



# **KUMAKA INDUSTRIES LIMITED**

(CIN : L99999MH1973PLCO16315)

**41<sup>st</sup>**  
**Annual Report**  
**2014-2015**

**KUMAKA INDUSTRIES LIMITED**

**(Established on 13-02-1973)**  
**(CIN : L99999MH1973PLCO16315)**  
**41st Annual Report 2014-15**  
**Corporate Information**

**Board of Directors:**

|                       |   |  |
|-----------------------|---|--|
| Shri Pankaj Kadakia   | - | Chairman                                       |
| Shri Shyam P Kadakia  | - | Managing Director                              |
| Dr. Niranjana Pandya  | - | Non Executive Independent Director             |
| Dr. Dhananjay Panchal | - | Non Executive Independent Director             |
| Dr. Shailesh R Modi   | - | Non Executive Independent Director             |
| Mrs. Madhavi Kadakia  | - | Non Executive Women Director (From 12/03/2015) |

**Auditors:**

M/s. M. B. Majmudar & Co.  
Chartered Accountants,  
Vadodara

**Registered Office:**

209, 2nd Floor, Marine Chambers,  
43, New Marine Lines, Churchgate  
Mumbai-400 020

**Corporate Office:**

5/B, 5th Floor, Ram Krishna Chambers,  
B.P.C.Road, Alkapuri, Vadodara-390007  
Tel. No. : 0265-2330019; Fax No. : 0265-2333884  
Website: kumakaindustries.com  
E-mail : info@kumakaindustries.com

**Registrar and Transfer Agent:**

**Link Intime India Pvt. Ltd.**

B-102 & 103, Shangrilla Complex, First Floor,  
Opp. HDFC Bank, Near Radhakrishna Char Rasta,  
Akota, Vadodara-390020.  
Tel. No. : 0265-2356573/6794; Fax No. : 0265-2356791  
Email: alpesh.gandhi@linkintime.co.in

## KUMAKA INDUSTRIES LIMITED

### NOTICE

**Dear Member(s),**

NOTICE is hereby given that the 41st Annual General Meeting of the Members of KUMAKA INDUSTRIES LIMITED will be held on Tuesday, 22nd September, 2015 at 2:30 PM at The Maharashtra Chamber of Commerce, Industry and Agriculture (MACCIA), Oricon House, 6th Floor, 12, K.Dubhash Marg, Near Kala Ghoda, Fort, Mumbai - 400001 Maharashtra to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Financial Statement consisting of Balance Sheet as at March 31, 2015, Profit and Loss and Cash Flow Statement for the year ended on March 31, 2015 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pankaj Manilal Kadakia who is liable to retire by rotation and being eligible offers himself for reappointment.
3. To appoint Statutory Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and pursuant to resolution passed by the Members at their Annual General Meeting held on 30th September, 2014, the appointment of M/s. M.B. Majmudar & Co., Chartered Accountants, the Statutory Auditors, to hold office till the conclusion of Annual General Meeting to be held in the year 2016, be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix remuneration payable to the Statutory Auditors for the Financial year ending 31st March, 2016, as may be determined by the Board in consultation with the Auditors plus service tax, out-of-pocket expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors."

**Special Business:**

4. To appoint Mrs. Madhavi Kadakia (DIN: 02570340) Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :  
"RESOLVED THAT Mrs. Madhavi Kadakia (DIN: 02570340) who was appointed as an Additional Director by the Board of Directors of the Company with effect from 12th March, 2015, and who holds office up to the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 (the Act) and the Articles of Association of the Company, but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company in terms of Section 149(1) of the Companies Act, 2013, whose period of office shall be liable to determination by retirement of directors by rotation."

**Date: 11-05-2015**

**Place: Vadodara.**

**By Order of the Board,**

**Kapil Dighe**  
**Company Secretary**

**Notes:-**

**1. PROXY/AUTHORIZED REPRESENTATIVE**

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
The instrument appointing proxy (Proxy Form), in order to be effective must be deposited at the registered office of the company, not less than forty-eight (48) hours before the commencement of the annual general meeting ("AGM"). Proxy Form is enclosed with the Notice.  
Members are requested to note that a person can act as proxy on behalf of the members not exceeding 50 (fifty) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
- (ii) A member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, during the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, provided that not less than 3 days of notice in writing is to be given to the Company.

## KUMAKA INDUSTRIES LIMITED

- (iii) Corporate Members intending to send their authorized representatives to attend the AGM are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- (iv) In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

### 2. BOOK CLOSURE

Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 15th September, 2015 to Tuesday, 22nd September, 2015 (both days inclusive) for the purpose of Annual General Meeting .

### 3. CUT OFF DATE:

- (i) This Notice is being sent to all the members whose name appears as on 24th August, 2015 in the Register of Members or Beneficial Owners as received from M/s Link Intime India Private Limited, the Registrar and Transfer Agent of the Company.
- (ii) A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on Tuesday, September 15, 2015 (the "Cut Off Date") only shall be entitled to vote through Remote E-voting and at the AGM. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the Cut Off date.

### 4. Communication to Members

- (i) The Notice of the AGM along with the Attendance Slip and Proxy Form, and a copy of annual report is being sent by electronic mode to all members holding shares as on 24th August, 2015, whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same and also to the auditors and directors of the Company. For members who have not registered their email addresses, physical copies of the annual report along with aforesaid documents are being sent by the permitted mode.
- (ii) Abridged and full version of the annual report and notice of AGM will also be available on the website of the Company at [www.kumakaindustries.com](http://www.kumakaindustries.com) and at the website of CDSL. Hard copies of the annual reports will be sent to those shareholders who will request the same.
- (iii) All the documents referred to in the accompanying notice, explanatory statement and Register of directors and key managerial personnel and their shareholding are open for inspection at the registered office of the Company on all working days except Saturdays and Sunday, between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
- (iv) **In case you have any query relating to the enclosed annual accounts you are requested to send the same to the Company Secretary at the Corporate office of the Company or on email Id "secretarial@kumakaindustries.com", at least 10 days before the date of AGM so as to enable the management to keep the information ready.**
- (v) In order to implement the Green Initiatives of the Government, whereby Companies have now been allowed to send/ serve notice(s) / document(s) / Annual Report(s) etc. to their members through electronic mode, your Company hereby requests all its members to register their email ID with the Registrar and Transfer Agent (in case of Physical holding), if not yet provided, to promote Green Initiative.

### 5. VOTING BY MEMBERS

The voting for the agenda items as mentioned in the Notice shall be done in the following manner:

- (i) Members may cast their votes through electronic means by using an electronic voting system from a place other than the venue of AGM ("Remote E-voting") in the manner provided below during the e-voting period as mentioned below in Para 5(I)(A).
- (ii) At the venue of AGM, voting shall be done through ballot papers ("Ballot Paper") and the members attending AGM who have not casted their vote by Remote E-voting shall be entitled to cast their vote through Ballot Paper.
- (iii) A Member may participate in the AGM even after exercising his right to vote through Remote E-voting but shall not be allowed to vote again at the venue of the AGM. If a Member casts votes through Remote E-voting and also at the AGM, then voting done through Remote E-voting shall prevail and voting done at the AGM shall be treated as invalid.
- (iv) The Company has appointed Mr. Jayesh Vyas, Practicing Company Secretary as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner

#### (I) Voting through Electronic Means

In compliance with Section 108 of the Companies Act 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended vide Companies (Management and Administration) Amendment Rules, 2015, and Clause 35 B of the Listing Agreement the Company is pleased to provide facility of Remote E-

## KUMAKA INDUSTRIES LIMITED

voting to all its Members, to enable them to cast their votes on all resolutions set forth in this Notice electronically and the business mentioned in the Notice may be transacted through E-voting. Remote E-voting is optional and not mandatory. The Company has engaged the services of Central Depository Services Limited (CDSL) for the purpose of providing Remote E-voting facility to all its Members. The process and manner of Remote E-voting are as under:

**(A) Instruction for e-voting by Members whose email ID's are registered with the Company/Depository Participant(s)**

- (i) The voting period begins on 19th September, 2015 at 9 A.M and ends on 21st September, 2015 at 5 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 15th September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5 P.M. 21st September, 2015.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

|              | Enter your 10 digit alpha-numeric  |
|--------------|--|
| PAN          | <p>* PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul> |
| DOB          | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.  |
| Dividend     | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.   |
| Bank Details | <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>   |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Kumaka Industries Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

## KUMAKA INDUSTRIES LIMITED

- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### 6. SCRUTINIZER

- (i) Mr. Jayesh Vyas, Company Secretary in Practice (Membership No. FCS 5072) having consented to act as a scrutinizer has been appointed as scrutinizer ("Scrutinizer") for scrutinizing the voting process (Ballot Paper as well as Remote E-voting) in a fair and transparent manner.
- (ii) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM by Ballot Papers and thereafter unblock the votes casted through e-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer shall, within a period not exceeding two days from the conclusion of the AGM, prepare and present a consolidated report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.

### 7. DECLARATION OF RESULTS

The Result of voting (Remote E-voting and the voting at the AGM) on the resolutions shall be declared within 2 days from the date of AGM by the Chairman or any person authorized by him for this purpose. The results declared along with the report of the Scrutinizer shall be placed on the website of the company i.e. [www.kumakaindustries.com](http://www.kumakaindustries.com) in the investors relation section and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com), immediately after the result is declared and simultaneously communicated to the Bombay Stock Exchange.

### 8. NOMINATION

Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 or any statutory re-enactment thereof, are requested to submit the request in prescribed form SH-13 to the RTA (enclosed with this Notice).

### 9. EXPLANATORY STATEMENT AND ADDITIONAL INFORMATION

- (i) The Statement pursuant to Sec. 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
- (ii) Additional information pursuant to Clause 49 (III)(E) of the Listing Agreement pertaining to the Directors proposed to be reappointed vide Item No. 4 of the Notice, is provided in the Report on Corporate Governance forming part of Annual Report of 2015. The Director(s) have furnished the requisite consents / declarations for their appointment / re-appointment.

### 10. OTHER INFORMATION

Members are, therefore, requested to bring their own copies of the Annual Reports to the meeting.

Date: 11-05-2015

Place: Vadodara.

By Order of the Board,

Kapil Dighe  
Company Secretary

## KUMAKA INDUSTRIES LIMITED

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act") :

#### Item No. 4:

The Board of Directors has appointed Mrs. Madhavi Kadakia (DIN: 02570340) as an Additional Director of the Company w.e.f. 12th March, 2015, in terms of Article 153 of the Articles of Association of the Company read with Section 161 of the Companies Act, 2013, read with, to comply with the provisions of Section 149(1) of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mrs. Madhavi Kadakia shall hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of Rs.1,00,000/- proposing the candidature of Mrs. Madhavi Kadakia for the office of Director whose period of office shall be liable to determination by retirement of directors by rotation.

The Company has received from Mrs. Madhavi Kadakia (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mrs. Madhavi Kadakia as a Woman Director of the Company pursuant to Section 149(1) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Pankaj Manilal Kadakia and Mr. Shyam Pankaj Kadakia, are in any way, interested or concerned in this resolution.

The Board recommends the resolution set forth in Item no. 4 for the approval of the members.

#### DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (Pursuant to Clause 49 of the Listing Agreement)

| Particulars  | Mrs. Madhavi Kadakia   |
|--|--|
| Date of Birth  | 23/10/1954   |
| Date of Appointment  | 12/03/2015   |
| Qualifications   | B.A. (Economics & Political Science)<br>Teacher for Deaf, Post Graduate Diploma in<br>Clinical & Community Psychology. |
| Expertise in specific functional areas   | Nil  |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies)   | Nil  |
| Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee. | Nil  |
| Number of shares held in the Company   | 39,07,850  |

# KUMAKA INDUSTRIES LIMITED

## DIRECTORS' REPORT

To,  
The Members,  
Kumaka Industries Limited.

Your Directors hereby present their 41st Annual report on the business and operations of the Company and the Audited financial accounts for the Year ended 31st March, 2015.

### 1. Highlights of performance :

Following figures summarize the financial performance of the Company for the year 2014-2015

### Financial Results : ( Amount in Lacs.)

| Particulars                           | 31.03.2015 | 31.03.2014 |
|---------------------------------------|------------|------------|
| Gross Total Income                    | 112.52     | 577.63     |
| Profit before Finance                 |            |            |
| Cost, Depreciation and Taxes          | 14.42      | 447.12     |
| Less: Finance Cost                    | 0.13       | 0.04       |
| Less: Depreciation                    | 13.23      | 8.35       |
| Less: Tax                             | -          | -          |
| Less: Extraordinary/Exceptional Items | -          | -          |
| Profit after Tax                      | 1.06       | 438.72     |
| Net profit carried to Balance Sheet   | 1.06       | 438.72     |

### 2. Dividend

In view of carried forward loss, the Board regrets its inability to recommend payment of Dividend for the year under review

### 3. Appropriation of Reserves

The Company has not proposed to transfer any portion of profit to the General Reserve / Capital Redemption Reserve or any other reserve for this year in view of carried forward losses.

### 4. Share Capital

The paid up Equity Share Capital as on 31st March, 2015 was Rs. 12.085 Crores. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

### 5. Company's Performance/ State of Company's Affairs

The Company earned Gross Total Income of Rs. 112.52 Lacs for the year under review as against Rs. 577.63 Lacs for the financial year 2013-14 and after providing finance cost, Depreciation and Tax, The Net Profit rich at Rs. 1.06 Lacs as against Rs. 438.72 Lacs of previous year. As the members are aware, Operations of the Company has already been recommenced from October 2014 by manufacturing High Potent Active Pharmaceutical Ingredients (HPAPI) at Ankleshwar after having received GPCB Permission and necessary Drug License and other registration. The Company is in process of availing necessary working Capital finance from Banks.

### Future Prospects:

Overall Pharmaceuticals Industry growth is upswing and the consumption of the products is increasing. Management is very optimistic on the Pharmaceutical products.

As regards to Sterilization, the Government has realized the importance and need of the service in order to overcome the fluctuation in the Food Grain, Pulses and Vegetable markets. Most of the Civil Drawings for construction of Plant Building are ready and the Management is in the process of mobilizing the term loan for this project to fund for funding part of the project requirement.

### 6. Subsidiary Companies

The Company has no subsidiary company as on March 31, 2015. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

M/s. Kadakia Alkalies & Chemicals Ltd. ceased to be the wholly owned subsidiary with effect from 7th March, 2015 upon disinvestment of equity shares of Rs.10/- each.

### 7. Directors' Responsibility Statement

- That in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- That such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the Profit of the Company for the year ended on that date;
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the annual financial statements have been prepared on a going concern basis.
- That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### 8. Deposits

The Company has no overdue, unpaid / unclaimed deposit. The Company does not have any deposit from Directors or any other Shareholder or Member as at 31st March, 2015.

### 9. Details of Directors or KMP who were appointed or have resigned during the year:

Mrs. Madhavi Pankaj Kadakia has been appointed as the Director of the Company w.e.f. 12th March, 2015. Mr. Kapil Ketan Dighe has been appointed as the Company Secretary w.e.f. 12th March, 2015.



## KUMAKA INDUSTRIES LIMITED

### Events occurring after Balance Sheet Date – Change in Directors/KMP.

Mr. Jay Ramani ceased to be Chief Financial Officer w.e.f. 9th May, 2015 on resignation, in whose place Mr. Bharat Parikh has been appointed as the Chief Financial Officer w.e.f. 11th May, 2015.

### 10. Board Meetings held during the year.

Six Meetings of Board of Director were held during the year 10-05-2014, 12-07-2014, 13-11-2014, 09-12-2014, 12-02-2015 and 10-03-2015 for details of meetings of the Board please refer to the Corporate Governance Report, which forms part of the Directors' Report.

### 11. Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under Clause 49 of the Listing Agreements ("Clause 49").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

### 12. Policy on Directors' Appointment and Remuneration and other details

The Company's policy on Directors' Appointment and Remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of the Directors' Report.

### 13. Internal Financial Control Systems and their Adequacy

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

### 14. Human Resources

Company's industrial relations continued to be harmonious and cordial during the year under review.

### 15. Auditors

#### (1) Statutory Auditors:

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. M.B. Majmudar & Co., Chartered Accountants, were appointed as statutory auditors of the Company from the conclusion of the 40th Annual General Meeting (AGM) of the Company held on September 30, 2014 till the conclusion of the AGM to be held in the year 2017, subject to ratification of their appointment at every AGM. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for appointment.

#### (2) Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. Jayesh Vyas & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended March 31, 2015. The Secretarial Audit Report is annexed as **Annexure – 1**.

The Auditors' Report and the Secretarial Audit Report for the financial year ended March 31, 2015 do not contain any qualification, reservation, adverse remark or disclaimer.

### 16. Management Discussion & Analysis

#### Pharmaceutical Project-

The current corticosteroid plant received Gujarat FDA license to commence commercial manufacture 21 types of corticosteroids. Most of our products are used in the dermatology segment. Few of the products are also used in inhalers for asthma patients.

In December 2014, the Company also received ISO 9001:2008 certification at its pharmaceutical plant located at 318/319 GIDC Ankleshwar. The Company has started supplying the material to various traders and formulators and is awaiting vendor approval from few companies.

#### Opportunities, Threats, Risk and concerns:

##### Opportunities:

- The Company will start loan-licence manufacturing at its premises
- Get DMF filling of its products
- Get approval from various multi-national Companies
- The Company can start its own formulation unit
- Getting WHO-GMP certification

##### The company will start loan-licence manufacturing at its premises:

- Get DMF filling of its products
- Get approval from various multi-national companies
- The Company can start its own formulation unit

## KUMAKA INDUSTRIES LIMITED

- Getting WHO-GMP certification

### **Threats:**

- There are many players in the markets manufacturing this product hence there can be price-cutting

### **Risk :**

- Foreign exchange fluctuation

### **Outlook-**

The Company has already submitted samples to various Companies for the vendor approval process, which usually takes 4 to 6 months. The Company has also started stability testing of its various products. It is hoped to make the plant WHO-GMP compliant and start loan-license manufacturing for various companies at the earliest.

India has an advantage of lower labour cost compared to North America and Europe. However, the base raw material for this product is imported hence the business is highly susceptible to foreign exchange. We plan to hedge this risk by exporting our material to other countries.

### **Sterilization Project**

The Company has received all the mandatory clearance for the sterilization project. The Company is trying to get a term loan approval from Banks to commence construction of this project.

### **Segment wise Performance-**

The Company is currently in the organic chemical segment and in production of corticosteroids used in manufacture of Pharmaceutical products. Also the Company is in process of commissioning a Irradiation Plant at Sanand.

### **Financial Performance**

The Management measures to re-commence the production activity have taken a step forward and now the plant has re-commenced production with few indigenous Pharmaceuticals companies and with some export orders.

A summary of the financial performance is disclosed in the Director's Report.

### **Internal Control Systems and Adequacy**

The Company has adequate internal control systems including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorization and approval procedures. The Company has an in house internal audit department which carries out audits throughout the year. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board.

### **Cautionary Statement:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward looking statements' within the meaning of applicable securities laws and

regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include financial position of the company, economic conditions affecting demand / supply, price conditions in the domestic and overseas market in which the company operates, changes in the government regulations, tax laws and other statutes.

### **17. Audit Committee & Nomination and Remuneration Committee:**

The details pertaining to composition of audit committee & Nomination and Remuneration Committee are included in the Corporate Governance Report, which forms part of this report.

### **18. Risk Management:**

The Board of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The development and implementation of risk management policy has been covered in the Management Discussion and Analysis, which forms part of this report.

Details of the internal controls system are given in the Management Discussion and Analysis Report, which forms part of the Directors' Report.

### **19. Particulars of Loans, Guarantees Or Investments.**

The Company has not provided any loans and not given any guarantees nor provided securities to any of the entities or made investments pursuant to Section 186 of the Companies Act, 2013 :

### **20. Particulars of Contracts or Arrangements with Related Parties.**

Particulars of transactions with Related parties as required in Accountind Standard - 18 and as per Section 188 of the Companies Act, 2013, for the year under review, are given at Note 2.23 on notes on Financial Statements annexed to this Report.

All the contracts and the transactions entered by the Company during the financial Year with related parties where on arm's length bases, in ordinary course of business anre were in compliance with the applicable provisions of the Act. There are no materially significant related party transactions made by the Company with the promoters a / Directors / KMP or other designated persons which may have potential conflict with the interest of the Company.

### **21. CSR Policy**

The Company embraces responsibility for impact of its operations and actions on all stakeholders including society and community at large. Management's commitment, work ethics and business processes at the Company encourages all its employees and other Participants to ensure a positive impact and its