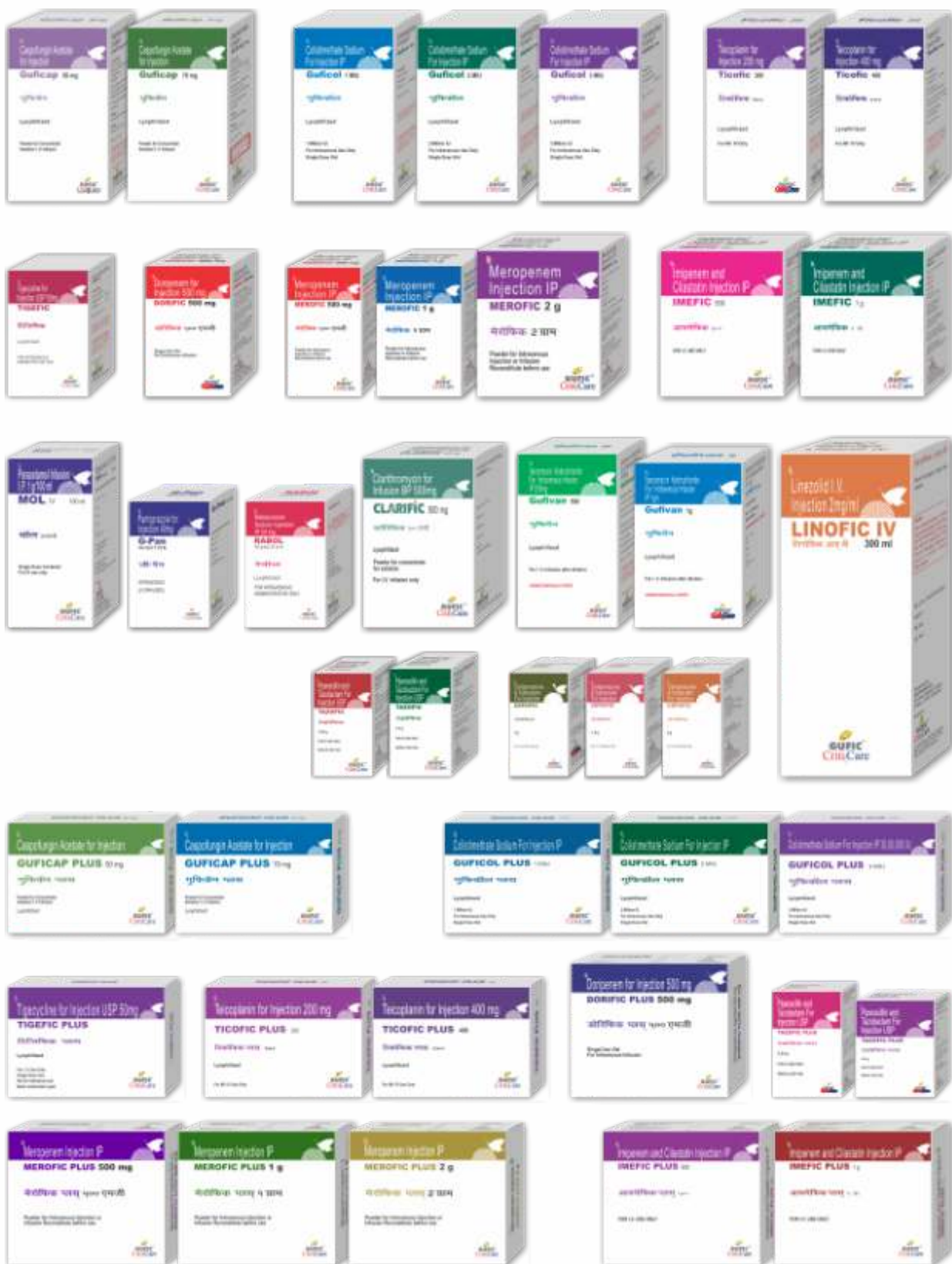




**GUFIC**  
BIOSCIENCES LIMITED

**31ST ANNUAL REPORT 2014-2015**

## GUFIC CRITI CARE DIVISION PRODUCTS



## BOARD OF DIRECTORS

Mr. Jayesh P. Choksi	(Chairman & Managing Director)
Mr. Pranav J. Choksi	(Executive whole-time Director & Chief Executive Officer)
Dr. M. G. Dhapalapur	(Executive whole-time Director) (Resigned w.e.f. Nov 13th, 2014)
Mr. Pankaj J. Gandhi	(Executive Whole-time Director)
Ms. Hemal Desai	(Chief Financial Officer & Additional Director) (w.e.f. Nov 13th, 2014)
Mr. Sharat S. Gandhi	(Non-executive Independent Director)
Mr. Ashok M. Tarale	(Non-executive Independent Director)
Mr. Jagdish D. Shah	(Non-executive Independent Director)
Mr. Khantilal N. Sanghavi	(Non-executive Independent Director) (Resigned w.e.f. Aug 27th, 2014)
Mr. Shreyas Patel	(Non-executive Independent Director)

## COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Santoshkumar J. Sharma

## STATUTORY AUDITOR

S H R & Co (FRN. 120491W)

## COST AUDITOR

Kale & Associates

## SECRETARIAL AUDITOR

Gajanan Athavale (COP. 10121)

## BANKERS

The Saraswat Co-operative Bank Limited  
State Bank of India  
ICICI Bank  
HDFC Bank  
Corporation Bank  
Bank of Baroda

## REGISTERED OFFICE ADDRESS

37, Frist Floor, Kamala Bhavan II,  
S. Nityananad Road, Andheri (East),  
Mumbai – 400 069, Maharashtra, India.  
• E-mail: [gufic@guficbio.com](mailto:gufic@guficbio.com) • website: [www.guficbio.com](http://www.guficbio.com)  
• CIN. L65990MH1984PLC033519

## CORPORATE OFFICE

2ND Floor, 'Dorr Oliver' House, B. D. Sawant Marg,  
Chakala, Andheri (East), Mumbai – 400 099, Maharashtra, India.  
• Tel.: 022 – 6726 1000 • Fax: 022 – 6726 1067 / 68

## PLANT

National Highway No. 8, Near Grid,  
Kabilpore Navsari, Gujarat 396 424  
Tel.: 91 - 02637 - 239946 / 329424

## REGISTRAR AND TRANSFER AGENTS

LINK INTIME INDIA PVT. LTD.  
C – 13, Pannalal Silk Mills Compound,  
L.B.S. Road, Bhandup (W) , Mumbai 400 078.  
Tel No.: (022) 2594 6970  
Fax (022) 2594 6969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## 31st Annual General Meeting

### DAY & DATE

Wednesday, 30th September, 2015

### TIME

2.30 PM.

### VENUE

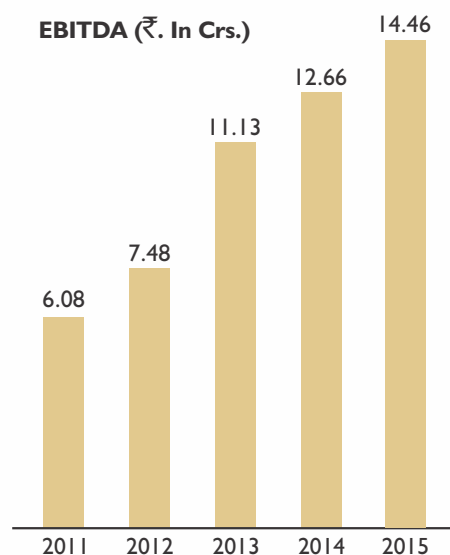
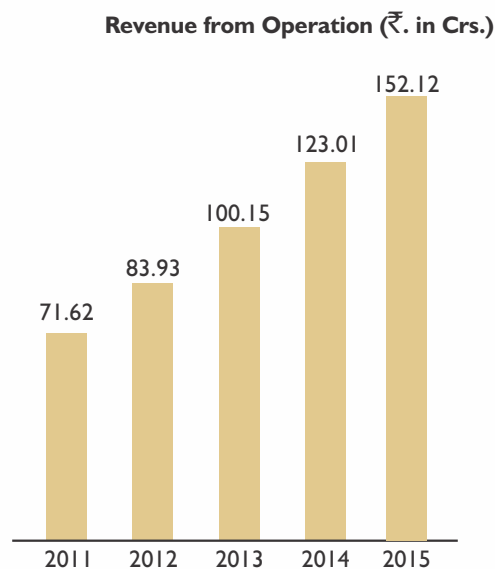
Hotel Parle International,  
B. N. Agarwal Market,  
Next to Dinanath Mangeshkar Hall,  
Vile Parle (E), Mumbai - 400 057.

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## FINANCIAL HIGHLIGHTS



It was another year of sound performance which demonstrates our comprehensive strategic planning, robust execution capability and strong management bandwidth. We have been consistently making efforts to move up the value chain. It is due to our values, hard-work and tenacity of our dedicated team of professionals that we find ourselves in a stable, sound and sustainable position today. With revenue at ₹152.12 Crs. and profit before tax of ₹ 6.52 Crs. we have been able to post a growth of 23% and 4% respectively.

## Chairman's Message

Dear Shareholder,

We are what we repeatedly do. Excellence then, is not an act, but a habit.” Total revenue exceeding ₹.150 crs. for financial year 2014- 15 is a landmark in the history of Gufic Biosciences. With a modest beginning of a new transformed era in FY 2011-12, we have been able to scale newer heights year on year, consistently, adding value at every stage of our growth, with Compounded Annual Growth Rate (CAGR) of 23% for the last 3 years. Best part of this growth was that we were able to make our revenues more stable, sure and sustainable, resulting in company STEADY GROWTH YEAR AFTER YEAR. We are committed to continue this momentum in coming years and are poised for further “STEADY GROWTH YEAR AFTER YEAR”. In spite of high employee benefits, marketing and infrastructure expenses incurred in pursuit of the growth in business company is able to achieve 4.02 % growth with regards to Profit before Tax. Due to said expenses your company managed to acquire new significant customers for steady growth. Despite fall in PAT the overall financial stability of your Company continued to remain strong.

At the same time, we expanded our worldwide footprint and continued an aggressive launch of advanced new products. Our commitment to being a good corporate citizen and employer led to higher levels of volunteerism and engagement.

And, it is always my pleasure to express, on behalf of everyone involved, our sincere appreciation and congratulations to senior management, managers and all Gufic personnel for their direct and unfailing contribution to our institution's financial results. Let me once again convey my great satisfaction in serving the members of Gufic. I am especially proud to work with such a high caliber team of managers, officers and personnel who are as focused on producing financial results as they are attentive to fulfilling member needs.

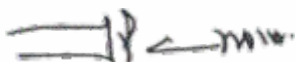
We continue to invest strategically across Gufic to further enhance our differentiation and competitiveness. A key focus is our Critical care Division, including Consumer Division Products, Herbal Division Products. Our early investments in these areas have paid off-today, all of these businesses are of significant scale and growing at rates substantially.

Geographic expansion also remains a key focus of our growth strategy, and we continue to invest in both developed and emerging markets, such as the Nepal, North Africa, etc., as well as in our priority emerging markets. Our priority emerging markets again grew at a faster rate than Gufic as a whole in fiscal 2015.

We are also focused on our environmental strategy, which helps ensure sustainable growth and spans our entire operations- from how we run our business to the services we provide clients and how we engage with employees and suppliers.

I strongly believe that we enjoy a robust foundation that will support growth across all our lines of businesses. We have demonstrated our capabilities across products, customer segments and markets. I intend to continue to leverage this solid platform to achieve our aspirations and deliver value to our stakeholders. During the journey of rejuvenation, I look forward to the continuing support of our shareholders, who have reposed their faith in the Board and in the management. The confidence of you, the shareholders, has been a considerable source of strength for us at Gufic Biosciences. As we step into a new phase of vitality, we continue to rely on this support and confidence.

Yours truly,  
For Gufic Biosciences Limited



Jayesh P. Choksi  
Chairman & Managing Director

# GUFIC BIOSCIENCES LIMITED

## DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the 31st Annual Report of the Company, together with the Audited Accounts for the financial year ended 31st March, 2015.

### FINANCIAL SUMMARY :

₹ in Lacs

Particulars	2014-15	2013-14
Total Revenues	15212.32	12363.65
Profit Before Interest, Depreciation and Tax (PBIDT)	1446.69	1265.68
Interest	446.08	391.57
Depreciation	385.21	246.77
Profit Before Tax (PBT)	652.59	627.34
Provision for Tax	278.61	151.00
Excess Provisions Written Back	7.08	42.90
Provision for Deferred Taxation	(48.84)	7.01
Profit After Tax (PAT)	415.74	426.43
Surplus Brought Forward	1700.16	1318.68
Balance Available for Appropriation	2115.90	1745.11
Appropriations:		
Dividend	38.68	38.68
Tax on Dividend	7.87	6.27
Transfer to General Res.	280.07	--
Surplus Carried Forward	1789.28	1700.16

### FINANCIAL HIGHLIGHTS :

During the year under review the sales increased to ₹. 15212.32 Lacs in comparison to previous year's ₹. 12363.65 Lacs an increased of 23.04%. PBIDT increased by 14.30% and PBT increased by 4.02% PAT decreased by 2.50%.

### DIVIDEND :

The Directors are pleased to recommend a Dividend of 5 % per equity share of Re.1 each for the financial year ended 31st March 2015.

The dividend payout for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

### SHARE CAPITAL:

The paid up equity capital as on March 31, 2015 was ₹. 773.50 Lakhs. During the year under review, the company has not issued shares with differential voting rights nor granted stock options nor sweat equity nor made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees.

### FINANCE:

Cash and cash equivalents as at March 31, 2015 was ₹. 620.63 lakhs. The company continues to focus on judicious management of its working capital, Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

### FIXED DEPOSITS :

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

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has given corporate guarantees covered under the provisions of section 186 of the Companies Act, 2013. The terms and conditions whereof are not prejudicial to the interest of the company. The details of the investments made by company is given in the notes to the financial statements and under point no. X of annexure to Auditors report.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

The company has not contributed funds for the year ended March 31<sup>st</sup>, 2015. But Company has started contributing funds for the schemes of eradicating hunger and poverty, promotion of education and medical aid from May, 2015. The contributions in this regard have been made to the registered trust which is undertaking these schemes. And company will also undertake schemes of distributing food to the poor directly as part of the CSR initiative.

The Annual Report on CSR activities is annexed herewith as: Annexure A

## LISTING :

Your Company is listed with the Bombay Stock Exchange Limited at P. J. Towers, Dalal Street, Mumbai 400 001, bearing Scrip Code No. **509079** and with the National Stock Exchange of India Limited at Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 bearing Scrip Code **GUFICBIO**. The listing fees for the year 2015-2016 has already been paid by the Company.

## CONSERVATION OF ENERGY:

- Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- No specific investment has been made in reduction in energy consumption.
- As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.

## CONSERVATION OF ENERGY:

<b>I. (A) CONSERVATION OF ENERGY</b>		<b>Year ended</b>	<b>Year ended</b>
Details of conservation of energy are as follows:		<b>31.03.15</b>	<b>31.03.14</b>
<b>Power &amp; Fuel Consumption</b>			
<b>(a) Electricity</b>			
Purchased Units	Kwh	2882290	<b>2505396</b>
Total amount	₹ in Lacs	218.90	179.37
Rate per unit (average)	₹	7.59	7.16
<b>(b) Furnace Oil</b>			
Quantity	Ltrs	NIL	179518
Total Cost	₹. In Lacs	NIL	76.74
Average Cost	₹	NIL	42.75
<b>(c) Briquettes</b>			
Quantity	Ltrs l	296780	NIL
Total Cost	₹. In Lacs	70.86	NIL
Average Cost	₹	5.47	NIL
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
Since the Company manufactures several formulations and bulk drugs in the same factory it is not practical to Apportion consumption of Electricity and Furnace Oil to unit of Product.			



# GUFIC BIOSCIENCES LIMITED

## TECHNOLOGY ABSORPTION:

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

## FOREIGN EXCHANGE EARNINGS AND OUT-GO:

Foreign Exchanges earing amounted to ₹. 1,175.48 lacs and for the previous year it was ₹. 922.88 lacs and the total foreign exchange outgo amounted to ₹. 124.63 lacs and for the previous year it was ₹. 32.99 lacs. Increase in Foreign exchange outgo is mainly due to expense incurred for registration of products and related legal expenses

## INDUSTRIAL RELATIONS:

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

## DIRECTORS :

Tenure of Mr. Jayesh P. Choksi, Managing Director and Mr. Pranav Choksi, Executive Director has been expired on March 31, 2015. The Board recommend re-appointment of Mr. Jayesh P. Choksi as Chairman and Managing Director and Mr. Pranav Choksi as wholetime Director of the company for next 5 years subject to the approval of Shareholder and resolution for re-appointment of Mr. Jayesh P. Choksi as Chairman and Managing Director and Mr. Pranav Choksi as Wholetime Director is incorporated in the notice of 31st Annual General Meeting of the company.

Mr. Jayesh P. Choksi retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board of Directors recommends his re-appointment Mr. Khantilal N. Sanghavi, an independent director and Mr. M. G. Dhapalapur, Executive Director submitted resignation to the Board on August 27th, 2014 and November 13th, 2014 respectively due to health issues related to age. The Board hereby places on record its sincerest thanks and gratitude for the invaluable contribution made by Mr. Khantilal N. Sanghavi and Mr. M. G. Dhapalapur towards the growth and development of the company during his tenure as a director. The Board also on behalf of the members wishes Mr. M. G. Dhapalapur a long and healthy life.

Further as per section 152, 161 including any statutory modification (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Company is required to appoint a Woman Director on the board of the Company. Ms. Hemal Desai has been appointed as Additional Director w.e.f 13th November 2015, to hold office up to the date of forthcoming Annual General Meeting. Being eligible, Ms. Hemal Desai offered herself to be appointed as the Executive whole - time Director of your Company.

The details of training and familiarization programmers and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report.

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employee's forms part of Corporate Governance Report of this Annual Report.

## Meetings

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year five Board Meetings and 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.

## DIRECTORS' RESPONSIBILITY STATEMENT :

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the Company for the year under review.
- 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 system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### **RELATED PARTY TRANSACTIONS:**

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Equity Listing Agreement.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis and forms part to the Notes to Accounts in Note No. 31

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as Annexure B to the Board's report.

### **SUBSIDIARY COMPANIES:**

The Company does not have any subsidiary. Accordingly, the disclosure in Form AOC I is not applicable

### **CODE OF CONDUCT:**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "code of business conduct" which forms an Appendix to the Code. The Code has been posted on the Company's website [www.guficbio.com](http://www.guficbio.com).

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were given appropriate training in this regard.

### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY:**

The Company has a vigil mechanism named Fraud and Risk Management Policy to deal with instance of fraud and mismanagement, if any.

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

The Company has a Fraud Risk and Management Policy to deal with instances of fraud and mismanagement, if any.

The FRM Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

### **PREVENTION OF INSIDER TRADING:**

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

All Board Directors and the designated employees have confirmed compliance with the Code

### **AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT:**

The observation made in the Auditors' Report read together with relevant notes thereon explanation to the same are as below as per Section 134 of the Companies Act, 2013.

# GUFIC BIOSCIENCES LIMITED

With refer to point no. 6 of Independent Auditor's Report company has unearthed the fraud committed by one of its marketing employee who has misappropriated amount of ₹. 123.80 lacs from that ₹. 22.50 Lacs has been recovered and management has taken necessary steps including legal action and is hopeful of recovering the said amount. Accordingly it has been shown the amount of ₹. 123.80 Lacs under the head other non-Current Assets (other).

With refer to point no. 7 of Independent Auditor's Report:-

1. Advances and Debts recoverability is a common feature of any running business. The amount mentioned in 5(a)(I) keeps varying depending on the strategies adopted for the year for growth of company as a whole.
2. However, management is confident of recoverability of such debts and advances and the same are good and recoverable in nature
3. Due to strong internal control management has been successful in reducing its debts less than 1 year from ₹. 326.69 Lacs to ₹. 151.48 Lacs.

With refer to point no. 12(h) (iii) of Independent Auditor's Report they was delay in transferring unpaid dividend of ₹. 2 lakhs credited to said account in FY 2006-07 pertaining to financial year 2005-06, which was due to dispute with bank and same is resolved. And necessary action has been started.

As required under section 204 (I) of the Companies Act, 2013 the Company has obtained a secretarial audit report. Certain observations made in the report with regard to non-filing of some forms were mainly due to ambiguity and uncertainty of the applicability of the same for the relevant period. However, the company would ensure in future that all the provisions are compiled to the fullest extent.

## AUDITORS:

The Auditors S H R & Co., Chartered Accountants, Mumbai, who was appointment at 30<sup>th</sup> Annual General Meeting of the Members of the company for 5 Year. The re-appointment to be ratify at ensuring Annual General Meeting of the members of the company

## SECRETARIAL AUDIT:

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed CS Gajanan Athavale, a firm of company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as "Annexure C"

## EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure D".

## BUSINESS RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a business risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report.

At present the company has not identified any element of risk which may threaten the existence of the company.

## PARTICULARS OF EMPLOYEES:

The detail information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is annexed herewith as "Annexure E".

## CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS

The Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as separate Annexures, together with the Certificate from the auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

## ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors,

Place: Mumbai  
Date: 29th May, 2015

Jayesh Choksi  
Chairman & Managing Director