



***Gufic ranks 98<sup>#</sup> in IPM<sup>\*</sup>***

***Life saving and affordability is our hallmark***

*\*Indian Pharma Market (MAT MAY)*



**35TH ANNUAL REPORT 2018-2019**

## BOARD OF DIRECTORS

Mr. Jayesh P. Choksi	Chairman & Managing Director
Mr. Pranav J. Choksi	Chief Executive Officer & Whole-time Director
Mr. Pankaj J. Gandhi	Whole-time Director
Ms. Hemal M. Desai	Whole-time Director
Mr. Gopal M. Daptari	Independent Director
Mr. Jagdish D. Shah	Independent Director
Mr. Shreyas K. Patel	Independent Director
Mr. Shrirang V. Vaidya	Independent Director
Dr. Balram H. Singh	Non-Executive Director
Dr. Rabi N. Sahoo	Additional Independent Director

## CHIEF FINANCIAL OFFICER

Mr. Devkinandan B. Roonghta

## COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Ami N. Shah

## STATUTORY AUDITOR

S H R & Co

## COST AUDITOR

Kale & Associates

## SECRETARIAL AUDITOR

Gajanan D. Athavale

## INTERNAL AUDITOR

Mittal Agarwal & Company

## BANKERS

The Saraswat Co-operative Bank Limited  
State Bank of India  
ICICI Bank  
HDFC 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: [info@guficbio.com](mailto:info@guficbio.com) • website: [www.gufic.com](http://www.gufic.com)  
• CIN: L24100MH1984PLC033519

## CORPORATE OFFICE

SM House, 11 Sahakar Road, Vile parle (East),  
Mumbai – 400 057, 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-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai – 400 083.  
Tel No.: (022) 4918 6270  
Fax (022) 2594 6969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## 35<sup>th</sup> Annual General Meeting

### DAY & DATE

Monday, 30<sup>th</sup> September, 2019

### TIME

2.30 PM.

### VENUE

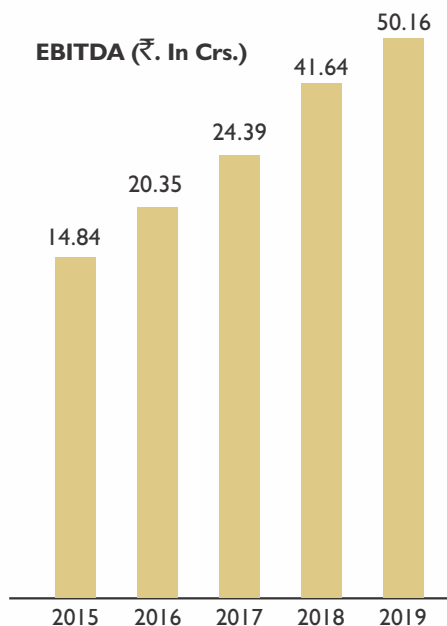
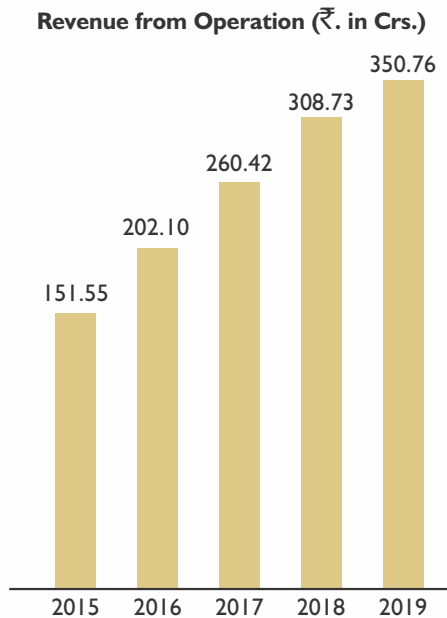
VITS - Luxury Business Hotels,  
Andheri Kurla Road,  
International Airport Zone,  
Andheri (East), Mumbai 400 059,  
Maharashtra, India

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## FINANCIAL HIGHLIGHTS



The above graph shows the performance of the Company in the last five years through its sales and Earnings before Interest, Depreciation and Amortization. The graph reflects the growth of the Company which is going upwards year over year and thus shows the commitment of the Company to grow high. With total operational revenue at ₹ 350.76 crores and EBITDA at ₹ 50.16 crores, the Company have been able to post a considerable growth of 13.61 % and 20.44 % respectively.

## Chairman's Message

Dear Shareholders,

It gives me great pleasure to report that the financial year 2018-19 has been challenging yet satisfying year for the company. This encouraging performance has been supported by our commitment to quality, adherence to compliance, manufacturing excellence, strong research & development team, dedication to provide affordable medicines to public and trust of all the stakeholders.

In the financial year 2018-19, the Company has achieved total revenue of around ₹. 350 crores over ₹. 300 crores in the previous year and net profit of ₹. 21.94 Crores over ₹.16.47 crores in the previous year, respectively. The EBITDA growth of the company has increased by 20.44% in comparison with the previous year. We have grown consistently both in terms of revenue as well as profits. The growth of the company was mainly attributed to the performance of Criticare and Criticare Life and Infertility division.

During the year under review, your Company launched 10 new products and made continuous efforts for improvising the existing products. R&D has around 23 active projects in the pipeline out of which 3 have been applied for approval to the FDA in India. 3 clinical trials have been initiated in India in the field of Arthritis, Influenza and resistant bacterial infections.

Your company's drive in the domestic business has started paying off as it has entered the Top 100 company ranking (source IQVMI) for the MAT sales as per June 2019 by reaching a position of 98. Also the standalone rank for the month of June 2019 is 88. ORG IMS also records the company's domestic growth of approximately 33%.

Your Company covers more than one Lakh doctors and has established its foothold in all major hospital chains in India. Your Company's products are prescribed by around 30,000 doctors across the country. Your company covers approximately 2 Lakh retail counters which caters to the patients across India.

Your company's Active Pharmaceutical Ingredient (API) business has seen good growth. The API revenue for the year under review grew by 15.16% as compared to the previous financial year. Your company also plans to increase the pipeline of API product offering by at least 6 more products in FY2020 which will drive the API business further and also utilize increased capacities. Your Company's annual API manufacturing capacity has been increased by 36 tons which will contribute in revenue growth in the future.

Keeping in mind the shortage and dependency of the API situation in China due to shut down in factories due to pollution and other factors, company has started its R&D work on backward integration especially for core APIs which cover 60% of our import from China.

Your Company is an indigenous manufacturing company to launch Botulinum Neurotoxin in India with a robust and inherent world class infrastructure in collaboration with USA based Company Prime Bio, Inc., led by Dr. Bal Ram Singh, who is also a Non Executive Director of the Company. The Company has received all the regulatory approvals to manufacture and market Botulinum Neurotoxin in India and is planning to launch in FY2020. The Company is also in the process of seeking approval for new drug delivery systems for the Botulinum Neurotoxin for first time users which do not prefer the injectable route.

Your company is in talks with several international companies for in-licensing innovative concepts in various therapy areas such as Dermatology, Diabetes, nutritional, infertility and anti-infectives.

We remain focused on improving quality across all aspects of our operations, with initiatives for continuous improvement, reducing manual interventions through digitization and automated equipment's. We intend to continue this journey and meet the highest regulatory standards for our manufacturing facilities and new product development.

Your company is in the process of expansion in new lyophilized equipment's which would further drive our business from FY2020.

Your Company is awaiting sanction of Scheme of Amalgamation of Gufic Lifesciences Private Limited (GLPL) with the Company by the requisite regulatory authorities. The manufacturing unit of GLPL is EU-GMP certified and this Scheme on becoming effective would provide larger asset base to the Company, and enable further growth and development of the Company primarily in terms of Exports.

Given your company's significantly improved performance in the financial year 2018-19, the success in improving operational efficiencies and our determination to drive growth, we are reasonably optimistic of the future prospects. In the year ahead, we are confident of growing with more improved performance through new product launches in multiple markets and existing productivity enhancement. We aim to provide enhanced value in the hands of all our stakeholders.

Our thanks to the management team and all our employees for coming together to deliver better results. And many thanks to you for your support.

Yours faithfully,  
For Gufic Biosciences Limited



Jayesh P. Choksi  
Chairman & Managing Director



## DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the 35<sup>th</sup> Annual Report of the Company and the Standalone Audited Financial Statements for the financial year ended March 31, 2019.

### FINANCIAL SUMMARY:

The financial performance of the Company, for the year ended March 31, 2019 is summarized below:

₹ in Lakhs

Particulars	2018-19	2017-18
Total Revenue from Operations	<b>35076.96</b>	<b>30873.98</b>
Other Income	417.22	286.17
Total Expenses other than finance cost, depreciation & amortization	30478.49	26995.57
Profit Before Interest, Tax, Depreciation and Amortization (PBITDA)	5015.69	4164.58
Finance Cost	1016.12	888.08
Depreciation & Amortization	464.66	439.98
Exceptional Items - Income	-	158.88
Total Tax Expenses	1340.84	1347.78
Profit After Tax	2194.07	1647.62
Total Comprehensive Income	2191.83	1645.52
Earnings Per Share (EPS)	<b>2.82</b>	<b>2.12</b>

The above financial information for the financial year 2017-18 and 2018-19 also includes financial data of Gufic Stridden Bio-Pharma Private Limited, which got merged with the Company after approval from National Company Law Tribunal, Mumbai bench on September 06, 2018 and Appointed date for the said Merger being April 01, 2016.

The Standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS').

### PERFORMANCE REVIEW:

The Company's total revenue for the financial year under review was ₹. 35,494.18 lakhs as compared to ₹. 31,160.15 lakhs in the previous year thus making an increase of about 13.91%.

During the year under review, the Net Profit of the Company also increased to ₹. 2,191.83 lakhs as against ₹. 1,645.52 Lakhs in the previous year, thus registering a growth of about 33.20%. The increase in the Net Profit is mainly due to the increase in the operational revenue of the Company in the financial year 2018-19.

The Company has made a significant progress in the export market by making a growth of 25.72%. This is mainly because of the Company getting many Marketing Authorizations and export registrations transferred in its name, after the merger with Gufic Stridden Bio-Pharma Private Limited becoming effective.

The financial results and the results of operations, including major developments have been further discussed in detail in the Management Discussion and Analysis section.

### TRANSFER TO RESERVES:

During the financial year 2018-19, no amount was transferred to General Reserve.

### DIVIDEND:

Your Directors are pleased to recommend a dividend of Re. 0.05/- on every equity share of face value Re. 1/- each (5%) for the financial year ended March 31, 2019. The dividend if approved at the 35<sup>th</sup> Annual General Meeting (AGM), will be paid to those shareholders whose name appear on the Register of Members of the Company as on the Book Closure date as specified in the Notice to the AGM.

The total dividend pay -out would amount to approximately ₹. 46.91 lakhs including the dividend distribution tax.

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

### SCHEME OF AMALGAMATION

- During the year under review, the Hon'ble National Company Law Tribunal, Mumbai bench had vide its Order dated September 06, 2018 sanctioned the Scheme of Merger by Absorption of Gufic Stridden Bio Pharma Private Limited ("Transferor Company") with the Company and their respective shareholders and creditors, effective from the appointed date April 01, 2016.
- During the year under review, the Board of Directors of the Company at its Board Meeting held on March 25, 2019 reconsidered approval of the Scheme of Amalgamation of Gufic Lifesciences Private Limited ("Transferor Company") with the Company and their respective shareholders and creditors, subject to sanction of shareholders, Stock exchanges,

National Company Law Tribunal and other regulatory authorities. The Company has filed the application for approval with the Securities & Exchange Board of India and Stock Exchanges where the shares of the Company are listed i.e., BSE Limited and National Stock Exchange of India Limited. The Observation letter for the same is awaited.

### **CHANGES IN CAPITAL STRUCTURE:**

Pursuant to the Order passed by the Hon'ble National Company Law Tribunal, Mumbai Bench, dated September 06, 2018 approving the Scheme of Merger by Absorption of Gufic Stridden Bio- Pharma Private Limited ("Transferor Company") with the Company, the Company allotted 4,80,000 fully paid-up equity Shares of Re. 1 each to the shareholders of Transferor Company. Post merger, the paid up share capital of the Company increased from ₹.7,73,50,000/- (Rupees Seven Crores Seventy Three Lakhs Fifty Thousand Only) to ₹.7,78,30,000/- (Rupees Seven Crores Seventy Eight Lakhs Thirty Thousand Only). The paid up equity capital as on March 31, 2019 was ₹. 778.30 Lakhs.

During the year under review, the company has not issued any 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, 2019 was ₹ 366.15 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.

### **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:**

During the year under review, the Company had not given any loan or provided any guarantee or security with respect to any loan given or invested by way of subscription, purchase or otherwise, the securities of any other body corporate as per Section 186 of the Act.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company believes that a strong internal control framework is a necessary prerequisite of Governance. The Internal Audit team together with external audit consultants review the effectiveness and efficiency of these systems and procedures to ensure that all assets are protected against loss and that the financial and operational information is accurate and complete in all respects. Audits are conducted on an ongoing basis and significant deviations are brought to the notice of the Audit Committee of the Company following which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularities and early remedial steps.

The management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection of resources and assets.

The Audit Committee has an oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. There are no risks identified which may threaten existence of the company.

The Statutory Auditor of the Company has reported on the internal financial reporting system in Annexure B to the Independent Auditors' Report, which forms part of this Report. They have reported that the Company has maintained in all material respects except few material weaknesses, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

The Company is putting its best efforts to get in place an adequate internal financial control framework without any material weaknesses.

### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

Your Company continues to contribute to its Corporate Social Responsibility in accordance with the CSR policy. During the year under review, the Company continued several initiatives under the CSR program, through various agencies permitted



under the Act. The Company mainly focused on and contributed towards the promotion of education and healthcare sector.

In compliance with the requirements of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee. The details of membership of the Committee & the meetings held for the financial year 2018-19 are detailed in the Corporate Governance Report, forming part of this Report. The contents of the CSR Policy of the Company as approved by the Board, on the recommendation of the CSR Committee is available on the website of the Company and can be accessed through the web link: <http://gufic.com/wp-content/uploads/2016/09/corporate-social-responsibilitypolicy.pdf>

The details of the CSR activities undertaken by the Company during the year under review, is annexed to this report as “**Annexure A**”.

## **LISTING:**

Your Company is listed with the BSE Limited situated at P. J. Towers, Dalal Street, Mumbai 400 001, bearing Scrip Code No. **509079** and with the National Stock Exchange of India Limited situated at Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, bearing Scrip Code **GUFICBIO**. The listing fees for the year 2019-20 has already been paid by the Company.

## **CONSERVATION OF ENERGY:**

### **1. Steps taken by the Company or impact on conservation of energy:**

- a. Energy saving being a prime objective for all new procurement and modification i.e the machines/equipments purchased by the Company are Energy efficient and controlled by Variable Frequency Drive (VFD) so that the power is consumed as per the requirement of each equipment. Automisation leads to less human intervention.
- b. The Company has an Online Energy Monitoring System for monitoring day to day energy consumption and an online report is generated in which day to day consumption is being monitored and compared with production so as to analyse and reduce excess/additional uses of power.
- c. Replaced Conventional CFL lights with LED lights in phased manner. Primarily all new purchases of lights are done of LED lights.
- d. Installation of Steam Strap on main stream line to improve quality of steam.
- e. Ensured All Air Handling Unit (AHU) system is with Variable frequency drives (VFD) for getting required consumption of Power.
- f. Harmonisation of best energy conservation practices.
- g. Energy audit at the factory premises by external agency and measures taken.

### **2. Steps taken for utilizing alternate source of energy**

- a. Used Biomass Briquettes instead of conventional fuels
- b. Usage of diesel generator (DG Set) to generate electrical energy

### **3. Capital investment on energy conservation equipment:**

During the year under review, the Company has not made any specific capital investment on energy conservation.

## **TECHNOLOGY ABSORPTION:**

### **(i) Efforts made towards technology absorption;**

- a) New product development using newer formulations as well as new molecules and drugs
- b) Updating and improving the processes and systems used for existing products
- c) Developing and introducing new technologies for enhancing efficacy, bio-availability and the potency of the existing as well as new products
- d) Developing and launching new drug delivery systems with a special focus on Lyophilized products
- e) Strategic collaborations with other independent teams for introducing new products and technologies
- f) Filing of appropriate patents and function as a link between the management and the IP lawyers
- g) Filed multiple Process Patents for many life saving drug injections
- h) Filed Herbal Patents for herbal treatment for chronic ailments
- i) Stability testing of the current as well as new products with a focus on quality and bio-availability
- j) Development and scale-up of new formulations for existing and newer active drug substances using innovative and advanced processing equipment.

**(ii) The benefits derived as a Result of R & D:**

- Launched 10 New products in the market in the financial year 2018-19
- About 12 products are ready to be commercialized.
- About 30 New products are in projection & development of many products is already started.
- Development of new drug delivery systems and devices to improve patient benefit.
- Development of products for import substitution.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year);

Details of technology imported	Year of Import	whether the technology been fully absorbed;	if not fully absorbed, areas where absorption has not taken place, and the reasons there of
Ulinastatin JP	2017	Fully Commercialized	-
Arbekacin API	2017	Fully Commercialized	-
Botulinum Toxin	2017	No	Facility approval received from FDA with product permission. However, the stains & toxins received from USA are under process.

(iv) the expenditure incurred on Research and Development

Particulars	2018-19	2017-18
Capital	179.96	324.39
Recurring	207.75	528.82
Total	387.71	853.21

**FOREIGN EXCHANGE EARNINGS AND OUT-GO:**

Earnings in foreign currency: ₹ 3060.53 lakhs

Out-go in foreign currency: ₹ 4776.62 lakhs

**DIRECTORS & KEY MANAGERIAL PERSONNEL:**

During the year under review, there were no changes in the Directors of the Company.

**1. KEY MANAGERIAL PERSONNEL**

During the year under review, the Company had re-aligned duties of the Key Managerial Personnel to bring more transparency and accountability and pursuant to the same, Mrs. Hemal M. Desai, Chief Financial Officer & Whole Time Director ceased to be the Chief Financial Officer of the Company w.e.f October 26, 2018 and Mr. Devkinandan Roonghta was appointed in her place from October 29, 2018. Mrs. Hemal M. Desai continues to be the Whole Time Director of the Company.

Apart from the above, there were no change in the Directors and Key Managerial Personnel of the Company during the financial year 2018-19

**2. CESSATION/ EXPIRY OF DIRECTORSHIP TENURE**

Pursuant to the Regulation 17(1A) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015, effective from April 01, 2019, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect. Consequent to the notification of the said regulation and also due to health issues, Mr. Sharat S. Gandhi, aged 80 years, tendered his resignation from the position of Independent Director w.e.f. 1<sup>st</sup> April, 2019. The Board acknowledges the contribution of Mr. Sharat S. Gandhi to the welfare and growth of the Company.

Mr. Jagdish D. Shah (DIN: 06672538), Independent Director of the Company whose current term is expiring on 25<sup>th</sup> September, 2019, has conveyed his desire not to seek re-appointment as Independent Director of the Company for the second term due to his other professional commitments. Accordingly, the tenure of Mr. Jagdish D. Shah as a Director of the Company shall come to an end on 25<sup>th</sup> September, 2019. The Board duly appreciates the assistance and guidance provided by Mr. Jagdish D. Shah during his tenure.

**3. RETIREMENT BY ROTATION**

In accordance with the provisions of the Section 152(6) of the Companies Act, 2013 read with the rules made thereunder and in terms of Articles of Association of the Company, Mr. Jayesh P. Choksi (DIN: 00001729) and Mr. Pankaj J. Gandhi (DIN:00001858), Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment. The Board recommends their re-appointment.



## 4. APPOINTMENT

The tenure of Mr. Jayesh P. Choksi (DIN: 00001729) as Chairman & Managing Director and Mr. Pranav J. Choksi (DIN: 00001731) as a Whole Time Director expires on March 31, 2020. On the basis of their performance evaluation and on recommendation of the Nomination & Remuneration Committee, the Board of Directors have proposed their re appointment at the ensuing Annual General Meeting for the approval of the Members by way of special resolution.

The Board of Directors at its Meeting held on June 29, 2019, on the recommendation of the Nomination & Remuneration Committee, had appointed Mr. Rabi Narayan Sahoo (DIN: 01237464) as an Additional Independent Director of the Company for a consecutive period of three years with immediate effect, subject to the approval of the shareholders at the ensuing Annual General Meeting. The Board therefore, recommends his appointment.

The tenure of appointment of Mr. Shreyas Kantilal Patel (DIN: 01638788) and Mr. Gopal M. Daptari (DIN: 07660662) will conclude on 25<sup>th</sup> September 2019 and 23<sup>rd</sup> November 2019 respectively. Pursuant to the provisions of section 149 and 152 of the Companies Act 2013 and on the recommendation of the Nomination and Remuneration Committee, the Board recommends re-appointment of the above-mentioned Independent directors for a second term of five consecutive years.

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015") and that there is no change in the circumstances which may affect their status as Independent Director during the year under review.

The independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

## 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 as Directors in the Company.

Through the Familiarization programme, the Company apprises the Independent Directors about the company's operations, corporate strategy, business plans, regulatory, internal control system and critical aspects which would enable them to effectively discharge responsibilities and functions conferred on them.

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/wpcontent/uploads/2016/18/Familiarisation%20programme%20for%20Independent%20Directors%202017-18.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 Rules framed thereunder and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

The evaluation of all the Directors including the Chairman and Managing Director and Independent Directors, Board committees and the Board as a whole was carried out, after seeking inputs from all Directors, inter-alia covering different aspects viz. composition and structure of the Board, responsibilities, attendance including participation of the Directors at the Board and Committee meetings, observance of governance, functions and duties, quality of deliberations and effectiveness of the procedures adopted by the Board and all other factors based on the criteria and framework approved by the Nomination and Remuneration Committee.

In compliance with Regulation 17(10) of the Listing Regulations, the Board carried out performance evaluation of Independent Directors without the participation of the Director being evaluated. The Board expressed its satisfaction with the evaluation results which depicts high degree of engagement of Board, Individual Directors and its Committees with the company and management.

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.

Manner in which the evaluation has been carried out and matters incidental thereto, have been detailed in the Corporate Governance Report, which forms part of this report.

## AUDIT COMMITTEE

The composition of the Audit Committee of the Company is in compliance with the provisions of Section 177(8) of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. The

functions performed by the Audit Committee, details of meetings held and attendances thereat are given in the Corporate Governance Report, which forms part of this Annual Report. The Board have accepted all the recommendations made by the Audit Committee.

### **POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS**

For the purpose of selection of any Director, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee also ensures that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, SEBI Listing Regulations, 2015 or other applicable laws in force. The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection, appointment and remuneration of Directors & Senior Management. The details of the criteria laid down for appointment of the Directors of the Company and the Policy on Remuneration of Directors is disclosed in the Corporate Governance Report, which forms a part of this Report.

The policy lays down the basis for payment of remuneration to Executive and Non-executive Directors (by way of sitting fees and commission, if any.), Key Managerial Personnel, Senior Management and other employees. The policy also provides the criteria for determining qualifications, positive attributes and Independence of Director and criteria for appointment of Key Managerial Personnel / Senior Management and performance evaluation which are considered by the Nomination and Remuneration Committee and the Board of Directors while making selection of the candidates. The policy can be accessed on the following link: <http://gufic.com/wp-content/uploads/2016/08/AppointmentofDirectorsKMP201718.pdf>

### **COMMITTEES OF BOARD, NUMBER OF MEETINGS OF THE BOARD AND BOARD COMMITTEES**

During the year under review, Nine Board Meetings and Ten Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report, which forms part of this Report. The intervening gaps between the Meetings were within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015.

The Board currently has four committees, namely, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee and the Stakeholders Relationship Committee. All the recommendations made by the Committees of Board including the Audit Committee were accepted by the Board. The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

In compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby confirm: -

- a. that in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable Indian accounting standards have been followed along with proper explanations relating to material departures, if any;
- b. that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year March 31, 2019 and of the profit of your Company for that year;
- c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that they had laid down proper internal financial controls and that the same are adequate and were operating effectively; and
- f. that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

### **RELATED PARTY TRANSACTIONS:**

In lines with the requirement 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 the link: <http://gufic.com/wp-content/uploads/2016/08/POLICY-ON-RELATED-PARTY-TRANSACTION.pdf>

Prior omnibus approval was obtained for Related Party Transactions (RPTs) 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. All RPTs were placed before the Audit Committee for review and approval on quarterly basis. All the RPTs affected during the year are disclosed in the notes to Financial Statements.

The Company for the financial year 2018-19 has put in place a mechanism for certifying the Related Party Transactions Statements placed before the Audit Committee and the Board of Directors from an Independent Chartered Accountant Firm.