Nil	Nil	Nil
2.	Stock Option	Not Applicable	Nil	Nil	Nil
3.	Sweat Equity	Not Applicable	Nil	Nil	Nil
4.	Commission - as % of profit - Others, specify...	Not Applicable	Nil	Nil	Nil
5.	Others, please specify	Not Applicable	Nil	Nil	Nil
	<b>Total</b>	<b>Not Applicable</b>	<b>4,00,000</b>	<b>0.00</b>	<b>4,00,000</b>

III. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :

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

For and on behalf of the Board of Directors  
Choksi Laboratories Limited  
sd/-

Place:Indore  
Date: 13thAugust 2021

Sunil Choksi  
Chairman & ManagingDirector  
DIN00155078

## Independent Auditors' Report

**To the Members of  
Choksi Laboratories Limited**

**Report on the Audit of the financial statements**

### Opinion

1. We have audited the accompanying Ind AS financial statements of Choksi Laboratories Limited (“the Company”), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including statement of other comprehensive income), the statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the financial statements”).
2. 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 Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian accounting standards prescribed under section 133 of principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31st March, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion on these matters, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements

The key audit matters	How our audit addressed the key audit matter
<b>A) Information Technology (IT) System &amp; Control Impacting Financial Reporting</b>	
<p>The IT Environment of the Company is complex &amp; involves a large number of Independent &amp; Inter Dependent IT System used in the operation of the Company for processing and recording a long volume of Transaction at numerous location. As a result there is a high degree of reliance &amp; dependency on such IT System for the Financial Reporting Process of the Company. Appropriate IT General control and application are requested to ensure that such IT System are able to process the data, as required completely, accurately and consistently for reliable Financial Reporting. The accuracy &amp; reliability of the Financial Reporting Process depends on the IT System and the related control environment including</p> <ul style="list-style-type: none"> <li>• IT general control over use access management and change management accrued application network database and</li> </ul>	<p>In assessing the integrity of the IT System we involved our IT Expert to obtain an understanding of the IT Infrastructure &amp; IT System relevant to the Company’s Financial Reporting Process of evaluation and testing of IT general control and IT Automated Control exist in such IT System. We also assessed the operating effectiveness of control over removal and periodical review of access right. We further tested segregation of duties including preventive control to ensure that access to change application on the operating system or database in the Production Environment were granted only to the authorized persons. We also evaluated the design and tested the operating effectiveness of key automated control within various business processes. This included testing the irregularity of the system interfaces the completeness and accuracy of data feeded and automated calculation.</p>

<p>operating system.</p> <ul style="list-style-type: none"> <li>• IT Automated application control.</li> <li>• Due to the importance of the impact of the IT System and related control environment on the Company's Financial Reporting Process we have identified testing of such IT System and related control environment as a key Audit Matter for the Current Year Audit.</li> </ul>	
<p><b>b) Allowances for credit losses</b></p>	
<p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions.</p> <p>The Company considered current and anticipated future economic conditions and has taken into account estimates of possible effect from the pandemic relating to COVID -19. We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses</p>	<p>Our audit procedures related to the allowance for credit losses for trade receivables included the following, among others: We tested the effectiveness of controls over the</p> <ol style="list-style-type: none"> <li>(1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions</li> <li>(2) completeness and accuracy of information used in the estimation of probability of default and</li> <li>(3) Computation of the allowance for credit losses.</li> </ol> <p>We tested the mathematical accuracy and Computation of the allowances by using the same input data used by the Company. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.</p>
<p><b>c) Provisions &amp; Contingent Liabilities.</b></p>	
<p>As at 31st March 2021, the Company has Guarantees issued by the Bank on behalf of the company.</p> <p>In accordance with Accounting Criteria set under Indian Accounting Standard 37 - Provision Contingent Liabilities and Contingent Assets significant degree of Management Judgment is involved in determining whether an obligation exists and whether a provision should be recognized as at the reporting date or it needs to be disclosed as Contingent liability.</p> <p>Further Significant Judgments are also involved in measuring such obligations the most significant of which are assessment of liability. Judgment is involved in the determination of whether any outflow in respect of identified material matters is probable and can be estimated reliably.</p> <p>Adequacy of Provision, appropriateness of assumption and judgment used in the estimation of significant provision, adequacy of disclosure of provision for liabilities and Contingent Liabilities, considering the significance of the above matter to the Financial Statement and significant Auditor's attention required to test such estimate, we have identified this as a key Audit matter for Current Year Audit.</p>	<p>Our Audit Procedure tested the design and operating effectiveness, key control over the estimation, monitoring and disclosure of Provisions and contingent liabilities. Bank has issued guarantee of amount Rs.23.58 lacs on behalf of company. For said details Refer Note no. 35 to the report.</p>
<p><b>d) Ind AS 16, Property, Plant and Equipment &amp; Ind AS 36 Impairment of assets</b> (See Note - I (III) (A) of the significant accounting policies to the financial statements.</p>	
<p>The carrying amount of PPE represents 71.37% of the total assets of the company. The values in use of these PPE have been determined based on certain assumptions and estimates of future performance.</p>	<p>In view of the significance of the matter our procedures in this area included the following :</p> <ul style="list-style-type: none"> <li>• Testing the design, implementation and operating effectiveness of key controls over the impairment review</li> </ul>

<p>The value in use so determined of each Cash Generating Unit (CGU) identified by the management has been used for the impairment evaluation of the PPE. Due to the significance of the value of the PPE, the inherent uncertainty and judgment involved in forecasting performance and the estimates involved in discounting future cash flows, we have considered these estimates to be significant to our overall audit strategy and planning.</p>	<p>process including the review and approval of forecasts and review of valuation models;</p> <ul style="list-style-type: none"> <li>Assessing the valuation methodology used by management and testing the mechanical accuracy of the impairment models;</li> <li>Evaluating the reasonableness of the valuation assumptions, such as discount rates, used by management through reference to external market data;</li> <li>Challenging the appropriateness of the business assumptions used by management, such as sales growth and the probability of success of new products;</li> <li>Evaluating the past performances where relevant and assessing historical accuracy of the forecast produced by management;</li> <li>Enquiring with respect to and challenging the management on the commercial strategy associated with the products to ensure that it was consistent with the assumptions used in estimating future cash flows;</li> <li>Considering whether events or transactions that occurred after the balance sheet date but before the reporting date affect the conclusions reached on the carrying values of the assets and associated disclosures;</li> <li>Performing sensitivity analysis of key assumptions, including future revenue growth rates, costs and the discount rates applied in the valuation models;</li> <li>Evaluating the adequacy of the disclosures made in the financial statements.</li> </ul>
<p><b>e) Revenue recognition</b></p>	
<p>Revenue is recognized when services are performed. Service Contracts with customers have distinct terms and conditions relating to recognition of revenue and entitlement to sales rebates. Revenue is a key performance indicator for the Company. There is risk of revenue being fraudulently recognized before control has passed to the customer resulting from pressure to meet external investor/ Stake-holder expectations or to meet revenue targets Set through performance incentive schemes.</p> <p>Determining the accrual for rebates and discounts (variable consideration) involves estimation based on applicable promotional schemes and the potential claims expected to be raised by the customers Accordingly, recognition of revenue based on the transfer of control to customers and estimation of accrual for variable consideration including rebates and discounts have been considered to be key audit matters.</p>	<p>Our audit procedures in respect of recognition of revenue included the following-</p> <ul style="list-style-type: none"> <li>Assessed the Company's accounting policies relating to revenue recognition and accrual for rebates and discounts by comparing them with the applicable accounting standards;</li> <li>Tested design and operating effectiveness of the Company's internal controls including general IT controls and key IT application controls over recognition of revenue and estimating accrual for rebates and discounts;</li> <li>Examined sales invoices and dispatch documents for selected samples of revenue to verify that revenue has been recognized only once control has passed to the customer;</li> <li>Performed retrospective review to identify any management bias with respect to accrual for rebates and discounts;</li> <li>Assessed appropriateness of non-standard manual journal entries that affect reported revenue of the Company.</li> </ul>

### Emphasis of Matter

- We draw attention to Note 41 of the financial statements, which describes that balance Confirmation from the suppliers, customers as well as to various loans or advances given have been called for but the same are awaited till the date of audit. Thus the balances of receivable, Trade Payable as well as Loan & Advances have been taken as per Books of Accounts submitted by the Company and are subject to confirmation from the respective parties' and reconciliation thereon. Our opinion is not modified in respect of this matter.

### Information other than the financial statements and Auditor's Report thereon

- The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Financial Statements and our auditors' report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion

thereon. In connection with our audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Our opinion is not modified in respect of this matter.

#### **Management's Responsibility for the financial statements**

8. The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors and management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Ind AS financial statements**

10. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - We believe that the Audit Evidence obtained by us is sufficient and appropriate to provide a basis for our Audit opinion and the Financial Statements.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

15. The Balance Sheet and the Profit & Loss Account have been drawn up in accordance with the provision of Section 133 of the Act read with rule 7 of the Companies Rules, 2014 (as amended).
16. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. With respect to the matter to be included in the Auditors' Report under section 197(16), we report that, In our opinion and according to the information and explanation given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.
18. (A) 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 relating to the preparation of the aforesaid Financial Statements have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet and the Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Financial Statements.
  - (d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial positions.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts— Refer Note- 17 and 20 to the financial statements;
  - iii. There were no amounts which were required to be transferred to the investor education & protection fund by the company.

For SUBHASH CHAND JAIN ANURAG & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN-004733C

(BADAL BANGUR)  
PARTNER

M.NO. 423724  
UDIN- 21423724AAAALO8373

Date: 30.06.2021  
Place: Indore

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 16, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date)

### I. In respect of its fixed assets:

- The Company is in the process of updating the fixed assets register for addition made during the year. It has generally maintained records showing full particulars including quantitative details and situation of property, plant and equipment. However the same need to be fully reconciled pending updation of records.
- As explained to us, all items of property, plant and equipment have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Further company is in process of reconciling the same with the fixed assets register and we are informed by the management that based on the reconciliation being performed discrepancies, if any are not likely to be material.
- According to the information and explanations given to us and the record examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising of the immovable properties of land and building which are free hold and lease hold, are in the name of the company as at the balance sheet date except the under noted properties whose title have not been still conveyed in the name of the company having total carrying value of Rs. 265.47 Lacs as at 31.03.2021.

Sr.No.	Description of the Property	Status of Ownership	Carrying Value	Remark
1.	Free Hold Land situated at 4/3, Manoramaganj, Indore	Title of the land in the name of director Shri Sunil Kumar Choksi S/o. Dhansukh bhai Choksi.	10,00,000/-	But recorded in the books
2.	Premises located at 4/3, Manoramaganj, Indore	Title of the premise informed as in the name of director and yet not registered in the name of the Company.	64,81,295/-	But recorded in the books
3.	Premises located at Plot No. 32 at Vibrant Industrial Park GIDC, Vapi, Gujarat	Title of premises is in the name of Directors, which is then leased in the name of company but the lease deed is not registered.	1,90,65,830/-	Recorded in the books as Deferred Lease Assets & accounted on fair market value as per Ind AS Rs. 1,90,65,830/- being lease period is 10 years.

### (ii) Inventory

- According to the information and explanation furnished by the management which has been relied upon by us the inventories have been physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

### (iii) Loan given by company

- According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (“the Act”) in during the year. Accordingly the provisions of clause 3 (iii) (a), (b) and (c) of the order are not applicable to the Company.

### (iv) Loan to directors and investment by the company

- In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Director of the Company and The Company does not have any current and non-current Investment during the year. Hence the Company has complied with the provisions of Section 185 & 186 of the Act.

### (v) Deposits

- According to the information and explanations given to us, the Company has not accepted any deposits under sections 73 & 76 or any other relevant provision of companies act (“the act”) and the rule framed there under. Therefore, the provision of Clause (v) of paragraph 3 of the Order is not applicable to the Company.

### (vi) Cost records

- The Central Government has not prescribed maintenance of cost records to the company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended by sub section (1) of Section 148 of the Companies Act, 2013 for any of the services rendered by the Company.



**(vii) Statutory dues**

- According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income tax, Goods & Service Tax, Customs Duty, Cess and other material statutory dues which have remained outstanding as at 31st March, 2021 for a period of more than six months from the date they became payable.
- According to the books of accounts and records examined by us and according to generally accepted auditing practices in India, in our opinion, the company has been regular in depositing undisputed statutory dues.
- According to the information and explanations given to us, there are no statutory dues which have not been deposited as on March 31, 2021 on account of disputes. Except

Particulars	Period related	Amount (in Rs.)	Forum where dispute is pending
TDS DEMAND	A.Y. 2014-15	108000/-	CIT (A) on 15.03.2020 vide Ack. No. 434456621150319

**(viii) Repayments of loans**

- According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks. The Company does not have any loans from Government and has not issued any debentures during the year.

**(ix) Utilization of funds**

- During the year, The Company has not raised money by way of initial public offer or further public offer (including debt instruments). The Term Loans availed were applied for the purposes for which they are obtained.

**(x) Reporting of frauds**

- According to the information and explanations given to us, no material fraud on or by the Company or on the Company by its Officers or Employees has been noticed or reported during the year under audit.

**(xi) Approvals of managerial remuneration**

- According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

**(xii) Nidhi company**

- In our opinion, the company is not a Nidhi Company as prescribed under Section 406 of the Act. Therefore, the provisions of clause (xii) of Para 3 of the said order are not applicable to the company.

**(xiii) Related party transaction**

- According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.

**(xiv) Private Placement or preferential allotment**

- According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly the paragraph 3(xiv) of the order is not applicable to the Company.

**(xv) Non cash transaction**

- According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its directors or persons connected with him.

**(xvi) Registration of Reserve Bank of India (RBI) act, 1934**

- The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For SUBHASH CHAND JAIN ANURAG & ASSOCIATES**

**CHARTERED ACCOUNTANTS  
FRN-004733C**

**(BADAL BANGUR)  
PARTNER**

**M.NO. 423724**

**UDIN- 21423724AAAALO8373**

**Date: 30.06.2021**

**Place: Indore**

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 18(A)(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of Choksi Laboratories Limited ("the Company") as of 31st March, 2021 in conjunction with our audit of the separate Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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**

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

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 material effect on the financial statements

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

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

## **OPINION**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, 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”).

**For SUBHASH CHAND JAIN ANURAG & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
**FRN-004733C**

**Date: 30.06.2021**  
**Place: Indore**

**(BADAL BANGUR)**  
**PARTNER**  
**M.NO. 423724**  
**UDIN- 21423724AAAALO8373**

## CHOKSI LABORATORIES LIMITED

SURVEY NO 9/1, NEAR TULSIYANA INDUSTRIAL PARK, GRAM KUMEDI, INDORE  
(ERSTWHILE REGD OFF :- 6/3, MANORAMAGANJ, INDORE (M.P.))

**CIN: L85195MP1993PLC007471**

### BALANCE SHEET AS AT MARCH 31, 2021

(In Rs.)

PARTICULARS	NOTES	As at March 31, 2021	As at March 31, 2020
<b>I ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property plant and equipment	2	47,37,49,139	30,99,51,821
(b) Capital Work-in-Progress	3	50,43,956	13,05,87,944
(c) Right-of-use assets	4	2,65,60,950	1,94,38,993
(d) Intangible assets	5	29,25,672	14,10,945
(e) Financial Assets			
(i) Investments		-	-
(ii) Loans		-	-
(iii) Other Financial Assets	6	66,62,122	53,76,217
(f) Deferred tax Asset (Net)	7	1,53,29,954	1,37,94,343
(g) Other Non-current assets	8	32,42,956	40,64,946
<b>Total Non-Current assets</b>		<b>53,35,14,749</b>	<b>48,46,25,209</b>
<b>Current assets</b>			
(a) Inventories	9	11,20,081	17,70,414
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	10	8,16,06,186	6,98,87,478
(iii) Cash and cash equivalents	11	30,60,550	42,55,604
(iv) Loans		-	-
(v) Other Financial Assets	6	5,75,712	20,89,442
(c) Other Current Assets	12	4,39,29,468	8,74,45,929
<b>Total Current assets</b>		<b>13,02,91,997</b>	<b>16,54,48,868</b>
<b>Total Assets</b>		<b>66,38,06,746</b>	<b>65,00,74,077</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity Share capital	13	6,96,52,630	6,96,52,630
(b) Other Equity	14	10,78,09,136	13,25,51,115
<b>Total Equity</b>		<b>17,74,61,766</b>	<b>20,22,03,745</b>
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Long Term Borrowings	15	28,81,77,642	27,35,63,840
(ii) Lease Liabilities	16	2,52,95,231	1,90,65,829
(iii) Other Financial Liabilities	16	-	-
(b) Provisions	17	1,06,70,774	1,04,45,645
(c) Deferred tax Liabilities (Net)	7	-	-
<b>Total non-current liabilities</b>		<b>32,41,43,647</b>	<b>30,30,75,314</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	2,47,63,585	2,48,86,181
(ii) Trade payables (MSME)	19	11,15,761	5,96,875
(iii) Trade payables (Other than MSME)	19	4,71,87,825	6,36,42,035
(iv) Lease Liabilities	16	40,95,301	16,16,035
(v) Other Financial Liabilities	16	4,91,44,795	1,63,69,337
(b) Provisions	20	2,82,51,462	2,36,99,761
(c) Other Current liabilities	21	76,42,604	1,39,84,794
<b>Total current liabilities</b>		<b>16,22,01,333</b>	<b>14,47,95,018</b>
<b>Total Liabilities</b>		<b>48,63,44,980</b>	<b>44,78,70,332</b>
<b>Total Equity and Liabilities</b>		<b>66,38,06,746</b>	<b>65,00,74,077</b>

See accompanying Notes forming Part of the Financial Statements : Notes 1 to 53

In terms of our Report Attached

For Subhash Chand Jain Anurag & Associates  
Chartered Accountants  
FRN: 004733C

(Badal Bangur)  
Partner  
M.No.: 423724  
UDIN:- 21423724AAAALO8373  
Place : Indore  
Date : 30/06/2021

For and on behalf of Board of Directors  
CHOKSI LABORATORIES LIMITED

sd/-  
Sunil Choksi  
(Managing Director)  
DIN 00155078

sd/-  
Vyngesh Choksi  
(Whole time Director &  
Chief financial officer)  
DIN-00154926

sd/-  
Mrs. Stela Choksi  
(Whole time Director)  
DIN-00155043

sd/-  
Sanjay Chourey  
(Company Secretary)  
M. No. 55253

## CHOKSI LABORATORIES LIMITED

SURVEY NO 9/1, NEAR TULSIYANA INDUSTRIAL PARK, GRAM KUMEDI, INDORE  
(ERSTWHILE REGD OFF :- 6/3, MANORAMAGANJ, INDORE (M.P.))

**CIN: L85195MP1993PLC007471**

### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2021

(In Rs.)

PARTICULARS	NOTES	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>I) INCOME</b>			
Revenue from operations			
Supply of Services	22	25,68,79,681	28,15,90,932
<b>Total Revenue from operations</b>		<b>25,68,79,681</b>	<b>28,15,90,932</b>
Other Income	23	44,02,206	28,69,369
Other Gain/(Loss)	24	4,79,957	4,18,340
<b>Total Income (I)</b>		<b>26,17,61,844</b>	<b>28,48,78,640</b>
<b>II) EXPENSES</b>			
Cost of Material Consumed	25	2,56,53,473	3,24,32,171
Employee Benefits Expense	26	11,50,07,612	12,83,86,390
Finance Costs	27	2,81,82,707	1,89,08,919
Depreciation / Amortisation and Depletion Expense	2	4,60,30,041	4,56,34,515
Other Expenses	28	7,49,69,436	9,23,53,618
<b>Total Expenses (II)</b>		<b>28,98,43,269</b>	<b>31,77,15,613</b>
<b>Profit/(loss) before exceptional items &amp; tax (I-II)</b>		<b>-2,80,81,425</b>	<b>-3,28,36,972</b>
Exceptional Items	29	-	2,43,06,608
<b>III) Profit Before Tax</b>		<b>-2,80,81,425</b>	<b>-5,71,43,580</b>
<b>IV) Tax Expenses</b>			
Current Tax	30	-	-
Deferred Tax	30	-20,04,608	-1,82,94,703
<b>V) Profit for the Year</b>		<b>-2,60,76,817</b>	<b>-3,88,48,877</b>
<b>VI) Other comprehensive income:</b>			
<b>Items that will not be reclassified to Statement of Profit and Loss</b>			
Actuarial Gain on defined benefit plans recognised in accordance with IND AS-19		18,03,835	21,48,419
Income tax relating to items that will not be reclassified to Statement of Profit and Loss (Previous Year)	30.1	-4,68,997	-5,58,589
<b>Items that will be reclassified to Statement of Profit and Loss</b>			
Income tax relating to items that will be reclassified to Statement of Profit & loss		-	-
<b>VII) Total comprehensive income for the year</b>		<b>-2,47,41,979</b>	<b>-3,72,59,047</b>
<b>VIII) Earnings per equity share of face value of RS 10 each</b>			
Basic (in RS)	31	-3.74	-5.58
Diluted (in RS)		-3.74	-5.58

See accompanying Notes forming Part of the Financial Statements : Notes 1 to 53  
In terms of our Report Attached

For Subhash Chand Jain Anurag & Associates  
Chartered Accountants  
FRN: 004733C

(Badal Bangur)  
Partner  
M.No.: 423724  
UDIN:- 21423724AAAALO8373  
Place : Indore  
Date : 30/06/2021

For and on behalf of Board of Directors  
CHOKSI LABORATORIES LIMITED

sd/-  
Sunil Choksi  
(Managing Director)  
DIN 00155078

sd/-  
Vyangesh Choksi  
(Whole time Director &  
Chief financial officer)  
DIN-00154926

sd/-  
Mrs. Stela Choksi  
(Whole time Director)  
DIN-00155043

sd/-  
Sanjay Chourey  
(Company Secretary)  
M. No. 55253

**CHOKSI LABORATORIES LIMITED**  
 SURVEY NO 9/I, NEAR TULSIYANA INDUSTRIAL PARK, GRAM KUMEDI, INDORE  
 (ERSTWHILE REGD OFF :- 6/3, MANORAMAGANJ, INDORE (M.P.))  
 CIN: L85195MP1993PLC007471

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

EQUITY SHARE CAPITAL

(In Rupees)		
	Changes in equity of the reporting period i.e. year 2020-21	Balance at the end of the reporting period i.e. 31st March 2021
Balance at the beginning of the reporting period i.e. 1st April 2020	6,96,52,630	0
		6,96,52,630

OTHER EQUITY

	Reserves and Surplus			Other Comprehensive income	Total
	Capital Reserve	security premium reserve	Retained Earning		
As On March 31, 2021					
Balance At The Beginning Of The Reporting Period I.E. 1st April 2020	20,05,500	1,35,10,478	11,62,11,194	8,23,943	13,25,51,115
Profit & Loss for the year			-2,60,76,817		-2,60,76,817
Total Comprehensive Income For The Year			0	13,34,838	13,34,838
Balance At The End Of The Reporting Period March 31, 2021	20,05,500	1,35,10,478	9,01,34,377	21,58,781	10,78,09,136

(In Rupees)

For Subhash Chand Jain Anurag & Associates  
 Chartered Accountants  
 FRN: 004733C

(Badal Bangur)  
 Partner  
 M.No.: 423724  
 UDIN:- 21423724AAAAAL08373  
 Place : Indore  
 Date : 30/06/2021

For and on behalf of Board of Directors  
 CHOKSI LABORATORIES LIMITED

sd/-  
 Sunil Choksi  
 (Managing Director)  
 DIN 00155078

sd/-  
 Mrs. Stela Choksi  
 (Whole time Director)  
 DIN-00155043

sd/-  
 Vyangesh Choksi  
 (Whole time Director &  
 Chief financial officer)  
 DIN-00154926

sd/-  
 Sanjay Chourey  
 (Company Secretary)  
 M. No. 55253

**CHOKSI LABORATORIES LIMITED**  
 SURVEY NO 9/1, NEAR TULSIYANA INDUSTRIAL PARK, GRAM KUMEDI, INDORE  
 (ERSTWHILE REGD OFF :- 6/3, MANORAMAGANJ, INDORE (M.P.))  
**CIN: L85195MP1993PLC007471**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

(In Rs.)

PARTICULARS	NOTES	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Cash flow from operating activities</b>			
<b>Profit before income tax</b>		<b>(2,80,81,425)</b>	<b>(5,71,43,580)</b>
Adjustments for			
Depreciation and amortisation expense		4,60,30,041	4,56,34,515
Other Comprehensive Income		18,03,835	21,48,419
Loss/ (Gain) on disposal of property, plant and equipment		(76,007)	70,24,983
Interest Received		(44,02,206)	(28,69,369)
Finance costs		2,81,82,707	1,89,08,919
<b>Operating Profit before working Capital Changes</b>		<b>4,34,56,945</b>	<b>1,37,03,887</b>
Adjustments for :			
(Increase)/Decrease in trade receivables		(1,17,18,708)	1,80,30,334
(Increase) in inventories		6,50,333	22,84,732
Increase in trade payables		(1,59,35,323)	(72,60,746)
(Increase) in other financial assets		2,27,825	(11,70,855)
(Increase)/decrease in other non-current assets		8,21,990	12,20,626
(Increase)/decrease in other current assets		1,23,56,286	(94,31,870)
Increase/(decrease) in provisions		45,51,702	5,90,087
Increase in employee benefit obligations ( Gratuity)		2,25,129	33,91,609
Increase/ (decrease) in Working Capital Limits		(1,22,596)	1,37,34,293
Increase in other current liabilities		(63,42,190)	42,98,749
<b>Cash generated from operations</b>		<b>2,81,71,392</b>	<b>3,93,90,846</b>
Income taxes paid / (refunds) Net		(3,11,36,183)	1,07,13,161
<b>Net cash inflow from operating activities</b>		<b>5,93,07,575</b>	<b>2,86,77,685</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(7,55,27,702)	(1,43,56,277)
Payments for Capital Work In Progress		(50,43,956)	(12,55,93,460)
Payments for software development costs		(4,00,000)	(5,28,146)
Proceeds from sale of property, plant and equipment		1,00,000	-
Interest received		44,02,206	28,69,369
<b>Net cash outflow from investing activities</b>		<b>(7,64,69,452)</b>	<b>(13,76,08,514)</b>
<b>Cash flows from financing activities</b>			
Proceeds from LT borrowings		5,86,00,000	16,93,81,814
Repayment of borrowings		(1,12,10,742)	(3,54,34,986)
Interest paid		(2,81,82,707)	(1,89,08,919)
Payments of Lease Obligations		(32,39,729)	(41,16,497)
<b>Net cash inflow (outflow) from financing activities</b>		<b>1,59,66,822</b>	<b>11,09,21,412</b>
Net increase (decrease) in cash and cash equivalents		(11,95,054)	19,90,583
Cash and cash equivalents at the beginning of the financial year		42,55,604	22,65,021
Effects of Exchange rate changes on cash & cash Equivalents		-	-
<b>Cash and cash equivalents at end of the year</b>		<b>30,60,550</b>	<b>42,55,604</b>

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Ind AS 7 Statement of Cash Flow.
- Figures for the Previous Year have been re-arranged and re-grouped wherever necessary to confirmation with the Current year classification.

See accompanying Notes forming part of the Financial Statements.

For Subhash Chand Jain Anurag & Associates  
 Chartered Accountants  
 FRN: 004733C

(Badal Bangur)  
 Partner  
 M.No.: 423724  
 UDIN:- 21423724AAAALO8373  
 Place : Indore  
 Date : 30/06/2021

For and on behalf of Board of Directors  
 CHOKSI LABORATORIES LIMITED

sd/-  
 Sunil Choksi  
 (Managing Director)  
 DIN 00155078

sd/-  
 Vyangesh Choksi  
 (Whole time Director &  
 Chief financial officer)  
 DIN-00154926

sd/-  
 Mrs. Stela Choksi  
 (Whole time Director)  
 DIN-00155043

sd/-  
 Sanjay Chourey  
 (Company Secretary)  
 M. No. 55253

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

### NOTE NO. 1- DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

#### **I. CORPORATE INFORMATION**

- Choksi Laboratories Limited (the Company), incorporated on 29/01/1993 under the Companies Act, 1956 provides contract testing and analytical services. The Company analyzes, for its clients, or as a regulatory requirement pharmaceuticals, food and agricultural products, construction materials, chemicals, Calibration and environment Monitoring services.
- The company is a public limited company incorporated and domiciled in India. The address of its registered and corporate office is shifted to **Survey No 9/1, Near Tulsiyana Industrial Park, Gram Kumerdi, Indore- 452010, Madhya Pradesh, India** from 6/3, Manoramaganj, Indore-452001 (M.P.) vide board meeting held on 30th July,2020. The Company's equity shares are listed at BSE.
- The company is certified by BIS (Bureau of Indian Standards), FDA (Food and Drugs control Administration), U.S. Food & Drug administer. MOEF (Ministry of Environment & Forests), State Pollution Control Boards (Gujarat and Madhya Pradesh State Pollution Control Boards), Department of Health (Madhya Pradesh), Agricultural Marketing Advisor (AGMARK – Government of India), and several other regulatory bodies.
- The company has also been accredited by NABL (National Accreditation Board for testing & calibration Laboratories). This is internationally recognized through ILAC (International Laboratories Accreditation Committee) and is based on ISO/IEC 17025 guidelines.
- Since its incorporation, the company has led the industry with innovative business practices. This is the first company :
  - To develop Vendor Assessment program in the Edible Oil extraction industry.
  - To start water and soil analysis in Central India, and
  - To start instrument calibration services for organizations that were targeting ISO certification or had already achieved it.

#### **II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

##### **A. Statement of Compliance:**

These financial statements as at and for the year ended 31 March 2021 comply in all material aspects with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31 March 2021. These financial statements were authorized for issuance by the Company's Board of Directors on 30th June 2021.

##### **B. Basis Of Measurement**

These financial statements have been prepared on historical cost basis, except for the following material items in the balance sheet:

- financial assets are measured either at fair value or at amortized cost depending on the classification;
- Right-of-use the assets are recognized at the present value of lease payments that are not paid at that date. This amount is adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct costs, incurred, if any. Also, as per notification issued by MCA on 24th July, 2020 impact of COVID 19 related rent concessions has been given by retrospectively recognizing the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period i.e. 1 April, 2019.
- Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle.



### **C. Current and Non-current classification:**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of Financial Statements.

#### **Assets:**

An asset is classified as current when it satisfies any of the following criteria:

- a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realized within twelve months after the reporting date; or
- d) It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

#### **Liabilities:**

A liability is classified as current when it satisfies any of the following criteria:

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within twelve months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months

Current assets and liabilities include the current portion of non-current assets and liabilities respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

### **D. Functional and presentation currency:**

The financial statements are presented in Indian Rupees ('INR' or 'Rupees' or 'Rs.')

### **E. Cash flow statement:**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Statement of Cash Flows is prepared in accordance with the Indirect Method prescribed in the Indian Accounting Standard-7 "Statement of Cash Flows"

### **F. Use of estimates and judgements**

The preparation of the financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Management has considered the possible effects of Global Pandemic COVID-19 while preparing the financial statements.

**i) Revenue Recognition**

The Company's contracts with customers include promises to provide services to the customers. Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as schemes, incentives and cash discounts, among others. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period.

Estimates of rebates and discounts are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Costs to obtain a contract are generally expensed as incurred. The assessment of these criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered

**ii) Depreciation / amortization and useful lives of property plant and equipment / intangible assets**

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

**iii) Recoverability of trade receivable**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**iv) Provisions**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

**v) Provisions for doubtful debts**

Exposures to customers outstanding at the end of each reporting period are reviewed to determine incurred and expected credit losses and the Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade receivables. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators have undergone change, it has not affected the customers of the Company substantially; hence the Company expects the historical trend of minimal credit losses to continue. The Provision for doubtful debt as at March 31, 2021 related to customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The loss allowance on trade receivable has been computed on the basis of Ind AS 109, Financial Instruments which require such allowance to be made even for trade receivable considered good on the basis that credit risk exists even though it may be very low. The Company exposure to credit and currency risk and loss allowance related to trade receivable are disclosed in note no.10.

**vi) Impairment of non-financial assets**

The Company assesses the chances of an asset getting impaired on each reporting date. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group 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 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 less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

#### **vii) Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets and fair value measurement of financial instruments, these are discussed below. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits and provisions and contingent liabilities have been discussed in their respective policies.

### **III. SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Property, plant and equipment**

##### **(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost of acquisition, net of recoverable taxes, trade discount and rebates less accumulated depreciation / amortization (other than land) and impairment losses. Such costs includes purchase price, borrowing cost, taxes (other than those subsequently recoverable from tax authorities), duties, freight and any cost directly attributable to bringing the assets to its working condition for its intended use net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

##### **(ii) Subsequent expenditure**

Subsequent expenditure incurred such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which the costs are incurred. Major inspection and overhauling expenditure is capitalized, if the recognition criteria are met. The policy of the company is that subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the entity and the cost of the same can be measured reliably.

##### **(iii) Replacement of significant part of asset**

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred.

##### **(iv) Disposal of Property, Plant or Equipment**

Gains and losses on disposal of an item of property, plant and equipments are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or

when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognized.

- (v) Expenses incurred relating to project; net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work- in-Progress.
- (vi) Provision of decommissioning & restoration & other liabilities are not made.
- (vii) Property plant and equipment has been shown as gross amount in the books of accounts due to depreciation there has been credited to depreciation reserve account but in the financial statement said depreciation has been deducted from the Property, Plant and Equipment as their earlier practice.

**(viii) Depreciation:**

Depreciation on fixed assets is provided on the straight-line method based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013 or based on estimated useful lives of the assets determined by the management. Each part of an item of Property, Plant & Equipment with a cost that is significant in relation to total cost of the Machine is depreciated separately, if its useful life is different than the life of the Machine.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

**B. Leases:**

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces the existing standard on leases i.e. Ind AS 17, Leases effective for accounting periods beginning on or after 1 April 2019.

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained.

Accounting policies relating to leases for periods ending on or after 1 April 2019

The Company's accounting policies relating to leases for periods ending on or after 1 April 2019 are as follows:

The Company assesses at contract inception whether a contract is or contains a lease, which applies if the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset at the commencement date of the lease, i.e. the date the underlying asset is available for use. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments to be made over the lease term:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- Payment of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, then the lessee's incremental borrowing rate is used. Such borrowing rate is calculated as the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Company's lease liabilities are included in borrowings.

Lease payments are allocated between principal and interest cost. The interest cost is charged to 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.

Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment comprised of following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in the statement of profit and loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The right-of-use assets are initially recognized on the balance sheet at cost, which is calculated as the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease, any lease incentive received and any initial direct costs incurred by the Company.

#### **Impact of the implementation of Ind AS 116 on the Company:**

The Company adopted Ind -AS 116 effective as of 1 April 2019. Ind AS 116, “Leases” changed the financial statements of the Company as the majority of leases for which the Company is the lessee became on-balance sheet liabilities with corresponding right-of-use assets also recognized on the Balance sheet. The lease liability reflects the net present value of the remaining lease payments adjusted for payments made before the commencement date, lease incentives and other items related to the lease agreement, and the right-of-use asset corresponds to the lease liability.

Upon adoption of the new standard, a portion of the annual operating lease costs, which was previously fully recognized as a rental / lease expense, is recorded as interest expense. In addition, the portion of the lease payments which represents the reduction of the lease liability is recognized in the cash flow statement as an outflow from financing activities, which was previously fully recognized as an outflow from operating activities.

The Company implemented the new standard on 1 April 2019, and applied the modified retrospective method, with right-of-use assets measured at an amount equal to the lease liability, adjusted by the amount of the prepaid or accrued lease payments relating to those leases recognized in the balance sheet immediately before the date of initial application and will not restate prior years.

The Company elected to use the transition practical expedient that allows the standard to be applied only to contracts previously identified under Ind AS 17, “Leases” and the contracts assessed using the guidance available under Appendix – C to Ind AS 17, “Determining Whether an Arrangement Contains a Lease”.

The Company also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (“short-term leases”) and lease contracts for which the underlying asset is of low value (“low value assets”).

Also, as per notification issued by MCA on 24th July, 2020 impact of COVID 19 related rent concessions has been given by retrospectively recognizing the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period i.e. 1 April, 2020.

Adoption of the new standard had no impact upon leases for which the Company is a lessor.

#### **C. Intangible asset**

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortization /depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

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

Amortization is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets. The amortization expense is recognized in the statement of profit and loss account in the expense category that is

consistent with the function of the intangible asset. Intangible assets that are not available for use are amortized from the date they are available for use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Intangible assets comprises of computer software. Cost of computer software includes cost such as salary and other expenditure incurred on development of the computer software and is amortized on straight line basis over a period of 10 years, which in management's estimate represents the period during which economic benefits will be derived from their use.

#### **D. Capital work in progress**

- i) Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work-in-Progress. Such costs comprises purchase price of asset including import duties and non-refundable taxes after deducting trade discounts and rebates and costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- ii) Cost directly attributable to projects under construction include expenditure in relation to survey and investigation activities of the projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, professional fees, expenditure on maintenance and up gradation, among others of common public facilities, depreciation on assets used in construction of project, interest during construction and other costs if attributable to construction of projects. Such costs are accumulated under 'Capital Work-in-Progress' and subsequently allocated on systematic basis over major assets, other than land and infrastructure facilities, on commissioning of projects.
- iii) Capital expenditure incurred for creation of facilities, over which the Company does not have control but the creation of which is essential principally for construction of the project is capitalized and carried under 'Capital work-in-progress' and subsequently allocated on systematic basis over major assets, other than land and infrastructure facilities, on commissioning of projects, keeping in view the 'attributability' and the 'Unit of Measure' concepts in Ind AS 16- 'Property, Plant & Equipment'. Expenditure of such nature incurred after completion of the project, is charged to Statement of Profit and Loss.
- iv) During the year 'Capital work-in-progress' of Indore location has been fully capitalized and transferred to fixed assets as construction was completed as per the inspection report of certified chartered engineer.

#### **E. Borrowing costs**

- i) Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.
- ii) Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.
- iii) All other borrowing costs are expenses in the period in which they occur.

#### **F. Inventories**

- Items of inventories are measured at lower of cost or realizable value, except obsolescence/ defective products which are valued at net realizable value. Cost of inventories comprises of cost of purchase and other costs including other expenses incurred in bringing them to their respective present location and condition.
- The comparison of cost and the net realizable value is made on an item-by-item basis.
- The cost formulas used are on FIFO basis.

#### **G. Impairment of Non financial assets**

- (i) The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible

to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. The goodwill on business combinations is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

- (ii) An impairment loss, if any is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.
- (iii) The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### **H. Provisions and contingent liabilities**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Such provisions are determined based on management estimate of the amount required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed on the basis of judgment of management. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent assets are not recognized but are disclosed in the financial statements when inflow of economic benefits is probable.

#### **I. Income taxes**

Income tax expenses have not been recognized due to loss recorded during the year. Deferred taxes are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity,

- ***Deferred income taxes***

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are classified as non-current assets / liabilities.

#### **J. Foreign currency Transactions:**

- i) The financial statements are presented in Indian rupees, which are the functional currency of the company and the currency of the primary economic environment in which the company operates.
- ii) Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.
- iii) Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss

except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

#### **K. Employee benefits**

- **Short term employee benefits**

All employee benefits which are payable within twelve months of rendering service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, short term compensated absences and the expected cost of ex-gratia is recognized in the period in which the employee renders the related service.

Employee benefits include short term benefits like salaries and wages which are recognized as an expense in the statement of Profit and Loss of the year in which the related service is rendered.

A liability is recognized for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- **Post-Employment Benefits**

##### **Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

##### **Defined Benefits Plans**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- **Provident Fund**

Provident Fund contributions are made to a trust administered by the Trustees. Trust makes investments and settles member's claims. Interest Payable to the members shall not be at a rate lower than the statutory rate. Liability is recognized for any shortfall in the plan assets vis-à-vis actuarially determined liability of the fund obligation.

- **Gratuity Plan**

The company has a defined gratuity plan. Every employee who has rendered continuous service of 5 years or more is entitled to gratuity amount of 15 days salary (15/26 last drawn basic salary plus dearness allowance) for each completed year for five year or more subject to maximum of Rs. 20 lakhs on superannuation, resignation, termination, disablement or death.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

#### **L. Revenue recognition**

The Company earns revenue primarily from providing contract testing and analytical services.

Revenue is recognized applying the 5 step approach.

- Identifying contract with customer as a first step.
- Having identified a contract, the entity next identifies the performance obligations with that contract. A performance obligation is a promise in a contract with a customer to transfer either a good or service or a bundle of goods or services that are distinct.
- Third step in the model is to determine the transaction price and then as fourth step, such transaction price needs to be



allocated to the performance obligation identified in step 2.

- In accordance with this Standard, entity is required to recognize revenue when the entity satisfies the performance obligation.

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. Invoices are payable within contractually agreed credit period.

Dividend income is recorded when the right to receive payment is established. Interest income is recognized using the effective interest method.

#### **M. Cash and cash equivalents:**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### **N. Financial instruments**

##### **i) Financial Assets**

##### **A. Initial recognition and measurement**

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognized using trade date accounting.

##### **B. Subsequent measurement**

##### **Financial assets carried at amortized cost**

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Financial assets at fair value through profit or loss (FVTPL)**

A financial asset not classified as either amortized cost or FVOCI, is classified as FVTPL.

##### **C. Impairment of financial assets**

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset.

For this purpose, the Company follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed

## ii) Financial Liabilities

### A. Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognized in the Statement of Profit and Loss as finance cost.

### B. Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### C. Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### O. Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a right issue to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### P. Dividend Distribution:

Dividend distribution to the shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

### Q. Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### R. Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their nature. The costs of the Company are broadly categorized in employee benefit expenses, cost of raw materials consumed, depreciation and amortization expense and other expenses. Employee benefit expenses include Salaries & wages, bonus to employees, incentives and allowances, contributions to provident fund and other funds and staff welfare expenses. Other expenses mainly include laboratory expenses, power & fuel expenses, Testing charges, Repairs & maintenance expenses, rent charges, professional charges, business promotion and advertisement expenses & several other expenses. (Refer Note: 28 for details)

### S. Investment Property

As per Ind AS 40 "INVESTMENT PROPERTY", Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. The production or supply of goods or services (or the use of property for administrative purposes) generates cash flows that are attributable not only to property, but also to other assets used in the production or supply process.

Investment property shall be recognized as an asset when and only when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and

- the cost of the investment property can be measured reliably.

**Reclassification to investment property**

When the use of a property changes from owner occupied to investment property, the property is reclassified as investment property as it's carrying amount on the date of reclassification.

As per Ind AS 40 "Investment Property", Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- Commencement of an operating lease to another party, for a transfer from inventories to investment property.

**However, there is no investment property in the company.**

**T. Segment reporting**

The Company's main business is testing & analysis. There is no separate reportable segment as per Ind AS 108.

**U. Actuarial Valuation**

The determination of company liability towards defined benefit obligation to Employees is made through Independent Actuarial Valuation including determination of amount to be recognized in the Statement of Profit & Loss & in other Comprehensive Income. Such valuation depend upon assumption determined after taking into account interim, seniority, promotions and other relevant factors such as Supply & Demand Factor in the Employment Market. Information about such valuation is provided in notes to the Financial Statements.

**V. Utility Deposit**

Utility deposits are shown at cost.

**W. Recent Indian Accounting Standards (Ind AS)**

New standards/amendments that are not yet effective and have not been early adopted: Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Rules, 2015 or amendments to the standards. There is no such new notification which would be applicable from April 1, 2020.

**X. Equity**

**Accounting policy**

Ordinary shares are classified as equity share capital. Incremental costs directly attributable to the issuance of new ordinary shares, share options and buyback are recognized as a deduction from equity, net of any tax effects.

**Description of reserves**

Retained earnings represent the amount of accumulated earnings of the Company.

**Securities premium**

The amount received in excess of the par value of equity shares has been classified as securities premium.

**Y. Impact of COVID-19 (pandemic)**

The Company has taken into account all the possible impacts of COVID-19 in preparation of these standalone financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts, impact on leases and impact on effectiveness of its hedges. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19.

## CHOKSI LABORATORIES LIMITED

SURVEY NO 9/1, NEAR TULSIYANA INDUSTRIAL PARK, GRAM KUMEDI, INDORE  
(ERSTWHILE REGD OFF :- 6/3, MANORAMAGANJ, INDORE (M.P.))  
CIN: L85195MP1993PLC007471

NOTE "2"  
Property, Plant & Equipment

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01-04-2020	Additions	Deductions	As at 31-03-2021	For the Year	Deductions	As at 31-03-2021	As at 31-03-2021	As at 31-03-2020
<b>Tangible Assets :</b>									
Free Hold Land	4,18,61,734	0	0	4,18,61,734	0	0	0	4,18,61,734	4,18,61,734
Buildings	3,99,28,036	10,39,14,205	0	14,38,42,241	24,39,713	0	0	13,42,81,641	3,28,07,149
Furniture, fittings and equipments	4,99,14,633	6,20,04,429	0	11,19,19,062	58,12,771	0	0	9,03,98,161	3,42,06,503
Plant and Machinery	26,50,70,486	3,36,83,054	0	29,87,53,540	2,73,91,666	0	0	18,41,79,664	17,78,88,276
Computers	1,00,65,073	35,46,686	10,90,109	1,25,21,650	46,23,769	10,90,109	0	68,70,310	54,41,304
Motor Vehicles	1,86,96,223	4,91,263	1,68,269	1,90,19,217	62,79,567	1,44,276	81,91,789	1,08,27,428	1,24,16,655
<b>Total (A)</b>	<b>42,55,36,185</b>	<b>20,36,39,637</b>	<b>12,58,378</b>	<b>62,79,17,444</b>	<b>3,98,18,327</b>	<b>12,34,385</b>	<b>15,94,98,505</b>	<b>46,84,18,939</b>	<b>30,46,21,621</b>
<b>Leased Assets:</b>									
Leasehold Land	53,30,200	0	0	53,30,200	0	0	0	53,30,200	53,30,200
<b>Total (B)</b>	<b>53,30,200</b>	<b>0</b>	<b>0</b>	<b>53,30,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,30,200</b>	<b>53,30,200</b>
<b>Total (A+B)</b>	<b>43,08,66,385</b>	<b>20,36,39,637</b>	<b>12,58,378</b>	<b>63,32,47,644</b>	<b>3,98,18,327</b>	<b>12,34,385</b>	<b>15,94,98,505</b>	<b>47,37,49,139</b>	<b>30,99,51,821</b>
<b>NOTE "3"</b>									
<b>Capital Work in Progress</b>									
CAPITAL WIP	13,05,87,944	7,59,75,343	20,15,19,331	50,43,956	0	0	0	50,43,956	13,05,87,944
<b>Total</b>	<b>13,05,87,944</b>	<b>7,59,75,343</b>	<b>20,15,19,331</b>	<b>50,43,956</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,43,956</b>	<b>13,05,87,944</b>
<b>NOTE "4"</b>									
<b>Right to use assets</b>									
Right to use Assets	2,41,72,787	1,19,48,397	0	3,61,21,184	48,26,441	0	95,60,234	2,65,60,950	1,94,38,993
<b>Total</b>	<b>2,41,72,787</b>	<b>1,19,48,397</b>	<b>0</b>	<b>3,61,21,184</b>	<b>48,26,441</b>	<b>0</b>	<b>95,60,234</b>	<b>2,65,60,950</b>	<b>1,94,38,993</b>
<b>NOTE "5"</b>									
<b>Intangible Assets</b>									
Computer Software	43,20,620	29,00,000	9,80,981	62,39,639	13,85,273	9,80,981	33,13,967	29,25,672	14,10,945
<b>Total</b>	<b>43,20,620</b>	<b>29,00,000</b>	<b>9,80,981</b>	<b>62,39,639</b>	<b>13,85,273</b>	<b>9,80,981</b>	<b>33,13,967</b>	<b>29,25,672</b>	<b>14,10,945</b>

**NOTE "06"**
**Other Financial Assets**

(In Rupees)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Non-Current	Current	Non-Current	Current
(a) Related Parties	-	-	-	-
(b) Others- considered good	31,80,535	5,75,712	24,32,442	20,77,608
(c) Balances with banks in deposit accounts: with more than & less than 12 months maturity	31,58,160	-	27,35,000	10,000
(d) Interest accrued on above	3,23,427	-	2,08,775	1,834
<b>Total</b>	<b>66,62,122</b>	<b>5,75,712</b>	<b>53,76,217</b>	<b>20,89,442</b>

**NOTE "07"**
**Deferred tax liabilities/Assets (Net)**

The movement on the deferred tax account as at March 31, 2021 is as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	57,98,429	54,05,229
<b>Deferred Tax Assets</b>		
Disallowances under the Income Tax Act	59,14,523	46,73,007
Others	1,52,13,860	1,45,26,565
<b>Net Deferred Tax Liability/( assets)</b>	<b>-1,53,29,954</b>	<b>-1,37,94,343</b>
At the start of the year	-1,37,94,343	39,41,771
Charge/(credit) to Statement of Profit and Loss	-20,04,608	-1,82,94,703
Deferred Tax Related to OCI	4,68,997	5,58,589
<b>At the end of year</b>	<b>-1,53,29,954</b>	<b>-1,37,94,343</b>

**NOTE "08"**
**Other Non-current assets**

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>(Unsecured and Considered Good)</b>		
Capital Advances	20,00,000	30,00,000
<b>Advances other than capital advances</b>		
Prepayments & others	9,42,956	7,64,946
Other Advances	3,00,000	3,00,000
<b>Total</b>	<b>32,42,956</b>	<b>40,64,946</b>

**NOTE "09"**
**Inventories**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw materials	9,50,818	12,24,091
Stores and spares	1,69,263	5,46,323
<b>Total</b>	<b>11,20,081</b>	<b>17,70,414</b>

#### NOTE "9.1"

Inventories are valued at cost or net realisable value, whichever is lower. The cost formulas used are FIFO. The cost of inventories comprises all cost of purchase including duties and taxes (other than those subsequently recoverable from the taxing authorities), conversion cost and other costs incurred in purchase including duties and taxes (other than those subsequently recoverable from the taxing authorities), conversion cost and other costs incurred in bringing the inventories to their present location and condition.

#### NOTE "10"

##### Trade receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Unsecured Considered Good	8,16,06,186	6,98,87,478
b) Considered Doubtful	21,67,588	2,90,397
Less: Provision for doubtful debt	-21,67,588	-2,90,397
<b>Total</b>	<b>8,16,06,186</b>	<b>6,98,87,478</b>

#### NOTE "10.1"

Out of the total Amount of trade receivable Rs. 19894117/- represents balance which is due for more than 180 days and Rs.63879657/- represents balance which is due for less than 180 days.

#### NOTE "10.2"

Debts due by directors or other officers of the Company or any of them either severally or jointly with any other persons or debts due by firms or private companies respectively in which any director is a partner or a director or a member as on 31 March 2021-NIL (31.3.2020-NIL)

#### NOTE "11"

##### Cash and Cash equivalents

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>a) Cash &amp; Cash Equivalents</b>		
Cash in Hand	23,96,384	7,06,191
<b>b) Unrestricted Balance with bank :</b>		
In Current accounts	6,64,166	35,49,413
<b>c) Other Balances with banks</b>		
In deposit accounts	31,58,160	27,35,000
Less: Amount disclosed under "Other financial assets"	-31,58,160	-27,35,000
<b>Total</b>	<b>30,60,550</b>	<b>42,55,604</b>

#### NOTE "12"

##### Other Current Assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Prepayments	32,70,175	37,26,835
Advance to staff	44,120	1,35,172
GST Advance & unutilised inputs Credit	28,50,890	75,22,734
Other Advances	1,40,588	1,73,481
Income Tax Deducted at Source(net of provisions)	91,95,417	2,24,07,010
Income Tax Refundable (earlier years)	2,59,30,610	4,38,79,193
Advance to suppliers	24,97,668	96,01,506
<b>Total</b>	<b>4,39,29,468</b>	<b>8,74,45,929</b>

## NOTE "13"

### Equity Share capital

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Units	Amount	Units	Amount
<b>SHARE CAPITAL</b>				
Authorised Share Capital:				
Equity Shares of Rs 10 each	12000000	120,000,000	12000000	120,000,000
Preference share capital of Rs 10 each	3000000	30,000,000	3000000	30,000,000
<b>Total</b>	<b>15000000</b>	<b>150,000,000</b>	<b>15000000</b>	<b>150,000,000</b>
Issued, Subscribed and Paid up:				
Equity Shares of Rs. 10 each fully paid up	6965263	69,652,630	6965263	69,652,630
<b>Total</b>	<b>6,965,263.00</b>	<b>69,652,630</b>	<b>6,965,263.00</b>	<b>69,652,630</b>

## NOTE "13.1"

### Details of shareholders holding more than 5% shares :

Name of Shareholder	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held
Sunil Choksi	523192	7.51%	523192	7.51%
Vyangesh Choksi	447099	6.42%	447099	6.42%
Dhansukhbhai Gulabdas Choksi HUF	400000	5.74%	400000	5.74%

## NOTE "13.2"

### The reconciliation of the number of shares outstanding at the year end is set out below :

Particulars	As at 31st March, 2021	As at 31st March, 2020
	No. of Shares	No. of Shares
<b>Equity Shares at the beginning of the year</b>	69,65,263	69,65,263
Add: Shares issued during the year	-	-
Equity Shares at the end of the year	69,65,263	69,65,263

## NOTE "13.3"

### Terms/ Rights attached to equity shares :

The Company has only one class of shares i.e. equity shares with equal rights for dividend and repayment. Each holder of the shares is entitled to one vote per share. Dividend on equity shares whenever proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**NOTE "14"**

**Other Equity**

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Capital Reserve</b>		
As per last Balance Sheet	20,05,500	20,05,500
Less: Transferred to retained earnings	-	-
<b>Total (A)</b>	<b>20,05,500</b>	<b>20,05,500</b>
<b>Security Premium Reserve</b>		
As per last Balance Sheet	1,35,10,478	1,35,10,478
Less: Transferred to retained earnings	-	-
<b>Total (B)</b>	<b>1,35,10,478</b>	<b>1,35,10,478</b>
<b>Retained Earnings</b>		
As per last Balance Sheet	11,62,11,194	15,56,89,167
Add: Loss for the year	-2,60,76,817	-3,88,48,877
Less : Transition effect of Ind As -116	-	-6,29,095
Add/(Less): Prior Period adjustments	-	-
	<b>9,01,34,377</b>	<b>11,62,11,194</b>
Less: Appropriations		
Transfer to General reserve	-	-
<b>Total (C)</b>	<b>9,01,34,377</b>	<b>11,62,11,194</b>
<b>Other Comprehensive Income (OCI)</b>		
As per last Balance Sheet	8,23,943	-7,65,887
Add: Movement in OCI (Net) during the year	13,34,838	15,89,830
<b>Total (D)</b>	<b>21,58,781</b>	<b>8,23,943</b>
<b>Total (A to D)</b>	<b>10,78,09,136</b>	<b>13,25,51,115</b>

**Notes :**

- a) Securities Premium represents the Premium on issue of Shares. The same will be utilized in accordance with the Provision of Sec. 52 of the Companies Act, 2013.
- b) Retained earnings represent the Profit of the Company has earned till date less any dividend or other distribution to the Shareholders.



## NOTE "15"

### Borrowings

#### Non-current borrowings

Particulars	Maturity date	Coupon/ Interest Rate	As at March 31, 2021	As at March 31, 2021
<b>Secured Loan From Banks :</b>				
Bank of India OD (1)_0018	30th Sept 2026	11.15% p.a.	1,63,11,577	1,91,28,227
Bank of India OD (2)_0019	31st Mar 2027	11.15% p.a.	1,84,60,582	1,98,99,912
Bank of India WCTL under Star GECL Scheme	30th June 2022	7.85% pa	60,06,814	0
State Bank of India Drop Line OverDraft- (I) 8789	30th Sept 2033	10.35% p.a	3,63,32,799	3,47,04,857
State Bank of India Drop Line OverDraft- (II) 9029	30th Sept 2033	10.10% p.a.	6,66,13,849	6,74,62,207
SBI ABL (8725)	30th June 2034	9.20% p.a	2,60,63,516	2,72,39,992
SBI TL (1) 7011	28th Feb 2027	10.20% p.a	10,27,29,730	10,14,43,390
SBI CCECL 0135 (Covid Loan)	30th June 2022	7.25% p.a.	32,25,384	0
SBI GECL Limit	30th Sept 2024	7.4% p.a.	4,77,98,589	0
<b>Secured Vehicle Loan :</b>				
HDFC Bank (Honda Amaze)	22nd Jul 2023	9.25% p.a.	3,15,727	4,35,338
Daimler Finance Service (Mercedes-Benz)	07th Jun 2021	7.88% p.a.	4,61,170	22,21,859
State Bank of India (Mahindra Bolero)	26th Aug 2020	9.30% p.a.	0	1,55,119
<b>Secured Term Loans From NBFC :</b>				
Reliance Commercial Finance Limited (I)	15th Oct 2021	14.85% p.a.	2,21,639	5,60,400
Reliance Commercial Finance Limited (II)	15th Oct 2021	14.85% p.a.	7,29,541	18,44,543
Reliance Commercial Finance Limited (III)	15th Oct 2021	14.85% p.a.	12,58,077	33,69,931
Reliance Commercial Finance Limited (IV)	15th Oct 2021	14.85% p.a.	1,15,639	2,92,403
<b>Others : From Related parties : Directors</b>				
Mr.Sunil Choksi	Long Term	Nil	92,77,804	97,75,000
Mrs. Stela Choksi	Long Term	Nil	14,00,000	14,00,000
<b>Total non-current borrowings</b>			<b>33,73,22,437</b>	<b>28,99,33,178</b>
<b>Less: Current maturities of long-term debt (included in note 16)</b>			<b>4,91,44,795</b>	<b>1,63,69,338</b>
<b>Non-current borrowings (as per balance sheet)</b>			<b>28,81,77,642</b>	<b>27,35,63,840</b>

#### **Bank of India:**

Dropline OD -I & II are clean OD Limit with Collateral Security of EQM of Leasehold land and building from GIDC, Makarpura, situated at Shed no. C-1/B/829, in G.I.D.C. Industrial estate, RS No. 671/P, 672/p & 683/p, Village mouze- Makarpura, taluka Dist. Vadodara, Gujarat.

The above Dropline OD I & II are also secured by personal guarantee of the Directors Shri Sunil Choksi, Shri Vyangesh Choksi & Smt. Stela Choksi.

SBI Dropline OD , SBI ABL & SBI term Loan :

These facilities are secured by :

- Equitable Mortgage of freehold land admeasuring 12616 sq. ft. and building constructed thereon, situated at 6/3, Manoramaganj, Indore. This property belongs to the Director Shri Sunil Choksi.

- 2) Equitable Mortgage of Freehold land admeasuring 5005 Sq.ft. and building constructed thereon, situated at 4/3, Manoramaganj, Indore. This property belongs to the Company.
- 3) Equitable Mortgage of Commerical office situated at D-4145, Oberoi Garden estate, Goregaon (east), Mumbai
- 4) Equitable Mortgage of commercial Plot bearing survey No. 9/1, situated at P.H.36, village Kumedi, tehsil sanwer admeasuring area of 56995 Sq.ft.
- 5) Commerical Buildings (Laboratories) and other assets proposed to be constructed/ created on commercial land at S. No. 9/1, Kumedi Village, Tehsil Sanwer and Distt Indore
- 6) Collateral Security of Commerical land and Building bearing Survey No. 166 situated at Plont No. C-18 & C-20, Phase 1A, Verna Industrial Estate, Goa admeasuring total area of 2188 sq mtrs.
- 7) Collatearal Security of exclusive charge over all the free hold equipment/ machinery placed in Indore, Goa, Panchkula, baroda branches (other than assets specifically charged to other banks)
- 8) Collateral Security of FDR of Rs. 7.50 lacs in SBI.

The above Credit facilities from SBI are also secured by irrevocable and unconditional personal guarantee of the Directors Shri Sunil Choksi, Shri Vyangesh Choksi & Smt. Stela Choksi.

**For SBIGECL Limit:**

- 1) Guarantee cover provided by National Credit Guarantee Trustee Company Limited (NCGTC) as per ECLGS Scheme.
- 2) Second Charge on all immovable securities charged to Bank for ABL/ Term Loans
- 3) Second Charge on entire plant and machinery (equipments) hypothecated to Bank

**NBFC Loans :**

The Term Loan from Reliance Commercial Finance Ltd. Is secured against Lab Instruments which were purchased against the Loan. The same is also secured by personal guarantee of the Director Mr. Vyangesh Choksi

All unsecured Term Loans from other NBFC's are also personally guaranteed by the director Mr. Vyangesh Choksi

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

**NOTE "16"**

**Other Financial Liabilities**

**"Other Financial Liabilities measured at Amortization Cost"**

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non- Current	Current	Non- Current
Current maturities of Long Term Debt (Refer Note 15)	4,91,44,795	0	1,63,69,338	0
Lease Obligation	40,95,301	2,52,95,231	16,16,035	1,90,65,829
<b>Total</b>	<b>5,32,40,096</b>	<b>2,52,95,231</b>	<b>1,79,85,373</b>	<b>1,90,65,829</b>

**NOTE "17"**

**Provisions**

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>NON CURRENT LIABILITIES</b>		
<b>Provision for Employee Benefit</b>		
Provision for Gratuity	1,06,70,774	1,04,45,645
<b>Total</b>	<b>1,06,70,774</b>	<b>1,04,45,645</b>

## NOTE "18"

### Borrowings

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>SECURED CURRENT BORROWING</b>		
<b>(At Amortised Cost)</b>		
<b>Working Capital Loans</b>		
From Banks *		
Cash Credit from Bank of India	2,47,63,585	2,48,86,181
<b>Total</b>	<b>2,47,63,585</b>	<b>2,48,86,181</b>

## NOTE "18.1"

Cash Credit from Bank of India is sanctioned for Rs. 250 Lakhs and is secured by hypothecation of all book debts and other chargeable assets (wherever situated) of the company and with a collateral security of Leasehold land & Building at Vadodara. The said cash credit is also personally guaranteed by the directors Mr. Sunil Choksi, Mrs. Stela Choksi & Mr. Vyangesh Choksi.

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

## NOTE "19"

### Trade Payables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Micro, Small and Medium Enterprises	11,15,761	5,96,875
Others (Other than MSME)	4,71,87,825	6,36,42,035
Trade payables to related parties	0	0
<b>Total</b>	<b>4,83,03,587</b>	<b>6,42,38,910</b>

## NOTE "20"

### Provisions

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>PROVISIONS - CURRENT</b>		
Provisions for Employee Benefits	2,53,68,811	2,11,46,273
Other Provisions	28,82,651	25,53,488
<b>Total</b>	<b>2,82,51,462</b>	<b>2,36,99,761</b>

## NOTE "21"

### Other Current Liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Credit balances of staff	4,16,378	5,28,849
Credit balances of others	20,637	20,192
Advance payment from Customers	46,01,266	51,57,788
Statutory tax payables	26,04,323	82,77,965
<b>Total</b>	<b>76,42,604</b>	<b>1,39,84,794</b>

Note:- Out of the total amount representing the credit balances of debtors i.e. advance payment received from customer as at 31.03.2021, Rs. 646683/- (P.Y. Rs.585625/-) represents the balance which is due for more than 180 days and Rs. 3954583/- (P.Y. Rs. 4572163/-) represents balance which is due for less than 180 days.

**NOTE "22"**
**Supply of Services**
**(In Rupees)**

<b>Particulars</b>	<b>For the year 2020-21</b>	<b>For the year 2019-20</b>
Rendering of services	25,68,79,681	28,15,89,941
Other operating revenues	0	991
<b>Total</b>	<b>25,68,79,681</b>	<b>28,15,90,932</b>

**NOTE "23"**
**Other Income**

<b>Particulars</b>	<b>For the year 2020-21</b>	<b>For the year 2019-20</b>
Interest Received	2,48,206	2,15,556
Interest on Income Tax Refund	40,12,968	24,90,721
"Interest income from financial assets (mandatorily measured at fair value through profit or loss)"	1,41,032	1,63,092
<b>Total</b>	<b>44,02,206</b>	<b>28,69,369</b>

**NOTE "24"**
**Other gain/(loss)**

<b>Particulars</b>	<b>For the year 2020-21</b>	<b>For the year 2019-20</b>
Net gain on disposal of property, plant and equipment	76,007	0
Net foreign exchange gain	0	7,514
Prior Period Income	4,03,950	4,10,825
<b>Total</b>	<b>4,79,957</b>	<b>4,18,340</b>

**NOTE "25"**
**Cost of Material Consumed**

<b>Particulars</b>	<b>For the year 2020-21</b>	<b>For the year 2019-20</b>
Raw materials & stores & spares at the beginning of the year	17,70,414	40,55,146
Add: Purchases	2,50,03,141	3,01,47,439
Less: Raw materials & stores & spares at the end of the year	11,20,081	17,70,414
<b>Total</b>	<b>2,56,53,473</b>	<b>3,24,32,171</b>

**NOTE "26"**
**Employee Benefit Expense**

<b>Particulars</b>	<b>For the year 2020-21</b>	<b>For the year 2019-20</b>
Salaries and Wages	9,07,23,776	10,03,09,659
Bonus to employees	25,35,000	28,00,700
Exgratia to employees	0	19,25,282
Administration charges to LIC for Group Gratuity scheme	0	1,04,750
Directors Remuneration	71,70,000	1,14,20,000
Staff welfare expenses	52,57,353	7,62,359
Contribution to Provident Fund and Other Funds	62,80,192	79,30,178
Gratuity	30,41,291	31,33,462
<b>Total</b>	<b>11,50,07,612</b>	<b>12,83,86,390</b>

**NOTE "26.1"**
**Contribution to Provident Fund and Other Funds**

<b>Particulars</b>	<b>For the year 2020-21</b>	<b>For the year 2019-20</b>
Employer's Contribution to Provident Fund	53,44,180	64,31,793
Employer's Contribution to ESIC	8,22,577	11,90,864
Employer's Contribution to employee deposit linked insurance scheme	1,13,435	3,07,521
<b>Total</b>	<b>62,80,192</b>	<b>79,30,178</b>

**NOTE "27"**
**Finance Costs**

<b>Particulars</b>	<b>For the year 2020-21</b>	<b>For the year 2019-20</b>
Interest on Term Loans & Working Capital Loans	3,41,87,077	2,20,16,808
"Interest and finance charges on financial liabilities not at fair value through profit or loss"	19,28,225	17,20,788
Interest to MSME	21,025	94,980
Interest on TDS / GST	2,10,484	0
Bank Charges	2,15,234	1,23,720
<b>Total</b>	<b>3,65,62,045</b>	<b>2,39,56,297</b>
Less: Amount capitalised	83,79,338	50,47,378
<b>Finance costs expensed in profit or loss</b>	<b>2,81,82,707</b>	<b>1,89,08,919</b>

**NOTE "28"**
**Other Expenses**

<b>Particulars</b>	<b>For the year 2020-21</b>	<b>For the year 2019-20</b>
Laboratory Expenses	94,31,840	82,47,447
Power & Fuel Charges	65,69,291	77,75,941
Insurance: Instruments & Building	4,16,094	2,74,009
Freight / Transportation Charges	2,24,368	2,52,128
Testing Charges	30,20,315	31,55,585
NABL/BIS/NPL - Asstt. Charges	7,69,027	7,04,770
Training & Certification Charges	61,644	56,940
Repair & Maintenance – Instruments	1,31,69,813	1,35,26,149
Repair & Maintenance – Building	16,28,190	20,71,024
Business Promotion & Advertisement Expenses	2,78,167	56,72,948
Commission & Brokerages	35,54,224	14,17,401
Discount Allowed	25,257	35,324
Bad Debts Written Off	15,74,914	22,58,239
Office Maintenance Expenses	47,30,246	46,41,374
Telephone, Internet & Mobile Expenses	10,98,261	10,57,302
Postage & Courier Charges	6,88,787	11,47,484
Vehicle Running & Maintenance	27,04,337	30,19,733
Computer Expenses	30,34,703	38,57,027
Printing & Stationery Expenses	34,61,913	33,08,565
Books & Periodicals	1,58,073	1,38,447
Directors' Sitting Fees	48,000	90,000

Rent Charges	47,43,100	52,48,357
Insurance on Vehicle	2,00,215	3,12,698
Insurance on Others	4,09,946	1,57,272
Repair & Maintenance Charges	17,64,055	13,87,190
Membership Fees & Subscriptions	1,96,889	98,100
Legal Expenses	3,26,268	1,34,848
Professional Charges	39,96,611	75,10,643
Payments to auditors (refer note 47)	2,00,000	2,00,000
Rates & Taxes	14,33,091	6,69,841
Registration / Filing / Licence Renewal Fees	6,12,039	1,62,448
Listing Fees	3,22,500	3,00,000
Penalty Charges	404	13,247
Provision for Doubtful Debts	14,61,654	2,90,397
Donation	50,000	63,000
Travelling Expenses	23,97,467	60,72,755
Loss on Sale of Fixed Assets	0	70,24,983
Loss on Foreign Exchange	2,07,736	0
<b>Total</b>	<b>7,49,69,436</b>	<b>9,23,53,618</b>

#### NOTE "29"

##### Exceptional Items

Particulars	For the year 2020-21	For the year 2019-20
Professional Charges for US-FDA License	0	2,43,06,608
<b>Total</b>	<b>0</b>	<b>2,43,06,608</b>

The exceptional item represents the amount incurred of Rs. Nil (P.Y. - Rs. 243.07 Lacs) towards consultancy charges paid to US Consultant because company was audited by International Regulatory bodies ( US FDA) in Sep 2019 . Based on the observation as a precautionary measure Company engaged consultants for submission of remediation plan to the agencies which assisted in early resolution. The expense for the same has been attributed in exceptional item.

#### NOTE "30"

##### Tax Expenses

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Income tax recognised in Statement of Profit and Loss		
Current tax on profits for the year	0	0
Adjustments for current tax of prior periods	0	0
Excess Provision written back of previous year	0	0
<b>Total Current Tax</b>	<b>0</b>	<b>0</b>

Deferred tax (Net DTA)	-15,35,611	-1,77,36,114
Deferred tax on other comprehensive income (DTL)	-4,68,997	-5,58,589
<b>Total deferred tax expenses recognised in the current year</b>	<b>-20,04,608</b>	<b>-1,82,94,703</b>

#### NOTE "30.1"

The above figure of total deferred tax expenses recognised in the current year is net off of deferred tax on other comprehensive Income i.e., Rs.468997/- thus deferred tax is Rs. 2004608/-

## NOTE "31"

### Earnings Per Equity Share of face value Rs. 10/- each

Particulars	For the year 2020-21	For the year 2019-20
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	-2,60,76,817	-3,88,48,877
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	69,65,263	69,65,263
Weighted Average Potential Equity Shares	-	-
Total Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	69,65,263	69,65,263
<b>Basic Earnings per Share (Rs.)</b>	<b>-3.74</b>	<b>-5.58</b>
<b>Diluted Earnings per Share (Rs.)</b>	<b>-3.74</b>	<b>-5.58</b>
Face Value per Equity Share (Rs.)	10	10

### 32. Employee benefit plans

As per INDAS 19 "Employee benefits", the disclosures as defined are given below:

#### 32.1 Defined Contribution Plan

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

Particulars	F.Y. 2020-21	F.Y. 2019-20
Benefits (Employer's Contribution) to :		
• Provident Fund	5,344,180	6,421,793
• ESIC	8,22,577	1,190,864
• Employee deposit linked insurance scheme	1,13,435	307,521
<b>Total</b>	<b>6,280,192</b>	<b>7,930,178</b>

#### 32.2 Defined Benefit Plan

##### Gratuity

The Company's Gratuity Benefit Scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior period, that benefit is discounted to determine its present value and the fair value of any assets is deducted.

The present values of the obligation under such defined benefit plan is determined, based on actuarial valuation using the projected unit credit method (PUCM) as being defined by Para 57(a), by an independent actuary, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on government securities as at the reporting date.

- Re-measurements of the net defined benefit obligation, which comprises of actuarial gains and losses and the return on plan assets are recognized in Other Comprehensive Income (OCI).
- The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees.

**(i) Change in Defined Benefit Obligation during the period**

Particulars	As at 31 March, 2021	As at 31 March, 2020
Defined Benefit Obligation, Beginning of Period	15,229,688	14,960,939
Net Current Service Cost	2,381,383	2,421,355
Interest cost on DBO	968,957	1,083,962
Actual Plan Participants' Contributions	-	-
Actuarial ( Gains)/Losses	-1,829,985	-2,148,419
Changes in Foreign Currency exchange rates	-	-
Acquisitions/ Business Combination/ Divestiture	-	-
Benefits Paid	-792,725	-1,088,149
Past service cost	-	-
Losses/ (Gains) on Curtailments/ Settlements	-	-
<b>Defined Benefit Obligation, End of Period</b>	<b>15,957,318</b>	<b>15,229,688</b>

**(ii) Change in Fair value of Plan Assets during the period**

Particulars	As at 31 March, 2021	As at 31 March, 2020
Fair value of Plan Assets, Beginning of Period	4,784,043	5,059,245
Interest income plan assets	309,049	371,855
Actual Company Contributions	1,012,327	441,092
Actual Plan Participants' Contributions	-	-
Actual taxes paid	-	-
Actual Administrative expenses paid	-	-
Changes in Foreign currency exchange rates	-	-
Actuarial ( Gains)/Losses	-26,150	-
Benefits Paid	-792,725	-1,088,149
Acquisitions/ Business Combination/ Divestiture	-	-
Assets extinguished on Curtailments/ Settlements	-	-
<b>Fair value of Plan Assets, End of Period</b>	<b>5,286,544</b>	<b>4,784,043</b>

**(iii) Amount recognized in Statement of Financial Position at the year end**

Particulars	2020-21	2019-20
Present value of Funded Defined Benefit Obligation	15,957,318	15,229,688
Fair value of plan assets	5,286,544	4,784,043
	<b>1,06,70,774</b>	<b>10,445,645</b>
Present value of Unfunded Defined Benefit Obligation	-	-
Unrecognized Asset due to the Asset Ceiling	-	-
<b>Net Defined Benefit (Asset)/liability Recognized in the Statement of Financial Position</b>	<b>10,670,774</b>	<b>10,445,645</b>

**(iv) Net Defined Benefit Cost/(Income) included in Statement of Profit & Loss at period end**

Particulars	2020-21	2019-20
Service Cost	2,381,383	2,421,355
Net Interest Cost	659,908	712,107
Past Service Cost	-	-
Administration Expenses	-	-
(Gain)/Loss due to Settlements/ Curtailments/ Terminations/ Divestitures	-	-
<b>Total Defined Benefit Cost/(Income) included in the Profit &amp; Loss</b>	<b>3,041,291</b>	<b>3,133,462</b>



(v) **Analysis of amounts Recognized in Other Comprehensive (Income)/Loss at period end**

Particulars	2020-21	2019-20
Amount recognized in OCI, Beginning of Period	(23,83,966)	(2,35,547)
<b>Remeasurements due to :</b>		
• Effect of Change in Financial assumptions	44,881	(306,789)
• Effect of Change in Demographic assumptions	-	-
• Effect of experience adjustments	(1,874,866)	(1,841,630)
• (Gain)/Loss on curtailments/ Settlements	-	-
• Return on Plan Assets ( excluding interest )	26,150	-
• Changes in asset ceiling	-	-
<b>Total remeasurements recognized in OCI</b>	<b>(1,803,835)</b>	<b>(2,148,419)</b>
<b>Amount recognized in OCI, End of period</b>	<b>(4,187,801)</b>	<b>(2,383,966)</b>

(vi) **Actuary assumptions - Gratuity:**

Date of Valuation	As at 31 March, 2021	As at 31 March, 2020
Discount rate (per annum)	6.39%	6.46%
Salary Escalation rate	7%	7%
Expected rate of Return on assets	N.A.	N.A.
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	20%	20%
Retirement age	70 years	70 years

**The principal actuarial assumptions considered in the valuation were:**

**(a) Economic Assumptions:**

The discount rate and salary increase rate are the key functional assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

**(b) Discount rate:**

Ind AS 19 requires that the assumed discount rate is determined by reference to market yields at the balance sheet date on Govt. bonds. The term of the risk free investments has to be consistent with the estimated term of benefit obligations.

**(c) Salary Escalation rate:**

The salary escalation rate usually consists of at least three components, viz. regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the company's philosophy towards employee remuneration are also to be taken into account. Again, a long term view as to the trend in salary escalation rates has to be taken rather than guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors. .

**(d) Attrition rate:**

Past experience indicates the current level of attrition. The assumption may incorporate the company's policy towards retention of employees, historical data and industry outlook.

**(e) Mortality rate:**

We have used Indian Assured lives Mortality Table (IALM) 2012-14, as issued by Institute of Actuaries of India, for the valuation.

**(vii) Sensitivity Analysis**

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate and salary escalation rate. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

SENSITIVITY ANALYSIS	Amount
Defined Benefit obligation-Discount Rate+100 basis Points	(633879)
Defined Benefit obligation-Discount Rate-100 basis Points	652,990
Defined Benefit obligation-Salary Escalation Rate+100 basis Points	638,110
Defined Benefit obligation- Salary Escalation Rate-100 basis Points	(534,643)

33. The management hereby confirms that an amount of Rs. 1500000/- will be deposited before the due date of filing of income tax return to approved LIC Gratuity Fund.

### 34. Related Party Disclosures

#### I. Names of related parties and related party relationship

##### a. Key managerial personnel:

- |    |                        |   |                                               |
|----|------------------------|---|-----------------------------------------------|
| 1. | Mr. Sunil Kumar Choksi | - | Managing Director                             |
| 2. | Mr. Vyangesh Choksi    | - | Chief Financial Officer & Whole Time Director |
| 3. | Mr. Sanjay Chourey     | - | Company Secretary                             |
| 4. | Mrs. Stela Choksi      | - | Whole Time Director                           |
| 5. | Ms. Himika Choksi      | - | Whole Time Director                           |
| 6. | Mr. Mayank Pandey      | - | Independent Director                          |
| 7. | Mr. Sudarshan Shastri  | - | Independent Director                          |
| 8. | Mr. Nanoo Krishna Mani | - | Independent Director                          |
| 9. | Mr. Ratnesh Sadoriya   | - | Independent Director                          |

##### b. Relatives of key management personnel

- |    |                    |   |                                        |
|----|--------------------|---|----------------------------------------|
| 1. | D.G. Choksi HUF    | - | Mr. Sunil Kumar Choksi is Karta of HUF |
| 2. | Mrs. Khyati Choksi | - | Wife of Mr. Vyangesh Choksi            |

#### TRANSACTIONS DURING THE YEAR WITH RELATED PARTIES

S. NO.	NATURE OF TRANSACTION	KEY MANAGERIAL PERSONNEL	RELATIONS OF KMP	INDEPENDENT & NON-INDEPENDENT DIRECTORS	AMOUNT
1	Purchase of Tangible Assets	NIL	NIL	NIL	NIL
2	Services Provided	NIL	NIL	NIL	NIL
3	Services Received	NIL	NIL	NIL	NIL
4	Rent	(a) Mrs. Stela Choksi (b) Ms. Himika Choksi (c) D.G. Choksi HUF	(a) Whole Time Director (b) Whole Time Director (c) Director is a karta	NIL	Rs. 2759535
5	Interest Paid	NIL	NIL	NIL	NIL
6	Interest Received	NIL	NIL	NIL	NIL
7	Remuneration	(a) Mr. Sunil Kumar Choksi (b) Mr. Vyangesh Choksi (c) Mrs. Stela Choksi (d) Ms. Himika Choksi	(a) Managing Director (b) Chief Financial Officer/ Whole Time Director (c) Whole Time Director (d) Whole Time Director	NIL	Rs. 7330000
8	Unsecured Loans Taken	(a) Mr. Sunil Kumar Choksi	(a) Managing Director	NIL	Rs. 202804
9	Unsecured Loans Repaid	(a) Mr. Sunil Kumar Choksi	(a) Managing Director	NIL	Rs. 700000
10	Sitting Fees	(a) Mr. Sudarshan Shastri (b) Shri N.K. Mani	(a) Independent Director (b) Independent Director	NIL	Rs. 48000
11	Legal & Professional Charges	NIL	NIL	NIL	NIL
12	Salary	Smt. Khyati Choksi	Director Relative		Rs. 160000
13	Deposit for Rented Property	NIL	NIL	NIL	NIL

## II. Transactions/Outstanding balances with related parties during the year (Figures in bracket relates to previous year)

	Particulars		Key Management Personnel	Relatives of key management personnel	Independent & non-Independent Directors	Grand Total
<b>A.</b>	<b>Transactions during the year</b>					
<b>i)</b>	<b>Rent</b>					
	D.G. Choksi HUF	31.03.21 31.03.20		180000 (330000)		180000
	Smt. Stela Choksi	31.03.21 31.03.20	1402267.50 (1619750)			1402267.50
	Smt. Himika Choksi	31.03.21 31.03.20	1177267.50 (1344750)			1177267.50
	<b>TOTAL (i)</b>					<b>2759535</b>
<b>ii)</b>	<b>Remuneration to Key Managerial personnel and their relatives</b>					
	Shri Sunil Choksi	31.03.21 31.03.20	2610000 (3430000)			2610000
	Smt. Stela Choksi	31.03.21 31.03.20	1800000 (2380000)			1800000
	Shri. Vyangesh Choksi	31.03.21 31.03.20	690000 (2940000)			690000
	Smt.. Himika Choksi	31.03.21 31.03.20	2070000 (2670000)			2070000
	Smt. Khyati Choksi	31.03.21 31.03.20		160000 (480000)		160000
	<b>TOTAL (ii)</b>					<b>7330000</b>
<b>iii)</b>	<b>Sitting fees</b>					
	Shri.. Sudarshan Shastri	31.03.21 31.03.20			24000 (45000)	24000
	Shri. N K Mani	31.03.21 31.03.20			24000 (45000)	24000
	<b>TOTAL (iii)</b>					<b>48000</b>
<b>iv)</b>	<b>Loan Taken</b>					
	Shri Sunil Choksi	31.03.21 31.03.20	202804 (700000)			202804
	Shri. Vyangesh Choksi	31.03.21 31.03.20	0 (8100000)			0
	<b>TOTAL (iv)</b>					<b>202804</b>
<b>v)</b>	<b>Loan Repaid</b>					
	Shri Sunil Choksi	31.03.21 31.03.20	700000 (5000000)			700000
	Smt. Stela Choksi	31.03.21 31.03.20	0 (8100000)			0
	<b>TOTAL (v)</b>					<b>700000</b>

<b>B. Outstanding balances at the year end</b>					
<b>i) Remuneration payable</b>					
Shri Sunil Choksi	31.03.21	5633232			5633232
	31.03.20	(4015964)			
Smt. Stela Choksi	31.03.21	2742250			2742250
	31.03.20	(2474262)			
Smt.. Himika Choksi	31.03.21	1662832			1662832
	31.03.20	(1240730)			
<b>TOTAL (i)</b>					<b>10038314</b>
<b>ii) Rent payable</b>					
D.G. Choksi HUF	31.03.21		1700285		1700285
	31.03.20		(1533785)		
Smt.. Stela Choksi	31.03.21	4132631			4132631
	31.03.20	(3085537.50)			
Smt. Himika Choksi	31.03.21	3204506			3204506
	31.03.20	(2365537.50)			
<b>TOTAL (ii)</b>					<b>9037422</b>
<b>iii) Loans</b>					
Shri Sunil Choksi	31.03.21	9277804			9277804
	31.03.20	(9775000)			
Smt. Stela Choksi	31.03.21	1400000			1400000
	31.03.20	(1400000)			
<b>TOTAL (iii)</b>					<b>10677804</b>

\*The remuneration to the key managerial personnel and their relatives does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole

### 35. Contingent Liabilities and Commitments:

Sr.No.	Particulars	As At March 2021	As At March 2020
<b>1</b>	<b>Contingent Liabilities</b>		
a)	Claim against the Company not acknowledged as Debt (Amount Paid to Statutory Authority)	NIL	NIL
b)	Guarantee		
i)	Guarantee issued by the Bank extended to Third Party and other Guarantee (Rs. In Lacs)	2358160.00	1950000.00
ii)	Statutory Letter of Credit issued .....		
c)	Other Money for which the Company is Contingent Liable	NIL	NIL
i)	Liability in respect of Bills Discounted with Bank (Including Third Party Bills Discounted)	NIL	NIL
ii)	VAT, Excise, Service Tax Appeal for which no provision is considered for not required as the Company is hopeful for successful outcome in the Appeal.	NIL	NIL
<b>2</b>	<b>Commitments</b>		
A)	Estimated Amount of Contracts remaining to be Executed on Capital Account and not provided for (net of advances Rs. 20,00,000/-)	5200000	4200000
B)	Other Commitment	NIL	NIL

### 36. Financial Instruments

#### (a) Capital management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company adjusts the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

For the purpose of Company's capital management, Capital includes Issued Equity share capital. Gearing Ratio is ratio of Net debts (total borrowings (long term as well as short term) net of cash & cash equivalents and other bank balances) divided by total equity. Accordingly, the Company has calculated gearing ratio as at 31 March, 2021 and 31 March, 2020. The gearing ratio is as follows:

Particulars	March 31, 2021 (Rs. In lakhs)	March 31, 2020 (Rs. In lakhs)
Net debt	3098.81	2912.39
Total Equity	696.52	696.52
<b>Net debt to equity ratio</b>	<b>4.45</b>	<b>4.18</b>

#### (b) Financial risk management objective and policies:

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability are disclosed in Note 1

Financial assets and liabilities: The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

##### As at 31 March, 2021

Financial assets	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade receivables	0.00	0.00	81606186	81606186	81606186
Cash and cash equivalents	0.00	0.00	3060550	3060550	3060550
Other financial assets	0.00	0.00	7237834	7237834	7237834
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>91904570</b>	<b>91904570</b>	<b>91904570</b>

Financial Liabilities	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade Payables	0.00	0.00	48303587	48303587	48303587
Borrowings	34187077	0.00	0.00	34187077	337322437
Other Financial Liabilities	0.00	0.00	78535326	78535326	78535326
<b>TOTAL</b>	<b>34187077</b>	<b>0.00</b>	<b>126838913</b>	<b>161025990</b>	<b>464161350</b>

##### As at 31 March, 2020

Financial assets	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade receivables	0.00	0.00	69887478.37	69887478.37	69887478.37
Cash and cash equivalents	0.00	0.00	4255604.08	4255604.08	4255604.08
Other financial assets	0.00	0.00	7465659.00	7465659.00	7465659.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>81608741.45</b>	<b>81608741.45</b>	<b>81608741.45</b>

Financial Liabilities	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade Payables	0.00	0.00	64238909.86	64238909.86	64238909.86
Borrowings	22016807.85	0.00	0.00	22016807.85	289933177.76
Other Financial Liabilities	0.00	0.00	37051201.22	37051201.22	37051201.22
<b>TOTAL</b>	<b>22016807.85</b>	<b>0.00</b>	<b>101290111.08</b>	<b>123306918.93</b>	<b>391223288.84</b>

**(c) Fair value of financial assets and financial liabilities that are not measured at fair value**

Management considers that the carrying amounts of financial assets and financial liabilities recognized in the Financial Statements

**(d) Defaults and breaches**

There is no default in loans payable recognized at the end of the reporting period.

**(e) Risk management framework**

The Company's business is subject to several risks and uncertainties including financial risks. The Company's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. The Company's risk management process is in line with the corporate policy. Each significant risk has a designated 'owner' within the Company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the board. The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

**Treasury management**

The Company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization.

**Financial risk**

The Company's Board of Directors approves financial risk policies comprising liquidity, foreign currency, interest rate and counterparty credit risk. The Company does not engage in the speculative treasury activity but seeks to manage risk and optimize interest through proven financial instruments.

**(i) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company is exposed to credit risk for receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, investments and loans.

Regarding trade and other receivables, the Company has accounted for impairment based on expected credit losses method as at 31 March, 2021 and 31 March, 2020 based on expected probability of default.

Deposits are with government departments and with lessor so chances of default are very minimal.

For short-term loans and advances, counterparty limits are in place to limit the amount of credit exposure to any one counterparty.

None of the Company's cash equivalents are past due or impaired.

(ii) **Liquidity risk**

Liquidity risk arises from the Company's inability to meet its cash flow commitments on time. Prudent liquidity risk management implies maintaining sufficient stock of cash and marketable securities. The Company maintains adequate cash and cash equivalents along with the need based credit limits to meet the liquidity needs.

**37. Leases**

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" to its leases using the modified retrospective approach with the option to measure the right to use asset at an amount equal to the lease liability (i.e. as per para C8(c) (ii) of Ind AS 116), adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. The Company has applied the new standard to land leases and building leases etc. to evaluate whether these contracts contains lease or not. Based on evaluation of the terms and conditions of the arrangements, the Company has evaluated such arrangements to be leases. Under the new standard, all lease contracts, with limited exceptions, are recognized in the financial statements by way of right-of-use assets and corresponding lease liabilities. When measuring lease liabilities, the interest rate implicit in lease is used to calculate the lease liability as mentioned in the lease agreement. The application of the new standard has a significant impact on the classification of expenditure and cash flow statement. It has impacted the timing of expenses recognized in the statement of profit and loss. Expenses were previously recognized as rental expense and for the current period rental expense is being replaced by depreciation charge on right-of-use asset amounting to 4733794.00 which is included under depreciation and amortization expense in statement of profit and loss and finance cost on lease liability amounting to Rs. 1720788.00. The Company recognized a lease liability measured at the present value of the remaining lease payments. The right-of-use assets are recognized at cost, which comprises the amount of the measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease. Accordingly, a right-of-use asset of Rs. 24172787/- and a corresponding lease liability of ` Rs. 20681864/- has been recognized.

**Payment recognised as an expense:**

Particulars	As at 31 March, 2021
(i) Short term lease	—
(ii) Low value assets	—
<b>Total</b>	

**Details of lease liability:**

The following is the movement in lease liabilities during the year ended 31 March, 2021:

Particulars	Year ended 31 March, 2021
Balance as at 1 April, 2020	20681864
Transition impact of Ind AS 116	-
Additions	11948397
Payment/adjustment of lease liabilities	(3239729)
De-recognition of lease liability	-
<b>Balance as at 31 March, 2021</b>	<b>29390532</b>
<b>Current</b>	<b>4095301</b>
<b>Non-current</b>	<b>25295231</b>
Finance cost accrued during the period	1928225

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March, 2021 on undiscounted basis:

Particulars	As at 31 March, 2021
Less than one year	5765250
One to five years	23584650
More than five years	3178500
<b>Total</b>	<b>32528400</b>

### Details of right-of-use asset:

The following is the movement in right-of-use asset during the year ended 31 March, 2021:

Particulars	Land	Buildings
As at 1 April , 2020	-	24172787
Transition impact of Ind AS 116	-	-
Additions	-	11948397
Deletions	-	-
Amortisation expense	-	(9560234)
<b>As at 31 March, 2021</b>	<b>-</b>	<b>26560950</b>

### 38. Segmental Reporting:

The company's engaged in the sole segment of Analysis and Testing. Therefore, no separate segments within the Company as defined by Ind AS-108 (Operating Segments)

39. During the year, Borrowing Costs amounting of Rs. 8379338/- has been Capitalized to Fixed assets.

### 40. Disclosure in terms of Accounting Standard "Impairment Losses":

Particulars	31.3.2021	31.3.2020
i) Amount of impairment Losses recognized in the Profit & Loss A/c	Nil	Nil
ii) Amount of reversal of impairment losses recognized in the Profit & Loss A/c	Nil	Nil
iii) Amount of impairment losses recognized directly against revaluation surplus	Nil	Nil
iv) Amount of reversals of impairment losses recognized directly in revaluation surplus	Nil	Nil

41. The Balance Confirmation from the suppliers, customers as well as to various loans or advances given have been called for but the same are awaited till the date of Audit. Thus the balances of receivable, Trade Payable as well as Loan & Advances have been taken as per Books of Accounts submitted by the Company and are subject to confirmation from the respective Parties & reconciliation thereon.

42. The Company has no subsidiary. Hence requirement of Consolidated Financial Statement is not applicable to the Company.

43. In the opinion of the Board Current Assets, Loans & Advances are approximately of the value stated, if realized in the ordinary course of business. The provision for Depreciation and all known liability are adequate. There is no Contingent liability other than stated.

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

45. Details of Dues to Micro and Small Enterprises As Defined Under The Micro, Small And Medium Enterprises Development Act, 2006:

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2021 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the company

S.No	Particulars	31.03.2021	31.03.2020
1.	Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act : Principle Interest	796,378 22,030	13,45,505 94,980
2.	The amount of interest credit by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	1855
3.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-
4.	The amount of interest accrued and remaining unpaid at the end of each accounting year.	22,820	132,088
5.	The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006	790	37,108



46. Disclosure as per INDAS-113, “Fair value measurement”, Financial Instruments by Category/hierarchy

Particulars	Level of hierarchy	Amount as at 31.03.2021		Amount as at 31.03.2020	
		FVTPL	FVTOCI	FVTPL	FVTOCI
Financial Assets	-				
Financial Liability	-	-	-	-	-

The carrying amount of Short term borrowing, Trade payables, Trade Receivables, Cash & cash equivalents and other financial assets and liabilities are considered to be recorded at their fair value due to their short term nature. There are no transfer between Level 1, Level 2 & Level 3 during the year ended 31.03.2021.

47. Other disclosures to Statement of Profit & Loss:-

S.No.	Particulars	2020-21	2019-20
1.	<b>Value of Imports on CIF basis in respect of :</b>		
	• Capital Goods	-	-
	• Spare Parts/ Books & Periodicals	-	-
2.	<b>Payment to Auditors as :</b>		
	• Statutory Audit Fees	1,25,000	1,25,000
	• Quarterly review expenses	25,000	25,000
	• Tax Audit Fees (to Tax auditor)	50,000	50,000
3.	<b>Expenditure in Foreign Currency:</b>		
	• Travelling Expenses	-	7,83,693
	• Business Promotion	-	-
	• Consultancy Fees (FOR US-FDA)	76,346	2,28,32,608
4.	<b>Earnings in Foreign Exchange :</b>		
	• FOB value of Exports	1,17,39,566	87,65,719

48. Corporate Social Responsibility:

As per Section 135 of the Companies Act, 2013, The Company is not liable to spend the specified amount on CSR activities as per the norms. Hence, no separate reporting is required for the same.

49. Subsequent events- (Approval of Financial Statements & Change in location of registered and corporate office)

The financial statements are approved for issue by the Board of Directors at its meeting on 30th June, 2021, and shifting of its registered office from 6/3, Manoramaganj, Indore to Survey No 9/1, Near Tulsiyana Industrial Estate, Gram Kumerdi, Indore-452010, Madhya Pradesh, India. in their Board meeting held on 30th July, 2020.

50. Estimation of uncertainties relating to the global health pandemic COVID- 19

The company's operations were affected during the quarter ended 31st March, 2021 due to lockdown announced on account of COVID-19 pandemic by the central and state government. Company has continued its operations and compliance of guidelines dated 25.03.2020 issued by the Government of India after seeking necessary permissions and approval and following social distancing, hygiene and other safety measures. Company has assessed the impact of COVID-19 on its financial statements based on internal and external information up to the date of approval of these financial statements and the company expects to recover the carrying amount of trade receivables and inventories. The company will continue to monitor the future economic conditions and assess its impact on its financial statements.

Moreover the entity's management concludes that no adjustments are required in the financial results as it does not impact the current financial year. However, the situation with COVID-19 is still evolving. Also, the various preventive measures taken are still in force leading to a highly uncertain economic environment. Due to these circumstances the management's assessment of the impact on the subsequent period is dependent upon the circumstances as they evolve.

51. The code of social security 2020 (code) received president assent in Sep 2020; the code has been published in the gazette of India. However the related final rules have not yet been issued and the date on which the code will come into effect has not been notified. The company will assess the impact of the code and rules there under when they come into effect.

52. The company continued to consider the impact of COVID-19 pandemic in assessing the recoverability of receivable, intangible assets and certain advances. For this purpose, the company considered internal and external source of information up to the date of approval of these financial results. The company, based on its judgments, estimates and assumptions including sensitive analysis, expect to fully recover the carrying amount of receivables intangible assets and other advances/ assets the company will continue to closely monitor any material change of future economic condition.

### 53. Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### Balance Sheet:

- Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

#### As per report at of even date attached

For **Subhash Chand Jain Anurag & Associates**  
Chartered Accountants  
FRN: 004733C

(Badal Bangur)  
Partner  
M.No.:423724  
UDIN:-21423724AAAALO8373

Place : Indore  
Date : 30/06/2021

For and on behalf of Board of Directors  
**CHOKSI LABORATORIES LIMITED**  
CIN: L85195MP1993PLC007471

sd/-  
**Sunil Choksi**  
(Managing Director)  
DIN 00155078

sd/-  
**Vyangesh Choksi**  
(Whole time Director &  
Chief financial officer)  
DIN-00154926

sd/-  
**Mrs. Stela Choksi**  
(Whole time Director)  
DIN-00155043

sd/-  
**Sanjay Chourey**  
(Company Secretary)  
M. No. 55253



Reg. off. Survey No. 9/1, Near Tulsiyana Industrial Estate, Gram Kumerdi, Indore 452 010 (M.P.)