

## **ARVEE LABORATORIES (INDIA) LIMITED**

### **DIRECTOR`S REPORT**

To  
The Members of,  
**ARVEE LABORATORIES (INDIA) LIMITED**  
**(Formerly known as Arvee Laboratories (India) Private Limited)**  
Ahmedabad

Your Directors have pleasure in presenting the 8th Annual Report and Audited Statement of Accounts for the year ended on 31<sup>st</sup> March 2019 with Auditor's Report thereon.

#### **Financial Highlights**

( Rs. In Lacs )

<b>Particulars</b>	<b>2018 - 2019</b>	<b>2017-18</b>
Revenue from Operations	5490.18	4614.68
Other Income	35.39	22.94
Total Revenue	5525.58	4637.62
Profit before Depreciation and Financial Expenses and Taxation	652.83	739.93
Depreciation	235.05	215.48
Financial Expenses	166.78	332.86
Profit before Tax	251.00	191.58
Tax Expense -		
Current Tax	42.20	22.66
Prior Period Taxes	1.56	0.23
Deferred Tax	(16.59)	59.76
Profit After Tax	223.83	108.91

Revenue from operations has increased by 14.9% Profit after tax has increased by 105%.

The Company is taking all the possible steps to increase the profitability.

**Transfer to Reserves:**

The Opening Balance of Reserves and Surplus is Rs. 868.90 Lacs. The whole of the Profit of Rs. 223.93 lacs is transferred to the Reserves and Surplus. The Closing Balance of Reserves & Surplus is of Rs. 1092.73 lacs.

**Dividend:**

In order to conserve resources, your Directors do not recommended dividend for the year 2018-19 on Equity Shares of the Company.

**Details regarding Energy Conservation:**

Pursuant to Rule 8 (3) of Companies (Accounts) Rules, 2014, the Board of Directors hereby state as under declare that.

**A. CONSERVATION OF ENERGY:**

**B. CONSERVATION OF ENERGY:**

<b>Power &amp; Fuel Consumption:</b>	<b>Current Year</b>
<b>Electricity:</b>	
<b>i) Purchased:</b>	
(a) Units	<b>14,31,367 units</b>
(b) Amount	<b>97,91,069.00</b>
(c) Units/per liter of Diesel Oil	--
(d) Cost per unit (Rs.)	<b>6.84/Unit</b>
<b>ii) Own Generation:</b>	
(a) Units	--
(b) Amount	--
(c) Units/per liter of Diesel Oil	--
(d) Cost per unit (Rs.)	--
<b>iii) Windmill Turbine:</b>	
(a) Units	--
(b) Amount	--

Steps taken or impact on conservation of energy.

In line with the Company's commitment towards conservation of energy, all units continue with their efforts aimed at improving energy efficiency through innovative measures to reduce wastage and optimize consumption.

Some of the measures taken by the Company in this direction at its units located at areas under:

- a. We have made optimum use of electrical motors and day light resources at plant.
- b. Installation of LEDs at several locations.

The steps taken by the company for utilizing alternate sources of energy:

NIL

#### **Details regarding Technology Absorption:**

Pursuant to Rule 8 (3) of Companies (Accounts) Rules, 2014, the Board of Directors hereby declare that there are no particulars to report for Technology Absorption. However the Company takes help of the technical consultants from time to time.

#### **Details regarding Foreign Exchange Earnings and Outgo:**

The details regarding foreign exchange earnings and outgo are provided in the note no. 32 to the financial Statement. Members are requested to refer the same.

#### **Disclosure of Directors Responsibility Statement:**

As required u/s 134 (5) of the Companies Act, 2013 the Directors hereby state and confirm:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year as on 31/03/2019 and of the profit of the company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts on a going concern basis.

- v. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Listing:**

The Equity Shares of your Company are listed on Emerge Platform of National Stock Exchange of India Limited. The Company has paid necessary listing fees for the year 2019 – 2020.

**Details of Material Changes and Commitments, Occurred during the Period affecting financial position of the Company:**

During the year under review there were no significant and material orders passed by any Regulators or Court or Tribunals which may have impact on the going concern status. No order has been passed by any Regulators or Court or Tribunals which may have impact on the Company's operation in future. Further there is no material changes and commitments occurred subsequent to the Balance sheet till date of report.

**Particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013:**

The Company has not provided any guarantee or provided any Security to any Person for the loans availed by others. The details regarding the Loans and Advances, Investments, if any, are provided in the Balance Sheet.

**Particulars of Contracts or Arrangements with Related Parties under Section 188 of the Companies Act, 2013:**

All contracts / arrangements / transactions, if any, entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has entered into transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

No advance is paid to any related party (other than loans and advances) for entering any transaction. No Bad Debts of related parties.

The details of the related party transactions are disclosed in note 29 to the financial statement which sets out related party disclosures. The requisite details are also provided in form AOC – 2 which forms part of the report.

**Disclosure of Companies covered under Section 178 ( 1 ) on Directors appointment and Remuneration including matters referred under Section 178 ( 3 ) of Companies Act, 2013 and Details of Statement indicating manner in which formal annual evaluation made by Board of its Performance and of its Committees and individual Directors:**

The Company has devised a Policy for Directors; appointment and remuneration including criteria for determining qualifications, performance evaluation and other matters of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of both non-executive directors and executive directors.

The Company's Nomination & Remuneration policy which includes the Director's appointment & remuneration and criteria for determining qualifications, positive attributes, independence of the Director & other matters is attached as Annexure- I to this Report and the same is also available on the website of the Company at the link [www.arveelabs.com](http://www.arveelabs.com)

**Declaration by Independent Directors:**

The Independent Directors of the Company namely Vishal Nitin Mehta, Chandrakala Ashok Bhatt and Amishkumar Maheshkumar Shah have confirmed to the Board that they meet the criteria of independence as specified under Section 149 (6) of the Companies Act, 2013 and they qualify to be independent directors. They have also confirmed that they meet the requirements of independent directors as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

**Auditors and Audit Report:**

At the 7<sup>th</sup> Annual General Meeting of the Company KCJM & Associates, Chartered Accountants, Ahmedabad were appointed as statutory auditors for a period of five years including for the financial year 2017 – 2018.

There is no qualification or adverse remarks made by the auditors in their report.

**Cost Audit and Cost Records:**

Your Company has maintained the Cost Records for the financial year 2018 – 2019 required under the provision of the Companies Act, 2013 and rules made thereunder.

It is proposed to appoint P.H. Desai & Co., as Cost Auditor for the financial year 2019 – 2020.

**Disclosure of Risk Management Policy:**

The Company has a structured risk management policy. The Risk management process is designed to safeguard the organization from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are inventorised and integrated with the management process such that they receive the necessary consideration during decision making.

## **SECRETARIAL AUDIT**

The Company has obtained a Secretarial Audit Report M/s. Jalan Alkesh & Associates, Company Secretary in Practice to conduct the secretarial audit for the financial year 2017-18. Secretarial Audit is attached and marked as Annexure II.

With regard to the qualifications stated by the Secretarial auditors and the Board reply is as under:

a) The Company has not filed ADT 1 for auditor's appointment in the Board meeting

Board Reply: The Company has filed form ADT 3 for the Cessation of previous auditor and only upon the approval of ADT 3, the form ADT 1 can be filed. The form ADT 3 was not approved in spite of repeated request and thereafter the Company was given resubmission. Upon resubmission the Company has tried to reload the form on MCA site and a Complain was also raised in the matter vide SR1120478 but no suitable solution was found. So the default is due to technical matter on the MCA site.

b) Late filing of auditor's appointment made at the Annual General Meeting.

Board Reply: The Company believe that filing of form ADT 1 for the appointment made at the Annual General Meeting should come in sequence as earlier appointment made at the Board meeting could not be proceeded and therefore the delay occurred.

c) Delay in filing of Balance Sheet for year 2018;

Board Reply: The Company will take adequate necessary steps to ensure that delay does not occur. However subsequently the deadline for filing was extended up to 31<sup>st</sup> December, 2018 and the management believes that since there is a subsequent extension given by the MCA the remarks should not be mentioned in the Secretarial Audit Report.

## **Board Meetings:**

During the year under review, 9 (Nine) Board meetings were held. The dates of Board meetings are

1. 6<sup>th</sup> April, 2018
2. 10<sup>th</sup> May, 2018
3. 24<sup>th</sup> May, 2018
4. 30<sup>th</sup> May, 2018
5. 20<sup>th</sup> July, 2018

6. 6<sup>th</sup> August, 2018
7. 4<sup>th</sup> October, 2018
8. 13<sup>th</sup> November, 2018
9. 15<sup>th</sup> February, 2019

**Attendance by Directors:**

Date of Board Meeting	No. of Directors entitled to attend meeting	No. of Directors attended
6 <sup>th</sup> April, 2018	6	6
10 <sup>th</sup> May, 2018	6	6
24 <sup>th</sup> May, 2018	6	6
30 <sup>th</sup> May, 2018	6	6
20 <sup>th</sup> July, 2018	6	6
6 <sup>th</sup> August, 2018	6	3
4 <sup>th</sup> October, 2018	6	6
13 <sup>th</sup> November, 2018	6	6
15 <sup>th</sup> February, 2019	6	3

In respect of the above board meetings adequate notice was given to all the Directors together with the agenda. The gap between two Board meetings does not exceed 120 days. Independent Directors meeting was held on 6<sup>th</sup> August, 2018 and non-Independent Directors meeting was held on 15<sup>th</sup> February, 2019

**Corporate Governance:**

Since the Company securities are listed on emerge platform of NSE, by virtue of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the compliance of corporate governance provisions as specified in regulation 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 and para C, D and E of Schedule V are not applicable to the Company. Hence Corporate Governance requirement do not apply.

**Management Discussion and Analysis Report**

Management Discussion and Analysis Report as required under Regulation 34 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached herewith and marked as Annexure III.

### **Code of Conduct**

The Board of Directors has already adopted the Code of Ethics and Business Conduct for the Directors and Senior Management personnel. This code is a comprehensive code applicable to all Directors, Executive as well as Non – executive and members of the Senior Management. The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them.

A declaration given by the Managing Director and CEO is given below:

The Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Ethics and Business Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2018-19.”

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 and can be accessed at [www.arveelabs.com](http://www.arveelabs.com)

### **Dematerialization of Shares:**

100% Equity Shares of the Company are in Demat form.

### **Committees:**

#### **a. Audit Committee:**

Audit Committee as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 have been constituted with effect from 4<sup>th</sup> December, 2017.

Role of the audit committee

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

a. Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

b. Changes, if any, in accounting policies and practices and reasons for the same.

c. Major accounting entries involving estimates based on the exercise of judgment by management.

d. Significant adjustments made in the financial statements arising out of audit findings.

e. Compliance with listing and other legal requirements relating to financial statements.

f. Disclosure of any related party transactions.

g. Modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the half yearly and annual financial statements before submission to the board for approval.

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.

8. Approval of any transactions of the Company with Related Parties, including any subsequent modification thereof.

9. Scrutiny of inter-corporate loans and investments.

10. Valuation of undertakings or assets of the Company, wherever it is necessary.

11. Evaluation of internal financial controls and risk management systems.

12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors on any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism, in case the same exists.
19. Approval of appointment of Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background, etc. of the candidate.
20. To overview the Vigil Mechanism of the Company and took appropriate actions in case of repeated frivolous complaints against any Director or Employee.
21. Monitoring the end use of funds raised through public offers and related matters.

The Audit Committee shall mandatorily review the following information:

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

## Powers of the Audit Committee

- ⊙ investigating any activity within its terms of reference;
- ⊙ Seeking information from any employee;
- ⊙ Obtaining outside legal or other professional advice; and
- ⊙ Securing attendance of outsiders with relevant expertise, if it considers necessary.

The composition of audit committee is as under

Name of the Director	Designation
Vishal Nitin Mehta	Independent Director
Amishkumar Maheshkumar Shah	Independent Director
Shalin Sudhakarbhai Patel	Managing Director

Vishal Nitin Mehta acts as a Chairman of the Committee.

The Company Secretary of the Company acts as the Secretary to the Audit committee. All the recommendations of the audit committee have been accepted.

The audit Committee met on

10<sup>th</sup> May, 2018

24<sup>th</sup> May, 2018

30<sup>th</sup> May, 2018

5<sup>th</sup> September, 2018

13<sup>th</sup> November, 2018

All Audit Committee meetings were attended by all the members of the Committee.

## Stakeholders Committee:

The Stakeholders Relationship Committee was constituted as per the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 vide resolution passed at the meeting of the Board of Directors held December 04, 2017. The terms of reference of the Stakeholders Relationship Committee include the following:

1. Redressed of shareholders'/investors' complaints.
2. Reviewing on a periodic basis the approval of transfer or transmission of shares, debentures or any other securities made by the Registrar and Share Transfer Agent;
3. Issue of duplicate certificates and new certificates on split/consolidation/renewal.
4. Non-receipt of declared dividends, balance sheets of the Company.
5. Carrying out any other function as prescribed under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The composition of Stakeholders Relationship Committee is as under:

Name of the Director	Status in Stakeholders Relationship Committee
Mr. Amishkumar Maheshkumar Shah	Chairman
Mr. Shalin Bharat Chokshi	Member
Mr. Saumil Bharatbhai Chokshi	Member

The Company Secretary acts as a secretary of the Committee. All recommendations of Stakeholders Committee have been accepted by the Board.

The Stakeholders Committee met 4times on

30<sup>th</sup> May, 2018

20<sup>th</sup> July, 2018

4<sup>th</sup> October, 2018

15<sup>th</sup> February, 2019

All the members of the Committee attended all meetings.

#### **Nomination and Remuneration Committee:**

The constitution of the Nomination and Remuneration Committee as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 was approved by a Meeting of the Board of Directors held on December 04, 2017.

The role of Nomination and Remuneration Committee is as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees.
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
3. Devising a policy on diversity of Board of Directors.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
6. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The composition of Nomination and Remuneration Committee is as under

Name of the Director	Status in Stakeholders Relationship Committee
Chandrakala Ashok Bhatt	Chairman
Mr. Vishal Nitin Mehta	Member
Mr. Saumil Bharatbhai Chokshi	Member

The Company Secretary acts as a secretary of the Committee.

1 committee meeting was held on 15<sup>th</sup> February, 2019 during the year. All the recommendation of Nomination and Remuneration Committee were accepted by the Board. All the members of the Committee attended the meeting.

## **COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS**

During the year under review, the Company has duly complied with the applicable provisions of the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI).

## **Corporate Social Responsibility:**

The Company do not fall under the Criteria of Section 135 of the Companies Act, 2013.

**Investor Education and Protection Fund:**

No amount was required to be transferred to Investor Education and Protection Fund.

**Disclosure under Rule 8 (5) of Companies Accounts Rules, 2014:**

**a) Disclosure of financial Summary / Highlights :**

Particulars	2018 - 2019	2017-18
Revenue from Operations	5490.18	4614.68
Other Income	35.39	22.94
Total Revenue	5525.58	4637.62
Profit before Depreciation and Financial Expenses and Taxation	652.83	739.93
Depreciation	235.05	215.48
Financial Expenses	166.78	332.86
Profit before Tax	251.00	191.58
Tax Expense -		
Current Tax	42.20	22.66
Prior Period Taxes	1.56	0.23
Deferred Tax	(16.59)	59.76
Profit After Tax	223.83	108.91

Revenue from operations has increased by 14.9% Profit after tax has increased by 105%.

The Company is taking all the possible steps to increase the profitability.

**b) Disclosure of Change in Nature of Business :**

There is no change in nature of Company Business.

**c) Details of Directors / Key Managerial Personnel Appointed / Resigned:**

During the year under the review, following Directors / Key Managerial Personnel were appointed.

- a. Mr. Saurin Ajitbhai Gandhi was appointed as Chief Financial Officer of the Company with effect from 10<sup>th</sup> May, 2018.
- b. Mrs. Sanjoly Jalan was appointed as a Company Secretary of the Company with effect from 4<sup>th</sup> October, 2018.
- c. Mrs. Raina Singh Chauhan was appointed as a Company Secretary of the Company with effect from 15<sup>th</sup> February, 2019.

During the year under the review, following Director / Key Managerial Personnel have resigned.

- a. Mr. Maulesh Raval has resigned as Chief financial officer of the Company with effect from 6<sup>th</sup> April, 2018.
- b. Mrs. Neelam Dilip Chotrani has resigned as a Company Secretary of the Company with effect from 6<sup>th</sup> August, 2018.
- c. Mrs. Sanjoly Jalan has resigned as a Company Secretary of the Company with effect from 15<sup>th</sup> February, 2019.

**d) Details of Holding / Subsidiary Companies / Joint Ventures / Associate Companies:**

During the year under review, the Company has no holding / subsidiary companies / joint ventures / associate companies.

**e) Details regarding Deposit covered under Chapter V of the Companies Act, 2013.**

The Company has not invited any deposit other than the exempted deposit as prescribed under the provision of the Companies Act, 2013 and the rules framed there under, as amended from time to time. Hence there are no particulars to report about the deposit falling under Rule 8 (5) (v) and (VI) of Companies (Accounts) Rules, 2014

**f) Details of Deposit which are not in compliance with requirements of Chapter V of the Act.**

Not Applicable

**g) Details of Significant and Material Orders passed by Regulators or Courts or Tribunals.**

There are no material changes and commitments, if any, affecting the financial position of the Company between the financial years end of the Company and date of the report.

**h) Internal financial Controls.**

The Company has identified and documented all key internal financial controls, which impact the financial statements. The financial controls are tested for operating effectiveness through ongoing monitoring and review process of the management and independently by the Internal Auditors. In our view the Internal Financial Controls, affecting the financial statements are adequate and are operating effectively.

FormNo.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2019.

*[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	L24231GJ2012PLC068778
ii	Registration Date	27/01/2012
iii	Name of the Company	ARVEE LABORATORIES (INDIA) LIMITED
iv	Category/Sub-Category of the Company	Indian Non-Government Company / Company Limited by Shares
V	Address of the Registered office and contact details	49/3-B, Shyamal Row Houses 100 Feet Road, Nr Sanjay Tower, Satellite Ahmedabad Gujarat 380015 India shalin.patel@arveelabs.com
Vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	BIGSHARE SERVICES PRIVATE LIMITED 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400059 Tel: +91 22 62638200 Fax: +91 22 62638299

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

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/	% to total turnover of the company
1	Chemicals	99884210	100

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

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
1.	NOT APPLICABLE				

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

### ***i. Category-wise Share Holding***

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF including relatives of Directors	4050000	0	4050000	73.5	4050000	0	4050000	73.50	0



i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(1)	0	0	0	0	0	0	0	0	0
<b>2. Non Institutions</b>	<b>0</b>								
a) Bodies Corp. (i) Indian	76000	0	76000	1.38	102000	0	102000	1.85	0.47
(ii) Overseas									
b) Individuals  (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	142000	0	142000	0	142000	0	142000	0	0
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1234000		1234000	22.39	1212000	0	1212000	22.00	-0.40
c) Others (NRIS )	8000	0	8000	0.14	4000	0	4000	0.07	-0.07
Sub-total(B)(2)	1460000	0	1460000	26.5	1460000	0	1460000	26.50	0

Total Public Shareholding (B)=(B)(1)+ (B)(2)	1460000	0	1460000	26.5	1460000	0	1460000	26.50	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	5510000	0	5510000	100	5510000	0	5510000	100	

## ii.Shareholding of Promoters

Sr. No.	Shareholder Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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 / encumber red to total shares	
1	Bharatbhai R. Chokshi	685000	12.43	0	685000	12.43	0	0
2	Saumilbhai B. Chokshi	669000	12.14	0	669000	12.14	0	0
3	Shalinbhai B. Chokshi	669000	12.14	0	669000	12.14	0	0
4	Shalin S. Patel	1690000	30.67	0	1690000	30.67	0	0
5	Sudhakar C. Patel	331000	6.01	0	331000	6.01	0	0

6	Sudhakar C. Patel, HUF	1000	0.02	0	1000	0.02	0	0
7	Shalin S. Patel, HUF	1000	0.02	0	1000	0.02	0	0
8	Khushbu S. Patel	1000	0.02	0	1000	0.02	0	0
9	Foram S. Chokshi	1000	0.02	0	1000	0.02	0	0
10	Kavita S. Chokshi	1000	0.02	0	1000	0.02	0	0
11	Chandrabalaben S. Patel	1000	0.02	0	1000	0.02	0	0

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Bharatbhai R. Chokshi	685000	12.43	685000	12.43
2	Saumilbhai B. Chokshi	669000	12.14	669000	12.14
3	Shalinbhai B. Chokshi	669000	12.14	669000	12.14
4	Shalin S. Patel	1690000	30.67	1690000	30.67
5	Sudhakar C. Patel	331000	6.01	331000	6.01
6	Sudhakar C. Patel, HUF	1000	0.02	1000	0.02
7	Shalin S. Patel, huf	1000	0.02	1000	0.02

8	Khushbu S. Patel	1000	0.02	1000	0.02
9	Foram S. Chokshi	1000	0.02	1000	0.02
10	Kavita S. Chokshi	1000	0.02	1000	0.02
11	Chandrabalaben S. Patel	1000	0.02	1000	0.02

**(iv) Share holding pattern of top ten shareholders (other than Promoters and Directors)**

Shareholding pattern of top ten shareholders ( other than Directors, Promoters and Holders of GDR's and ADR's)								
SR NO	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares At the Beginning ( 01.04.2018 / end of year 31.03.2019)	% total Shares of the Company				No of Shares	% total Shares of the Company
1	GITABEN D PATEL	550000.00	9.98	31-Mar-2018		Transfer	550,000	9.98
		550000.00	9.98	30-Mar-2019		Transfer	550,000	9.98
2	JASHBHAI CHHOTABHAI PATEL	264000.00	4.79	31-Mar-2018		Transfer	264,000	4.79
		264000.00	4.79	30-Mar-2019		Transfer	264,000	4.79
3	MADHUBEN JASHBHAI PATEL	204000.00	3.70	31-Mar-2018		Transfer	204,000	3.70
		204000.00	3.70	30-Mar-2019		Transfer	204,000	3.70
4	PRANAVBHAI M PATEL	194000.00	3.52	31-Mar-2018		Transfer	194,000	3.52
		194000.00	3.52	30-Mar-2019		Transfer	194,000	3.52
5	WEALTH FIRST PORTFOLIO MANAGERS LIMITED	58000.00	1.05	31-Mar-2018		Transfer	58,000	1.05
			1.09	06-Apr-2018	2,000	Transfer	60,000	1.09
			1.13	11-May-2018	2,000	Transfer	62,000	1.13
			1.16	01-Jun-2018	2,000	Transfer	64,000	1.16
			1.20	15-Jun-2018	2,000	Transfer	66,000	1.20
			1.27	03-Aug-2018	4,000	Transfer	70,000	1.27
			1.31	31-Aug-2018	2,000	Transfer	72,000	1.31
			1.60	12-Oct-2018	16,000	Transfer	88,000	1.60
			1.63	16-Nov-2018	2,000	Transfer	90,000	1.63
			1.81	30-Nov-2018	10,000	Transfer	100,000	1.81
			1.85	07-Dec-2018	2,000	Transfer	102,000	1.85
			1.89	08-Feb-2019	2,000	Transfer	104,000	1.89
			1.85	29-Mar-2019	-2,000	Transfer	102,000	1.85
		102000.00	1.85	30-Mar-2019		Transfer	102,000	1.85

6	Ashish Navnitlal Shah	22000.00	0.40	31-Mar-2018		Transfer	22,000	0.40
			0.18	28-Sep-2018	-12,000	Transfer	10,000	0.18
			0.00	30-Nov-2018	-10,000	Transfer		0.00
		2000.00	0.04	30-Mar-2019		Transfer	2,000	0.04
			0.04	30-Mar-2019	2,000	Transfer	2,000	0.04
7	PATEL ALPA JAYANTILAL	8000.00	0.15	31-Mar-2018		Transfer	8,000	0.15
		8000.00	0.15	30-Mar-2019		Transfer	8,000	0.15
8	PATEL ASHI HARSHAD	6000.00	0.11	31-Mar-2018		Transfer	6,000	0.11
		6000.00	0.11	30-Mar-2019		Transfer	6,000	0.11
9	DILIP BABULAL SHAH	4000.00	0.07	31-Mar-2018		Transfer	4,000	0.07
			0.11	06-Apr-2018	2,000	Transfer	6,000	0.11
		6000.00	0.11	30-Mar-2019		Transfer	6,000	0.11
10	POOJA GAUTAM SHAH	4000.00	0.07	31-Mar-2018		Transfer	4,000	0.07
		4000.00	0.07	30-Mar-2019		Transfer	4,000	0.07
11	RITABEN HARSHADBHAI PATEL	4000.00	0.07	31-Mar-2018		Transfer	4,000	0.07
		4000.00	0.07	30-Mar-2019		Transfer	4,000	0.07
12	SURESH KUMAR RAI	4000.00	0.07	31-Mar-2018		Transfer	4,000	0.07
		4000.00	0.07	30-Mar-2019		Transfer	4,000	0.07
13	ANJANA JAIN	4000.00	0.07	31-Mar-2018		Transfer	4,000	0.07
			0.04	01-Jun-2018	-2,000	Transfer	2,000	0.04
			0.00	29-Jun-2018	-2,000	Transfer		0.00
			0.00	30-Mar-2019		Transfer		0.00
14	SHAH DILIP B	2000.00	0.04	31-Mar-2018		Transfer	2,000	0.04
			0.07	06-Apr-2018	2,000	Transfer	4,000	0.07
		4000.00	0.07	30-Mar-2019		Transfer	4,000	0.07
TOTAL		2680000.00	66.86		24,000		3,684,000	66.86

**(v) Shareholding of Directors and Key Managerial personnel (other than Promoters)**

Sl. no		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shalin Bharat Chokshi	669000	16.52	669000	12.14
2	Saumil Bharatbhai Chokshi	669000	16.52	669000	12.14
3	Shalin Sudhakarbhai Patel	1690000	41.73	1690000	30.67
4	Chandrakala Ashok Bhatt	0	0	0	0
5	Vishal Nitin Mehta	0	0	0	0

6	Amishkumar Shah	0	0	0	0
7	Saurin Gandhi	2000	0.04	2000	0.04
8	Raina Singh Chauhan	0	0	0	0

#### **V. INDEBTEDNESS**

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

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
Indebtedness at the beginning of the financial year				
i) Principal Amount	115494415	4,60,00,000	0	161494415
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total(i+ii+iii)	115494415	4,60,00,000	0	161494415
Change in Indebtedness during the financial year				
- Addition	1983633	0	0	1983633
- Reduction	0	3,47,50,000	0	3,47,50,000
Net Change	1983633	-3,47,50,000	0	-32766367
Indebtedness at the end of the financial year				
i) Principal Amount	117478048	1,12,50,000	0	12,87,28,048
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	117478048	1,12,50,000	0	12,87,28,048

#### **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sr. No.	Particulars of Remuneration	Name of Managing Director	Name of Whole Time Director	Total Amount in Rupees
		Shalin S. Patel	Shalin B. Chokshi	
1	Gross salary			
a	Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	12,00,000	12,00,,000	24,00,000
b	Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
c	Profits in lieu of salary under Section 17 (3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - Others, specify...	0	0	0
5	Others, please specify	38,880	38,880	77,760
	Total(A)	12,38,880	12,38,880	24,77,760
	Ceiling as per the Act	5% of Net Profits or as per Schedule III of the Companies Act, 2013	5% of Net Profits or as per Schedule III of the Companies Act, 2013	

**B. Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of the Director/Manager	Total Amount
	<b>Independent Directors</b>		/
	Fee for attending Board / Committee Meetings		/
	Commission		/
	Others – Please specify		
	Total B ( 1 )		
	<b>Other Non-Executive Directors</b>	<b>NIL</b>	
	Fee for attending Board / Committee Meetings	/	
	Commission		
	Others – Reimbursement of Expenses		
	Total B ( 2 )		
	Total B ( 1 + 2 )		
	<u>Overall Ceilings as per Act</u>		

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTB**

		<b>Key Managerial Personnel</b>				
<b>Sl. no.</b>	<b>Particulars of Remuneration</b>	Neelam Chotrani – CS ( up to 6 <sup>th</sup> August, 2018 )	Sanjoly Jalan – CS ( from 4 <sup>th</sup> October 2018 to 15 <sup>th</sup> February 2019 )**	Raina Singh Chauhan - CS ( from 15 <sup>th</sup> February 2019 )	Saurin Gandhi – CFO ( with effect from 10 <sup>th</sup> May, 2018 )	Total
1	Gross salary					

	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40,000	44,922	Nil	6,60,000	
	(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					
<u>2</u>	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit  - others, specify...					
5	Others, please specify					
	Total	40,000	44,922		13,262	

\* With effect from 4<sup>th</sup> December, 2017 to 31<sup>st</sup> March, 2018.

## **VII. 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					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment			<b>NIL</b>		
Compounding					
<b>C. Other Officers In Default</b>					
Penalty					
Punishment					
Compounding					

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti-harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee are set up at shop floor level to redress complaints received regularly and are monitored by women line supervisors who directly report to the Chairman. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There was no complaint received from any employee during the financial year 2018-19 and hence no complaint is outstanding as on 31.03.2019 for redressal.

**Particulars of Employees:**

The Particulars of Employees required to be given pursuant to Section 197 of the Companies Act 2013 is provided in Annexure B.

**Material Changes and Commitments & Changes, if any affecting the financial Position between financial year end of the Company and date of Report:**

There are no material changes and commitments, if any, affecting the financial position of the Company between the financial years end of the Company and date of the report.

**Acknowledgement**

Your Directors express their gratitude for the continued support, co-operation, and assistance received by the Company from various Central and State Government Department, Bankers and valued customers of the company.

FOR & ON BEHALF OF THE BOARD OF  
ARVEE LABORATORIES (INDIA) LIMITED

Place: Ahmedabad

Dated: 27<sup>th</sup> May, 2019

Sd/-

CHAIRMAN CUM MANAGING DIRECTOR

Shalin Sudharkarbhair Patel

(DIN: 01779902)

**Annexure A**

**FORM NO. AOC – 2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis.**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details of transactions</b>
a)	Name(s) of the related party & nature of relationship	No transactions / contracts were entered which were not at arm's length.
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any :	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

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

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details of transactions</b>
a)	Name(s) of the related party & nature of relationship	The Company has entered into transactions for Purchase of Goods from B Chokshi Chem Private Limited. Mr. Shalin Bharat Chokshi and Mr. Saumil Bharat Chokshi are interested directly or indirectly as Director / Shareholder, if any.
b)	Nature of contracts	Transaction for purchase of goods
c)	Duration of the contracts	Not Applicable

d)	Salient terms of the contracts or arrangements or transaction including the value, if any :	To supply / purchase the goods / fixed assets required on need basis at arm's length. The price is determined as per the prevailing market rate. The value of the transactions entered with the related parties is provided in the note no. 29 of the Balance Sheet of the Company.
e)	Date of approval by the Board, if any :	10 <sup>th</sup> May 2018
f)	Amount paid as advances, if any :	Nil

FOR & ON BEHALF OF THE BOARD OF  
ARVEE LABORATORIES (INDIA) LIMITED

Place: Ahmedabad

Dated: 27<sup>th</sup> May, 2019

Sd/-

-

CHAIRMAN CUM MANAGING DIRECTOR  
Shalin Sudharkarbhai Patel

(DIN: 01779902)

## ANNEXURE B

Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

A. Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2018-19 are as follows:

Sr. No.	Directors	Remuneration (₹ in Lakhs)	Median Remuneration (₹ in Lakhs)	Ratio
1.	Shalin Sudhakarbhair Patel	12,38,880.00	1,51,404.00	7.93 : 1
2.	Shalin Bharatbhair Chokshi	12,38,880.00	1,51,804.00	7.93 : 1
3.	Saumil Bharatbhair Chokshi	--	--	--

B. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18 are as follows:

Name of the Directors, Chief Financial Officer, Chief Executive Officer, Company Secretary, Manager	Designation	Percentage increase in remuneration
Shalin Sudhakarbhair Patel	Managing Director	37.65%
Shalin Bharatbhair Chokshi	Whole Time Director	47.48%
Saumil Bharatbhair Chokshi		--
Mr. Saurin Gandhi	Chief Financial Officer	Not Applicable *
Ms. Raina Singh Chauhan *	Company Secretary	Not Applicable *

\* Appointed during the year and hence % increase in remuneration is not applicable.

C. The percentage increase in the median remuneration of employees in the financial year 2018-19:

(Amount in Rs)

	2018-19	2017-18	Increase (%)
Median Remuneration of Employees	19,261,334.00	20,459,688.00	-5.86%

D. There were 74 Employees on the rolls of company as on 31<sup>st</sup> March, 2019.

E. Comparison of average Percentile increase in salary of employees other than the managerial personnel and the percentage increase in the remuneration paid to managerial personnel:

(Amount in Rs)

	2018-19	2017-18	Increase (%)
--	---------	---------	--------------

Average salary of all employees (other than Managerial Personnel) calculated on per month basis	13,35,111.00	14,36,641.00	-7.07%
Managerial Personnel:			
Shalin Sudhakarbhai Patel	1,03,240.00	75,000.00	37.65%
Shalin Bharatbhai Chokshi	1,03,240.00	70,000.00	47.48%

**F. The key parameters for any variable component of remuneration availed by the directors;**

There are no variable components in remuneration package availed by the directors.

**G. Affirmation that the Remuneration is as per the Remuneration Policy of the Company:**

It is hereby affirmed that the remuneration paid to the Directors, Key Managerial personnel and Senior Management is as per the Remuneration Policy.

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

None of the employees of the company employed throughout the financial year 2018-19 and were paid remuneration in excess of the limits prescribed. i.e. Rs. 1.02 Crores per annum.

None of the employees employed for a part of the financial year 2018-19 at a rate which, in aggregate, was in excess of Rs. 8.50 Lacs per month.

None of the employees were employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

**For and on behalf of Board of Directors**

**Date: 27<sup>th</sup> May, 2019**

**Shalin S. Patel**

**Place: Ahmedabad**

**Chairman & Managing Director**



## **ANNEXURE I**

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Listing Agreement, as amended from time to time. This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

### **CONSTITUTION OF THE COMMITTEE**

The Board of Directors of the Company (Board) constituted the committee to be known as the Nomination and Remuneration Committee consisting of three non-executive directors out of which two shall be the Independent Directors. The Chairman of the Committee shall be an Independent Director.

### **OBJECTIVE AND PURPOSE OF THE POLICY**

The objective of the policy is to ensure that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### **ROLE OF THE COMMITTEE:**

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## **APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/her appointment, as per Company's Policy.

A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.

The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

### **TERM/TENURE**

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

The Company shall appoint or re-appoint any person as Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### **Evaluation**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

### **REMOVAL**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

### **RETIREMENT**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **POLICY FOR REMUNERATION TO DIRECTORS/KMP/ SENIOR MANAGEMENT PERSONNEL**

Remuneration to Managing Director/Whole Time Director:

The Remuneration/Commission etc. to be paid to Managing Director/Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, assist may consider appropriate with regard to remuneration to Managing Director/Whole- time Directors.

### **Remuneration to Non-Executive /Independent Director:**

The Non-Executive/Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

All the remuneration of the Non-Executive/Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197(5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company. Any remuneration paid to Non-Executive/Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

- (i) The Services are rendered by such Director in his capacity as the Professional; and
- (ii) in the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

### **Remuneration to Key Managerial Personnel and Senior Management:**

The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive any, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

The Committee for the purpose of administering the Employee Stock Option/Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.

The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

## **IMPLEMENTATION**

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate. The Committee may Delegate any of its powers to one or more of its members.

## **Annexure II**

### **Form No. MR-3 for the financial year ended on 31st March, 2019**

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

To,  
The Members,  
**Arvee Laboratories (India) Limited**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Arvee Laboratories ( India ) Limited (hereinafter called the company).

Based on my verification of the Arvee Laboratories ( India ) Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under except for
  - a) The Company has not filed ADT 1 for auditor's appointment in the Board meeting
  - b) Late filing of auditor's appointment made at the Annual General Meeting.
  - c) Delay in filing of Balance Sheet for year 2018;
- (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.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

(h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998

And in general, the Company has systems, process and procedure for the compliance of Other Laws Applicable to the Company.

1. Income Tax Act, 1961

2. Service Tax Act, 1994

3. Employees Provident Fund Act

4. Employees State Insurance Act, 1948

5. Indian Contract Act, 1872

6. Negotiable Instruments Act, 1881

7. Payment of Gratuity Act, 1972

8. Payment of Bonus Act, 1965

## 9. Goods and Sales Tax Act

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, guidelines, standards 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 the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

I further report that during the audit period, there were no instances of:

- (i) Public Issue / Rights/Preferential issue of Shares/debentures/ sweat equity of the Company.
- (ii) Redemption/buy-back of securities.
- (iii) Merger/ amalgamation/ reconstruction etc.
- (iv) Foreign technical collaborations.
- (v) Approval under Section 180 of the Companies Act, 2013.

For, **JALAN ALKESH & ASSOCIATES**  
**COMPANY SECRETARIES**

Date: 27<sup>th</sup> May, 2019

Place: Ahmedabad

Sd/-

**ALKESH JALAN**  
**PROPRIETOR**

*This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.*

**‘Annexure A’**

To,  
The Members of  
Arvee Laboratories (India) Limited  
Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriated to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
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.

	<b>For, Jalan Alkesh &amp; Associates</b>
	<b>Company Secretaries</b>
<b>Place: Ahmedabad</b>	<b>Sd/-</b>  <b>Alkesh Jalan</b>
<b>Date: 27/05/2019</b>	<b>(Proprietor)</b>
	<b>Membership No. – 15677</b>  <b>Firm Registration No. - 4580</b>

### **Annexure III**

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **1. Industry Structure and developments.**

In terms of value and production volume, Indian chemical industry is the 3rd largest producer in Asia & 6th by output in the world. Indian chemical industry could grow at 11 percent p.a. to reach size of USD 224 billion by 2017. In 2016, Chemical sector had a market size of USD 139 billion and by 2025, it is projected to reach USD 403 Billion. It is a key constituent of the Indian economy accounting for about 2.1 percent of the GDP. More than 70,000 commercial products such as petrochemicals & basic chemicals are covered under this particular sector. The Budget 2017-18 focuses on boosting the industry, and reduction in corporate tax for MSMEs by 5 per cent and the new Trade Infrastructure Export Scheme will help exporters reduce transaction costs and become globally competitive. Also, initiatives such as CBEC's Single Window Interface for Facilitating Trade (SWIFT), Make in India, relaxation of environmental norms for the chemical industry and the expected GST roll-out would spur the growth of chemical sector. India is the fourth largest producer of agrochemicals. The Basic Chemicals and Dyes Export Promotion Council (CHEMEXCIL) has played a key role in promoting exports of the products in its basket by showcasing the capabilities of Indian chemical industry to the world.

Chemicals sector also acts as a key enabling industry and provides support for variety of other sectors like agriculture, construction, leather etc. Total production of the major chemicals including petrochemicals was 23.9 million tons during 2015-16 while production of polymers stood at around 9 million tons. India's proximity to the Middle East, the world's source of petrochemicals feedstock, makes for economies of scale. Polymer demand is expected to grow by 8-10% with healthy growth in industries such as clothing, automobiles etc. Chemical sector is one of the most diversified in the world, covering more than 70,000 commercial products. India also accounts for approximately 15% of the world production of dyestuff and dye intermediates.

Source: <http://www.makeinindia.com/sector/chemicals>

### **Major Segments of the Indian Chemical Industry**

1. Base chemicals: Petrochemicals, man-made fibers, industrial gases, fertilizers, chlor-alkali and other organic and inorganic chemicals.
2. Specialty Chemicals: Dyes and pigments, leather chemicals, construction chemicals, personal care ingredients and other specialty chemicals.
3. Pharmaceuticals: Active Pharmaceutical ingredients (API's) and formulations
4. Agrochemicals: Insecticides, herbicides, fungicides, and other crop protection chemicals.
5. Biotechnology: Bio-pharma, bio-agri, bio-services and bio-industrial products.

### **Opportunities and Threats**

#### **Indian Advantage**

- A large population, dependence on agriculture & strong export demand are the key growth drivers for the chemicals industry
- Per capita consumption of chemicals in India is lower relative to Western peers & there exists a large demand
- Lured by the size and returns of the Indian market, foreign firms have strengthened their presence in India
- From April 2000 to September 2016, total FDI inflows into the Indian chemicals industry (excluding fertilizers) were USD 12.68 billion.
- Polymers and agrochemicals industries in India present immense growth opportunities
- In FY15, India's construction chemical market was valued at USD 589.58 million, thereby representing ample growth opportunity in chemical sector
- In 2016, polymer production in India was recorded at around 9 million tons
- In 2015, CII launched 2nd phase of "Chemistry Everywhere" campaign to boost the growth of chemical industry in India.
- 100 per cent FDI is permissible in the Indian chemicals sector; manufacturing of most chemical products is delicensed.
- The Government of India has launched the Draft National Chemical Policy, which aims to increase the share of chemical sector in the country's GDP

#### Demand Driver – Domestic and International

1. Total chemical production in India was 9632 MT FY15 & reached to 9884 MT in FY16. The growth of 61 percent was registered from FY15 to FY16.
2. Favorable demographics and strong economic growth are driving demand for chemicals.
3. External demand and especially chemicals have also contributed strongly to the growth of the industry.
4. India's growth per capital consumption and demand for agriculture – related chemicals offers huge scope of growth for the sector in the future.

#### Threats:-

The present economic position serves as a threat to many chemical companies both worldwide and on the regional level.  
In general labour avoid working in chemical plants. Hence company may have to face labour problem.

Environmental Controls pose a major problem to the industry.

Deals in explosive chemicals so utmost care is required to be taken to avoid accidents

#### 4. Outlook

The outlook for the coming year looks promising for the Chemicals business at this point in time. Demand is showing signs of improvement and with a price advantage due to our best negotiation abilities we are likely to perform well. However, global recession and market condition may have an impact on our business to suffer which in turn can have bearing on profitability.

#### 5. Risks and Concerns

Your Company had put a risk management framework in place post a comprehensive review of its risk management process. Your Company takes a fresh look at the risk management framework through our Audit Committee at least once in a year. The review involved understanding the existing risk management initiatives and assessment of risks in the businesses as the relative control measures and arriving at the desired counter measures keeping in mind the risk appetite of the organization. The audit Committee has periodically reviewed the risks in the business and recommended appropriate risk mitigating actions.

The business of the Company is likely to be affected by various internal and external risks enumerated as under:

- Our success depends largely upon the services of our Promoter, Directors and other key managerial personnel and our ability to attract and retain them.
- The prices we are able to obtain for the products that we trade depend largely on prevailing market prices.
- We face intense competition in our businesses, which may limit our growth and prospects.
- Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.
- Global recession and market conditions could cause our business to suffer.
- Natural calamities and changing weather conditions caused as a result of global warming could have a negative impact on the Indian economy and consequently impact our business and profitability.
- Tax rates applicable to Our Company may increase and may have an adverse impact on our business.
- Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.

As a responsible employer, to ensure occupational safety and employment standards, your Company maintains strict safety and quality control programs to monitor and control these operational risks.

#### 6. Internal Control System and their adequacy

The Company maintains adequate internal control systems, which provides, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of company's assets.

Internal Controls are adequately supported by internal audit and periodical review of by the management. The audit committee meets periodically to review with the management and statutory auditors, financial statements. The Audit Committee also meets with the internal auditors to review adequacy / scope of internal audit function, significant findings and follow up thereon and finding of abnormal nature.

7. Discussion on financial performance with respect to operational performance. During the year company has reported total income of Rs.5525.58 lacs as against 4800.92 lacs. Net Profit of the Company during the Current year stand at Rs.108.91lacs as against profit of Rs. 223.83 lacs in the previous year.

8. Material developments in human resources/ Industrial Relations front, including number of people employed.

Relations with the employees of the Company at various levels remained harmonial during the year under the review. The Company is making its best efforts to retain and attract talented employees. During the year under the review, the Company has complied with all legislative provisions of labour laws. The number of employees of the company as of 31st March, 2019 was 74.

9. Other Disclosures:

a. Basis of related party transaction:

During the year under the review, related party transactions, if any, are disclosed in the Balance Sheet. Transactions are entered at arm's length.

b. Disclosure of accounting treatments:

The Company has followed all relevant Accounting Standards while preparing the financial Statements.

c. Board Disclosures - Risk Management:

The Company has developed comprehensive risk management policy and same is reviewed by the Audit Committee, which in turn, informs the Board about the risk assessment and minimization procedures. Major risks identified for the Company by the management are Currency fluctuation, Compliance, Regulatory changes, Manufacturing & Supply, Litigation, Information Technology and new capital investments return. The management is however, of the view that none of the above risks may threaten the existence of the Company as robust Risk mitigation mechanism is put in place to ensure that there is nil or minimum impact on the Company in case any of these risks materialize. Since the risk control frame work is new to Indian Corporate Culture, it is being strengthened on continuous basis using the outside professional help.

d. Proceeds from public issues, right issues, preferential issues etc.:

The Company came up with Public Issue during the year 2017 – 2018 of 14,60,000 Equity Shares of face value of Rs. 10/- each fully Paid Up of Arvee Laboratories (India) Limited for Cash at a Price of Rs. 61/- Per Equity Share (Including A Share Premium Of Rs. 51/- Per Equity Share Aggregating Rs. 890.60 Lakhs. The issue proceeds was applied for the purpose stated in the Prospectus.

No issue was made during the year.

Besides above, there was no instance of non-compliance of any matter related to the capital markets during the last three years.

By Order of the Board  
For, Arvee Laboratories (India) Limited

Date: 27<sup>th</sup> May, 2019  
Place: Ahmedabad

Sd/-  
Shalin S. Patel  
Chairman and Managing Director

# Arvee Laboratories (India) Ltd.

CIN: L24231GJ2012PLC068778

## Balance Sheet as at 31st March, 2019

Particulars	Note No	As at 31.03.2019	As at 31.03.2018
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	551,00,000	551,00,000
Reserves and Surplus	3	1095,18,973	868,90,134
<b>Non-Current Liabilities</b>			
Long Term borrowings	4	346,66,376	787,76,814
Deferred tax liabilities (Net)		56,59,091	73,18,662
<b>Current Liabilities</b>			
Short-term borrowings	5	772,97,150	680,46,954
Trade Payables	6	600,06,846	1228,57,928
Short-term provisions	7	66,77,677	51,84,300
Other current liabilities	8	225,68,029	169,93,350
<b>Total</b>		<b>3714,94,142</b>	<b>4411,68,141</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Fixed assets</i>			
Tangible assets	9	1260,47,511	1488,09,651
Intangible assets	9	4,43,519	-
Capital work in progress	9	231,60,048	118,19,424
Long term loans and advances	10	76,16,832	74,07,401
<b>Current assets</b>			
Current Investments	11	194,94,876	-
Inventories	12	460,94,656	815,87,624
Trade receivables	13	791,54,111	1548,37,669
Cash and cash equivalents	14	364,79,617	196,55,274
Short term loans and advances	15	330,02,971	170,51,097
<b>Total</b>		<b>3714,94,142</b>	<b>4411,68,141</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
The Note numbers 25 to 34 form integral part of the Financial Statements			
As per our separate report of even date attached herewith			
<b>For K C J M &amp; Associates</b>		<b>For Arvee Laboratories (India) Ltd.</b>	
<b>Chartered Accountants</b>			
<b>Kabir Mansuri</b>	<b>Shalin S Patel</b>	<b>Shalin B Chokshi</b>	
<b>Partner</b>	<b>Managing Director</b>	<b>Director</b>	
<b>Membership No. 126585</b>	<b>[DIN: 01779902]</b>	<b>[DIN: 00191903]</b>	
<b>FRN :- 121324W</b>			
<b>Place : Ahmedabad</b>	<b>Saurin A Gandhi</b>	<b>Raina Singh Chauhan</b>	
<b>Date : 27-05-2019</b>	<b>Chief Financial Officer</b>	<b>Company Secretary</b>	
	<b>[PAN: AJUPG7995F]</b>	<b>[M. No. 57624]</b>	

# Arvee Laboratories (India) Ltd.

CIN: L24231GJ2012PLC068778

**Profit and Loss Account for the year ended on 31st March, 2019**

(Amount in Rs.)

Particulars	Note No	2018-19	2017-18
Revenue from operations	16	5490,18,848	4777,98,248
Other Income	17	35,39,498	22,94,437
<b>Total Revenue</b>		<b>5525,58,346</b>	<b>4800,92,685</b>
<b>Expenses:</b>			
Cost of Material Consumed	18	3818,97,363	2875,59,991
Changes in Inventories	19	103,15,744	114,17,716
Employee benefit expense	20	273,70,899	277,70,165
Financial costs	21	163,37,490	332,86,794
Depreciation expense	9	235,05,950	215,48,073
<b>Other expenses</b>			
Administrative Expenses	22	74,70,302	113,02,634
Manufacturing Expenses	23	398,31,522	446,24,961
Selling and Distribution Expenses	24	203,87,946	234,23,782
<b>Total Expenses</b>		<b>5271,17,217</b>	<b>4609,34,118</b>
Profit before exceptional and extraordinary items and tax		<b>254,41,129</b>	<b>191,58,567</b>
Exceptional & Extraordinary Items			
Profit before tax		<b>254,41,129</b>	<b>191,58,567</b>
<b>Tax expense:</b>			
Current tax		43,15,055	22,66,959
Prior Period Taxes		1,56,806	23,530
Deferred tax		(16,59,571)	59,76,790
Net Tax expenses		<b>28,12,290</b>	<b>82,67,279</b>
Profit for the period		<b>226,28,839</b>	<b>108,91,289</b>
Earning per equity share:			
(1) Basic		4.11	2.58
(2) Diluted		4.11	2.58
<b>Significant Accounting Policies</b>	<b>1</b>		
The Note numbers 25 to 34 form integral part of the Financial Statements			

As per our separate report of even date attached herewith

**For K C J M & Associates**  
**Chartered Accountants**

**For Arvee Laboratories (India) Ltd.**

**Kabir Mansuri**  
**Partner**  
**Membership No. 126585**  
**FRN :- 121324W**

**Shalin Patel**  
**Managing Director**  
**[DIN: 01779902]**

**Shalin Chokshi**  
**Director**  
**[DIN: 00191903]**

**Place : Ahmedabad**  
**Date : 27-05-2019**

**Saurin A Gandhi**  
**Chief Financial Officer**  
**[PAN: AJUPG7995F]**

**Raina Singh Chauhan**  
**Company Secretary**  
**[M. No. 57624]**

# Arvee Laboratories (India) Ltd.

CIN: L24231GJ2012PLC068778

Cash Flow Statement for the year ended 31ST March, 2019

	Particulars	2018-19 Amount Rs.	2017-18 Amount Rs.
<b>A. Cash Flow from Operating Activities</b>			
	<b>Net Profit Before Tax</b>	<b>254,41,129</b>	<b>191,58,567</b>
	Adjustment for :		
	Depreciation	235,05,950	215,48,073
	Amortisation	6,14,600	12,500
	Interest Expenses	143,87,298	332,86,794
	Interest Income	(35,39,498)	(10,81,780)
	Loss /(Gain) on Sale of Investments	-	-
	Loss /(Gain) on Sale of Fixed Assets (Net)	-	-
	Foreign Exchange Loss / (Gain)	-	-
	<b>Operating Profit before Working capital Changes</b>	<b>604,09,479</b>	<b>729,24,155</b>
	Adjustment for (Increase) / Decrease in Working Capital :		
	Inventories	354,92,968	(193,48,797)
	Trade Receivables	756,83,558	(726,81,397)
	Loans and Advances	(161,61,305)	95,75,274
	Trade Payables and Provisions	(574,42,597)	755,63,951
	<b>Cash generated from Operations</b>	<b>979,82,103</b>	<b>660,33,186</b>
	(Increase) / Decrease in Misc Expenditure	(6,14,600)	23,95,900
	Prior Period Adjustments (Net) & Short provision of Income Tax	-	-
	Direct Taxes Paid (Net)	(26,55,484)	(82,43,749)
	Income Tax of earlier year	(1,56,806)	(23,530)
	<b>Net Cash from Operating Activities</b>	<b>945,55,213</b>	<b>601,61,808</b>
<b>B. Cash Flow from Investing Activities :</b>			
	Purchase of Fixed Assets	(150,27,952)	(133,92,407)
	Receipt of Capital Subsidy	25,00,000	
	Purchase of Investments	(194,94,876)	-
	Interest received	35,39,498	10,81,780
	<b>Net Cash used in Investing Activities</b>	<b>(284,83,331)</b>	<b>(123,10,627)</b>
<b>C. Cash Flow from Financing Activities :</b>			
	Share Capital Issued	-	146,00,000
	Security Premium Received	-	744,60,000
	Preliminary Expenses Incurred	-	(24,08,400)
	Short term Borrowing availed	92,50,196	(43,15,726)
	Long term Borrowings	(441,10,438)	(868,76,915)
	Interest Paid	(143,87,298)	(332,86,794)
	<b>Net Cash used in Financing Activities</b>	<b>(492,47,539)</b>	<b>(378,27,836)</b>
	<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>168,24,343</b>	<b>100,23,345</b>
	<b>Cash and Cash Equivalents as at 1st April (Opening Balance)</b>	<b>196,55,274</b>	<b>96,31,929</b>
	<b>Cash and Cash Equivalents as at 31st March (Closing Balance)</b>	<b>364,79,617</b>	<b>196,55,274</b>

**Notes :**

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

**As per our separate report of even date attached herewith**

**For K C J M & Associates**  
**Chartered Accountants**

**For Arvee Laboratories India Ltd.**

**Kabir Mansuri**  
**Partner**  
**Membership No. 126585**  
**FRN :- 121324W**

**Shalin Patel**  
**Managing Director**  
**[DIN: 01779902]**

**Shalin Chokshi**  
**Director**  
**[DIN: 00191903]**

**Place : Ahmedabad**  
**Date : 27-05-2019**

**Saurin A Gandhi**  
**Chief Financial Officer**  
**[PAN: AJUPG7995F]**

**Raina Singh Chauhan**  
**Company Secretary**  
**[M. No. 57624]**

# **Arvee Laboratories (India) Ltd.**

**CIN: L24231GJ2012PLC068778**

**Financial Year: 2018-19**

## **CORPORATE INFORMATION:**

Arvee Laboratories (India) Ltd. ("the company") is a listed entity incorporated in India.

The addresses of its registered office is 49/3 B, Shyamal Row Houses, 100 FT Road, Nr Sanjay Tower, Satellite, Ahmedabad, Gujarat, India.

The plant of the company is situated at Survey No. 316, Bhavnagar Sihor Road, Post: Vartej, Kardej, Dist. Bhavnagar, PIN-364060, Gujarat, India.

## **1.0. SIGNIFICANT ACCOUNTING POLICIES:**

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements unless otherwise indicated.

### **1.1 Basis of preparation of accounts:**

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 2013.

### **1.2 Use of Estimates:**

The preparation of the financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

### **1.3 Tangible Assets:**

Tangible Assets are stated at cost of acquisition and subsequent improvements net of CENVAT credit and VAT but including freight and other incidental expenses related to acquisition, installation and foundation less accumulated depreciation and any other financial assistance received from government or any other party in the form of capital receipt . All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the Tangible Assets are capitalized.

### **1.4 Intangible Assets:**

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortization / depletion and impairment losses, 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.

# **Arvee Laboratories (India) Ltd.**

**CIN: L24231GJ2012PLC068778**

**Financial Year: 2018-19**

Amortization policies applied to the Company's Intangible Assets to the extent of depreciable amount is as follows:

<b>Particular</b>	<b>Depreciation</b>
Computer Software	- over a period of 5 years

## **1.5 Depreciation Accounting:**

Depreciation has been provided on straight line method (SLM) over the useful life of the Tangible Assets as defined in the Schedule II of the Companies Act, 2013. The life has been decided by the management considering the type and nature of the assets as defined in the Schedule II of the Companies Act, 2013.

## **1.6 Investments :**

Investments in mutual funds are classified as Current Investments. Current Investments are valued at lower of cost or fair value.

## **1.7 Inventory :**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any, except in case of by-products which are valued at net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

Cost of raw materials, chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

## **1.8 Impairment of Assets:**

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value and impairment loss is charged to profit and loss account in the period in which assets is identified as impaired. The impairment loss, if any recognized in prior accounting periods is reversed if there has been a changed in the estimate of recoverable amount.

## **1.9 Borrowing Cost:**

All borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of an asset till ready for intended use is capitalized as a part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs (except as stated in notes) is charged to revenue.

## **1.10 Deferred Revenue Expenditure**

Expenditure relating to Preliminary expenses, capital issue and deferred revenue expense is amortized on straight line basis over a period of 5 years.

# **Arvee Laboratories (India) Ltd.**

**CIN: L24231GJ2012PLC068778**

**Financial Year: 2018-19**

## **1.11 Revenue Recognition:**

### **Sales**

Sales are recognized when goods are supplied and are recorded net of trade discounts, rebates and duties and taxes, but includes export incentives.

### **Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### **Export Incentive**

MEIS receivable on Export of Goods is recognized on the basis of claim disbursement by the relevant authority.

## **1.12 Accounting for Taxes on Income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the period and the credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between taxable incomes and accounting income is accounted for, using the tax rates and tax laws that have been enacted or substantially enacted as on the Balance Sheet date.

## **1.13 Provisions, Contingent Liabilities and Contingent Assets :**

Provisions are recognized when the present obligations of a past event gives rise to a probable outflow, embodying economic benefits on settlement and the amount of obligation can be reliably estimated. Contingent Liabilities being a possible obligation as a result of past events the existence of which will be confirmed by the occurrence or non-occurrence of one or more future events not wholly in the control of the company. Contingent Liabilities are not recognized in the accounts. Further the nature of such liabilities, an estimate of its financial effect, etc. is disclosed as a part of Notes to Accounts.

## **1.14 Lease Rentals:**

Operating lease is charged to profit and loss account on accrual basis.

## **1.15 Foreign exchange transactions:**

Transactions in foreign currencies are 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.

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.

# **Arvee Laboratories (India) Ltd.**

**CIN: L24231GJ2012PLC068778**

**Financial Year: 2018-19**

## **1.16 Employee Benefits:**

Contributions to defined contribution schemes such as employees' provident fund and family pension fund are charged to the statement of profit and loss account as and when incurred.

Leave encashment / Gratuity a liability of the company is provided on the basis of actuarial valuation.

## **1.17 Segment Reporting:**

The company has only one geographical segment and one business segment. Therefore, Reporting under AS-17 is not required to be disclosed.

## **1.18 Finance Cost :**

Finance Cost includes interest, bank charges incurred in connection with the arrangements of borrowing. Finance costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

## **1.19 Earnings per Share:**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

## **1.20 General:**

Accounting policies not specially referred to are consistent with generally accepted accounting policies.

**Arvee Laboratories (India) Ltd.**  
CIN: L24231GJ2012PLC068778  
**NOTES TO ACCOUNTS AS ON 31ST MARCH, 2019**

**2. Share Capital**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
<b>Authorised</b>				
60,00,000 (Previous year 60,00,000) Equity Shares of Rs. 10/- each		600,00,000		600,00,000
<b>Issued, Subscribed and fully paid up</b>				
55,10,000 (Previous year 55,10,000) Equity Shares of Rs. 10/- each		551,00,000		551,00,000
<b>Total</b>		551,00,000		551,00,000

**a. The reconciliation of the number of Equity Shares outstanding as at 31.03.2019 and 31.03.2018 is set out**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
Shares outstanding at the beginning of the year		55,10,000		40,50,000
Shares Issued during the year		-		14,60,000
Shares bought back during the year				
Shares outstanding at the end of the year		55,10,000		55,10,000

During the Financial Year 2018-19, No shares were issued.

**b. Terms / Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended 31st March 2019, No dividend is declared by Board of Directors. (Previous year - Nil)

**c. Shares held by Holding / Ultimate holding company and/or their subsidiaries/associates: Not Applicable**

**d. Shares reserved for issue under options: NIL**

**e. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares brought back during the period of five years immediately preceding the reporting date: NIL**

**f. Securities convertible into equity / preference shares issued along with the earliest date of conversion: NIL**

**g. Forfeited Shares : NIL**

**h. Details of Shareholders holding more than 5% shares in the company:**

Name of Shareholder	As at 31 March, 2019		As at 31 March, 2018	
	No. of Shares held	% of shares held	No. of Shares held	% of shares held
Bhartbhai R. Chokshi	6,85,000	12.43%	6,85,000	12.43%
Saumilbhai B. Chokshi	6,69,000	12.14%	6,69,000	12.14%
Shalinbhai B. Chokshi	6,69,000	12.14%	6,69,000	12.14%
Shalinbhai S. Patel	16,90,000	30.67%	16,90,000	30.67%
Sudhakarbhai C. Patel	3,31,000	6.01%	3,31,000	6.01%
<b>Total</b>	<b>40,44,000</b>	<b>73.39%</b>	<b>40,44,000</b>	<b>73.39%</b>

**Arvee Laboratories (India) Ltd.**  
**CIN: L24231GJ2012PLC068778**  
**NOTES TO ACCOUNTS AS ON 31ST MARCH, 2019**

**3. Reserves and Surplus**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
<b>Securities Premium Account</b>				
Opening balance		744,60,000		-
Add: on Fresh Issues of Equity Shares		-		744,60,000
Closing Balance		<b>744,60,000</b>		<b>744,60,000</b>
<b>Surplus</b>				
Opening balance		124,30,134		15,38,845
(+) Net Profit for the current year		226,28,839		108,91,289
Closing Balance		<b>350,58,973</b>		<b>124,30,134</b>
<b>Total</b>		<b>1095,18,973</b>		<b>868,90,134</b>

**4. Long Term Borrowings**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
<b>Secured</b>				
From bank		234,16,376		327,76,814
<b>Unsecured</b>				
Loans from Directors		-		233,22,306
Loans from Related Parties		112,50,000		226,77,694
[Unsecured Loans are taken in pursuance of stipulation of basic requirement]				
<b>Total</b>		<b>346,66,376</b>		<b>787,76,814</b>

**The details of security of the long term borrowings are set out below :**

**Description of Security offered to Standard Chartered Bank by way of Exclusive first charge of the following property/assets:**

1. Hypothecation of Plant and Machinery of the company.
2. Registered Mortgage over the company's 1. R.S. No. 316 paiki Plot No 1 area admeasuring about 7183 sq mtr with construction thereon mouje kardej Ta. & Dist Bhavnagar, 2. residential flat No 403, Kailash Apartment, Nr. Gogha Circle, Bhavnagar & residential flat No 103, Pruthvi Plaza, Nr Gogha Circle, Bhavnagar.
3. First charge on entire current assets of the company including Raw Materials, Stock in process, Finished goods, spares & Receivables (not more than 90 days) present and future.
4. Personal Guarantee of Directors

**Rate of Interest & Repayment terms of Loans:**

1. Term Loans taken from Standard Chartered Bank bear 3MCLR+1.80 rate of interest per annum.
2. Term Loans taken from Standard Chartered Bank are repayable in 60 monthly installments.

**Rate of Interest & Repayment terms of Unsecured loans taken from Directors:**

1. Unsecured Loans taken from Directors bear 15% rate of interest per annum
2. Unsecured Loans taken from Directors are repayable after 5 years from the date of acceptance.

**Rate of Interest & Repayment terms of Unsecured loans taken from Related parties:**

1. Unsecured Loans taken from Related Parties bear 15% rate of interest per annum.
2. Unsecured Loans taken from Related Parties are repayable after 5 years from the date of acceptance.

## Arvee Laboratories (India) Ltd.

CIN: L24231GJ2012PLC068778

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2019

### 5. Short Term Borrowings

Particulars	As at 31 March, 2019		As at 31 March, 2018	
<b>Secured</b>				
<b>From bank</b>				
Cash Credit Facility		-		180,53,390
Export Packing Credit Facility		772,97,150		499,93,563
<b>Unsecured</b>				
Loans from Directors		-		-
Loans from NBFCs		-		-
Inter Corporate Deposits		-		-
<b>Total</b>		<b>772,97,150</b>		<b>680,46,954</b>

The details of security of the Short term borrowings are set out below :

**Description of Security offered to Standard Chartered Bank by way of Exclusive first charge of the following property/assets:**

1. Hypothecation of Plant and Machinery of the company.
2. Registered Mortgage over the company's 1. R.S. No. 316 paiki Plot No 1 area admeasuring about 7183 sq mtr with construction thereon mouje kardej Ta. & Dist Bhavnagar, 2. residential flat No 403, Kailash Apartment, Nr. Gogha Circle, Bhavnagar & residential flat No 103, Pruthvi Plaza, Nr Gogha Circle, Bhavnagar.
3. First charge on entire current assets of the company including Raw Materials, Stock in process, Finished goods, spares & Receivables (not more than 90 days) present and future.
4. Personal Guarantee of Directors

**Rate of Interest & Repayment terms of Loans:**

1. Cash Credit Loans taken from Standard Chartered Bank bear 1MCLR+1.70 rate of interest per annum.
2. Export Packing Credit taken from Standard Chartered Bank bear LIBOR+200BPS rate of interest per annum.
3. Short Term Loans taken from Standard Chartered Bank are repayable on demand.

### 6. Trade Payables

Particulars	As at 31 March, 2019		As at 31 March, 2018	
Trade Payables		600,06,846		1228,57,928
- for Capital Goods	2,22,408		2,64,807	
- for Expenses	81,69,866		167,49,910	
- for Goods	516,14,572		1058,43,211	
<b>Total</b>		<b>600,06,846</b>		<b>1228,57,928</b>

### 7. Short Term Provisions

Particulars	As at 31 March, 2019		As at 31 March, 2018	
<b>Others</b>				
Provision for employees benefits		40,41,969		24,98,960
Provision for Taxation (Net of Advance Tax and Tax deducted at sources )		26,35,708		26,85,340
<b>Total</b>		<b>66,77,677</b>		<b>51,84,300</b>

### 8. Other Current Liabilities

Particulars	As at 31 March, 2019		As at 31 March, 2018	
Current maturity of Long Term Debt		167,64,522		146,70,647
Statutory Dues		8,76,507		22,92,703
Advance From Customers		48,97,000		
Other Current Liabilities		30,000		30,000
<b>Total</b>		<b>225,68,029</b>		<b>169,93,350</b>

**Arvee Laboratories (India) Ltd.**  
**CIN: L24231GJ2012PLC068778**  
**NOTES TO ACCOUNTS AS ON 31ST MARCH, 2019**

**10. Long Term Loans and Advances**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
Misc. Expenditure to the extent not W/off		18,81,300		24,95,900
Balance with Government Authorities		25,61,712		16,39,253
Security Deposits				
Unsecured, considered good		31,73,820		32,72,248
Doubtful				
<b>Total</b>		<b>76,16,832</b>		<b>74,07,401</b>

**11. Current Investments**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
Investments in Mutual Funds				
- SBI Liquid Fund Regular Growth		194,94,876		-
<b>Total</b>		<b>194,94,876</b>		<b>-</b>

**12. Inventories**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
Raw Material		256,06,260		504,75,424
Finished Goods		199,75,983		249,24,170
Work in progress		1,99,943		55,67,500
Stores and Spares		90,320		2,90,770
Packing Material		2,22,150		3,29,760
<b>Total</b>		<b>460,94,656</b>		<b>815,87,624</b>

**13. Trade Receivables**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
Debt outstanding for a period exceeding six months				
Unsecure considered good		41,17,076		2,24,142
Doubtful		-		-
Debt outstanding for a period not exceeding six months				
Unsecure considered good		750,37,035		1546,13,527
Doubtful		-		-
(a) Debt due by Directors		-		-
(b) Debt due by Relatives of Directors		-		-
(c) Debt due by Firm or Companies in which Directors are interested		-		-
<b>Total</b>		<b>791,54,111</b>		<b>1548,37,669</b>

**Arvee Laboratories (India) Ltd.**

CIN: L24231GJ2012PLC068778

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2019

**14. Cash and cash Equivalents**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
Cash on hand		12,79,005		12,17,733
Balances with banks - In Current Accounts		311,00,612		143,75,046
Balances with banks - In Fixed Deposits		41,00,000		40,62,495
<b>Total</b>		<b>364,79,617</b>		<b>196,55,274</b>

**15. Short Term Loans and Advances**

Particulars	As at 31 March, 2019		As at 31 March, 2018	
Balance with Government Authorities		292,41,581		163,23,973
Advance to Staff		6,13,384		3,02,215
Advance to Supplier of Capital Goods		15,79,164		2,42,796
Other Loans and Advances		15,68,842		1,82,114
<b>Total</b>		<b>330,02,971</b>		<b>170,51,097</b>

**Arvee Laboratories (India) Ltd.**  
**CIN: L24231GJ2012PLC068778**  
**NOTES TO ACCOUNTS AS ON 31ST MARCH 2019**

**9. Fixed Assets**

(Amount in Rs.)											
	Name of Fixed Assets	Gross Block				Accumulated Depreciation			Net Block		
		Balance as at 1 April, 2018	Additions	(Disposals)	Balance as at 31 March, 2019	Balance as at 1 April, 2018	Depreciation charge for the year	On disposals	Balance as at 31 March, 2019	Balance as at 31 March, 2018	Balance as at 31 March, 2019
	<b>Tangible Assets</b>										
1	Land	20,00,000	-	-	20,00,000	-	-	-	-	20,00,000	20,00,000
2	Building	411,80,863	-	-	411,80,863	53,57,239	12,32,282	-	65,89,521	358,23,624	345,91,342
3	Plant & Machinery	1598,14,744	29,55,245	25,00,000	1602,69,989	570,04,193	206,62,390	-	776,66,583	1028,10,551	826,03,406
4	Laboratory Equipment	6,74,000	-	-	6,74,000	1,98,328	1,28,060	-	3,26,388	4,75,672	3,47,612
5	Electric Installation	59,51,390	-	-	59,51,390	23,19,528	7,70,753	-	30,90,281	36,31,862	28,61,109
6	Furniture & Fixtures	7,42,640	-	-	7,42,640	16,348	70,551	-	86,899	7,26,292	6,55,741
7	Office Equipments	14,13,702	1,83,021	-	15,96,723	3,79,588	2,38,389	-	6,17,977	10,34,114	9,78,746
8	Computer and Printers	7,14,761	28,490	-	7,43,251	5,54,758	74,096	-	6,28,854	1,60,003	1,14,397
9	Vehicles	27,14,318	70,572	-	27,84,890	5,66,785	3,22,948	-	8,89,733	21,47,533	18,95,157
		<b>2152,06,418</b>	<b>32,37,328</b>	<b>25,00,000</b>	<b>2159,43,746</b>	<b>663,96,767</b>	<b>234,99,469</b>	<b>-</b>	<b>898,96,236</b>	<b>1488,09,651</b>	<b>1260,47,510</b>
	<b>Intangible Assets</b>										
1	Software	-	4,50,000	-	4,50,000	-	6,481	-	6,481	-	4,43,519
		<b>-</b>	<b>4,50,000</b>	<b>-</b>	<b>4,50,000</b>	<b>-</b>	<b>6,481</b>	<b>-</b>	<b>6,481</b>	<b>-</b>	<b>4,43,519</b>
	<b>Capital work in progress</b>	118,19,424	113,40,624	-	231,60,048	-	-	-	-	118,19,424	231,60,048
	<b>Total</b>	<b>2270,25,842</b>	<b>150,27,952</b>	<b>25,00,000</b>	<b>2395,53,794</b>	<b>663,96,767</b>	<b>235,05,950</b>	<b>-</b>	<b>899,02,717</b>	<b>1606,29,075</b>	<b>1496,51,077</b>
	<b>Previous Year Figures</b>	<b>2136,33,435</b>	<b>133,92,407</b>	<b>-</b>	<b>2270,25,842</b>	<b>448,48,694</b>	<b>215,48,073</b>	<b>-</b>	<b>663,96,767</b>	<b>1687,84,741</b>	<b>1606,29,075</b>

\*\*Capital Subsidy Rs. 2500000 received from Government on Installation of Plant & Machinery has been credited to Plant & Machinery account, and Gross Block is decreased by the same value.

\*\*Part of Plant & Machinery acquired for Rs.6092481 in year 2014 has been revalued and carried at Residual value as there is no further useful life of that machinery.

# Arvee Laboratories (India) Ltd.

CIN: L24231GJ2012PLC068778

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2019

## 16. Revenue from operations

Particulars	2018-19	2017-18
Sales of Products		
(a) Domestic Sales		
(i) By way of Manufacturing	2098,89,314	1879,84,507
(ii) By way of Trading	-	-
(b) Export Sales		
(i) By way of Manufacturing	3039,95,571	2541,21,548
(ii) By way of Trading	256,50,156	218,92,537
Other Operating Income	94,83,807	137,99,656
<b>Total</b>	<b>5490,18,848</b>	<b>4777,98,248</b>

## 17. Other Income

Particulars	2018-19	2017-18
Interest Income	35,39,498	22,80,197
Miscellaneous Income	-	14,240
<b>Total</b>	<b>35,39,498</b>	<b>22,94,437</b>

## 18. Cost of Material Consumed

Particulars	2018-19	2017-18
Opening stock	504,75,424	197,08,911
Add : Purchases	3570,28,199	3183,26,504
Closing Stock	256,06,260	504,75,424
<b>Total</b>	<b>3818,97,363</b>	<b>2875,59,991</b>

## 19. Increase / decrease in inventories

Particulars	2018-19	2017-18
<u>Inventories at the end of the year</u>		
Closing Stock Packing Material	-	3,29,760
Closing Stock Spares & Stores	-	2,90,770
Closing stock of finished goods	199,75,983	249,24,170
Closing stock of work in progress	1,99,943	55,67,500
	<b>201,75,926</b>	<b>311,12,200</b>
<u>Inventories at the beginning of the year</u>		
Opening Stock Packing Material	-	-
Opening Stock Spares & Stores	-	-
Opening stock of finished goods	249,24,170	376,88,700
Opening stock of work in progress	55,67,500	48,41,216
	<b>304,91,670</b>	<b>425,29,916</b>
<b>Net Increase /(decrease)</b>	<b>103,15,744</b>	<b>114,17,716</b>

**Arvee Laboratories (India) Ltd.**

CIN: L24231GJ2012PLC068778

NOTES TO ACCOUNTS AS ON 31ST MARCH, 2019

**20. Employee Benefits Expense**

Particulars	2018-19	2017-18
Salaries and Wages	262,22,334	265,83,265
Contribution to Provident Fund and Other Funds	6,11,049	8,30,839
Staff Welfare Exps.	5,37,516	3,56,061
<b>Total</b>	<b>273,70,899</b>	<b>277,70,165</b>

**21. Financial Expenses**

Particulars	2018-19	2017-18
Interest Expenses		
- paid for Short Term Borrowings	36,19,761	50,87,104
- paid for Term Loans	44,99,358	51,71,807
- paid for Unsecured loans	59,11,648	189,82,222
- paid for Others	3,56,531	3,10,972
Bank charges	19,50,193	37,34,688
<b>Total</b>	<b>163,37,490</b>	<b>332,86,794</b>

**22. Administrative Expenses**

Particulars	2018-19	2017-18
Annual Fees	43,828	29,700
Books & Periodicals	4,050	26,119
Communication Expenses	3,20,987	3,79,277
Donation Exp.	1,200	3,602
Audit Fees	30,000	30,000
Pest Control Services	-	17,575
Listing Related Expenses	1,83,949	6,13,450
Insurance Exp.	6,84,958	6,47,326
Professional & Consulting Fees	16,03,800	37,86,720
Membership Fees	6,35,928	3,79,516
Office & General Exp.	3,80,540	4,07,944
Petrol & Conveyance Exp	3,91,941	3,82,886
Postage & Courier Exp	1,90,443	1,57,147
Printing & Stationary Expenses [Bvn]	2,20,766	2,43,424
Rent Rates & Taxes	3,92,143	4,11,974
Vehicle Repairing Exp [Bvn]	26,839	21,648
Sundry Amount Written Off	48,814	3,50,993
Security Exps	9,56,390	14,33,888
Preliminary Expenses written off	6,14,600	12,500
Miscellaneous Expense	7,39,126	19,66,946
<b>Total</b>	<b>74,70,302</b>	<b>113,02,634</b>

## **Arvee Laboratories (India) Ltd.**

**CIN: L24231GJ2012PLC068778**

**NOTES TO ACCOUNTS AS ON 31ST MARCH, 2019**

### **23. Manufacturing Expenses**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Stores & Consumables	116,98,938	145,63,542
Power and Fuel	153,91,292	127,03,013
Job Work Charges	72,31,500	103,09,808
Freight & Transport Charges	42,01,030	54,15,661
Other Manufacturings Exps.	13,08,762	16,32,937
<b>Total</b>	<b>398,31,522</b>	<b>446,24,961</b>

### **24. Selling and Distribution Expenses**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Advertisement Exp	-	32,805
Travelling Expense Foreign	7,74,104	1,59,573
Travelling Expense. Local	3,75,203	5,91,412
Business Promotion Expenses	-	1,90,675
ECGC Premium	-	1,27,009
Export Related Expenses	120,62,395	157,00,098
Export Sales Commission	71,76,244	66,22,211
<b>Total</b>	<b>203,87,946</b>	<b>234,23,782</b>

# Arvee Laboratories (India) Ltd.

CIN: L24231GJ2012PLC068778

Financial Year: 2018-19

## 2.0. NOTES TO ACCOUNTS:

25. Figures of previous year are regrouped and rearranged whenever necessary and rounded off to the nearest rupee for better presentation of accounts. The notes referred in the balance sheet and profit and loss statement form an integral part of the accounts. The Debit and Credit balances of debtors, creditors, loans and advances and unsecured loans are subject to confirmation and reconciliation.
26. In the opinion of the Directors, and to the best of their knowledge and belief, the value of realization of current assets and loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the balance sheet. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary.
27. The Micro, Small and Medium Enterprises Development Act, 2006 is operational w.e.f. 02.10.2006. Since the company does not possess the relevant data regarding the Micro, Small and Medium Enterprises, therefore we are unable to report thereon.
28. Considering the nature of Company's business and operation, there are no separate reportable segments (business or geographical) in accordance with the requirements of Accounting Standard 17 – "Segmental Reporting".

### 29. Audit Fees

(Amount in Rs.)

Sr. No	Particulars	2018-19	2017-18
1	Audit Fees	30,000/-	30,000/-
2	Taxation Matters	-	-

### 30. Related Party Disclosure – AS 18

#### a. Related Parties and their relationship

Name of the related party	Relationship
Mr. Shalin Patel	Key Managerial Personnel
Mr. Shalin Chokshi	Key Managerial Personnel
Mr. Saumil Chokshi	Key Managerial Personnel
Mr. Vishal Nitin Mehta	Director
Mrs. Chandrakala Ashok Bhatt	Director
Mr. Amishkumar Maheshkumar Shah	Director
Mr. Sudhakar Patel	Director's Father
Mrs. Forum S Chokshi	Director's Wife
Mrs. Kavita S Chokshi	Director's Wife
Mrs. Khusboo S Patel	Director's Wife
Mr. Bharatbhai R Chokshi	Director's Father
Mr. Saumil Chokshi HUF	Director's HUF
Mr. Shalin Chokshi HUF	Director's HUF
Mr. Shalin Patel HUF	Director's HUF
Mr. Sudhakar C Patel HUF	Director's Father's HUF
Mrs. Chandrabalaben S Patel	Director's Mother
B Chokshi Chem Pvt. Ltd.	Associate Concern

# Arvee Laboratories (India) Ltd.

CIN: L24231GJ2012PLC068778

Financial Year: 2018-19

## b. Transactions with Related Parties

Sr. No.	Name of Related Party	Interest paid		Purchase		Remuneration		Loan Taken		Loan Repaid		Closing Balance	
		2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Key Managerial Personnel:													
1.	Mr. Shalin Patel	151622	6430349	-	-	1239080	900000	-	26750000	23059239	36897222	-	23059239
2.	Mr. Shalin Chokshi	-	3202477	-	-	1239080	840000	-	-	-	33256436	-	-
3.	Mr Saumil Chokshi	15568	3280521	-	-	-	-	-	-	263067	33541018	-	263067
Relatives of Key managerial Personnel:													
4.	Mr Sudhakar Patel	337507	440125	-	-	-	-	670817	2500000	3000000	17544013	-	2329183
5.	Ms Khusboo Patel	1088460	2683264	-	-	-	-	-	17500000	13911578	22768327	6200000	20111578
6.	Ms Forum Chokshi	468078	1242740	-	-	-	-	11250000	9000000	11368467	10124273	-	118467
7.	Ms Kavita Chokshi	461005	1242740	-	-	-	-	11250000	9000000	11368466	10124274	-	118466
8.	Mr Bharatbhai Chokshi	489271	-	-	-	-	-	7000000	-	7000000	-	-	-
9.	Mr. Shalin Patel HUF	460993	-	-	-	-	-	4000000	-	1150000	-	2850000	-
10.	Mr. Shalin Chokshi HUF	686302	-	-	-	-	-	5000000	-	5000000	-	-	-
11.	Mr Saumil Chokshi HUF	686301	-	-	-	-	-	5000000	-	5000000	-	-	-
12.	Mr Sudhakar Patel HUF	502253	-	-	-	-	-	4000000	-	1800000	-	2200000	-
13.	Mrs	564288	-	-	-	-	-	4500000	-	4500000	-	-	-

# Arvee Laboratories (India) Ltd.

CIN: L24231GJ2012PLC068778

Financial Year: 2018-19

	Chandrabala Patel												
<b>Associate Concern:</b>													
14.	B. Chokshi Chem Pvt. Ltd.	-	460006	32838116	94318194	-	-	-	22250000	-	22250000	1161655	33225770

**Arvee Laboratories (India) Ltd.****CIN: L24231GJ2012PLC068778****Financial Year: 2018-19**

31. In compliance of AS-20 on Earning per share, issued by the ICAI, the elements considered for calculation of earnings per share (Basic and Diluted as under:

<b>Particulars</b>	<b>Current year Amount</b>	<b>Previous year Amount</b>
Net profit/(Loss) after tax available for the equity share holders	22,628,839	10,891,289
Weighted average number of equity shares	5510000	4214000
Nominal/Face value of equity shares (Rupees)	10	10
Basic and Diluted earnings per share	4.11	2.58

32. Taxation :

32.1 Deferred Tax Liabilities:

<b>Particulars of Deferred Tax</b>	<b>2018-19</b>		<b>2017-18</b>	
	<b>Asset</b>	<b>Liability</b>	<b>Asset</b>	<b>Liability</b>
Opening Balance	-	8,620,064	-	9,389,604
Written Down Value as per Companies Act, 2013	-	124,491,029	-	146,809,651
Written Down Value as per Income Tax, 1961	-	103,685,452	-	118,913,003
Diff. in Written Down Value due to timing difference	-	20,805,577	-	27,896,648
Deferred tax liability for the year – Balance Sheet Item	-	5,788,112	-	8,620,064
Net Deferred Tax Exps /(Income) – Profit & Loss Item	-	(2,831,952)	-	(7,69,540)
Opening Balance	1,301,402	-	8,047,732	-
Carry Forward Loss as per Income Tax, 1961	-	-	4,211,659	-
Net Disallowance of Provision for Gratuity	463,770	-	-	-
<b>Deferred tax Asset – Balance Sheet Item</b>	<b>129,021</b>	<b>-</b>	<b>1,301,402</b>	<b>-</b>
Net Deferred Tax Exps / (Income) – Profit & Loss Item	1,172,381	-	6,746,330	-
Net Deferred Tax Exps / (Income) recognized in Profit & Loss	-	(1,659,571)	-	5,976,790
Net Deferred Tax liability (Asset) reflected in Balance Sheet	-	5,659,091	-	7,318,662

**Arvee Laboratories (India) Ltd.****CIN: L24231GJ2012PLC068778****Financial Year: 2018-19****32.2 Current Tax :**

<b>Particulars of Current Tax</b>	<b>2018-19</b>	<b>2017-18</b>
<b>Profit Before Tax</b>	<b>25,441,129</b>	<b>19,158,567</b>
Add : Expenses to the extent disallowable	24,737,051	21,731,866
Less : Expenses to the extent Allowable	16,414,880	19,057,654
Less: Adjustment of Brought Forward Loss	4,211,660	21,832,780
<b>Net Taxable Profit</b>	<b>29,551,640</b>	<b>0</b>
<b>Current Tax @27.82% (20.38%)</b>	<b>8,221,266</b>	<b>3,906,212</b>
Less : MAT Credit Entitlement	3,906,211	1,639,253
<b>Net Current Tax recognized in P&amp;L Account</b>	<b>4,315,055</b>	<b>2,266,959</b>

**33. Other Information:****a) CIF value of Imports:**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Raw Material	181,597,622	85,306,840

**b) Particulars of Expenditure in Foreign Exchange:**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Export sales commission	7,116,244	6,586,211
Travelling Expense	70,000	-

**c) Particulars of Earnings in Foreign Exchange:**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Export of goods/Services on FOB basis	312,822,289	259,684,178
C & F Charges	16,823,438	16,329,907

**d) Consumption of Material:**

<b>Particulars</b>	<b>2018-19</b>		<b>2017-18</b>	
	<b>Amount Rs.</b>	<b>%</b>	<b>Amount Rs.</b>	<b>Amount Rs.</b>
Raw Material				
- Indigenous	188,879,116	49.46%	154,046,892	53.57%
- Imported	193,018,246	50.54%	133,513,099	46.43%
<b>Total</b>	<b>381,897,362</b>	<b>100.00%</b>	<b>287,559,991</b>	<b>100.00%</b>

**e) Unhedged Foreign Currency Exposure:**

<b>Particulars</b>	<b>Currency</b>	<b>2018-19</b>	<b>2017-18</b>
Receivable	USD	163,630.00	1,276,505.00
Payable	USD	356,940.00	429,600.00
Receivable	EURO	240,200.00	-
Payable	EURO	10,052.00	-

**Arvee Laboratories (India) Ltd.**

CIN: L24231GJ2012PLC068778

Financial Year: 2018-19

**34. Contingent liabilities and commitments**

<b>Contingent liabilities and commitments (to the extent not provided for)</b>	<b>AS AT 31.3.2019</b>	<b>AS AT 31.3.2018</b>
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt	32560	Nil
(b) Guarantees	Nil	50000
(c) Other money for which the company is contingently liable	Nil	Nil
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil
(b) Uncalled liability on shares and other investments partly paid	Nil	Nil
(c) Other commitments (specify nature) (LC discounted)	5154240	Nil

35. Other disclosure required under schedule – III of Companies Act, 2013 are either Nil or Not Applicable.

**As per our separate report  
of even date attached herewith**

**For K C J M & Associates  
Chartered Accountants**

**For Arvee Laboratories (India) Ltd.**

**Kabir Mansuri  
(Partner)  
Membership No. : 126585  
Firm Registration no :- 121324W**

**Shalin Patel  
Director  
DIN: 01779902**

**Shalin Chokshi  
Director  
DIN: 00191903**

**Place : Ahmedabad  
Date : 27/05/2019**

**Saurin A Gandhi  
Chief Financial Officer  
PAN: AJUPG7995F**

**Raina Singh Chauhan  
Company Secretary  
M. No. 57624**