

**27<sup>TH</sup>**  
**ANNUAL REPORT**  
**2015-2016**



**ALCHEMIST LIMITED**

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## CONSOLIDATED FINANCIAL STATEMENTS

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**CORPORATE INFORMATION**

|   |  |  |
|---|--|--|
| <b>Board of Directors</b>                         | Mr. Pavan Kumar Verma<br>Mr. Vinay Kumar Mittal<br>Ms. Maria Fernandes<br>Mr. Tanveer Gill   | Whole Time Director<br>Director (Non-Executive)<br>Director (Independent)<br>Additional Director (Independent) |
| <b>Chief Financial Officer</b>                    | Mr. Bikram Bhattacharya  |  |
| <b>Company Secretary &amp; Compliance Officer</b> | Mr. Vinay Singh  |  |
| <b>Statutory Auditors</b>                         | M/s N. Kumar Chhabra & Co.<br>Chartered Accountants, Chandigarh.   |  |
| <b>Bankers</b>                                    | Punjab National Bank<br>Bank of India<br>HDFC Bank   |  |
| <b>Registrar &amp; Share Transfer Agents</b>      | M/s. Link Intime Private Limited   |  |
| <b>Registered &amp; Head Office</b>               | 23, Nehru Place New Delhi - 110019<br>Phone: 011-40600800, Fax: 40600888<br>E-mail: investors@alchemist.co.in<br>Website: www.alchemist.co.in                  |  |
| <b>Chandigarh Office</b>                          | SCO 12-13, Sector 9-D, Madhya Marg, Chandigarh - 160009<br>Phone: 0172-4680000, Fax: 2740099   |  |
| <b>Works Pharma Unit</b>                          | Electronic Complex, Chambaghat, Solan, Himachal Pradesh  |  |
| <b>Steel Unit</b>                                 | Chanalon, Near Kurali, District :Ropar, Punjab<br>Phone: +91-0160-5003184-85.  |  |
| <b>Floriculture Unit</b>                          | Dappar, Ambala Chandigarh Highway, District Mohali,<br>Punjab Phone: +91-1762-248666-248668,<br>Village Kanogata, Rajgarh, District Sirmour (Himachal Pradesh) |  |

**DIRECTORS' REPORT**

**Dear Members,**

Your Directors are pleased to present the 27<sup>th</sup> Annual Report on the business and operations of the Company along with the Audited Annual Financial Statements and the Auditors' Report thereon for the financial year ended 31<sup>st</sup> March, 2016. The financial highlights for the year under review are given below:

**FINANCIAL HIGHLIGHTS****(₹ in lacs)**

| <b>Particulars</b>                      | <b>Financial Year<br/>2015-16</b> | <b>Financial Year<br/>2014-15</b> |
|---|-----------------------------------|-----------------------------------|
| Revenue from Operations & Other Income  | 4,050                             | 27,414                            |
| Operating Profit /(Loss)                | (462)                             | (1,018)                           |
| Finance Charges                         | 276                               | 196                               |
| Profit (Loss) before depreciation & Tax | (739)                             | (1,214)                           |
| Depreciation                            | 862                               | 682                               |
| Exceptional Item                        | 278                               | Nil                               |
| Profit/ (Loss) before Tax               | (1,879)                           | (1,896)                           |
| Taxation                                | 209                               | 100                               |
| Profit/ (Loss) for the year             | (2,088)                           | (1,996)                           |
| Proposed Dividend                       | Nil                               | Nil                               |
| Tax on Dividend                         | Nil                               | Nil                               |

The volatility and uncertainty in the economy continued during the year. Due to slow down in the markets across the world and decline in the export the net revenue of the Company was ₹ 4,050 lacs as compared to ₹ 27,414 lacs during the previous year. The Operating profit/(loss) i.e profit/ (loss) before interest, depreciation & Tax during the year was ₹ (462) lacs as compared to ₹ (1,018) lacs during the previous year. The net profit/(loss) after tax was ₹ (2,088) lacs during the year as compared to ₹ (1,996) lacs during the previous year.

**CHANGE IN NATURE OF BUSINESS, IF ANY**

There is no change in the nature of business of the Company during the year.

**DIVIDEND**

Considering the continued weak operating environment in the standalone business and in view of the losses for the year, no dividend is permitted to be paid to the Members for Financial Year 2015-16, as per the Companies (Declaration and Payment of Dividend) Rules, 2014.

**SHARE CAPITAL**

The paid up Equity Share Capital was ₹ 1355.98 Lacs and paid up Preference Share capital was ₹ 31.86 Lacs as on March 31<sup>st</sup>, 2016.

**DEPOSITORY SYSTEM**

As the members are aware, the Company's equity shares are compulsorily tradable in electronic form. As on March 31<sup>st</sup>, 2016, 12,777,561 shares (94.23%) of the Company's total paid-up capital representing 13,559,800 shares are in dematerialized form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories.

**LISTING**

The Shares of your Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange India Limited (NSE). The Listing fee for the year 2016-17 has been paid to the Stock Exchanges. Annual custodian charges of Depository have also been paid to NSDL and CDSL for the same period.

**TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

During the year the Company has transferred the unpaid or unclaimed dividends for the financial year 2007-2008 amounting to ₹ 1,073,327/- to Investor Education & Protection Fund (IEPF). This amount was due & payable and remained unclaimed and unpaid for a period of seven years as per relevant provisions of Companies Act, 2013 and rules made thereunder.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company.

The amount of dividend for the subsequent years i.e from the financial year ended 31<sup>st</sup> March, 2009 and onwards, remaining unclaimed for a period of seven years from the date of transfer to Unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims.

### **SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENTS**

As on 31<sup>st</sup> March, 2016, the company has four subsidiary companies namely Alchemist Foods Limited, Alchemist Infrastructures Private Limited and Alchemist Hospitality Group Limited, Alchemist Enterprise (s) Pte Limited, Singapore.

The Financial Statements of Alchemist Limited's wholly owned foreign subsidiary "Alchemist Enterprise (S) Pte Ltd." is not consolidated because the same is under the compilation process till the date of balance sheet. Financial statements of other subsidiaries are consolidated as per the requirements of the Companies Act, 2013, accounting standards and accounting policies applicable to the company.

Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of the subsidiary companies is attached to the Financial Statements in Form AOC-1. The Company will make available the said financial statements and related detailed information of the subsidiary companies upon the request by any member of the Company or its subsidiary companies. These financial statements will also be kept open for inspection by any Member at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial statements of its subsidiary companies.

### **DEPOSITS**

The Company has not accepted any deposits from the public during the year under review.

### **PERFORMANCE REVIEW**

The company's main business segments are Agri Business comprising largely floriculture Steel and Chemicals pharma division comprising the manufacturing and trading. The company's subsidiaries are in the business of foods and food processing, infrastructures and Hospitality.

### **PHARMA DIVISION**

Alchemist Pharma division is a strong vertical of Alchemist Group with around 200 SKU's and promoted through a very strong committed field force. Pharma division enjoys tremendous respect with the medical fraternity and covering a universe of around 40,000 Doctors and 20,000 retailers across the country. Alchemist's Molecules have been acknowledged with tremendous response at the market place. A detailed write up on the pharma divisions is contained in the section on Management Discussion and Analysis elsewhere in this report.

### **AGRI DIVISION**

The company continued to mark its presence in business of Global Agri Trade.

### **STEEL DIVISION**

Steel business segment is consistently making achievement and the production efforts are now supplemented by trading activity as well.

### **Particulars of loans, guarantees or investments under section 186**

Complete details of Loans, Guarantees and Securities, and Investments covered under Section 186 of the Companies Act, 2013 given during the year under review is provided below: .

#### **DETAILS OF INVESTMENTS:-**

| SL. No. | Date of investment | Details of Investee     | Amount (In Lacs) | Purpose for which the proceeds from investment is proposed to be utilized by the recipient | Date of BR | Date of SR (if reqd) | Expected rate of return |
|---------|--------------------|-------------------------|------------------|--|------------|----------------------|-------------------------|
| 1       | 23.04.2014         | Alchemist Foods Limited | 13900.21         | For the expansion of the business  | 28.05.2015 | 23.04.2014           | 1% OCRP                 |

### **Related Party Transaction**

All the related party transactions are entered on arm's length basis and are in compliance with applicable provisions of the Act and the Listing Agreement.

All related party transactions are presented to the Audit Committee and the Board. Said approvals are obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee periodically, specifying the nature, value and terms and conditions of the transactions.

Related Party Transaction Policy as approved by the Board is uploaded on Company's Website at the web link i.e. <http://www.alchemist.co.in/investors.html>.

The details of the transactions with the Related Party are provided in the accompanying financial statements. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

All possible measures have been undertaken successfully by your Company to achieve the desired objective of energy conservation and technology absorption. Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014 is annexed as **Annexure-I**

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: <http://www.alchemist.co.in/investors.html>.

The Annual Report on CSR activities is annexed herewith marked as **Annexure II**.

### **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED/RETIRED DURING THE YEAR**

In accordance with the provisions of Companies Act, 2013 and Article of Association of the Company, Mr. Vinay Kumar Mittal (DIN-00287042) will retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. The Board recommends his re-appointment as a Director of the Company.

The Board has appointed Mr. Tanveer Gill as an Independent Director of the Company effective from 30<sup>th</sup> March, 2016 to 29<sup>th</sup> March, 2021, subject to the approval of the shareholders. Mr. Tanveer Gill, appointed as an Additional Director, will hold office till the ensuing AGM and is eligible for appointment. The Company has received requisite request in writing from a member of the Company proposing the candidature of Mr. Tanveer Gill for the office of Independent Director. The Board recommends his re-appointment as an Independent Director of the Company.

During the year following Directors resigned/ceases from the Board -

- Mr. Major Gen. (Retd.) Anil Kumar Oberoi and Mr. Jaspreet Singh Jolly with effect from 18<sup>th</sup> April, 2015 and 20<sup>th</sup> May, 2015 respectively.
- Mr. Tarlochan Singh and Mr. R. P. Chhabra with effect from 15<sup>th</sup> April, 2015 and 5<sup>th</sup> June, 2015 respectively.
- Mr. Asoke Kumar Chatterjee with effect from 04<sup>th</sup> August, 2015 due to death. Ms. Silpi Chakraborty resigned with effect from 27<sup>th</sup> January, 2016.

The Board places on record its appreciation of the immense contribution made by above Directors to the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and relevant regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges. All independent directors shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment for next five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

The details of program for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at <http://www.alchemist.co.in/investors.html>. All the independent directors of the Company are made aware of their role, responsibilities & liabilities at the time of their appointment /re-appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

### **Meetings**

During the year 6 (Six) Board Meetings and 4 (four) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations.

### **COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION**

The Company has in place a Nomination & Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 19 of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. The details relating to the same are given in Report on Corporate Governance forming part of this Report.

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and Senior Management, board diversity, composition and the criteria for determining qualifications, positive attributes and independence of a Director.

## PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of Unpublished Price Sensitive Information (UPPSI) in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Relevant provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY/ RISK MANAGEMENT

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour the company has adopted a Vigil Mechanism Policy/ Whistle Blower policy.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. These risks are assessed and steps as appropriate are taken to mitigate the same.

## INTERNAL CONTROL SYSTEM

Details of internal control system and its adequacy are included in the Management Discussion and Analysis Report, which forms part of this Report.

## OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2015-2016, no complaints were received by the Company related to sexual harassment.

## STATUTORY AUDITORS

M/s N. Kumar Chhabra & Co., Chartered Accountants, have been appointed as statutory auditors of the Company at the 25<sup>th</sup> Annual General Meeting held on September 26<sup>th</sup>, 2014 for a period of three years subject to ratification by members at every subsequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

The Company has received a certificate from M/s N. Kumar Chhabra & Co., Chartered Accountants, Statutory Auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 141(3) (g) of the Companies Act, 2013 and they are not disqualified to be re-appointed as Statutory Auditors.

## EXPLANATION TO AUDITOR'S REMARKS

The Board has taken note of the Observations made by the Auditors in their Report.

Reply to Auditors qualifications/observations-

- **Regarding redemption of preference shares otherwise than out of the profits-** The redemption process had been carried by the company as part of contractual obligations on due dates. The amount is not material in overall context and the company will make the reserves for this purpose in future. The management will raise the funds through fresh issue in future for the aforesaid purpose, so that the provision of the companies act will not be violated.
- **Regarding computation of Depreciation-** Depreciation is provided based on useful life of the Assets as prescribed in schedule II of the Companies Act, 2013. The Company had to make assumption about the life of assets in view of changes in the law and has made best judgement assessment for all the circumstances and ensure to comply the provisions of schedule II of the Companies Act, 2013.
- **Regarding outstanding export receivables-** The Company has extended credit from time to time as per the market practice for export receivable and regular follow up is being done to recover the same and the management is confident to recover the same. Hence no provision made by the management.
- **Regarding consolidation of the financial statement of the foreign wholly owned subsidiary Alchemist Enterprises (S) Pte Ltd-** The Financial Statements of wholly owned foreign subsidiary "Alchemist Enterprise (S) Pte

Ltd.” is not consolidated because the same is under the compilation process till the date of balance sheet and the company is under process of closure.

- **Regarding internal financial control-** To have an effective and transparent internal financial control, the management have engaged an outside agency to document the present internal financial controls in place and make improvements wherever required. Since the agency was engaged in February, 2016, they were still in the process of establishing the internal financial control as on March 31<sup>st</sup>, 2016.

### **SECRETARIAL AUDITORS**

The Board has appointed M/s Virender Sharma & Associates, Company Secretaries to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2016 is annexed herewith marked as **Annexure- III** to this Report.

### **EXPLANATION TO SECRETARIAL AUDITOR'S REMARKS**

The Board has taken note of the Observations made by the Secretarial Auditors in their Report.

- **Regarding redemption of preference shares otherwise than out of the profits-** The redemption process had been carried by the company as part of contractual obligations on due dates. The amount is not material in overall context and the company will make the reserves for this purpose in future. The management will raise the funds through fresh issue in future for the aforesaid purpose, so that the provision of the companies act will not be violated.

### **INTERNAL AUDITORS**

The Company has appointed Ms. Swaraj Sindhu, Chartered Accountant (Membership No.-515486) as internal auditor to undertake the audit exercise. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. This includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

### **COST AUDITORS**

M/s. SDM & Associates, Cost Accountants, Chandigarh, is being appointed as the Cost Auditor of the Company to conduct the audit of the cost records of the Company for the financial year the for financial year 2015-16.

The Board of Directors at its meeting held on 10<sup>th</sup> May, 2016, has approved the appointment of M/s. SDM & Associates, Cost Accountants as the Cost Auditors of the Company, for conducting audit of cost records for the financial year ending 31<sup>st</sup> March, 2017. A proposal for ratification of remuneration of the Cost Auditors for Financial Year 2016-17 is placed before the shareholders.

### **PARTICULARS OF EMPLOYEES**

Information in accordance with the provisions of Section-134 (3) (q) and Section 197(12) of the Act read with Rule 5(1) & Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended as **Annexure IV** to the Directors' Report.

### **Human Resources**

Your Company treats its “Human Resources” as one of its most important assets. The Company has taken pragmatic steps for strengthening organizational competency through involvement and development of employees as well as installing effective systems for improving the productivity, quality and accountability at functional levels.

### **INDUSTRIAL RELATIONS**

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

### **INSURANCE**

Your Company has taken reasonable steps to prevent risks and the Board is kept apprised of the risk assessment and minimization procedure. The assets of the Company have been adequately covered under insurance. The policy values have been enhanced taking into consideration the expanded and upgraded facilities of the Company.

### **INFORMATION TECHNOLOGY**

The Company continues to derive its business and service functions through deployment of a strong Information Technology network across its offices, verticals, outlets etc. to inculcate efficiency and discipline at all levels. In pursuit of this, the Company has further strengthened its Human Resource Information System (HRIS) viz. My Adrenalin, which is web portal dedicated to employees. The employee's information like personal data (personal information, qualification and remuneration details etc.), employee data (current & past employment and training details), self-task (attendance, leave and training



request, IT declarations etc.) and MIS continue to be coordinated through this System. The Management of the Company interacts with the employees with regular thoughts and messages on this portal. Also Monthly Newsletter of the Company and other significant information are posted on the same. This initiative of the company is a move towards paperless regime, reduction in costs, saving of trees and thereby environment. A detailed write up on the IT Business is contained in the section on Management Discussion and Analysis.

## **RESEARCH AND DEVELOPMENT**

The Company continues to give significant attention to Research & Development which has been providing significant support to the manufacturing capabilities of the Company and has helped the company in expanding its product basket significantly. This has also enabled the Company to become the most preferred source for its customers and also launch global associations.

## **EXTRACT OF ANNUAL RETURN**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report as **ANNEXURE-V**.

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report and marked as **Annexure-VI**.

## **CORPORATE GOVERNANCE**

As required by regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the stock exchanges, a detailed report of Corporate Governance as well as Corporate Governance Compliance Certificate is included in the Annual Report and marked as **Annexure-VII**.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Directors confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- accounting policies have been selected 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 and of the profit and loss of the company for that period.
- proper and sufficient care has been taken 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
- the annual accounts have been prepared on a going concern basis; and;
- Internal financial controls followed by the company and those internal financial controls are adequate and were operating effectively.
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively. To have an effective and transparent internal financial control, the management have engaged an outside agency to document the present internal financial controls in place and make improvements wherever required.

## **ACKNOWLEDGEMENT**

We thank the Government of India and Governments of various states, where the company has its operations. We also take this opportunity to thank our bankers Punjab National Bank, UCO Bank, Bank of India, State Bank of India, HDFC Bank Ltd and other banks for their continuous support to the company.

We also thank our esteemed customers & clients, vendors, and investors for their continued support during the year. We also take this opportunity to place on record appreciation of the contribution made by our employees at all levels. Our growth demonstrates their commitment, handwork, support, and cooperation.

For and on behalf of the Board of Directors  
**ALCHEMIST LIMITED**

**Date: 10<sup>th</sup> August, 2016**  
**Place: New Delhi**

**Sd/-**  
**Pavan Kumar Verma**  
**(Whole time Director)**  
**DIN-00213365**

**ANNEXURE INDEX**

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