

  
**FertiCore**  
A Comprehensive Fertility Clinic

  
**GUFIC**  
*Herbal*

  
**GUFIC**  
**CritiCare**  
LIFE

  
**GUFIC**  
**CritiCare**

  
**GUFIC**  
*spark*



**GUFIC**  
BIOSCIENCES LIMITED

EVOLVING & EXPANDING...  
32ND ANNUAL REPORT 2015-2016

# GUFIC CRITI CARE / CRITI CARE LIFE DIVISION PRODUCTS



## BOARD OF DIRECTORS

Mr. Jayesh P. Choksi	(Chairman & Managing Director)
Mr. Pranav J. Choksi	(Executive Whole-time Director & Chief Executive Officer)
Mr. Pankaj J. Gandhi	(Executive Whole-time Director)
Ms. Hemal Desai	(Chief Financial Officer & Executive Whole-time Director)
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. Shreyas Patel	(Non-executive Independent Director)

## COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Ami N. Shah

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

## 32nd Annual General Meeting

### DAY & DATE

Wednesday, 28th September, 2016

### TIME

2.30 PM.

### VENUE

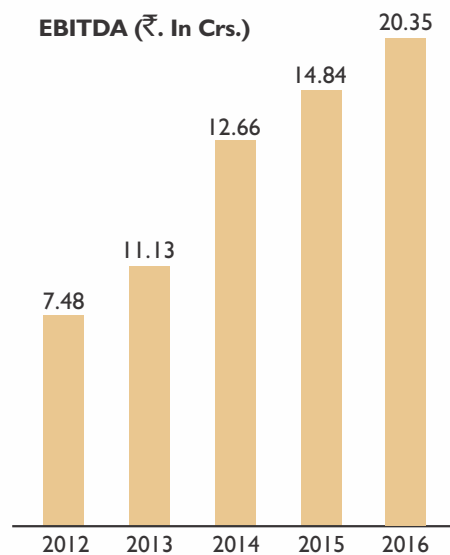
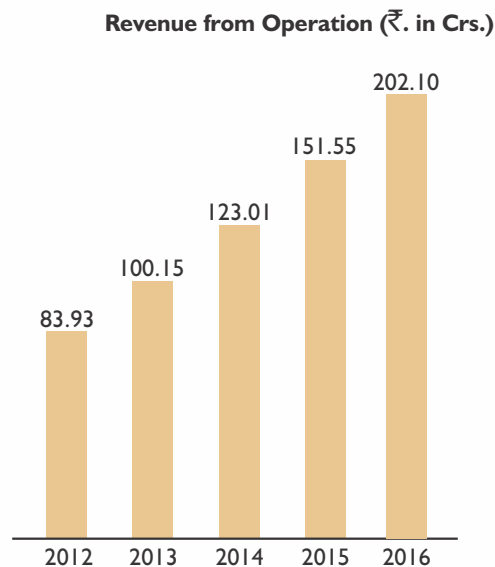
Hotel Parle International,  
B. N. Agarwal Market,  
Next to Dinanath Mangeshkar Hall,  
Vile Parle (E), Mumbai - 400 057.

## Contents

Page No.

Chairman's Message	2
Directors' Report	4
Annexure to Directors Report	11
Corporate Governance Report	24
Management Discussion & Analysis Report	33
CEO/CFO Certifications	39
Auditors' Report on Corporate Governance	40
Independent Auditors' Report	41
Annexure to Auditors' Report	43
Balance Sheet	47
Profit & Loss Statement	48
Cash Flow	49
Notes to the Financial Statements	50

## FINANCIAL HIGHLIGHTS



The graph of growth of the Company is going upwards year by year, thus reaching near to the goal of becoming the best in class pharmaceutical industries. Our approach and commitment towards business and sustainable living has created a strong business for shareholders with profitable long term growth. With total revenue at Rs. 202.86 crores and profit before tax of Rs. 11.19 crores, we have been able to post a growth of 33 % and 71.48 % respectively.

## Chairman's Message

"Aiming to become agile, best-in-class global pharmaceutical company that puts the patient at the center".

Dear Shareholders,

Gufic's year on year success is the result of clarity of our vision and effective execution of the same.

Revenue has reached an all time high of Rs. 202 crores. The total revenue increased by 33.35 % and PAT by 76.71 %, as compared to previous year, mainly as a result of effective launching of more than 68 health care products.

Gufic is the first to launch Doxycycline I.V for tropical fever and has introduced new life saving molecule like Caspofungin, Tigecycline and Colistimethate at very economically prices. We have also brought into market a Cough syrup Tarific, an oral dosing syringe technology to enable patients safety and compliance to the prescription by the Doctors.

During the year 2015-16, Gufic had applied for three patents viz. Micafungin, Anidulafungin and Tigecycline and is in the process of applying many more.

The way we are growing in the market is evident from the number of employees hired during the year 2015-16. Gufic today is 1000 + strong team. We are nurturing and up-skilling our human capital to prepare for the next level of growth and success. It's only through consistent empowerment and improvement of our people that we will be able to sustain our leadership in our focus areas.

Napolean Hill rightly said "Patience, persistence and perspiration makes an unbeatable combination of success ".Gufic's Production Quality Control (QC) and Quality Assurance (QA) team believes in achieving quality through assurance and action. Machines and instruments used are current and with state of the art technology, manufacturing facility for injectable is fully automated for highest quality output, exceptional support provided by our competent personnel, processes and systems are compliant with the CGMP guidelines, constant supervision and monitoring of all the quality processes with detail oriented reporting by our QC team and validated by our QA team.

Going forward, Gufic will accelerate growth by concentrating its business activities on the field of Criticare and Fetricare divisions, and cultivating its expertise in this field more than ever. These efforts will be directed at making Gufic a best in class global pharmaceutical company.

We also seek to achieve business growth by strengthening coordination among the prescription pharmaceutical, Herbal and Bulk Drugs divisions by taking advantage of our strength as a specialized 46 years old company with a strong presence in India.

Gufic will remain focused on developing and enhancing the organizational management system and its employees to ensure sustained growth.

In alignment with our Vision & mission, we have identified "Core values & Commitments" as the basis for an attitude of cooperation and proper value judgments and as the criteria for our business activities and decision making. In addition we have established "Corporate Conduct Charter" to act with the highest ethical standards and a good social conscience appropriate for a company engaged in a business that affects human lives.

Gufic fulfills its mission to "To contribute to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals, and through the provision of pharmaceuticals addressing diverse medical needs." We comply with laws, regulations and rules regarding global corporate activities, and act with the highest ethical standards and a good social conscience appropriate for a company engaged in a business that affects human lives. We fulfill our corporate social responsibility (CSR) by actively responding to an ever-changing society and enacting improvements for corporate value.

In doing so, we will bring together our employees as " One Gufic, One Team" even as they become increasingly diverse in step with globalization. In this manner, we will further strengthen the company's collective capabilities to achieve our strategic vision.



# GUFIC BIOSCIENCES LIMITED

We believe our business operations are a social mission, because their goal is to supply products and services that are of international quality at affordable prices for the benefit of patients and their loved ones, pursuing a true customer focus.

We promote CSR activities on the basis of the 11 core subjects defined. We have formulated a defined CSR policy in compliance with the laws in force. Promoting business and CSR activities in a holistic and consistent manner towards realizing the goals of long term management vision, Gufic intends to contribute primarily to the welfare of patients and their loved ones, as well as to society at large. Gufic has contributed towards upgradation of research and development and education to the underprivileged. It has also offered free sanitary napkins to underprivileged women and have held disease detecting camps at regular intervals in small towns.

Gufic continues to work to scale new heights towards realizing our long-term strategic vision of becoming a “Best in class Global pharmaceutical Company”.

Looking ahead, we will continue to focus our efforts on the specialized area of Lyophilized injections & API's and to contribute to society.

We kindly ask for the continued support of all our stakeholders.

Yours truly,  
For Gufic Biosciences Limited



Jayesh P. Choksi  
Chairman & Managing Director

## DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the 32nd Annual Report of the Company, together with the Audited Financial Statements for the financial year ended 31st March, 2016.

### FINANCIAL SUMMARY :

₹ in Lakhs

Particulars	2015-16	2014-15
Total Revenue	20286.01	15212.32
Profit Before Interest, Tax, Depreciation and Amortization (PBITDA)	2034.62	1483.89
Profit After Tax (PAT)	732.43	415.75
Transfer to General Res.	134.71	134.71
Earning Per Share (EPS)	0.95	0.54

### FINANCIAL HIGHLIGHTS :

During the year under review, the total revenue increased to Rs. 20,286.01 Lacs in comparison to previous year's Rs. 15212.32 Lacs and net profit after tax increased to Rs. 732.43 from Rs. 415.75 lacs, in previous year.

The increase in revenue was due to many factors viz., launch of a new segment called CRITICARE, the sales of which during the financial year 2015-16 was more than Rs. 20.00 crores, the pharma segment also experienced a growth of 56.45 % thus making the revenue of more than Rs. 11.00 crores and the growth in Ayurveda segment was recorded at 53.88 %. Overall, the performance of the Company was satisfactory.

### TRANSFER TO RESERVES:

During the financial year 2015-16, Rs. 134.71 Lakhs was transferred to General Reserve.

### DIVIDEND :

Your Directors are pleased to recommend a Dividend of 0.05 paise (5%) per equity share of Rs.1 each for the financial year ended March 31, 2016.

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, 2016 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, 2016 was ₹. 615.90 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.

### MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report. There has also been no change in the nature of business of the Company.

### 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 particulars of loans, guarantees and investments covered under section 186 of the Companies act, 2013 have been disclosed in the Notes to the financial statements forming part of the Annual Report.

# GUFIC BIOSCIENCES LIMITED

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Financial Control are adequate and are operating effectively so as to ensure orderly and efficient conduct of business operations. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

Your Company's vision is to set a global benchmark in value creation and corporate citizenship and the Company's long-term Corporate Social Responsibility (CSR) objective is to improve the quality of life of the country. The Company has in the financial year 2015-16 have mainly contributed towards the education , growth and research factor , the details of which is annexed herewith as Annexure 'A' and in the upcoming years, it aims to contribute to the society at large.

## 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 2016-2017 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 AND CONSUMPTION OF ENERGY:

<b>I. (A) CONSERVATION OF ENERGY</b> Details of conservation of energy are as follows: <b>Power &amp; Fuel Consumption</b>		<b>Year ended 31.03.16</b>	<b>Year ended 31.03.15</b>
<b>(a) Electricity</b> Purchased Units Total amount Rate per unit (average)	Kwh ₹ in Lakhs ₹	4008310 230.33 5.75	<b>2882290</b> 218.9 7.59
<b>(b) Furnace Oil</b> Quantity Total Cost Average Cost	Ltrs ₹. In Lakhs ₹	NIL NIL NIL	NIL NIL NIL
<b>(c) Briquettes</b> Quantity Total Cost Average Cost	Ltrs ₹. In Lakhs ₹	1802015 93.72 5.21	1296780 70.86 5.47
<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.			



## 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:

Earnings in foreign currency :	Rs. 909.58 lakhs
Out-go in foreign currency :	Rs. 298.29 lakhs

## DIRECTORS & KEY MANAGERIAL PERSONNEL:

During the year under review, Mr. Jayesh P. Choksi (DIN 00001729) was re-appointed as Chairman & Managing Director and Mr. Pranav J. Choksi (DIN 00001731) as Whole Time Director of the Company w.e.f April 01, 2015 and the same was confirmed and approved by the Members at the 31st Annual General Meeting (AGM) held on September 30, 2015. Mrs. Hemal Desai (DIN 07014744) who was appointed as an Additional Director w.e.f November 13, 2014 was regularized and appointed as Whole Time Director by the Members of the Company in the said AGM.

To comply with the provisions of section 152[6] of the Act and the rules made thereunder, Mr. Pankaj J. Gandhi (DIN 00001858), Whole Time Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

The term of appointment of Mr. Pankaj Gandhi as a Whole Time Director of the Company expires on September 06, 2016. On the recommendation of Nomination & Remuneration Committee, the Board of Directors has re-appointed Mr. Pankaj J. Gandhi as a Whole Time Director of the Company for a further period of five years w.e.f September 07, 2016, subject to the approval of the shareholders at the ensuing Annual General Meeting.

All Independent Directors have given declarations that they meet criteria of Independence as laid down under Section 149(6) of the Companies act, 2013 and that there is no change in the circumstances which may affect their status as Independent Director during the year.

During the year under review, Mr. Santoshkumar Sharma, resigned as a Company Secretary & Compliance Officer of the Company w.e.f. December 2, 2015. The Board appointed Ms. Ami Shah, a member of Institute of Company Secretaries of India, as Company Secretary w.e.f. March 22, 2016 and as Compliance Officer as per SEBI Listing Regulation, 2015 w.e.f. May 30, 2016.

## FAMILIARIZATION PROGRAMME OF INDEPENDENT DIRECTORS:

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibilities in the Company.

The details of the familiarization programme imparted to Independent Directors have been put on the website of the Company. The link can be accessed at <http://gufic.com/wp-content/uploads/2016/08/Familiarisation-of-Independent-Director.pdf>

## BOARD EVALUATION

The Board of Directors have laid down the manner for carrying out an annual evaluation of its own performance, its various Committees and individual Directors pursuant to the provisions of the Companies Act, 2013 read with the applicable Rules and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

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.

## REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

## MEETINGS

During the year under review, four 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 were 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 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 SEBI Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at <http://gufic.com/wp-content/uploads/2016/08/POLICY-ON-RELATED-PARTY-TRANSACTIONS.pdf>

All Related Party Transactions are placed before the Audit Committee for its review and approval. Prior omnibus approval is obtained for Related Party Transactions from Audit Committee at the beginning of the financial year for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length.

The related party transactions entered into by the Company, for the financial year 2015-16, were within the limits as approved by the members at the last Annual General Meeting held on September 30, 2015.

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There were no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large and thus disclosure in Form AOC-2 is not required.

Your Company for its business transaction, have entered or may propose to enter into transactions relating to purchase, transfer or receipt of products, goods, active pharmaceuticals ingredients, materials, services, other obligations and also leasing of property with some of the Related Party as defined within the meaning of Section 2(76) of the Companies Act, 2013. The current and future transactions may be deemed to be 'material' in nature as defined in Regulation 23 of SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015, as they may exceed 10 % of the annual turnover of the Company based on future business projections. Thus, in terms of Regulation 23(4) of SEBI (Listing Obligation Disclosure Requirement) Regulations, 2015 these transactions would require the approval of the members through Ordinary Resolution. A resolution for approval of the Related Party Transactions has been included in the Notice convening the ensuing AGM of the Company.

## **HOLDING / SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES:**

The Company does not have any holding, subsidiary, joint venture and associate company. Hence, the statement in Form AOC-I is not applicable to the Company.

## **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 has been posted on the Company's website [www.gufic.com](http://www.gufic.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.