



TIAAN

AYURVEDIC & HERBS LIMITED

(Formerly known as Rachana Capital & Securities Ltd)

Board of Directors:

Mr. Ranjitmal Rathod	:	Chairman & Managing Director (up to 31 st March, 2019)
Mr. Rakesh Nizare	:	Non-Executive Non-Independent Director (upto 13th April, 2018)
Mr. Sanjay Patel	:	Non Executive Independent Director (up to 06th Feb, 2019)
Mr. Satish Bhagat	:	Non Executive Independent Director
Mrs. Kajal Jain	:	Non Executive Independent Director (from 24th May, 2018)
Dr. Ashwini Ghogale	:	Non Executive Independent Director (upto 24th May, 2018)
Dr. Samadhan Kharate	:	Non Executive Independent Director
Mr. Imteyaz Shaikh	:	Executive Director (From 10 th October, 2018)

Key Managerial Personnel:

Mr. Vinod Sarda	:	Chief Financial Officer
Mr. Nitin Mistry	:	Company Secretary (up to 12/04/2019)

<u>Bankers:</u>	:	Tamilnadu Mercantile Bank, Vadodara
	:	Yes Bank, Mumbai

<u>Auditors:</u>	:	Mehul M. Shah & Co, Chartered Accountants, Shop No. 8 Pranam CHS. Ltd. Nr. State Bank of Hyderabad, Chiku Wadi, Borivali (W) Mumbai- 400 092.
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<u>Registered Office:</u>	:	405, Patel Ashwamegh Complex, Sayajigunj Vadodara, 390 005. Contact No: 06359093939.
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<u>Corporate Office:</u>	:	Crystal Plaza, 610, A-Wing, Opp. Infinity Mall, Link Road, Andheri (W) Mumbai – 400 053. Contact No: 09833319639.
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<u>CIN:</u>	:	L85100GJ1992PLC017397
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<u>Company Website:</u>	:	http://www.tiaanonline.com
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<u>Share Transfer Agents:</u>	:	MCS Share Transfer Agent Ltd, 101, Shatdal Complex 1st Floor, Opp. Bata Showroom Ashram Road, Ahmedabad- 380009.
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<u>Listed in Stock Exchange:</u>	:	Bombay stock Exchange(BSE)
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BOARD'S REPORT

To,
The Members,
Tiaan Ayurvedic & Herbs Limited

Your Directors are pleased to present their 27th Annual Report and the audited Financial Statement for the year ended 31st March, 2019.

1. Financial Statements

(Rs. In Amount)

Particulars	(in Rupees) Current Year 2018-19	(in Rupees) Previous Year 2017-18
Total Income	48,89,43,389	102,172,014
Total Expense	46,34,58,545	97,228,507
Profit before Finance Cost and Depreciation	2,54,84,844	4,943,507
Less : Finance Cost	--	--
Profit before Depreciation	2,54,84,844	4,943,507
Less : Depreciation	22,10,895	680,083
Profit/(Loss) before Tax	2,32,73,949	4,263,424
Provision for Tax Current Tax	58,18,487	1,236,892
Deferred Tax	-	-
Balance of Profit/(Loss) for the year	17,45,54,62	3,026,532
Earning per equity share: Basic & Diluted (Rs.10/- each)	3.37	0.975

2. Performance Review

The revenue for the current financial year increased to 4889.43 lakh compare to previous year 1021.72 lakh mainly due to expanding market size and better marketing efforts. The net profit after tax increase to 174.55 lakh compare to 30.26 lakh.

3. Dividend

With a view to conserve resources, your Directors have thought it prudent not to recommend any dividend for the financial year under review.

4. Transfer to General Reserve

Asum of Net Profit has been transferred to the General Reserves of the company. This reflects well on the financial strength of the Company.

5. Change in the nature of business

There is no Change in the Business of the Company during the year.

6. Shifting of Registered office in Mumbai

The Company has been started the process of Shifting of Registered Office from Vadodara, Gujarat to Mumbai, Maharashtra.

7. Significant and Material Orders Passed by the Regulators or Courts

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

8. Subsidiary Companies

During the year under review, the Company does not have any subsidiary company.

9. Adequacy of internal financial controls

The Company has in placed adequate and effective Internal Financial Controls with reference to financial statements. During the year, such controls were tested and upgraded and no reportable material weaknesses in the design or operation were observed.

10. Particulars of Loans, Guarantees or Investments

During the year under review, your Company has not directly or indirectly -

- a) given any loan to any person or other body corporate other than usual advances envisaged in a contract of supply of materials, if any;
- b) given any guarantee or provided security in connection with a loan to any other body corporate or person; and
- c) acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

11. Particulars of Contracts or Arrangements with Related Parties

No related party transaction(s) entered into during the financial year. The Company has not entered into any contract, arrangement or transaction with any related party which could be considered as material as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company (www.tiaaonline.com).

As there are no related party transaction(s) during the year, the no approval of Audit Committee as well as the Board required to be obtained.

Related party transactions under Accounting Standard – AS 18 are disclosed in the notes to the financial statements. Prescribed Form No. AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is furnished as **Annexure – A** to this report.

12. 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 the preparation of annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) they have 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 March 31, 2019 and of the Profit of the Company for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

13. Directors and Key Managerial Personnel

Mr. Ranjitmal Rathod	:	Managing Director (up to 31/03/2019)
Mr. Rakesh Nizare	:	Non Executive Director (upto 13/04/2018)
Mr. Sanjay Patel	:	Non Executive Independent Director (up to 06/02/2019)
Mr. Satish Bhagat	:	Non Executive Independent Director
Mrs. Kajal Jain	:	Non Executive Independent Director (w.e.f. 24/05/2018)
Dr. Ashwini Ghogale	:	Non Executive Independent Director (upto 24/04/2018)
Dr. Samadhan Kharate	:	Non Executive Independent Director
Mr. Imteyaz Shaikh	:	Executive Director (From 10/10/2018)

Key Managerial Personnel

Mr. Ranjitmal Rathod	:	Managing Director
Mr. Vinod Sarda	:	Chief Financial Officer
Mr. Nitin Mistry	:	Nitin Mistry (up to 12/04/2019)

None of the Company's directors are disqualified from being appointed as a director as specified in Section 164 of the Act.

14. Declaration by Independent Directors

The Company has received necessary declarations from all Independent Directors of the Company confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 as well as under Regulation 25 and 16(1)(b) of SEBI (LODR) Regulations. There has been no change in the circumstances which may affect their status as independent director during the year.

15. Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

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, attendance, prior study of materials given, participation at the meetings, level and effectiveness of Committee meetings, etc.

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

In a separate meeting of independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-executive Directors. The same was discussed in the board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and individual Directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the Independent Director being evaluated.

16. Familiarization Program for the Independent Directors

In compliance with the requirements of SEBI Regulations, 2015, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc.

17. Policy on Directors' Appointment and Remuneration and other details

The Nomination and Remuneration Committee has laid down the criteria for Directors appointment and remuneration including criteria for determining qualification, positive attributes and independence of a Director. The following attributes/criteria for selection have been laid by the Board on the recommendation of the Committee:

- the candidate should possess the positive attributes such as leadership, entrepreneurship, business advisor or such other attributes which in the opinion of the Committee are in the interest of the Company;
- the candidate should be free from any disqualification as provided under Sections 164 and 167 of the Companies Act, 2013;
- the candidate should meet the conditions of being independent as stipulated under the Companies Act, 2013 and Listing Agreement entered into with Stock Exchanges, in case of appointment as an independent director; and
- the candidate should possess appropriate educational qualification, skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, corporate governance, technical operations, infrastructure or such other areas or disciplines which are relevant for the Company's business.

18. Number of Meetings of the Board

During the year under review, Six (6) Meetings of the Board of Directors, were held on 24th May, 2018, 5th June, 2018, 14th August, 2018, 24th October, 2018, 14th February, 2019 and 15th March, 2019.

19. Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure-B in the prescribed Form MGT-9, which forms part of this report.

20. Audit Committee

The Audit Committee of the Board of Directors meets the criteria laid down under Section 177 of the Companies Act, 2013, read with Regulation 18 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015 in the terms of reference to the Audit Committee.

Name of Member	Designation	Nature of Directorship
Satish Bhagat	Chairman	Non-Executive Independent Director
Samadhan Kharate	Member	Non-Executive Independent Director
Kajal Jain	Member	Non-Executive Independent Director

21. Material Changes and Commitments, if any, affecting the Financial position of the Company which have occurred between the end of Financial Year of the Company to which the Financial Statement relate and the date of the Report

There were no material changes and commitments that have affected the financial position of the Company which have occurred during the financial year ended on 31st March, 2019.

22. Management Discussion and Analysis

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosures Requirements) Regulation 2015, the Management Discussion and Analysis has been given hereunder

a. Industry Scenario/India key market trends :

Increasing health and beauty concerns and high demand of skin care products by consumers' have a significant impact on this market. With recent innovative products with better formulation attract wide range of consumers. Technological strides and a keen focus on R & D has supported in fueling up the market share of Ayurvedic health care products in domestic as well as the global market. While most e-commerce platforms can expect a seven to ten-fold increase in revenue generation, the growth rate for the online Ayurveda segment is pegged to be higher.

Increasing awareness of benefits of Ayurvedic products, government initiatives to encourage their usage, rising purchasing power to drive demand for Ayurvedic products in India. Ayurvedic cosmetics & skin care products is likely to boost the market over the next five years. Moreover, rising health concerns and awareness of side-effects of allopathy are few of the major factors driving consumer preference for Ayurvedic products in the country. Rising number of exclusive showrooms and increasing availability of Ayurvedic products at multi-branded stores is also boosting sales of Ayurvedic products in the country. The e-commerce market for Ayurveda will not only ride the digital growth wave thanks to increased digital penetration through better internet access, improved security of payments gateways, m-commerce adoption, and Cash on Delivery (CoD) options, but will also benefit from changes in consumer behavior.

b. Opportunities and Threats:

Ayurveda, which had been relegated to the fringes, is once again gaining global prominence in the health care space. Increasing health and beauty concerns and high demand of skin care products by consumers' have a significant impact on this market. Technological strides and a keen focus on R & D has supported in fueling up the market share of Ayurvedic health care products in the global market. Players emphasize on launching unique products to suffice the trending demand from the consumers' side which has also led to increased sale of the product. Increasing population of women adopting natural and minimal makeup trends have been increasing the sale of Ayurvedic Products globally.

Some of the threats include Indian habits where the report shows lesser population still not fully convinced with ayurvedic products as alternate medicines. The active components of the herbal drugs prescribed were not known, and even today many drugs still need further exploration for their active constituent characterization and elucidation of the mechanism of action. Several issues like, the variation in the potency due to difference in species, absence of an integrated coding for every species used commonly in TSMs, varying geographical location of growth, and incorrect identification and adulteration of drugs, non-uniform quality control standards, differences in processing methods.

c. Projects and Outlook:

The management is conscious about the changing scenario in industry and review take place regularly.

d. Risks and concerns:

- i. **Brand-Image:** Looking at the new products range which likely to introduce in next two financial years and availability of competitive products with better brand name acceptance of new name may be a tough job.
- ii. **Higher Investment:** Being a lesser known brand, company would definitely required to invest heavily behind advertisement, better marketing strategies, easy accessibility including e-commerce if it wants to become big in

herbal space.

ii.

Risk related of Raw Materials: Risks associated with key procurement relationships include:

- a. the availability of raw materials, more particularly availability of quality products ;
- b. the price of raw materials may be subject to material changes in worldwide Pricing levels;
- c. input costs such as freight and electricity may be inconsistent or prices may increase; and
- d. key supplier relationships may be lost or impaired, contracts renewed on less favorable terms or key suppliers may cease or reduce their operations.

However, the Company plans well in advance to procure the raw materials and purchases its Raw Materials from the domestic reputed supplier located in different parts of the country to mitigate risk relating to availability of raw materials.

e. Internal Control System and their Adequacy:

The Company has adequate internal control systems including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorisation and approval procedures. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board.

The Company's internal control systems are supplemented by periodic reviews by the Management. The Audit Committee reviews its findings and recommendations at periodic intervals. Company's internal control system is adequate considering the nature, size and complexity of its business.

f. Human Resources/Industrial Relations:

Employees are our greatest strength and the foundation of our Company. They play a pivotal role in offering better product quality, design and services to our customer. We ensure that employees gain ample opportunities for personal and professional growth. High quality recruitment supports the talent management practices of the Company. To augment the journey of internationalization of the Company and create a multicultural work force, strengthening leadership cadre with appropriate domain competencies has been done. The Company continues to foster a high performance culture by recognizing good performers and providing them with career enhancing opportunities. Several HR initiatives have been taken for the strategic alignment of the HR function with the business objectives. These initiatives encompass employee engagement, learning & development besides improved internal communication mechanism with employees.

g. Cautionary Statement:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include financial position of the company, economic conditions affecting demand / supply, price conditions in the domestic and overseas market in which the company operates, changes in the government regulations, tax laws and other statutes.

23. Risk Management

The Company has in place a Risk Management Policy pursuant to Section 134 of the Companies Act and Regulation 21 of SEBI (LODR) Regulations. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk.

The Internal Audit Department facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. Through this program, each Function carried on works, addresses opportunities and risks through a comprehensive approach aligned to the Company's objectives. The Company has laid down procedures to inform the Audit Committee as well as the Board of Directors about risk assessment and management procedures and status.

This risk management process, which is facilitated by internal audit, covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlights risks associated with chosen strategies. The major risks forming part Risk Management process are linked to the audit.

The Audit Committee of the Board of the Company has been entrusted with the task to frame, implement and monitor the risk management plan for the Company and it is responsible for reviewing the risk management plan and ensuring its effectiveness with an additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

24. Corporate Social Responsibility (CSR)

The Company has already constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013.

For the Company, Social Responsibility is a key element of accountability and it will continue to strive in its behavior and actions to surpass the levels of minimum statutory compliance. The Company believes in the sustainable growth and prosperity of its stakeholders and views its responsibilities not only as business responsibilities but as Ethical and Social as well.

The CSR policy of the Company is placed on the website of the Company (www.tiaanonline.com) However, in view of inadequate profit, the company has not pursued any initiative on CSR activities.

25. Safety, Environment and Health

The Company's commitment to excellence in Health and Safety is embedded in the Company's core values. The Company has a stringent policy which drives all employees to continuously break new ground in safety management for the benefit of people, property, environment and the communities where we operate on sites.

The Company respects human rights, values its employees and their communities. The Company considers safety, environment and health as the management responsibility. Regular employee training programmes are in place throughout the Company on Safety, Environment and Health and has well identified and widely covered safety management system in place for ensuring, not only the safety of employees but surrounding population of the works as well.

26. Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company has zero tolerance for sexual harassment at the workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. All employees of the Company, those of contractors as well as trainees are covered under this Policy. The policy of the Company is placed on the website of the Company (www.tiaanonline.com)

No complaint was received from any employee during the financial year 2018-2019 and hence no complaint is outstanding as on 31.03.2019 for redressal.

27. Vigil Mechanism/ Whistle Blower Policy

There is a Whistle Blower Policy in the Company and that no personnel have been denied access to the Chairman of the Audit Committee. The policy provides for adequate safeguards against victimization of persons who use vigil mechanism. The Whistle Blower Policy is posted on the Company's website www.tiaanonline.com

28. Code of Conduct

The Board has laid down a code of conduct for board members and senior management personnel of the Company. The code incorporates the duties of independent directors as laid down in the Companies Act, 2013. The said code of conduct is posted on Company's website www.tiaanonline.com. The Board members and senior management personnel have affirmed compliance with the said code of conduct.

29. Prevention of Insider Trading

The Board has adopted a revised Code of Prevention of Insider Trading based on the SEBI (Prohibition of Insider Trading) Regulations, 2015. The same has been placed on the website of the Company www.tiaanonline.com. All the Directors, senior management employees and other employees who have access to the unpublished price sensitive information of the Company are governed by this code. During the year under Report, there has been due compliance with the said code of conduct for prevention of insider trading.

30. Significant and Material Orders passed by the Regulators or Courts

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the company and its future operations.

31. Corporate Governance

As per SEBI LODR, Compliance with the provisions of regulation 17 through 27 and clauses (b) to of sub – regulations 46 and Para C, D and E of schedule V is not mandatory for the time being, in respect of the following class of Companies:

- a) Companies having paid –up equity share capital not exceeding Rs.10 crore and Net Worth not exceeding Rs.25 Crore, as on the last day of previous financial year;

- b) The listed entity which has listed its specified securities on the SME Exchange;

As such our Company falls in the ambit of aforesaid exemption Consequently Corporate Governance does not forms part of the Annual Report for the Financial Year 2018-19. However, the Company is following industry best corporate governance standards.

32. Human Resources

The human resource plays a vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relations with employees across various locations.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

33. Deposits from Public

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public, was outstanding as on the date of the balance sheet.

34. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo Technology

absorption: NIL

Foreign Exchange earnings and outgo: NIL

35. Particulars of Employees and Remuneration

Pursuant to the Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, no employee of the Company was paid remuneration exceeding the prescribed limits, during the financial year 2018-2019.

36. Insurance

All the properties and insurable interests of the Company including buildings, Plants & Machineries and Stocks, have been adequately insured.

37. Share Capital

The paid-up equity share capital of the Company as at 31st March, 2019 is Rs.5,16,68,000. The Company currently has no outstanding shares issued with differential rights, sweat equity or ESOS.

38. Auditors

Statutory Auditors:

M/s. Mehul M. Shah, Chartered Accountants, were appointed as the statutory auditors of the Company for a period of five years at the Annual General Meeting (AGM) of the Company held on 28th September, 2017 to hold office from the conclusion of 25th AGM till the conclusion of 30th AGM to be held in 2022.

The Auditors' Report read with the notes to the accounts referred to therein are self-explanatory and therefore, do not call for any further comments. There are no qualifications, reservations or adverse remarks made by the Auditors.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. Suhas Bhattbhatt of M/s. S Bhattbhatt & Co, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the year ended March 31, 2019. The Secretarial Audit Report is annexed as **Annexure C**.

Cost Auditors:

Your Company does not require to get its cost records audited by the qualified Cost Auditors, in view of non applicability, No appointment of Cost Auditors has been made.

39. Acknowledgement

The Board places on record its deep appreciation for the continued support received from various clients, vendors and suppliers and Bankers, Government Authorities, Employees at all levels and Stakeholders, in furthering the interest of the Company.

For and on behalf of the Board of Directors,

Date: 02-09-2019
Place: Vadodara

Imteyaz Shaikh