

HEMO ORGANIC LIMITED

(CIN: L24231GJ1992PLC018224)

28th Annual Report

F.Y. 2019-2020

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CORPORATE INFORMATION

Board of Directors

Mr. Dineshbhai Patel	Chairman and Managing Director (MD)
Mrs. Kinnariben Patel	Non-Executive Director (NED)
Mrs. Sonalben Patel	Executive Director (ED)
Mr. Pankaj Patel	Independent Director (ID)
Mr. Krushnakant Patel	Independent Director (ID)

Registered Office

8-A, Gulnar, Chinar-Gulnar Appt., V V Nagar Road, Anand, 388001
(91) (2692) 248535
Fax No: N.A.
E-mail: drdineshpatel@rediffmail.com
Website: www.hemoorganicltd.com

Registrar and Share Transfer Agents

M/s MCS Share Transfer Agent Ltd.

10, Aaram Appartment, 12, Sampatrao Coony, B/h. Laxmi Hall,
Alkapuri, Vadodra 390007.
Ph. No.: 0265 2314757/2350490
E-mail.: mcslttdbaroda@gmail.com

Statutory Auditors

M/s. M A A K & Associates,
Chartered Accountants (FRN: 135024W)
5, 1st Floor, Devashish Complex, Nr. Bavarchi Rest,
Off. C.G. Road, Ahmedabad 380006

Secretarial Auditors

Ms. Payal Dhamecha
Practicing Company Secretary
FCS No.: 47303 CP No.: 20411
S/1, 2nd Floor, Olway House, Nr. Navneet House,
Gurukul, Ahmedabad- 380052

Audit Committee

Mr. Pankaj Patel	Chairman
Mrs. Sonal Patel	Member
Mr. Krushnakant Patel	Member

Stakeholders Grievance and Redressal Committee

Mr. Dineshbhai Patel	Chairman
Mr. Krushnakant Patel	Member
Mr. Pankaj Patel	Member

Nomination and Remuneration Committee

Mr. Krushnakant Patel	Chairman
Mr. Pankaj Patel	Member
Mrs. Sonal Patel	Member

DIRECTORS REPORT

Your Directors take pleasure in presenting their report on the business and operations of your Company along with Audited Financial Statements for the year ended on 31st March, 2020.

Financial Performance:

(Rupees in Thousands)

Particulars	F.Y. 2019-20	F.Y. 2018-19
Revenue from Operations	2771.80	546.20
Other Income		-
Total Income	2771.80	546.20
Operating Expenditure before Finance Cost, Depreciation and Amortization	2990.06	1746.26
Earnings before Finance Cost, Depreciation and Amortization	(218.26)	(1200.06)
Less: Finance Cost		-
Depreciation and Amortization Expenses		-
Profit/(Loss) before Tax	(218.26)	(1200.06)
Less: Tax Expense		-
Profit/(Loss) after Tax (PAT)	(218.26)	(1200.06)

Review of Performance

During the year under review the Revenue from operations has increased from Rs. 5,46,200 to Rs. 27,71,800. The loss after tax during the year 2019-20 is Rs. 2,18,260 as compared to loss of Rs. 12,00,060 in the year 2018-19.

Dividend & Reserves

In view of the inadequate profit made during the year, your Directors regret to recommend any dividend for the year 2019-2020 (previous year Nil).

Further no amount has been transferred to any reserves. All the amount of profit incurred is carried forward to the Profit and Loss Account.

Change in Nature of Business

During the year under review, there is no change in the Nature of business activities carried out by the Company.

Changes to Share Capital

At present the Authorized Share Capital of the Company stands at Rs. 3,50,00,000 and the Paid-up Share Capital stands at Rs. 3,46,59,000. There has been no change in the share capital during the period ended 31st March, 2020.

Public Deposits

The Company has not accepted any deposits from Shareholders and Public falling within the ambit of Section 73 of the Companies Act, 2013 and rules made there under. There were no deposits, which were claimed and remained unpaid by the Company as on 31st March, 2020.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Constitution of Board

During the Financial Year 2019-2020, the Board of the Company comprises of five Directors out of which two is Promoter Executive Director, one is Non-Promoter Non-Executive Director and rest of the Directors

is Non-Promoter Non-Executive Independent Directors. As on the date of this report, the Board comprises following Directors.

Name of Director	Category of Designation	Cum Date of Appointment at current term	Date of Appointment	Total Directors hip	No. of Committee [^] in which Director is Member	No. of Committee in which Director is Chairman	No. of Shares held as on 30 th June, 2020
Mr. Dineshbhai Patel	Managing Director (Promoter)	28 th August, 1992	28 th August, 1992	1	-	1	5,36,940 Equity Shares
Mrs. Sonalben Patel	Executive Director (Promoter)	1 st July, 1994	01 st July, 1994	1	1	-	47,000 Equity Shares
Mrs. Kinnariben Patel	Non-executive Director	20 th July, 2006	20 th July, 2006	1	-	-	-
Mr. Krushnakant Patel	Independent Director	30 th September, 2006	30 th September, 2006	1	2	-	-
Mr. Pankajbhai Patel	Independent Director	20 th July, 2006	20 th July, 2006	1	1	1	-

[^]Committee includes Audit Committee and Stakeholders Relationship Committee across all Public Companies and details as on 31st March, 2020.

The composition of Board complies with the requirements of the Companies Act, 2013. Further, in pursuance of Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company is exempted from requirement of having composition of Board as per Listing Regulations.

None of the Directors of Board is a member of more than ten Committees or Chairman of more than five committees across all the Public companies in which they are Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

Board Meeting

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the quarterly results of the Company. Additional Board meetings are convened to discuss and decide on various business policies, strategies and other businesses. The Board meetings are generally held at the corporate office of the Company situated in the State of Gujarat.

During the year under review, Board of Directors of the Company met 5 (Five) times viz; 29th May, 2019, 14th August, 2019, 12th November, 2019 and 12th February, 2020.

CHANGES IN DIRECTORS

Appointment:

During Financial Year 2019-2020, no director was appointed.

Re-appointment:

In accordance with the provisions of the Articles of Association and Section 152 of the Companies Act 2013, Mr. Dineshbhai Patel, Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting. He, being eligible, offers himself for re-appointment as such. The Board of Directors recommends his appointment on the Board.

Resignation:

During the year under review, no Director has resigned from the Company. None of the Director of the Company is serving as a Whole-Time Director in any Listed Company and is holding position of Independent Director in more than 3 Listed Companies. None of the Director of the Company is holding position as Independent Director in more than 7

Listed Companies. Further, none of the Directors of the Company is disqualified for being appointed as a Director pursuant to Section 164 (2) of the Companies Act, 2013.

Independent Directors

In terms of Section 149 of the Companies Act, 2013 and rules made there under, as on date of this report, the Company has two Non-Promoter Independent Directors in line with the Companies Act, 2013. A separate meeting of Independent Directors was held on 12th February, 2020 to review the performance of Non-Independent Directors and Board as whole and of the chairman and assess the quality, quantity and timeliness of flow of information between Company Management and Board. The terms and conditions of appointment of Independent Directors and Code for Independent Director are incorporated on the website of the Company at www.hemoorganicltd.com. The Company has received necessary declaration from each independent director under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013.

Details of Key Managerial Personnel

In accordance with Section 203 of the Companies Act, 2013, the Company has Mr. Dineshbhai Patel who is acting as Managing Director of the Company.

Performance 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.

- 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 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 performance of chairman was also evaluated on the key aspects of his role.

Separate meeting of independent directors was held to evaluate the performance of non-independent directors, performance of the board as a whole and performance of the chairman, 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. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Directors Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- a) In preparation of annual accounts for the year ended 31st March, 2020, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) The Directors 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 the Company at the end of the financial year and of the profit or loss of the Company for that year;
- c) The Directors had taken proper and sufficient care 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;
- d) The Directors had prepared the annual accounts for the year ended 31st March, 2020 on going concern basis.
- e) The Directors had laid down the internal financial controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMMITTEES OF BOARD

Your Company has constituted several Committees in compliance with the requirements of the relevant provisions of applicable laws and statutes, details of which are given hereunder.

1. Audit Committee

Audit Committee meeting is generally held once in quarter for the purpose of recommending the quarterly/half yearly/yearly financial results and the gap between two meetings did not exceed one hundred and twenty days. The Audit Committee met four times during the financial year 2019-2020 viz; 29th May, 2019, 14th August, 2019, 12th November, 2019 and 12th February, 2020.

The composition of the Committee and the details of meetings attended by its members are given below:

SN	Name of Director	Category	Designation	Committee meeting attended in the F.Y. 2019-2020
1	Mr. Pankaj Patel	Non-Executive Independent Director	Chairman	4
2	Mr. Sonal Patel	Executive Independent Director	Member	4
3	Mr. Krushnakant Patel	Non-Executive Independent Director	Member	4

Mr. Pankaj Patel, the Chairman of the Committee had attended last Annual General Meeting of the Company held on 30th September, 2019.

Vigil Mechanism

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company at www.hemoorganicltd.com.

2. Nomination and Remuneration Committee

The Company has formed Nomination and Remuneration committee in line with the provisions Section 178 of the Companies Act, 2013. Nomination and Remuneration Committee meetings are generally held for identifying the person who is qualified to become Directors and may be appointed in senior management and recommending their appointments and removal. During the year under review, one meeting was held on 12th February, 2020 inter alia, to recommend the appointment of Director and KMPs and to review the performance of Directors of the Company.

The composition of the Committee and the details of meetings attended by its members are given below:

SN	Name of Director	Category	Designation	Committee meeting attended in the F.Y. 2019-2020
1	Mr. Krushnakant Patel	Non-Executive Independent Director	Chairman	1
2	Mr. Pankaj Patel	Non-Executive Independent Director	Member	1
3	Mrs. Sonal Patel	Executive Director	Member	1

Nomination and Remuneration Policy

The Company has, in order to attract motivated and retained manpower in competitive market and to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 devised a policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management. Key points of the Policy are:

A. Policy on Appointment of Directors, Key Managerial Personnel and Senior Management Personnel

- The policy is formulated to identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and Senior Management personnel and recommend to the Board for his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment.
- In case of appointment of Independent Director, the Committee shall satisfy itself with regard to the independent nature of the Director vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

B. Policy on remuneration of Director, key managerial personnel and senior management personnel

The Company remuneration policy is driven by the success and performance of the Director, KMP and Senior Management Personnel vis-à-vis the Company. The Company philosophy is to align them and provide adequate compensation with the Objective of the Company so that the compensation is used as a strategic tool that helps us to attract, retain and motivate highly talented individuals who are committed to the core value of the Company. The Nomination and Remuneration Policy, as adopted by the Board of Directors, is placed on the website of the Company at www.hemoorganicltd.com.

3. Stakeholders' Grievances and Relationship Committee

The Company has constituted Stakeholder's Grievance & Relationship Committee mainly to focus on the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc. During the year under review, Stakeholders Relationship Committee met Four times during the financial year 2019-2020 on 29th May, 2019, 14th August, 2019, 12th November, 2019 and 12th February, 2020. The composition of the Committee and the details of meetings attended by its members are given below:

SN	Name of Director	Category	Designation	Committee meeting attended in F.Y. 2019-2020
1	Mr. Dineshbhai Patel	Managing director	Chairman	4
2	Mr. Krushnakant Patel	Non-Executive Independent Director	Member	4
3	Mr. Pankaj Patel	Non-Executive Independent Director	Member	4

Risk Management

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate it. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.

Sexual Harassment of Women at Workplace

To foster a positive workplace environment, free from harassment of any nature, we have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the all workplaces of the company. Our policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of Sexual Harassment and we are complaint with the law of the land where we operate.

During the year under review, there were no incidences of sexual harassment reported.

Management Discussion and Analysis Report

Your attention is drawn to the perception and business outlook of your management for your company for current year and for the industry in which it operates including its position and perceived trends in near future. The Management Discussion and Analysis Report as stipulated under Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is attached and forms part of this Directors Report.

Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement.

Contracts and Arrangements with Related Parties

During the financial year 2019-20, the company has a few transactions with related parties as defined under Section 2(76) of the Companies Act, 2013, hence the disclosure to that effect has been provided by way of **Annexure 1** to this report.

Material changes and commitment affecting financial position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of financial year of the Company and the date of this report.

Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at 31st March, 2020 in Form MGT-9 forms part of this Annual Report as **Annexure 2**.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Since the Company was Non-operational throughout financial year 2019-2020, information relating to conservation of energy, technology and foreign earning and outgo, as required under Section 134(3) (m) of the Companies Act, 2013 does not apply to the Company.

Disclosure of Remuneration

The information required under Section 197 of the Act read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as an **Annexure 3**.

Internal financial control

Your Company has laid down the set of standards, processes and structure which enables to implement internal financial control across the Organization and ensure that the same are adequate and operating effectively

Statutory Auditors

M/s. M A A K & Associates, Chartered Accountants (FRN: 135024W) were appointed as Statutory Auditors of your Company at the 25th Annual General Meeting held on September 30, 2017, for a term till the conclusion of 30th Annual General Meeting to be held in the calendar year 2022, subject to ratification of appointment at every subsequent annual general meeting.

The Report given by the Auditors on the financial statement of the company is a part of this Annual Report. There are certain adverse remarks or disclaimer given by the Auditors in their Report for which

1. The Company is in process for obtaining the balance from Trade Receivables and Trade Payables.
2. As per management the accounts of the company are dormant, hence the company has not collected transactional documents relating bank statements from the bank.

Indian Accounting Standards (Ind AS) – IFRS Converged Standards

Your Company had adopted Ind AS with effect from April 1, 2017 pursuant to Ministry of Corporate Affairs notification dated February 16, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. Your Company has provided Ind AS Financials for the year ended March 31, 2020 along with comparable as on March 31, 2019 and Opening Statement of Assets and Liabilities as on April 1, 2019.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Payal Dhamecha, Practicing Company Secretary (COP No. 20411), Ahmedabad, to undertake the Secretarial Audit of the Company for the financial year 2019-2020. The Secretarial Audit Report is annexed herewith as **Annexure – 4**.

Corporate Governance

Your Company strives to incorporate the appropriate standards for corporate governance. However, pursuant to Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is not

required to mandatorily comply with the provisions of certain regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore the Company has not provided a separate report on Corporate Governance, although few of the information are provided in this report of Directors under relevant heading.

Reporting of Fraud

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

General Disclosure

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134 (3) of the Act and Rule 8 of The Companies (Accounts) Rules, 2014 and other applicable provisions of the act and listing regulations, to the extent the transactions took place on those items during the year. Your Directors further state that no disclosure or reporting is required in respect of the following items as there were no transactions occur on these items during the year under review;

- (i) Details relating to deposits covered under Chapter V of the Act;
- (ii) Issue of Equity Shares with differential rights as to dividend, voting or otherwise;
- (iii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and ESOS;
- (iv) Annual Report and other compliances on Corporate Social Responsibility;
- (v) There is no revision in the Board Report or Financial Statement;
- (vi) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and company's operations in future;
- (vii) Information on subsidiary, associate and joint venture companies.

Acknowledgment

Your company & Directors wish to place on record their appreciation of the assistance and co-operation extended by Investors, Bankers, Business Associates, and Government. We are deeply grateful to shareholders for their continued faith, confidence and support to the company.

Directors

By Order of the Board of

For, HEMO ORGANIC LIMITED

Registered Office

8-A, Gulnar, Chinar Gulnar Appartment, V.V. Nagar
Road,
Anand – 388 001, Gujarat

Date: September 04, 2020

Place: Anand

Dr. Dinesh Patel
Managing Director
DIN: 00481641