



GUJARAT TERCE LABORATORIES LIMITED

Date: August 01, 2022

To,
The Department of Corporate Services,
The Bombay Stock Exchange
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai- 400001

Script code: 524314

Dear Sir/Madam,

Sub: - Submission of Annual Report under Regulation 34 of the SEBI (LODR) Regulations, 2015

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed herewith 37th Annual Report of the Company for the FY 2021-22. The said Annual Report is also uploaded on the website of the Company at www.gujaratterce.in.

In compliance with the applicable circulars issued by the Ministry of Corporate Affairs (MCA) & SEBI, the 37th Annual Report for the FY 2021-22 is being sent only by electronic mode (through email) to those Members whose e-mail addresses are registered with the Company/Depositories/RTA.

We hereby request you to take the above information on record and acknowledge its receipt.

Thanking you.

Yours faithfully,
Gujarat Terce Laboratories Limited.


Ashka Solanki
Company Secretary & Compliance Officer

Encl.: As above



Progressing with **Optimism**



Gujarat Terce Laboratories Ltd

37th ANNUAL REPORT **2021-22**

Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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**“Optimism is
essential to
achievement
and it is also the
foundation of
courage and true
progress.”**

Nicholas Murray Butler


The primary ingredient for progress is optimism.

The unwavering belief that something can be better, drives us to strive harder. To make each day better than the previous one.

It is this belief that got us through our worst times.

It is this confidence that will uplift us to our better times.

Having streamlined our business operations, we are progressing with stronger resolve.



Progressing with Optimism

WE ARE MAKING OUR GOOD PORTFOLIO, GREAT.

When competitive intensity multiplies, the need of the hour is to remain agile. That becomes impossible with a huge basket of products.


Our efforts to shift our presence from acute therapies to chronic therapies are working well. In the last two years, we launched seven new products, of which two were in chronic therapies. In the next few years, we plan to launch about four products every year; all of which will pertain to chronic therapies.

We needed to offload and reload. Offload low-yielding products and reload high-margin ones. This is what we have faithfully done for the last 5-6 years. Our product basket is now about half of what it was a decade ago. But it is more potent and relevant.

We are confident that our efforts to prudently balance acute and chronic therapies will shore our relations with the medical fraternity and grow business profitability.

Our progress is building our optimism for the future.





Progressing with Optimism

WE ARE EXPANDING OUR FOOTPRINT ACROSS INDIA

When you aspire to cater to the second most populous nation in the world, you need to be present across the landmass to effectively capitalise on mushrooming opportunities.

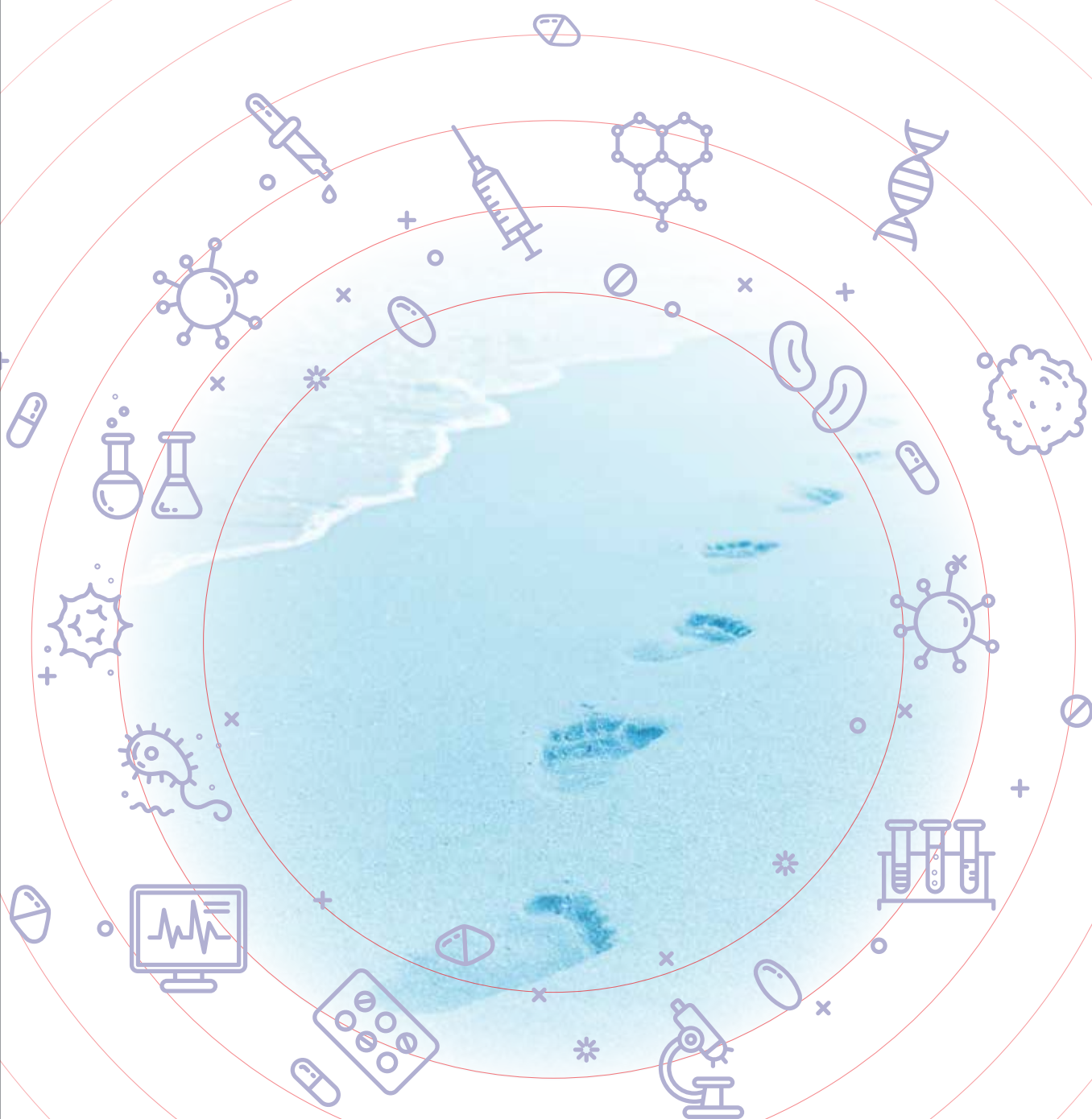
India has 28 States and 8 Union Territories, but we were present in only 12 (April 1, 2021). This means our addressable opportunity is less than half of the opportunity India provided.

To widen our presence further, we added one more state to our footprint, Maharashtra. We created a team. We identified the products. We forged relations with the medical fraternity.

Within four months of our presence (December 2021 – March 2022), we made healthy inroads into this new territory. And, we have only covered a small part of the state. In FY23, we will fortify our presence in this large state with a greater sales force and a bigger and more relevant product basket.

In FY23, we expect to expand our operations in two Indian states. We aim to establish a pan-India presence by 2025.

Our progress is building our optimism for the future.



The image features two stylized blue butterflies. Overlaid on the butterflies is a complex molecular structure composed of numerous small spheres (atoms) connected by lines (bonds). The spheres are in various shades of blue and white, creating a three-dimensional effect. The butterflies are positioned one above the other, with the molecular structure weaving through their wings.

From the Managing Director's desk

**“OUR PLANS APPEAR
DAUNTING, WHICH MAKES
OUR JOURNEY EVEN
MORE RIVETING. I AM
PARTICULARLY EXCITED
ABOUT OUR PROSPECTS
GOING FORWARD.”**

Dear Shareholders

It is a pleasure to be addressing you through this communicate as we rebounded smartly in FY22 after a slip in the previous year.

Our revenue increased by 59% over the previous year while our EBITDA grew by 172% and our industry-beating performance was owing to two factors – a resurgence in demand and the untiring effort of our team to get the Company back on the progressive track.

The question now remains, how do we move forward? What do we do next to sustain our ambition of progressing the business profitably?

With this objective in mind, we have drawn up a strategic blueprint that is platformed on multiple pillars.

One, we will need to rebalance our product portfolio between acute and chronic therapies. We have been consistently working on this delicate rebalancing exercise to reach a 75/25 ratio currently. Most products launched in the last 24-30 months are addressing chronic therapies. We hope to arrive at a 70/30 ratio in the next year. We expect to continue the skew towards chronic therapies in the near future. This would help us in making our revenue accrual more stable and predictable and will go a long way in improving business margins.

Two, we need to aggressively expand our footprint pan-India. Currently, we are only present in 13 states. We need to catch up with speed to achieve our articulated goal of establishing a pan-India presence by 2025. We are also studying the contours

of launching a Strategic Business Unit in the current year focused on therapeutic areas like dermatology, gynecology, and neurology. This will help us in leveraging our current operations better and adding new specialist doctors to our relationship model.

Three, the revenue from our portfolio of precious brands grew by 77% in FY22 over FY21. Our top 10 brands gave us 68% of our revenue. Our aim would be to focus on enhancing the reach and awareness of these brands among the medical fraternity across the geographies of our presence. We would also plan to add some more brands within this coveted group to enhance our growth momentum over the coming years.

Four, we will add more strength to our team. We plan to hire fresh recruits which will bring in new ideas, energy and excitement into our operations. We intensify our training efforts in functional and behavioural aspects to uplift the skill sets of the entire team. Also, we plan to launch a Management Development Program for the middle management to groom them for leadership roles.

Our plans appear daunting, which makes our journey even more riveting. I am particularly excited about our prospects going forward.

My optimism also rests on India's thrust on strengthening the healthcare infrastructure and services. The Government is squarely focused on increasing the number of hospitals across

India with a special focus on Tier I and II cities to ensure that it can better cope with a health scare of the intensity of the recent pandemic. This should open interesting growth opportunities over the coming years.

We, at Gujarat Terce, will work deliberately to ensure that the Company always remains relevant and current to the people we serve and to the changes taking place in our environment. To that end, we continually shape the Company, strategically choosing the businesses in which we compete, to achieve the optimal configuration for success.

On behalf of the Board, I would like to thank our esteemed shareholders, partners and other stakeholders for believing in our story and reposing their confidence in our capability and extending their support in our long journey. I continue to solicit your co-operation.

Warm regards

Aalap Prajapati
Managing Director & CEO

The Indian healthcare delivery industry is expected to register a healthy growth of 15-17% CAGR between fiscals 2021 and 2025. This optimism is based on important drivers namely 1) Pent-up demand coming back onto the system 2) Strong fundamentals 3) Increasing affordability and 4) Government programmes
(Source: CRISIL)



ABOUT US

Established in 1985, Gujarat Terce Laboratories produces branded generic formulations for the domestic market. Over its more than three-decade business journey, the Company developed an extensive product basket comprising 50 brands covering multiple therapeutic areas which are marketed by its 180+ strong MR team across 13 Indian states.

Headquartered in Ahmedabad, the Company has its fully-automated facility at Chhatral. The organisation is spearheaded by Mr. Aalap Prajapati, as its Managing Director & CEO; its day-to-day operations are managed by a team of 365 members. The Company's equity is listed on The BSE Limited.

50

Brands

130

SKUs

365

Team size

4,013.37

Revenue
(₹ Lakh)

87.23

Profit after Tax
(₹ Lakh)

853.43

Networth
(₹ Lakh)

1,940.41

Market Capitalisation
as on March 31, 2022.
(₹ Lakh)



Vision

To become a global healthcare brand recognised and trusted for its leadership in quality, innovation, service and ethics.



Mission

To dedicate ourselves in the service of patients and healthcare community driven by best technology and talent for providing effective, affordable and superior medicines and healthcare products.



OUR OPERATIONAL INFRASTRUCTURE

Located at Chhatral in Gandhinagar, Gujarat, our ISO 9001 certified, WHO-GMP compliant operating facility manufactures world-class formulations and healthcare products that feature in acute and chronic therapeutic areas.

Ours is a fully integrated and automated facility with capabilities spanning research, development, production and quality testing. Our institutionalised Lean Manufacturing and Total Quality Management systems ensure shop floor efficiency and quality consistency.

3,375

Area of the facility
(Sq.mtr.)

720 Lakh

Capacity - Tablets

185 Lakh

Capacity - Capsules

211.41

Capex in FY22
(₹ Lakh)

OUR PRESENCE



We are present across 13 states with our products occupying the shelf space in 22,000+ outlets. Our sales team of 250+ Members continues to fortify our connect with doctors and healthcare professionals.

We enjoy a strong presence in the West-North accounts for more than 50% of our revenue. Whilst we continue to extend our footprint across other states to widen our opportunity landscape and de-risk our business from regional concentration.

Our robust supply chain enables us to reach our 130 SKUs to our network of 481 stockists and distributors.

13

States of presence

25,000+

Doctor relations

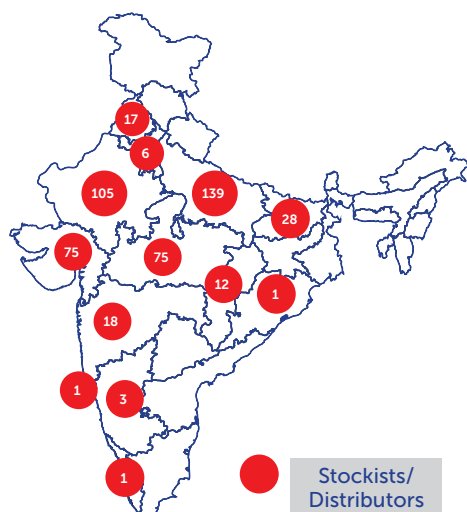
481

Distributors & Stockists

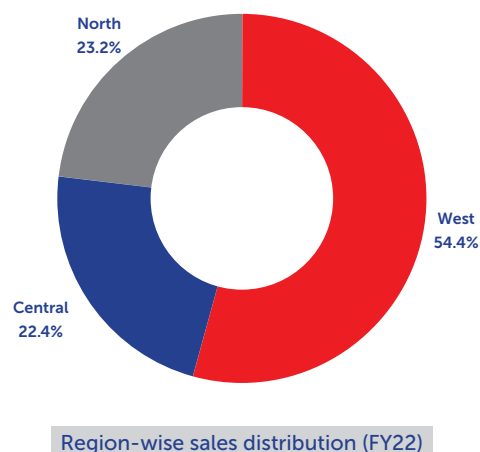
22,000+

Retail outlets

Our wide footprint presence



Our region-wise concentration





OUR PEOPLE

For Gujarat Terce, progress with people is at the heart of its corporate ethos. Over the years, the Company has nurtured a meritocratic, empowering, and caring culture that encourages excellence. It nurtures talents by providing its people with opportunities to sharpen their capabilities, encourages innovation, fosters lateral thinking, and prepares them for future leadership roles.

The team consists of about 365 members, who remain focused on executing business strategies and developing innovative and relevant solutions that allow the Company in spotting new business opportunities and capitalising on them.

The HR programme is devised to build a smarter workforce that stays tuned to the rapidly evolving business dynamics and infuse a culture of adaptability to changes, agility to work fast, and an affinity to grow.

The Company emphasises continuous learning and employee training at all levels for building technical and behavioral competence and self-development. For this, the Company has institutionalised a training calendar that provides knowledge enhancement opportunities.

It continues to maintain its record of good industrial relations without any interruption in work.

365

Employees

as on March 31, 2022

117

Recruits

in FY22

206

Training

in FY22 (man-days)

1.63

PCPM

(₹ Lakh)

OUR COMPETITIVE MOAT

- Rich experience of more than three decades in the domestic pharmaceutical sector
- Strong brand credibility with 50 brands being leaders in their segments.
- Diversified product portfolio across multiple therapeutic areas.
- State-of-the-art manufacturing facilities that are compliant with global regulatory standards.
- Wide connect in the medical fraternity comprising healthcare professionals and chemists.
- Strong pipeline of products to be launched over the coming years.



OUR LEADING BRANDS

Acolate

Codimol

Resplash

Terflora Z

Thyter

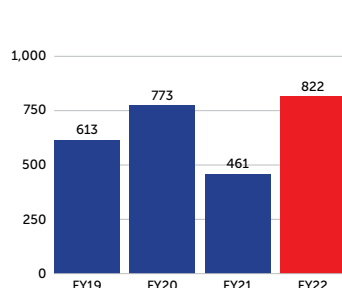
Tynol

Vitfol

Z/OXI

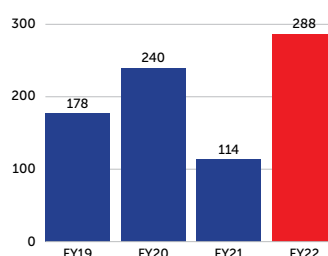
These are our leading brands that have established our reputation in the domestic pharmaceutical space and make a healthy contribution to our business growth and profitability. We continue to launch new SKUs under each brand to rejuvenate interest in these brands and sustain their relevance. In doing so, we are able to cement a lasting recall for these brands among the medical fraternity.

Sales of Top Four Brands



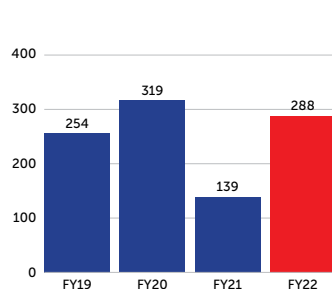
Acolate

Therapeutic Segment- Anticold
Type- Acute



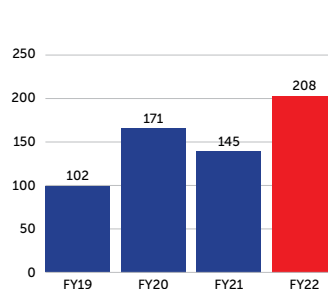
Tynol

Therapeutic Segment- Pain Management
Type- Acute



Codimol

Therapeutic Segment- Antibiotic
Type- Acute



Vitfol

Therapeutic Segment- Vitamins (Nutraceuticals)
Type- Chronic



68%

Revenue contribution from key brands in FY22

OUR PRECIOUS PRODUCTS

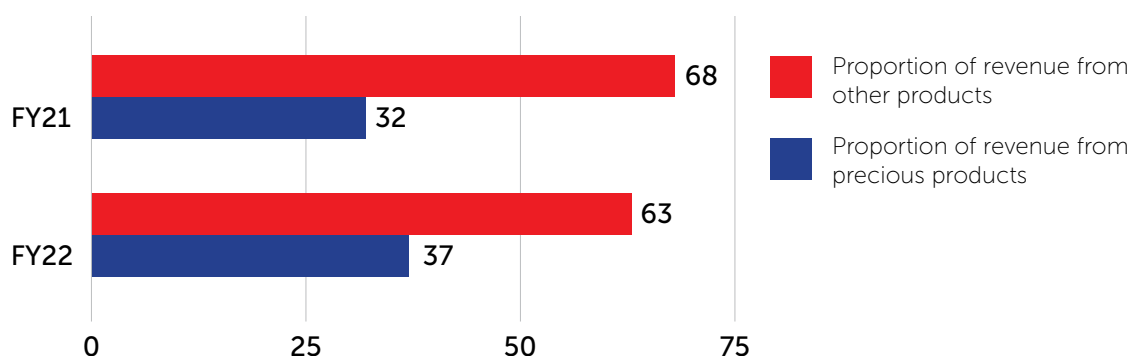
As the name suggests, this niche product basket contains products that are of critical importance to the Company because they represent future brands that hold the promise of driving business performance over the coming years.

We have identified 12 precious products in FY22 which are divided into three major specialties, 1) GP & Physician, 2) Pediatricians, and 3) Gynecologists. During the year, we intensified our branding and awareness efforts for these products to strengthen their recall among medical practitioners. These efforts helped these products gain traction.

As a result, 1) our portfolio of precious brands has grown by 77% in FY22, and 2) our ₹1 crore plus brand portfolio stands at 9 brands in FY22.

Revenue from precious products

(Figures = % age of sales)

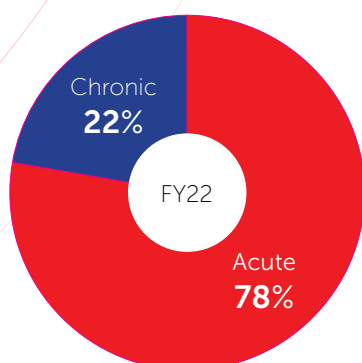
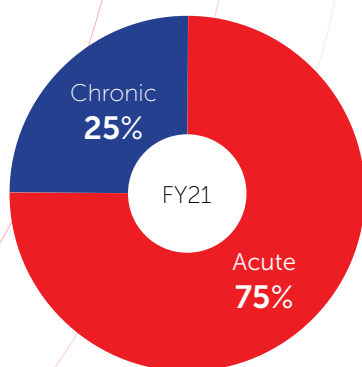






OUR THERAPEUTIC PORTFOLIO

Revenue break-up in
respect of therapeutic
segment



Gujarat Terce enjoys a presence in acute and chronic therapies. While its revenues accrue predominantly from the acute segment, the Company is working steadily to increase its presence in chronic therapies to achieve a volume-and-value driven business growth.

In FY22, the Company performed well in both segments, outperforming the industry average. While the acute portfolio of Indian pharmaceutical market grew by 19.8%, The Company's acute basket registered a whopping 58.4% growth. In the chronic segment, the Company's portfolio registered a growth of 33.02% against a 10.24% growth by the chronic portfolio of the Indian pharmaceutical market.



Antibiotics

India ranks very high in the world in terms of infectious ailments. Hence, there is a considerably high usage of prescribed and non-prescribed antibiotics in India.

Gujarat Terce has a large portfolio of antibiotics. Codimol is one of Company's top brand in antibiotics basket that garnered a revenue of ₹288 lakh in FY22, whereas the entire antibiotics group contributed 34.4% of the Company's revenue.

Leading brands in the Antibiotics group

Codimol

Almocef

Ocef

Aziter

Respiratory

Growing pollution owing to increased vehicular movement and rapid industrialisation has led to increased respiratory disorders especially among the geriatric population. Moreover, the multiple waves of the pandemic have only increased respiratory problems in India.

Gujarat Terce has a strong presence in the respiratory space with Acolate being its leading brand – garnering a revenue of ₹822 lakh in FY22.

Leading brands in the Respiratory segment

Acolate

Pain Therapy

The Company's product basket comprises products that address acute and chronic pains. Its product basket comprises of 11 products. In the pain portfolio, Tynol is the leading brand – it earned about ₹288 lakh in FY22.

Leading brands in the Pain Therapy group

Tynol

Algin P

Gynaecology

There has been a steep rise in gynecological disorders in last few years primarily owing to the changing lifestyle among women. Gujarat Terce has a healthy presence in this segment with Vitfol being one of the top brands that garnered ₹208 lakh in this fiscal.

Leading brands in the Gynecology space

Vitfol

Ferli

HerHonqr

Gastroenterology

Indigestion and acid refluxes are quite common among many Indians owing to their unsatiable desire for rich food. Additionally, Irritable Bowel Syndrome or IBS is also emerging as a frequent occurrence in recent times. As such, demand for this medication is gaining traction. Terflora is the biggest brand for the Company in its gastroenterology division.

Leading brands in the Gastroenterology space

Terflora Z

Rabter DSR



Nutraceutical

Vitamins, health supplements, minerals and proteins constitute most of the nutraceutical market in India. Increasing internet penetration, growing consumerism and health consciousness among regular Indians are the reasons why nutraceuticals market is growing in India. Gujarat Terce has an attractive nutraceuticals portfolio Resplash being the leading brand in this segment which ₹168 in FY22.

Leading brands in the Nutraceutical therapy

Resplash

Vitfol Plus

MVIMIN

Ayurvedic

Ayurveda is a century old science and healthcare system that is getting popular nowadays. Ayurvedic medicines mainly use different types of herbs, plants to cure any particular disease. Ayurvedic medicines constitute a big portion of the Company's portfolio that is getting traction in last couple of years. Thyter is one of the top brands among ayurvedic and overall business segment which generated ₹377 revenue in FY22.

Leading brands in the Ayurvedic product offering

Thyter

Instalin

Z-Olive



A 10-minute discussion with the CFO on the Company's performance

**“FY23 WILL BE A MIX OF
MULTIPLE LEVERS. THE
SEAMLESS INTERPLAY
OF THESE FORCES
SHOULD HELP US IN
REGISTERING ANOTHER
FISCAL OF INDUSTRY
OUTPERFORMANCE.”**

How would you rate the Company's performance in FY22?

It was one of the better performances in our business journey this far. We registered a very solid turnaround in operations. So, the dip in numbers in FY21 was more than compensated by the rebound in FY22. This aggressive resurgence was an outcome of the external demand and our people's effort.

Can you highlight both of these aspects?

I will start with the people factor first. Due to subdued demand, revenues de-grew which impacted the team's morale. During the first wave of the pandemic, we intensified our effort to stay in touch with our people and inform them of transpiring ground realities and their impact on the Company. And all along we reassured them that this was a passing phase that would correct shortly. We made sure that we kept the team intact. The organisation took care of their health and well-being. Increments and due promotions were given. So, when the tide turned favourable, our people put in a special effort in uplifting the Company.

On the demand front, FY22 was quite a replica of the FY21, maybe even worse. Where did the demand come from?

Yes, the second wave was far more aggressive and intense for India. But there was a difference. Its duration was far lesser because a good part of the Indian population was immunised, especially medical practitioners. They were meeting patients. So

even during Q1 of FY22, when the second wave was at its peak, we were able to perform considerably better than the corresponding quarter of the previous year. And once the impact of the second wave waned, the path to normalcy was pretty fast. This was owing to the thrust towards inoculation from multiple quarters. As such, it was business as usual from Q2 of FY22. The pent-up demand also surfaced which helped in upping our numbers.

What were some of the highlights on the field?

Our people made an all-out effort to capitalise on opportunities in the regions in which we operate. They continued to fortify relations with medical professionals. We launched innovative strategies for promoting our key products. We leveraged the digital platform for creating awareness of our products among medical practitioners. Further, we expanded our territory in central Uttar Pradesh, Bihar and Chattisgarh and started operations in Maharashtra. Our team's efforts yielded very satisfying outcomes.

- We registered an increase of 33.6 % in productivity across all geographies over the previous year.
- Our basket of ₹1 crore plus brands widened which is healthy for the Company as it de-risks our performance from an over-dependence on our key brands.
- Our ranking as per IQVIA India MAT January'22 rankings moved 13 places. We are currently ranked 196 in the Indian Pharmaceutical Market.

What steps did you take to optimise costs?

On the operations front, there are many small, yet meaningful steps taken to improve business efficiency. The most important is deploying IT solutions to automate our systems and processes. We invested a good amount of our resources towards this end. While making our systems and process more accurate, we have become increasingly paperless. As a result, we have been able to create a large database of relevant information. This has helped in faster, knowledge-backed decision making.

What are your plans for FY23?

It's a strategic group of multiple levers that will grow the business – new products, new geographies, new people, and new energy. The seamless interplay of these forces should help us in registering another fiscal of industry outperformance.

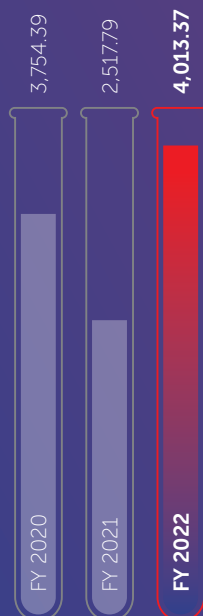
You are growing as an organisation. How are you going to manage operations?

We have strengthened our Senior management with experienced hiring across functions; and are creating a synergistic blend of Professional and Entrepreneurial Management teams, to propel the Company into the next era of growth.

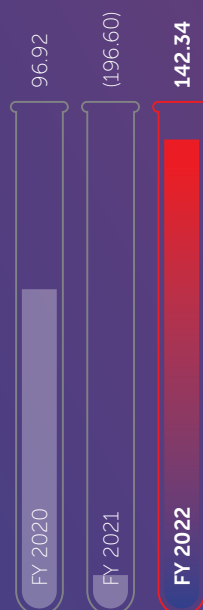
KEY PERFORMANCE INDICATORS



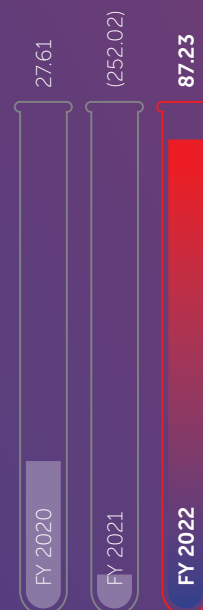
**Revenue from
Operations**
(₹ Lakh)



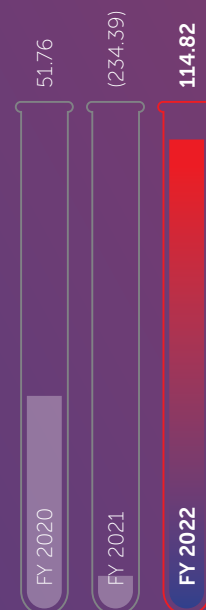
EBITDA
(₹ Lakh)



**Net Profit
(Before OCI)**
(₹ Lakh)

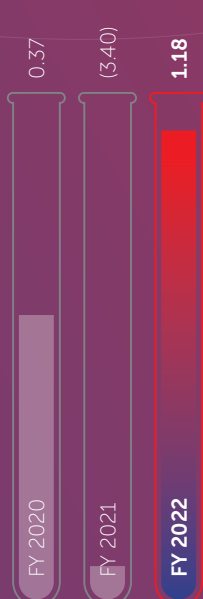


Cash Profit
(₹ Lakh)

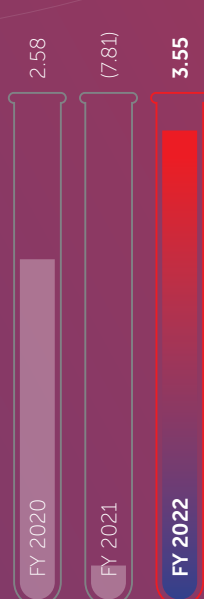




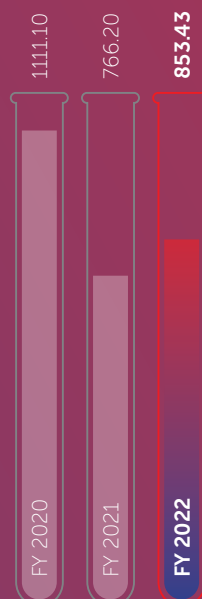
Earnings per Share
(₹)



EBITDA margin
(%)



Network
(₹ Lakh)



PROGRESSING WITH EVERY QUARTER

Q1

| Revenue from operations | | EBITDA | | PAT (before OCI) | | Cash Profit | |
|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
| 100% | | 612% | | 461% | | 531% | |
| Change over corresponding quarter | | Change over corresponding quarter | | Change over corresponding quarter | | Change over corresponding quarter | |
| 994 | 498 | 170 | (33) | 160 | (44) | 165 | (38) |
| Q1/FY22 (₹ Lakh) | Q1/FY21 (₹ Lakh) | Q1/FY22 (₹ Lakh) | Q1/FY21 (₹ Lakh) | Q1/FY22 (₹ Lakh) | Q1/FY21 (₹ Lakh) | Q1/FY22 (₹ Lakh) | Q1/FY21 (₹ Lakh) |

Q2

| Revenue from operations | | EBITDA | | PAT (before OCI) | | Cash Profit | |
|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
| 41% | | 220% | | 3,007% | | 1898% | |
| Change over corresponding quarter | | Change over corresponding quarter | | Change over corresponding quarter | | Change over corresponding quarter | |
| 1,013 | 720 | 61 | 19 | 45 | (2) | 51 | 3 |
| Q2/FY22 (₹ Lakh) | Q2/FY21 (₹ Lakh) | Q2/FY22 (₹ Lakh) | Q2/FY21 (₹ Lakh) | Q2/FY22 (₹ Lakh) | Q2/FY21 (₹ Lakh) | Q2/FY22 (₹ Lakh) | Q2/FY21 (₹ Lakh) |

Q3

| Revenue from operations | | EBITDA | | PAT (before OCI) | | Cash Profit | |
|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
| 52% | | 2,080% | | 738% | | 1477% | |
| Change over corresponding quarter | | Change over corresponding quarter | | Change over corresponding quarter | | Change over corresponding quarter | |
| 1,075 | 708 | 71 | 3 | 48 | (7) | 53 | (4) |
| Q3/FY22 (₹ Lakh) | Q3/FY21 (₹ Lakh) | Q3/FY22 (₹ Lakh) | Q3/FY21 (₹ Lakh) | Q3/FY22 (₹ Lakh) | Q3/FY21 (₹ Lakh) | Q3/FY22 (₹ Lakh) | Q3/FY21 (₹ Lakh) |

Q4

| Revenue from operations | | EBITDA | | PAT (before OCI) | | Cash Profit | |
|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
| 58% | | 14% | | 17% | | 21% | |
| Change over corresponding quarter | | Change over corresponding quarter | | Change over corresponding quarter | | Change over corresponding quarter | |
| 932 | 592 | (160) | (186) | (166) | (199) | (154) | (195) |
| Q4/FY22 (₹ Lakh) | Q4/FY21 (₹ Lakh) | Q4/FY22 (₹ Lakh) | Q4/FY21 (₹ Lakh) | Q4/FY22 (₹ Lakh) | Q4/FY21 (₹ Lakh) | Q4/FY22 (₹ Lakh) | Q4/FY21 (₹ Lakh) |



Annexure-A

MANAGEMENT DISCUSSION & ANALYSIS

Global Economy

The worst is behind us. The global economy is now recuperating at a steady pace.

The novel Coronavirus wreaked havoc across the world. Since 2020, millions passed away due to Covid, people lost their livelihoods, trades and industries closed abruptly. Global economy came to a standstill. But very soon scientists came out with a workable solution, a vaccine that empowered us to neutralise the threat.

Buoyed by extensive vaccination drives across nations, the world economy started moving forward. In 2020, global economy contracted at 3.5%. But as things started getting back to normal, with governments lifting restrictions world over, trade picking up, mills running to their capacities although not

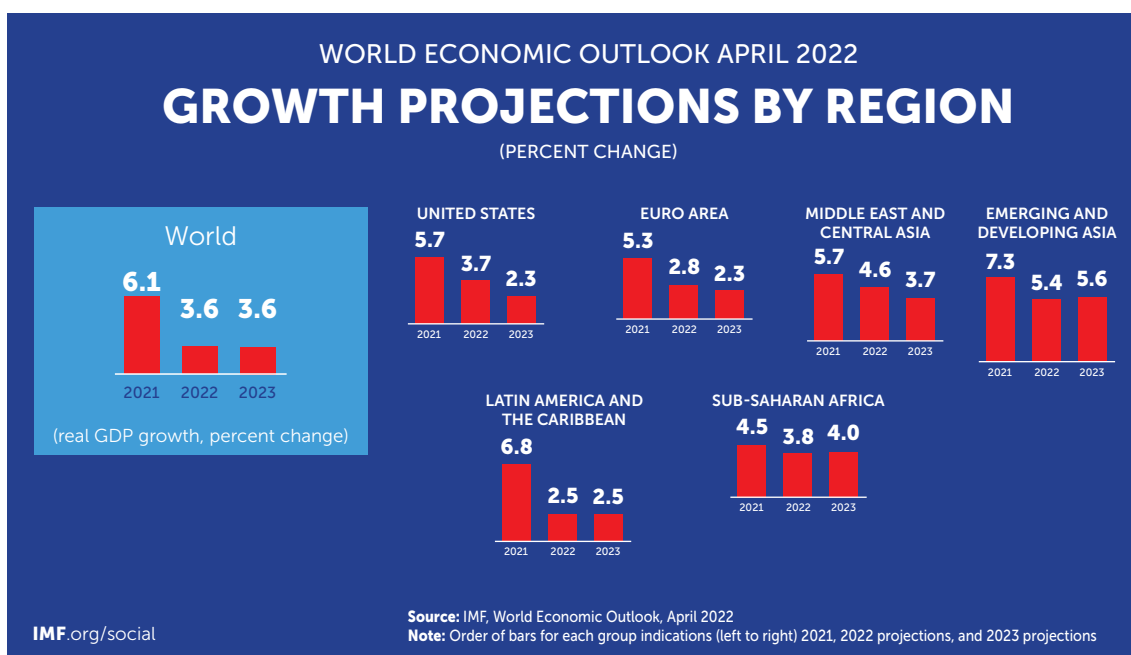
in every part of the world, global economy in 2021 got back on its feet with a growth rate of 6.1%, last IMF estimate suggested – the highest in the last four decades.

While all major trading economies saw a rise in imports and exports in 4th quarter above pre-pandemic levels, trade in goods increased more in developing nations than advanced economies.

During Covid times, governments across world responded with several fiscal stimulus and policy support to counter the adverse impact of the outbreak. With vaccine rollout and widespread medical care, when the pandemic started receding, there was considerable tightening and withdrawal of government support.

According to IMF April 2022 estimates, a growth of 3.6% in the world economy for 2022 and 2023 has been projected. Factors such as supply chain disruptions, rise in crude prices and ensuing geo-political events can impact the global economic progress.

Trade patterns will be dominated by environmentally sustainable product next fiscal and because of the prevailing global logistics situation, the trend to find and rely on geographically closer supplier is going to be the rule of the trade. The possibility of the resurgence of Covid-19 could also pose a threat to economic development worldwide.



Indian Economy

Following the global footholds, Indian economy is enroute recovery. Thanks to the Indian medical fraternity and pharmaceutical industry, indigenous vaccines came out before things could get any worse. With the government's effort and public support, vaccination started without much delay.

India registered a smart rebound to register a stellar economic growth with the GDP scaling by 8.9% in FY22 against a contraction of 6.6% in FY21.

The three key sectors that support the Indian economy; agriculture and allied industries, industry and services are estimated to grow by 3.9%, 11.8% and 8.2% respectively in FY22. Additional factors contributing

to the high growth rate in FY22 include increase in demand for consumption by 7.0% and the increase of exports by 16.5% and imports by 29.4%

FY22 saw a slew of measures of the government that created a conducive atmosphere for industrial growth. The Repo rate was kept at 4% in 2021-22. To provide additional liquidity, the RBI took initiatives such as G-Sec Acquisition Programme and Special Long Term Repo Operations.

In line with increasing commercial activities, GST collection increased by 30% to ₹14.8 lakh crore in FY22 from ₹11.4 lakh crore in FY21.

In indirect taxes, total excise duty collection stood at ₹1.88

lakh crore exceeding the budget expectation. Custom duties grew by 48% which reflects robust trade activity. Finance Ministry reported highest tax to GDP ratio in 2021-22 of 11.7%, with indirect tax to GDP ratio at 5.6%.

The tax buoyancy which is a sign of growth in tax revenues compared to GDP growth, is on equal footing with indirect taxes with a ratio of 1:1. Total indirect tax mop-up for the fiscal was ₹12.90 lakh crore which is again much higher than the budget estimate of ₹11.02 lakh crore.

IMF projected 8.2% growth in 2022 for India which makes it the fastest growing major economy in the world against China's 4.4%. This positions India as the fastest growing major economy of the world.

Global pharma industry

The pharmaceutical industry is one of the fast-growing industries globally. The primary drivers behind the growth are said to be the ageing population and the rise of chronic diseases.

Immunology, Oncology and Neurology are going to be the forerunner segments in near future. Biologics seem to have high potential and are growing at a significant rate. The US still dominates the global pharmaceutical market with half of the global medicine sales coming from there.

The global formulation development outsourcing

Indian pharma industry

India's pharmaceutical sector meets 50% of all vaccine demands in the world, 40% of all generic demands in the US and 25% demands of all medicines in the UK.

Labeled as the Medicine Box of the World, and rightly so, India's pharmaceutical industry is witnessing remarkable growth. It is valued US\$42 Billion (2020-21), with a growth rate of 10-12% against a mere 3% growth last year – a large part of this growth can be attributed to the medication to combat the pandemic.

The Government is making considerable effort in supporting the Indian pharmaceutical sector. It announced a production-linked incentive (PLI 1.0) scheme on 21 July 2020 aimed at boosting India's bulk

market was valued at US\$21.1 billion in 2021. This market is expected to reach US\$31.8 billion by 2027 with a CAGR of 6.3%. The global market for

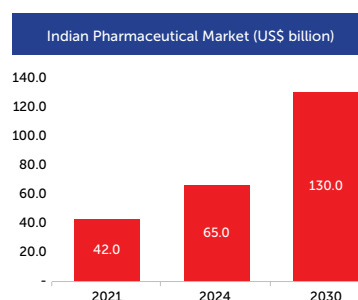
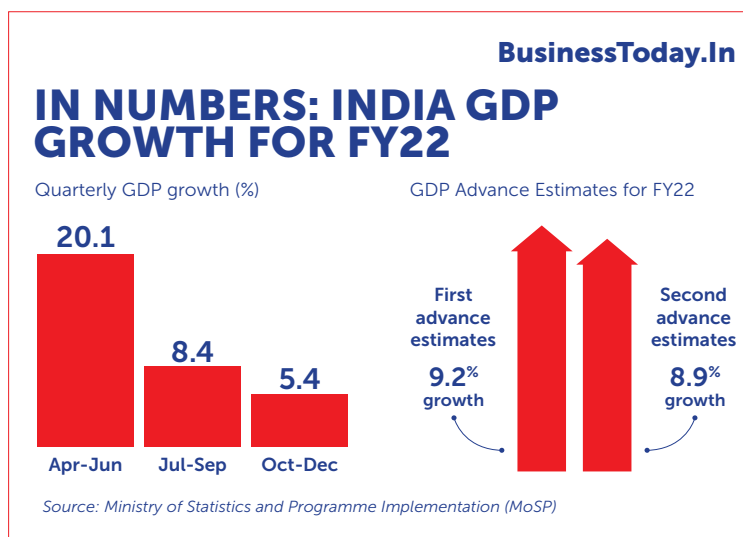
drug security. This covered identified Active Pharmaceutical Ingredients /Key Starting Materials /Drug Intermediates. The financial outlay for the said PLI scheme was ₹6,940 crore.

Moreover, with the aim to further encourage the pharmaceutical industry to enhance its manufacturing capabilities, diversify the product mix to complex generics, patented drugs, going up the value chain, bringing investment and creating global champions out of India, the government notified a new scheme on March 3, 2021 (PLI 2.0) and its operational guidelines have since been announced on 1 June 2021. The new scheme is more extensive in its coverage as compared to PLI 1.0 and is expected to offer a total of ₹15,000 crore in incentives to selected applicants

generics is also expected to witness healthy growth – from US\$411.6 billion in 2020 to US\$650.3 billion by 2025, at a CAGR of 9.6% during this period.

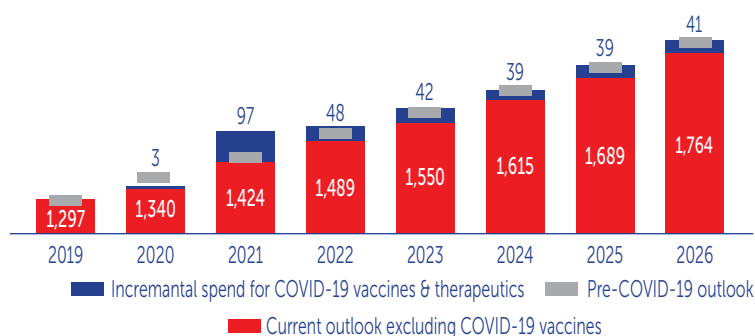
for the identified pharma products.

According to the Indian Economic Survey 2021, the Indian pharmaceutical market is expected to grow 3 times in the next 10 years. The sector is expected to touch US\$65 billion by 2024 and further expand to reach US\$120-130 billion by 2030.



The global medicine market — using invoice price levels — is expected to grow at 3–6% CAGR through 2026, reaching about US\$1.8 trillion in total market size. The key driver for this growth will be technological advances.

Changes in the historical and projected global medicine spending model due to COVID-19, 2019–2026 (US\$ Bn)



Source: IQVIA Market Prognosis, Sep 2021; IQVIA Institute, Nov 2021

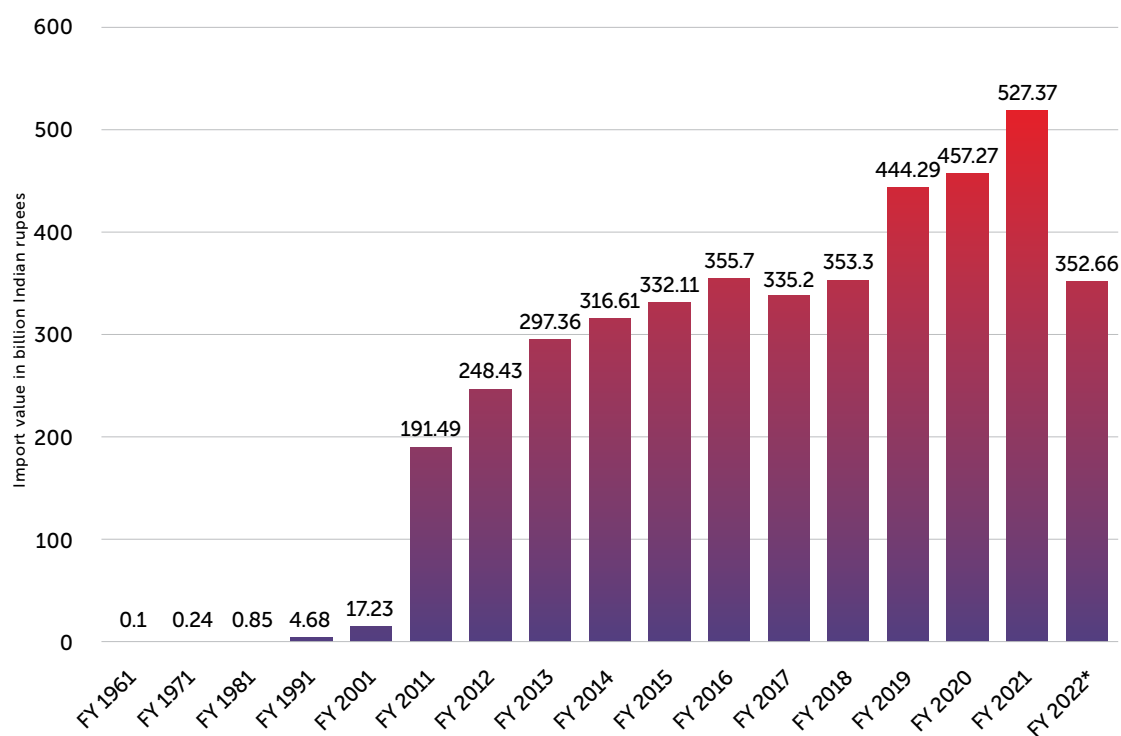
Key growth drivers

Hospitals: Hospitals of different types are coming up not just in Metros, but also in Tier-II and Tier-III cities which will shore up the use of medicine. The Indian private hospital sector was valued at ₹9,995.06 billion in FY2021 which is expected to reach ₹25,429.49 billion by FY2027 and as overall healthcare expenditure is growing at a CAGR of 16-18%, private hospitals are going to be the biggest beneficiary with 65-70% of the healthcare spending.

Telemedicine: Telemedicine improves the accessibility of patients to the formal medical system from the comfort of their homes. It is a host of technologies, which connects the doctors to a patient remotely. This sector gained prominence particularly during the pandemic. The telemedicine market has the maximum potential in eHealth segment. This market is expected to be valued at US\$5.4 billion in 2025, with a CAGR of a 31%.

Health Insurance: Several health insurance schemes have been launched by the government – a) Rashtriya Swasthya Bima Yojana (RSBY), b) Pradhan Mantri Suraksha Bima Yojana (PMSBY), c) Central Government Health Scheme (CGHS), d) Aam Aadmi Bima Yojana (AABY), e) Janashree Bima Yojana (JBY), f) Universal Health Insurance Scheme (UHS) to name a few. Private sector comes up with abundant number of schemes as well to protect your medical future. In FY21 the health insurance market was valued at ₹1,886.25 billion. It is projected to touch ₹2,517.90 billion by FY27, at a CAGR of ~5.12% during the FY21 – FY27e period.

Government impetus to the pharmaceutical sector



Although India is a global leader in drug manufacturing and exporting, the nation relies heavily on import of drugs for internal use. India imported medicinal and pharmaceutical products worth ₹517 billion in the fiscal year 2021. Till September FY22, ₹352 billion worth of pharmaceutical products were imported to the country. To protect India's pharmaceutical sector from external risks, enforce drug security and encourage domestic manufacturing Indian government introduced several schemes and proposals for the global and local players

to raise investment and boost production within the country.

In January 2021, the Indian government decided to set up 3 bulk drug parks at a total expense of ₹14,300 crore to make chemical compounds or APIs to reduce imports. In September 2021, the Indian government contributed US\$4 billion to the pharmaceutical and medical industries. The Union Cabinet amended the FDI (Foreign Direct Investment) policy to facilitate 100% FDI through automatic route in greenfield or new pharma projects. For the brownfield project 74% FDI

has been allowed through automatic route, the rest needs government approval.

In April 2021, National Pharmaceutical Pricing Authority (NPPA) fixed the price of 81 medicines including off-patent anti-diabetic drugs which allows benefits of patent expiry to the patients.

In March 2022, in SPI (Strengthening of Pharmaceutical Industry) scheme a cumulative outlay of ₹500 crore for the period of FY21-22 to FY25-26 was announced.

Budgetary support

| Union Budget 2021-22 | Union Budget 2022-23 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> The Ministry of Health and Family Welfare was allocated ₹73,932 crore The Department of Health Research ₹2,663 crore. ₹37,130 was allocated to the National Health Mission. PM Aatmanirbhar Swasth Bharat Yojana (PMSSY) was given ₹64,180 crore for 6 years. The Ministry of Ayush was allocated ₹2,970 crore for research, educate and propagate alternative medicines like Ayurveda. | <ul style="list-style-type: none"> ₹86,200 crore has been allocated to the Ministry of Health & Family Welfare. The government is going to promote thematic funds for the sunrise sector like Digital Economy Pharma, where the government's share would be 20%. Tax breaks and incentives for private healthcare facilities in Tier-III, Tier-IV cities and villages have been announced. National Digital Health Ecosystem was announced, which is an open forum consisting of registries of health providers & facilities, universal access to health facilities and unique health identities. The 35% yearly increase in budgetary support to capital expenditure could encourage the building of new hospitals and other medical facilities. PMSSY was allocated ₹10,000 crore, 43% higher than last year to boost medical education and set up AIIMS infrastructure. |

Segmental review

Ayurvedic medicine: Ayurveda is a science and healthcare system introduced by ancient Indians and is still practiced in India. In recent years, as a holistic treatment method, ayurveda gained popularity across all social strata in India and around the globe. Rising awareness about ayurveda has created an investment opportunity big enough for both public and private sector entities. The Indian ayurvedic product market is valued at ₹515.8 billion in 2021 while it is expected to reach ₹1,536.9 billion by 2027, rising at a spectacular CAGR of 19.78% during 2022-2027.

Respiratory medicine: Respiratory medicine is part of patient management who suffer from pulmonary disease. The covid outbreak suddenly created huge demand for respiratory drugs during the pandemic. Other than that, frequent respiratory infections, widespread air pollutions are going to boost the demand in the future. The Indian respiratory medicine market is anticipated to see a rapid growth because of rise in incidence of disorders such as, COPD, TB, asthma, sleep apnea, etc. According to an estimate, about 2-2.5% of the Indian population has some

form of respiratory diseases such as chronic bronchitis, emphysema and COPD in India. The respiratory care market was US\$1,005.50 million in 2021 and is projected to be growing at 4.56% CAGR from 2022 to 2027.

<https://www.prnewswire.com/news-releases/india-respiratory-care-devices-market-analysis-forecast--opportunities-2017-2021--2022-2027-301471736.html#:~:text=The%20Indian%20Respiratory%20Care%20Devices,to%20various%20chronic%20respiratory%20disorders.>

Gynecology medicine: A major lifestyle change in women's lives is responsible for the prevalence of disorders concerning female reproductive organs. Consequently, a rise in the advancements of the treatments of these diseases are observed in recent years. The global gynecological market is going to grow from US\$22.22 billion in 2020 to US\$31.21 billion in 2025 with a CAGR of 6.05%.

<https://www.businesswire.com/news/home/20211111005852/en/Global-Gynecology-Drugs-Market-2021-to-2030---Players-Include-Pfizer-Allergan-and- AstraZeneca-Among- Others---ResearchAndMarkets.com>

Antibiotics: Antibiotics are medicines that fight bacterial infections in our body. The number of cases of infectious diseases in India is one of the highest in the world. According to a study, infectious diseases such as pneumonia and diarrhea account for 50% of all deaths in children between 1-59 months age in India. Use of antibiotics rose sharply in India with about 30% growth per capita. The Indian antibiotics market size was worth US\$120 billion in 2019 and is anticipated to grow at a CAGR of 12% by 2028.

<https://insights10.com/product/india-antibiotics-market-analysis/#:~:text=The%20Indian%20Antibiotics%20Drug%20market,the%20highest%20in%20the%20world.>

Pain therapy: Over the counter (OTC) and prescription pain relievers treat various ailments. OTC mediations relieve pain from headache, arthritis and muscle pain. Prescription pain relievers are used for chronic pain or severe pain after surgery or big trauma. Pain therapy are called different names, for example, painkillers, pain medicine, narcotics or analgesics. Revenue projection in the analgesics segment in India is US\$0.90 billion in 2022. The market is anticipated to grow by 8.82% during the period from 2022 to 2025.

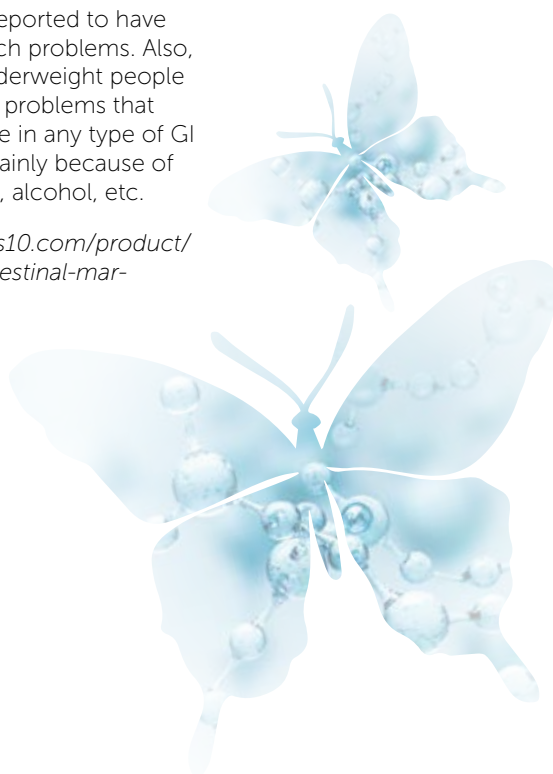
<https://www.statista.com/outlook/cmo/otc-pharmaceuticals/analgesics/india>

Gastroenterology: Gastrointestinal (GI) diseases affect the GI tract from the mouth to the anus. GI diseases are on the rise for past few years. In 2019, 57% of the obese people were reported to have regular stomach problems. Also, 45% of the underweight people have stomach problems that same year. Rise in any type of GI cancers are mainly because of using tobacco, alcohol, etc.

<https://insights10.com/product/india-gastrointestinal-market-analysis/>

Nutraceutical: Nutraceutical is a term that covers to describe anything that is a food source derivate with extra health benefits and basic nutritional value. These kind of products are considered non-specific biological therapies that can enhance general well-being and control symptoms and prevent malignant processes. Nutraceuticals cover anything from food supplement to functional foods and whole foods. The nutraceuticals market is about 2% of the global nutraceutical market. The nutraceuticals market is about to grow from a US\$4 billion market in 2017 to US\$18 billion market in 2025.

<https://yourstory.com/2021/11/growing-nutraceuticals-market-india-contribute-india-gdp/amp>



Opportunities & Threats

Opportunities

- a) Increasing export opportunities as India emerges as the 'Go-to' pharma hub owing to the China-plus-One sourcing strategy adopted by the world
- b) Rising demand from the domestic market owing to the growing population, rising number of non-communicable diseases among general population, large number of old people in our midst and increasing urbanisation
- c) Increasing impetus by the Government to strengthen the domestic pharmaceutical sector
- d) Adherence to global quality parameters coupled with low-costs of India position it as a preferred outsourcing partner for global pharmaceutical majors.

Threats

- a) China, the biggest low-cost medicine provider in the world, remained a constant challenge for India as a global competitor in the pharmaceutical industry. In fact, 70% of all KSM/APIs in India are imported from China.
- b) The number of filings and approvals is going up sharply, with more and more Indian companies vying for the ANDA profile resulting in huge competition.

About the Company

Gujarat Terce Laboratories Limited is an Ahmedabad based pharmaceutical company with over 3 decades of experience in the Manufacturing and Marketing of branded Generics. Its roots are entrenched in the founding principles of COMPASSION and EXCELLENCE. The Company has an extensive basket of 50 Brands (125 products) with a portfolio contributing to 10 therapeutic areas.

Gujarat Terce substantially invests in research to identify gaps in therapeutics areas and works on developing solution that address unmet healthcare needs of patients. Its devotion towards quality products, innovation, regulatory compliance, and patients' need, allows it to deliver benchmark brands to consumers.

Operational Overview

It was a remarkable year for the Company as its streamlined operations in the plant and on the field. On the field, the sales team executed the business plan effectively and efficiently which resulted in increased traction for the Company's products – both in acute and chronic therapies. The key brands registered robust growth over the previous year.

The Company widened its domestic footprint by extending its presence in Maharashtra. This state holds considerable promise for business growth in the coming years. Besides, it continued to conscientiously work on optimising its operating costs under all heads with considerable success. The Company added few good products in its chronic segment which over a period of time will allow it to maintain a prudent balance between acute and chronic therapies.

Financial Overview

The Company reported a stellar performance in FY22. Revenue from operations jumped by 59% from ₹2,517.79 lakh in FY21 to ₹4,013.37 lakh in FY22. The growth was driven by a combination of factors - a low base, organic demand in Acute portfolio, and focused growth in chronic portfolio & Top brands.

EBITDA spiked by 172% from ₹(196.6) lakh in FY21 to ₹142.34 in FY22 while Net Profit for the year stood at ₹87.23 Lakh in FY22 against a Net Loss of ₹252.02 Lakh in FY21. This much improved performance helped the Company strengthen its Balance Sheet.

As such, Networth increased from ₹766.20 Lakh as on March 31, 2021 to ₹853.43 Lakh as on March 31, 2022. As a result, the Book Value per share stood at ₹11.50 as on March 31, 2022. The total debt was ₹1885.62 Lakh as on March 31, 2022 against ₹1421.18 Lakh as on March 31, 2021. The cash conversion cycle has been effectively reduced to 83 days in FY22 as compared to 118 days in FY21.

Alongside, the Company worked on streamlining its working capital which helped it to improve its current ratio from 1.03x in FY21 to 1.17x in FY22.

Significant changes i.e., change of 25% or more in the key financial ratios

In accordance with the amendments notified by SEBI in Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 on 9th May, 2018, the details of significant changes i.e. change of 25% or more in the key financial ratios as compared to the immediately previous financial year along with detailed explanations are reported hereunder:

| Particulars | 2021-22 | 2020-21 | Change (%) | Reasons for change |
|-----------------------------|---------|---------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Debtors Turnover Ratio | 7.54 | 4.13 | 82.57 | Deviation in ratio is due to substantial increase in turnover in the current financial year vis-à-vis lower turnover in the previous financial year due to COVID situation. |
| Current Ratio | 1.17 | 1.03 | 13.5 | - |
| Debt-Equity Ratio | 0.78 | 0.62 | 25.81 | Deviation in ratio is due to additional borrowings during the current financial year for capital expenditure at plant on account of heavy damage caused by fire in the previous financial year. |
| Interest Coverage Ratio | 2.86 | -5.49 | 152 | Deviation in ratio is due to substantial increase in turnover in the current financial year vis-à-vis lower turnover in the previous financial year due to COVID situation. |
| Operating Profit Margin (%) | 2.86 | 8.51 | 134 | Deviation in ratio is due to substantial increase in turnover in the current financial year vis-à-vis lower turnover in the previous financial year due to COVID situation. |
| Net Profit Margin (%) | 2.17 | -10.1 | 121 | Deviation in ratio is due to substantial increase in turnover in the current financial year vis-à-vis lower turnover in the previous financial year due to COVID situation. |
| Return on Net Worth (%) | 0.10 | -0.33 | 131 | Deviation in ratio is due to substantial increase in turnover in the current financial year vis-à-vis lower turnover in the previous financial year due to COVID situation. |



Internal Control & its Adequacy

The Company has appointed DV Shah & Associates as internal auditors. The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements.

The Company maintains appropriate systems of internal control, including monitoring procedures, to ensure that all the assets are safeguarded against loss from unauthorised use or disposition. Significant issues are brought to the attention of the audit committee for periodical review.

The Company policies, guidelines and procedures provide for adequate checks and balances to ensure that all transactions are authorised, recorded and reported correctly.

The Audit Committee approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an ongoing basis and sufficient deviations are brought to the notice of the Audit Committee of the Board following, which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularities and early remedial steps with no monetary loss.

The internal audit function is further strengthened in consultation with statutory auditors for monitoring statutory and operational issues. Adherence to statutory compliance is a key focus area for entire leadership team of the Company.

We continuously strive to integrate the entire organisation from strategic support functions like finance, human resources, and regulatory affairs to core operations like research, manufacturing and supply chain. We continue to build our team with quality talent and put thrust on providing continuous training to be competitive.



Human Resource

The HR strategy and initiatives of the Company are designed to effectively partner the business in the achievement of its ambitious growth plans and to build a strong leadership pipeline for the present and several years into the future. Industrial Relations continued to be cordial.

Senior business leaders invest considerable time and efforts in identifying and developing succession pipeline for critical positions in the organisation. Coaching & mentoring was done for select talent across the organisation with an intent of developing future leaders. Internal employees have been given opportunities to take up higher roles and grow in the system. Overall functional training and organising cultural events kept the team engaged and motivated. The Company had 365 employees on its rolls, as on March 31, 2022.

Risk Management

Risk management at the Company, is an integral part of the business model, focusing on making the business model stronger and profitable. The risk management framework encompasses strategies and operations and seeks to proactively identify, address and mitigate existing and emerging risks.

Growth risk: Inability to grow business could impact the Company's ambitions.

Mitigation measure: The Company is strengthening its presence in key markets. It recently entered Maharashtra; in the current year it will intensify its efforts to establish an entrenched presence in this state. It is also looking to strengthen its presence in two more large markets in the current year. This will allow it to widen the reach of its leading brands.

Margin risk: The Company needs to improve its business margins.

Mitigation measure: Cognizant of this reality, the Company is working on growing the product basket in the chronic segment. It has also strategised to create a SBU which will concentrate on high-margin chronic therapies.

Dependency risk: Majority of its manufacturing is outsourced. This could impact business prospects.

Mitigation measure: The Company enjoys healthy business relations with its manufacturing partners which have only bettered over the years. Going forward, the Company may consider enhancing capacity at its own facility at Chatral for manufacturing complex products over the coming years.

Funding risk: The Company will need adequate funds to implement its strategic initiatives.

Mitigation measure: Gujarat Terce has access to sufficient funds to meet its growth ambitions. Its cash flow from operations can be prudently deployed to fund strategic investments. Besides, its low debt-equity ratio provides it the strength to garner debt to fund future investments if required.

Cautionary Statement

The Management Discussion & Analysis Report may contain certain statement that might be considered forward looking within the meaning of applicable securities, laws and regulations. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Company's operations such as Government policies, tax laws, political and economic development.



Corporate Information



BOARD OF DIRECTORS

Mr. Natwarbhai P. Prajapati

[DIN 00031187] *Chairman*

Mr. Aalap Prajapati

[DIN 08088327] *Managing Director & CEO*

Mr. Amritbhai P. Prajapati

[DIN 00699001] *Whole Time Director*

Mrs. Chhayaben A. Shah

[DIN 01435892] *Independent Director*

Mr. Viplav S. Khmar

[DIN 07859737] *Independent Director*

Mr. Surendrakumar Sharma

[DIN 06430129] *Independent Director*

Mr. Navinchandra Patel

[DIN 08702502] *Independent Director*

CHIEF FINANCIAL OFFICER

Mr. Bhagirath Ramhit Maurya

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Ashka Solanki

REGISTERED OFFICE & FACTORY

122/2, Ravi Estate, Bileshwarapura
Chhatral, Dist. Gandhinagar, Gujarat.

CIN: L28112GJ1985PLC007753

Email: ho@gujaratterce.com /

gtll.factory@gmail.com

Web: www.gujaratterce.com

ADMINISTRATIVE OFFICE

Unit No. D-801-802, The First
B/h. Keshavbaug Party Plot,
Vastrapur, Ahmedabad 380015, Gujarat

STATUTORY AUDITORS

M.A. Shah & Co.

CHARTERED ACCOUNTANTS

Navaliwala Building,
Station Road,
Anand – 388001, Gujarat

SECRETARIAL AUDITOR

GKV & Associates

PRACTICING COMPANY SECRETARY

215, S.F., Sunrise Business Centre,
Gurukul Cross Road,
Nikol to Ring Road, Nikol,
Ahmedabad- 382350.

BANKER

BANK OF BARODA

Ellisbridge Branch,
Pritamnagar 1st Slop, Ellisbridge,
Ahmedabad-380006, Gujarat

HDFC BANK LTD.

C.G. ROAD Branch,
Ground Floor Silver Brooke-A Opp. Doctor House
Nr. Parimal Cross Roads,
C.G. Road, Ahmedabad – 380006, Gujarat

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.

Office No S6-2, 6th Floor, Pinnacle Business Park
Next to Ahura Centre, Mahakali Caves Road
Andheri (East) Mumbai – 400093.

Notice

Notice is hereby given that the Thirty Seventh Annual General Meeting of the Members of Gujarat Terce Laboratories Limited will be held on Wednesday, August 24, 2022 at 11:30 a.m. through video conferencing or other audio visual mode to transact the following business.

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022 and the reports of Board of Directors and Auditors thereon.**
2. **To appoint a Director in place of Mr. Amritbhai Prajapati (DIN: 00699001) who retires by rotation and being eligible, offers himself for re-appointment.**

SPECIAL BUSINESS

3. **Appointment of Mr. Natwarbhai Prajapati (DIN 00031187), as the Whole Time Director of the Company.**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of the Sections 196, 197, 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) in context of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and the Articles of Association of the Company, and in pursuance to recommendation of Nomination and Remuneration Committee of the Company, approval of the Members be and is hereby accorded for appointment of Mr. Natwarbhai Prajapati (DIN: 00031187) as the Whole-Time Director of the Company who is designated as the Executive Chairman, who has attained the age of 70 years on June 1, 2022, for a period of five years commencing from May 30, 2022 to May 29, 2027, on the remuneration, terms and conditions as recommended by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to the notice."

"RESOLVED FURTHER THAT the overall managerial remuneration payable to Mr. Natwarbhai Prajapati shall be such amount as may be fixed by the Board of Directors from time to time on recommendation of the Nomination and Remuneration committee but not exceeding ₹ 36 lacs at any point of time and that the terms and conditions of the aforesaid remuneration payable to the said Whole-time Director be varied/alterd/revised within said overall limit, in such manner as may be required during aforesaid period of five years.

"RESOLVED FURTHER THAT any directors of the Company be and are hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

4. **Re-appointment of Mr. Viplav Khamar (DIN: 07859737) as the Independent Director of the Company:**

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Viplav Khamar (DIN: 07859737) who was appointed as an Independent Director of the Company at the Annual general meeting held on September 25, 2017 and holds office as an independent director up to June 26, 2022 and who is eligible for re-appointment and who meets the criteria for Independence as provided under section 149 (6) of the Act along with rules framed thereunder and Regulation 16 (1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Board has received a recommendation from the Nomination and Remuneration Committee proposing his candidature for office of Director be and is hereby re-appointed as an independent director, not liable to retire by rotation, for a second term of five years with effect from June 27, 2022 up to June 26, 2027.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or any Committee thereof be and is hereby authorized to do all such acts, deeds and things, and to execute all such documents, instruments and writings as may be required to give effect to this resolution."

5. To consider and approve appointment of Mr. Aalap Prajapati (DIN 08088327) as the Managing Director of the Company:

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made there under, as amended from time to time, read with Schedule V to the Act, and Articles of Association of the Company the consent of the Members of the Company be and is hereby accorded to appoint Mr. Aalap Prajapati (DIN 08088327) as Managing Director (designated as "CEO") of the Company for a period of 5 Years with effect from October 28, 2021 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment), with liberty to the Board of Directors of the Company (hereinafter referred to as "the Board" (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) upon the recommendation of Nomination and Remuneration Committee to alter and vary terms and conditions of the said appointment in such manner as may be agreed to between the Board and Mr. Aalap Prajapati."

RESOLVED FURTHER THAT the overall managerial remuneration payable to Mr. Aalap Prajapati shall be such amount as may be fixed by the Board of Directors from time to time on recommendation of the Nomination and Remuneration committee but not exceeding Rs. 36 lacs at any point of time and that the terms and conditions of the aforesaid remuneration payable to the said Managing Director (designated as "CEO") be varied/altered/ revised within said overall limit, in such mannner as may be required during aforesaid period of five years.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be

necessary for obtaining necessary approvals - statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

By Order of the Board of Directors

Sd/-

Ashka Solanki

Company Secretary
& Compliance Officer

Date: May 30, 2022
Place: Ahmedabad

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://www.gujaratterce.in/annual-reports/>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Sunday, August 21, 2022 at 09:00 A.M. and ends on Tuesday, August 23, 2022 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. August 17, 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being August 17, 2022.

How do I vote electronically using NSDL e-Voting system?





The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Individual Shareholders holding securities in demat mode with NSDL. | <ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. |
| | <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div data-bbox="635 1223 769 1256">  App Store </div> <div data-bbox="804 1223 954 1256">  Google Play </div> </div> <div style="display: flex; justify-content: space-around; align-items: center;">   </div> |
| Individual Shareholders holding securities in demat mode with CDSL | <ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress. |

| Type of shareholders | Login Method |
|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below **in process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) [Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to ipshah13@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request Sachin Kareliya to (Name of NSDL Official) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cs@gujaratterce.com
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cs@gujaratterce.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the /AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their view/ask questions during the meeting may register themselves as the speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@gujaratterce.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@gujaratterce.com. These queries will be replied to the shareholder by the Company suitably by email.
6. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

Annexure to the Notice

Explanatory Statement

[Pursuant to section 102 of the Companies Act, 2013]

As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under item No. 3, 4 and 5.

ITEM NO. 3

Mr. Natwarbhai Prajapati was appointed as the Managing Director of the Company by the members at the 32nd Annual General Meeting held on September 25, 2017 for the period of five years from January 11, 2017 to January 10, 2022. Subsequently, the Board varied his designation to Executive Chairman with effect from October 28, 2021. He had attained the age of 70 years on June 01, 2022. As a matter of abundant caution, it is proposed to obtain approval of the Shareholders as per the provisions of Section 196(3) of the Companies Act, 2013 for continuation of his employment as a Whole-Time Director, on the remuneration, terms and conditions as recommended by the Nomination and Remuneration Committee. The Company during the year has achieved remarkable growth. Moreover, the Company is aggressively concentrating on its expansion plans. The Board is of the opinion that his services should continue to be available to the Company to achieve still greater heights, by appointing him as Whole-Time Director as mentioned in the resolution. Taking into consideration the duties and responsibilities of the Whole-Time Director, the prevailing managerial remuneration in industry and on the recommendation of the nomination and remuneration committee, the Board at their meeting held on 30.05.2022 approved the remuneration, terms and conditions of Mr. Natwarbhai prajapati, subject to approval of the shareholders on remuneration including minimum remuneration and on terms and conditions given hereunder:

- a) Salary and perquisites shall not exceed ₹ 36.00 Lakhs per annum payable either monthly or

quarterly or half yearly or yearly and by way of performance linked bonus and/or commission and/or Sweat Equity or any other form as may be recognized under the term salary and perquisites in Income Tax Act;

- b) In addition to salary, benefits like contribution to provident fund, gratuity, Leave travel concession etc. shall be paid. The list of benefits is limited to perquisites as provided under Section IV of Schedule V to the Companies Act, 2013;
- c) Minimum Remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Natwarbhai Prajapati, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in paragraph 1, Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration.
- d) The total combined remuneration drawn from the Company would not exceed the higher maximum limit admissible as provided under paragraph 1 of section II of Part II of Schedule V, and that any excess remuneration, if any, drawn or paid to him shall be forthwith refunded to the Company in the event the appointment comes to an end by any reason whatsoever prematurely before the tenure of appointment is over and also in the event when his appointment is not renewed for a further period beyond the period of five years for which he is appointed;
- e) As the terms of appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, Central Government approval is not necessary for this re-appointment.

| Name of the Director | Natwarbhai Prajapati |
|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Age | 70 years |
| Date of Appointment | 28/03/1985 |
| Qualification | B.sc, D. Pharm |
| Directorships, Membership/ Chairmanship of other Boards | None |
| Chairman/ Member of Committees (including Audit Committee & Stakeholder Committee) | None |
| No of shares held in the Company | 5,95,872 |
| Number of Meetings of the Board attended during F.Y. 2021-22 | 6 |
| Experience | Mr. Natwarbhai Prajapati has been working as Chairman of the Company since 1985. He is one of the key functionaries in the top management team and his association with the Company has added immense value to the Company's growth. |
| Terms and Conditions for re-appointment | There is no change in the terms and conditions relating to appointment of Mr. Natwarbhai Prajapati. |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the company | He is the Father of Mr. Aalap Prajapati and Brother of Mr. Amritbhai Prajapati. |

Mr. Natwarbhai Prajapati is interested in the resolution set out at Item No. 3 of the Notice with regard to his appointment. Relatives of Mr. Natwarbhai Prajapati may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Accordingly, consent of the members is sought by way of a Special Resolution respectively as set out in Item No. 3 of the Notice.

The Board recommends the Resolution for your approval.

ITEM NO. 4:

Mr. Viplav Khamar was appointed as an Independent Director on the Board of the Company at the meeting of the Members held on September 25, 2017, to hold office upto June 26, 2022 ("first term"). The Board of Directors, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considered his professional background, expertise and experience and contributions

made by him towards the Company during his tenure and found that the continued association of Mr. Viplav Khamar would be beneficial to, therefore on their meeting held on May 30, 2022 had re-appointed him as the Independent Director subject to approval of the Shareholders at the ensuing Annual General Meeting. Hence, it is desirable to re-appoint him in order to avail his services as an Independent Director without any disruption. Accordingly, it is proposed to approve and ratify the re-appointment of Mr. Viplav Khamar as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from June 27, 2022 upto June 26, 2027. Mr. Viplav Khamar is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Companies Act, 2013 ("the Act") nor debarred from holding the office of director by virtue of any SEBI order or any other such authority from being appointed as an Independent Director and has given his consent to act as a Director. The Company has also received a declaration from Mr. Viplav Khamar that he meets the criteria of independence as prescribed in under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

| Name of the Director | Viplav Khamar |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Age | 44 years |
| Date of Appointment | 27/06/2017 |
| Qualification | B.sc |
| Directorships, Membership/ Chairmanship of other Boards | None |
| Chairman/ Member of Committees (including Audit Committee & Stakeholder Committee) | Stakeholder Relationship Committee |
| No of shares held in the Company | NIL |
| Number of Meetings of the Board attended during F.Y. 2021-22 | 6 |
| Experience | Mr. Viplav Khamar has been working as of the Company since 2017. His association with the Company has added immense value to the Company's growth. |
| Terms and Conditions for re-appointment | There is no change in the terms and conditions relating to appointment of Mr. Viplav Khamar. |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the company | None |

Mr. Viplav Khamar is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment. Relatives of Mr. Viplav Khamar may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Accordingly, consent of the members is sought by way of a Special Resolution respectively as set out in Item No. 4 of the Notice.

The Board recommends the Resolution for your approval.

ITEM NO. 5:

The Board of Directors at their meeting held on 28.10.2021 have, subject to the approval of the Shareholders, appointed Mr. Aalap Prajapati as Managing Director (designated as "CEO") of the Company with effect from 28/10/2021 for a period of 5 years on the remuneration, terms and conditions recommended by the nomination and remuneration committee as set out herein their meeting held on May 30, 2022. While appointing Mr. Aalap Prajapati as Managing Director (designated as "CEO") of the Company, the Board of Directors considered his contribution in the overall progress of the Company. The Company during the year has achieved remarkable growth. Moreover, the Company is aggressively concentrating on its expansion plans. The Board is of the opinion that his services should continue to be available to the Company to achieve still greater heights, by appointing him as Managing Director as mentioned in the resolution, subject to the

approval of shareholders. Taking into consideration the duties and responsibilities of the Managing Director (designated as "CEO"), the prevailing managerial remuneration in industry and on the recommendation of the nomination and remuneration committee, the Board at their meeting held on May 30, 2022 approved the remuneration, terms and conditions of Mr. Aalap Prajapati, subject to approval of the shareholders on remuneration including minimum remuneration and on terms and conditions given hereunder:

- Salary and perquisites shall not exceed ₹ 36.00 Lakhs per annum payable either monthly or quarterly or half yearly or yearly and by way of performance linked bonus and/or commission and/or Sweat Equity or any other form as may be recognised under the term salary and perquisites in Income Tax Act;
- In addition to salary, benefits like contribution to provident fund, gratuity, Leave travel concession etc. shall be paid. The list of benefits is limited to perquisites as provided under Section IV of Schedule V to the Companies Act, 2013;
- Minimum Remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Aalap Prajapati, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in paragraph 1, Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration.
- The total combined remuneration drawn from the Company would not exceed the higher maximum

limit admissible as provided under paragraph 1 of section II of Part II of Schedule V, and that any excess remuneration, if any, drawn or paid to him shall be forthwith refunded to the Company in the event the appointment comes to an end by any reason whatsoever prematurely before the tenure of appointment is over and also in the event when his appointment is not renewed for a further

period beyond the period of five years for which he is appointed;

- e) As the terms of appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, Central Government approval is not necessary for this re-appointment.

| Name of the Director | Mr. Aalap Prajapati |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Age | 33 years |
| Date of Appointment | 01/04/2018 |
| Qualification | MBA in Marketing and B.Tech in Electronics. |
| Directorships, Membership/ Chairmanship of other Boards | None |
| Chairman/ Member of Committees (including Audit Committee & Stakeholder Committee) | None |
| No of shares held in the Company | 40,666 |
| Number of Meetings of the Board attended during F.Y. 2021-22 | 6 |
| Experience | He is a dynamic, young professional leader looking to steer the company into new horizons in the days to Come. He started his carrier in company from grass root level and reached to top level management with his business acumen, Entrepreneurial zeal, organizational skills and managerial abilities. He is having an experience of 9 years in the Company and Pharmaceutical sector. |
| Terms and Conditions for re-appointment | There is no change in the terms and conditions relating to appointment of Mr. Aalap Prajapati. |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the company | He is the Son of Mr. Natwarbhai Prajapati. |

Mr. Aalap Prajapati is interested in the resolution set out at Item No. 5 of the Notice with regard to his appointment. Relatives of Mr. Aalap Prajapati may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Accordingly, consent of the members is sought by way of a Special Resolution respectively as set out in Item No. 5 of the Notice.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their

The Board recommends the Resolution for your approval.



Director's Report

To,
The Members of
GUJARAT TERCE LABORATORIES LIMITED

The Board of Directors have pleasure in presenting their 37th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended March 31, 2022.

1. FINANCIAL HIGHLIGHTS

(₹ In Lakhs)

The Company's financial performance for the year ended on March 31, 2022 is summarized below:

| Particulars | Current Year 2021-22 | Previous Year 2020-21 |
|-----------------------------------------|-------------------------|--------------------------|
| Revenue from operation | 4013.37 | 2517.79 |
| Profit before Interest and Depreciation | 142.34 | 196.52 |
| Less: Interest | 40.09 | 39.01 |
| Profit Before Depreciation | 102.25 | (235.53) |
| Less: Depreciation | 27.59 | 17.63 |
| Profit Before Tax | 74.66 | (253.16) |
| Less/Add: Tax Expenses | | |
| Current Tax | - | - |
| Deferred Tax | (12.57) | (1.14) |
| Total Tax Expenses | (12.57) | (1.14) |
| Profit for the year | 87.23 | (252.02) |
| Income Tax Effect | - | - |
| Other Comprehensive Income | - | - |
| Total Comprehensive Income | - | - |

2. STATE OF COMPANY'S AFFAIRS

- The gross sales and other incomes for the financial year under review was ₹ 4043.97 lakhs as against ₹ 2598.00 lakhs in the previous year, recording a growth of 55.65 %.
- The profit before tax was ₹ 74.66 lakhs for the financial year under review as against ₹ (253.16) lakhs for the previous financial year, registering an increase of 129.49 %
- The profit after tax for the financial year under review was ₹ 87.23 lakhs as against ₹ (252.02) lakhs for the previous financial year, registering an increase of 135 %.

3. COVID-19:

The Pandemic's second wave was noted for its disruption and loss of lives in a very short period of

time. It was indeed an unfortunate time for all of us. This provoked us as responsible and empathetic citizens of the country, to help in any way possible. With the help of the Infoanalytica foundation, we distributed COVID-19 precautionary kits to the majorly affected cities of Gujarat state. The precautionary kits were distributed with an explanation of ways they can stay safer. A small yet effective measure to help people stay sanitized, healthy, and energized during the period of the high number of cases.

We were fortunate to be able to reach 7000 households and help all the family members stay safer from the danger of COVID's second wave. The prevalence and pace of the second wave were never expected by any of us. Hence, the support, aid, and a sense of togetherness only could bring us all out of such times.

4. FINANCIAL ANALYSIS:

The Cash profit registered by business has increased 149% YoY. Company has efficiently mobilized its working capitals viz. Trade Receivables & Trade Payables to meet the daily finance requirements.

5. CAPITAL EXPENDITURE:

As on March 31, 2022 the gross fixed assets (tangible and intangible) stood at ₹ 827.84 lakhs (previous year ₹ 616.43 lakhs) and the net fixed assets (tangible and intangible), at ₹ 429.29 Lakhs (previous year ₹ 245.46 lakhs). Capital Expenditure during the year amounted to ₹ 211.41 lakhs (previous year ₹ 50.44 Lakhs).

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

7. DETAILS OF SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES

No company has become or ceased to be Subsidiary Company, Joint Venture Company or Associate Company during the year.

8. CHANGE IN THE NATURE OF BUSINESS

During the Financial Year 2021-2022 Company has not commenced any new business nor discontinued/sold or sold or disposed off any of its existing businesses or hived off any segment or division.

9. SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital of the Company as on March 31, 2022 was ₹ 7,42,03,000 comprising of 74,20,300 Equity Shares of ₹ 10.00 each. The Company has not issued any Equity Shares during FY 2021-2022. There was no change in Share Capital during the year under review.

10. MEETINGS OF THE BOARD OF DIRECTORS

During the Financial year six Board Meetings were held. For details of meetings of the Board of Directors with regard to the dates and attendance of each of the Directors thereat, please refer to the Corporate Governance Report, which is a part of this Report.

11. CORPORATE GOVERNANCE

As provided under Regulation 15(2) of the SEBI (LODR) Regulations, 2015, the compliance with Corporate Governance as specified in Regulation 17, 17A, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 46(2)(b) to (i) & Para C, D & E of Schedule V are not applicable to the Company as paid up share capital doesn't exceed ₹ 10 Crore.

The Company has decided to maintain and adhere to the Corporate Governance requirements set out by SEBI voluntarily. The Report on Corporate Governance along with requisite Certificate from GKV & Associates, Practicing Company Secretary, Ahmedabad is annexed to this Report.

12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on Management Discussion and Analysis, as required in terms of Regulation 34(2) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, forms part of this report and it deals with the Business Operations and Financial Performance, Research & Development Expansion & Diversification, Risk Management, Marketing Strategy, Safety & Environment, Human Resource Development, significant changes in key financial ratios etc. in **Annexure-A**.

13. DIVIDEND

The Company has not recommended any dividend for current year.

14. DEPOSITS

Your Company has not accepted any deposits from the public within the meaning of Section 73 and 74 of the Companies Act, 2013 and read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended March 31, 2022.

15. A STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY FOR THE COMPANY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK, IF ANY, WHICH IN THE OPINION OF THE BOARD MAY THREATEN THE EXISTENCE OF THE COMPANY

Risk management is embedded in your company's operating framework. Your company believes that managing risk helps in maximizing returns. The company's approach to addressing business risk is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the company is exposed to are:

- **Commodity Price Risks**

The Company is exposed to the risk of price fluctuation of raw material as well as finished goods. The company proactively manages these risks through forward booking, Inventory management and proactive vendor development practices. The Company's reputation for quality, product differentiation and service, coupled with existence of powerful brand image with robust marketing network mitigation the impact of price risk on finished goods.

- **Regulatory Risks**

The company is exposed to risks attached to various statutes and regulations including the Companies Act. The company is mitigating these risks through regular review of legal compliances carried out through internal as well as external compliance audits.

- **Human Resources Risks**

Retaining the existing talent pool and attracting new talent are major risks. The company has initiated various measures including rolling out strategic talent management system, training and integration of learning and development activities.

- **Strategic Risks**

Emerging businesses, capital expenditure for capacity expansion, etc., are normal strategic risk faced by the company. However, the company has well-defined processes and procedures for obtaining approvals for investments in new business and capacity expansion etc.

16. DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Amritbhai Prajapati (DIN: 00699001) will retire by rotation at the ensuing Annual General Meeting and is being eligible for re-appointment.

The Board of directors, on the recommendations of the Nomination and Remuneration Committee (NRC), had appointed Mr. Aalap Prajapati (DIN: 08088327) as an Managing Director and CEO of the Company w. e. f. October 28, 2021 to October 27, 2027 for the term for five consecutive years, subject to the resolution to be passed by the Shareholders at the ensuing Annual General Meeting.

Mr. Natwarbhai Prajapati, Chairman of the Company had resigned from his position as the Managing Director & CEO of the Company w.e.f. October 28, 2021 due to personal reasons and has stated that he will continue as the Chairman of the Company and he do not have claim whatsoever against Gujarat Terce Laboratories Limited for loss of office, accrued remuneration or otherwise and also the Company has no claims whatsoever against him.

The Board at its meeting held on May 30, 2022 had appointed Mr. Natwarbhai Prajapati as the Whole-Time Director of the Company, subject to the resolution to be passed by the Shareholders at the ensuing Annual General Meeting. Also, at the same meeting Mr. Viplav khamar had been re-appointed as the Independent Director of the Company for the second term of five consecutive years, which is subject to the resolution to be passed by the Shareholders at the ensuing Annual General Meeting.

All Independent Directors (IDs) have given declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details terms of appointment of IDs are disclosed on the company's website with following link <http://gujaratterce.in/Codes-and-Policies>

17. NOMINATION AND 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

including criteria for determining qualifications, positive attributes, Independence of a director. The details of the Nomination and Remuneration Policy are covered in the Corporate Governance Report. The said policy has also been uploaded on the Company's website at <http://gujaratterce.in/Codes-and-Policies>

18. ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and Individual Directors pursuant to the requirements of the Companies Act, 2013 and rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and schedule prescribed thereunder.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the respective Committees were evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The above criteria are as per the Performance Evaluation Policy of the Company approved by the Board of Directors upon the recommendation of Nomination and Remuneration Committee.

As required under Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was also held on March 30, 2022 to evaluate the performance of the Chairman, Non- Independent Directors and the Board as a whole and also to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of 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.

Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated, on the basis of following evaluation criteria:

- Relevant Knowledge, Expertise and Experience.
- Devotion of time and attention to the Company's long term strategic issues.
- Addressing the most relevant issues for the Company.
- Discussing and endorsing the Company's strategy
- Professional Conduct, Ethics and Integrity.
- Understanding of Duties, Roles and Function as Independent Director.

Your Directors have expressed their satisfaction to the evaluation process.

19. AUDITORS

Statutory Auditors

At the 35th Annual General Meeting of the Company held on August 21, 2020 the Members approved appointment of M.A. Shah & Co., Chartered Accountants, (Firm Registration No.: 112630W) as Statutory Auditors of the Company to hold office for a period of five (5) years from the conclusion of that Annual General Meeting till the conclusion of the 40th Annual General Meeting.

Internal Auditors

On recommendation of Audit Committee the Board of Director has appointed M/s D V Shah & Associates, Chartered Accountants, Ahmedabad as Internal Auditor of the Company in terms of Section 138 of the Companies Act, 2013 and rules made thereunder, from Financial Year 2018-19 to 2022-23.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit for the year ended March 31, 2022 was carried out by the Secretarial Auditors, GKV & Associates, Company Secretaries, Ahmedabad.

The Report of the Secretarial Audit is annexed herewith marked as **Annexure-B** to this Report.

The Secretarial Auditor has not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report.

GKV & Associates has been appointed as the Secretarial Auditor of the Company for the Financial Year 2022-23.

20. EXPLANATION OR COMMENTS ON DISQUALIFICATIONS, RESERVATIONS, ADVERSE REMARKS OR DISCLAIMERS IN THE AUDITOR'S REPORTS

The observations made in the Auditors' Report of M.A. Shah & Co., Chartered Accountants for the year ended March 31, 2022, read together with relevant notes thereon, are self-explanatory and hence do not call for any comments. There is no qualification, reservation, adverse remark or disclaimer by the Statutory Auditors in their Report.

21. REPORTING OF FRAUD BY AUDITORS:

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Act details of which needs to be mentioned in this Report.

22. COMMITTEES OF THE BOARD

In compliance with the requirement of applicable laws and as part of best governance practices, the Company has following Committees of the Board as on March 31, 2022:

- i. Audit Committee
- ii. Stakeholders Relationship Committee
- iii. Nomination and Remuneration Committee

The details with respect to the aforesaid Committees forms part of the Corporate Governance Report.

23. AUDIT COMMITTEE

A duly constituted Audit Committee consists of majority of Independent Directors with Mr. Surendrakumar Sharma, Independent Director, as the Chairman of the Committee. The other members of the Audit Committee are Mr. Viplav Khamar and Smt. Chhayaben Shah, Independent Directors. The terms of reference of the Audit Committee, details of meetings held during the year and attendance of members of the Audit Committee are set out in the Report on Corporate Governance, which forms part of this Report.

During the year under review, all the recommendations of the Audit Committee were accepted by the Board.

24. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

There were loans, guarantees or investments made by the Company under section 186 of the Companies Act, 2013 are given in note 5 to the financial statements.

25. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3) (c) of the Companies Act, 2013, the

Board of Directors hereby confirms that,

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- ii. It has in the selection of the accounting policies, consulted the Statutory Auditors and has 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 as at March 31, 2022 and of the profit or loss of the company for that period.
- iii. It has 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, to the best of its knowledge and ability.
- iv. It has 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 efficiently.
- vi. 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.

26. EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2022 is available on the Company's website at www.gujaratterce.com under Investor tab.

27. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure C** to this report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.

28. INSURANCE

All the insurable interests of the Company including inventories, buildings, plant and machinery are adequately insured against risk of fire and other risks.

29. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Company and were on arm's length basis. There were no materially significant related party transactions entered with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company. The transactions entered into, pursuant to the omnibus approval so granted, are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval. The policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company <http://gujaratterce.in/Codes-and-Policies>. Since all related party transactions entered into were in the ordinary course of business and were on an arm's length basis, form AOC-2 is not applicable to the Company.

30. FAMILIARISATION PROGRAMME OF INDEPENDENT DIRECTORS

The Objective of a familiarization program is to ensure that the Independent Directors are updated on the business environment and overall operations of the Company. This enables the Independent Directors to make better informed decisions in the interest of the Company and its stakeholders.

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

A familiarization program was conducted for Independent Directors on areas such as the core functions and operations of the Company, overview of the industry, financials and the performance of the Company by site visits to plant location.

31. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to provisions of Section 177 (9) of the Act, read with Regulation 22(1) of the SEBI Listing Regulations, your Company has adopted a Whistle Blower Policy, to provide a formal vigil mechanism to the Directors and employees to report their concerns about unethical behavior, including actual or suspected leak of unpublished price sensitive information, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in certain cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy is available on the Company's website at http://gujaratterce.in/assets/upload/CodesandPolicies/Whistle_Blower_Policy_GTLL.pdf.

32. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

During the year under review, the Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India as approved by the Central Government.

33. GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following matters as there is no transaction on these items during the year under review:

- (i) Issue of equity shares with differential rights as to dividend, voting or otherwise.

- (ii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees' Stock Options Schemes referred to in this Report.
- (iii) The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- (iv) There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

34. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure- D**.

35. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company remains committed to ensuring an effective Internal Control environment that, inter alia, provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds / errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

The Company has an independent Internal Audit function with well-established Risk Management processes both at the business and corporate levels and provide assurance on the adequacy and effectiveness of Internal Controls, compliance with operating systems, internal policies and regulatory requirements.

The Audit Committee regularly reviews the major findings of the Internal Audits and corrective measures taken thereon to ensure the efficacy of the Internal Control process. These reviews are done with respect to different locations and functions to help take effective steps for ensuring compliance.

The system of Internal Control is structured to verify that financial and other documents are accurate in compiling financial reports and other data, and in maintaining transparency for individuals. Statutory Auditors' Report on Internal Financial Controls as required under Clause (i) of

Sub-section 3 of Section 143 of the Act, is annexed with the Independent Auditors' Report.

36. ANY SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNALS

Pursuant to the requirement of Section 134(3)(q) of the Act, read with Rule 8 (5)(vii) of the Companies (Accounts) Rules, 2014, it is confirmed that during FY 2021-22 there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

37. A STATEMENT UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Prevention of sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Company 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 Rules made there under. Your Company has constituted an Internal Complaints Committee to handle all clearing and forwarding Agency where our employees are working and Manufacturing site.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. number of complaints filed during the financial year : Nil
- b. number of complaints disposed of during the financial year : Nil
- c. number of complaints pending as on end of the financial year : Nil

38. DISCLOSURE REGARDING MAINTENANCE OF COST RECORDS

Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time was applicable to your company hence, your Company has maintained adequate cost records.

39. HUMAN RESOURCE

Your Company recognizes its employees as most valuable resource and ensures strategic alignment of Human Resource Initiatives and practices to business priorities and objectives. Its constant endeavor is to invest in Human Talent and Talent Management Processes to improve capabilities and potentials of human capital of the organization to cope with challenging business environment, varying needs of the customers and bring about customers delight by focusing on the Customers' needs. This approach has allowed the Company to withstand and overcome the challenges posed by COVID -19. Attracting, developing and retaining the right talent and keeping them motivated will continue to be a key strategic initiative and the organization continues to be focused on building up the capabilities of its people to cater to the business needs. Given growth plans of the Company, an important strategic focus is to continue to not only nurture its human capital, but also proactively focus on preparing all employees for the challenges of the future.

The Company strives to provide a healthy, conducive and competitive work environment to enable the employees excel and create new

benchmarks of quality, productivity, efficiency and customer delight. The Company always believes in maintaining mutually beneficial, healthy and smooth industrial relations with the employees and the Unions which is an essential foundation for the success of any organisation. The proactive initiatives combined with fair Wage Settlements at Manufacturing Plants have ensured healthier and more transparent Industrial Relations based on foundation of mutual trust and co-operation.

40. ACKNOWLEDGEMENT

Your Directors express their gratitude to customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the commitment and contribution made by the employees at all levels.

Our resilience to meet challenges was made possible by their hard work, solidarity, cooperation and support. We thank the Government of India, the State Governments and statutory authorities and other government agencies for their support and look forward to their continued support in the future.

By Order of the Board of Directors
For, Gujarat Terce Laboratories Ltd

Sd/-
Natwarbhai Prajapati
Chairman
DIN: 00031187

Place: Ahmedabad
Date: May 30, 2022



ANNEXURE-B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended on March 31, 2022

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015)

To,
The Members,
Gujarat Terce Laboratories Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Gujarat Terce Laboratories Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2022 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas

Direct Investment and External Commercial Borrowings;

5. Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – (not applicable);
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

Based on our verification, we have observed that the SEBI Regulations mentioned at (c), (d), (e), (g) and (h) are not applicable to the Company during the year as it has not:

- i. Issued further Share Capital;
- ii. Listed Debt Capital;
- iii. Proposed to Delist its Equity Shares;
- iv. Proposed to Buy Back any of its Securities.

6. Specifically applicable Laws to the Company, as identified and confirmed by the Management:

Drugs and Cosmetics Act, 1940 and Rules 1945, The Drug Price Control Order, 2013; Food Safety and Standards Act, 2006, The Trade Marks Act, 1999, Sales Promotion Employees (Conditions and Services) Act, 1976, Importer Code (IEC Code), The Narcotic Drugs and Psychotropic Substances Act, 1985; The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954; Uniform Code for Pharmaceutical Marketing Practices (UCPMP) and Labour Laws, etc.

We have also examined compliance with the applicable clauses/regulations of the following:

- a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS 1) and General Meeting (SS 2).
- b) Clauses of Listing Agreements (applicable till November 30, 2015) entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 01, 2015).

During the period under review the Company has complied with the provisions of the applicable Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- A. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review, were carried out in compliance with the provisions of the Act;
- B. Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting;

- C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;

- D. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable laws, rules, regulations and guidelines;

We further report that:

Compliance of applicable Financial Laws including, Direct & Indirect Tax Laws by the Company has not been reviewed in this Audit Report; since the same has been subject to review by the Statutory Auditor & other Designated Professionals.

We further report that:

Based on our review of Compliance Mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the Managing Director and taken on record by the Board of Directors at their meeting(s), we are of opinion that, there are adequate systems and processes in place in the Company, which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed the Company has responded appropriately to the notices received from various statutory/regulatory authorities including initiating action for corrective measures, wherever focused necessary.

We further report that:

During the audit period there are no events/actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, etc. referred above.

GKV and Associates
Company Secretaries

Gautam Virsadiya
Proprietor

Date: May 24, 2022
Place: Ahmedabad

ACS: 31820; COP: 19866
UDIN- A031820D000377649

Corporate Governance Report

At Gujarat Terce Laboratories Limited, the Corporate Governance is about creating the value of all stakeholders, accountability and fairness towards stakeholders. This section on Corporate Governance forms part of the Annual Report to the shareholders. It is not mandatory to give this report in terms of Regulation 15(2) of the SEBI (LODR) Regulations, 2015. Corporate Governance is, essentially, a philosophy. It encompasses not only the regulatory and legal requirements, but also the voluntary practices developed by the company to protect the best interests of all stakeholders. However, in the harsh realities of day to day economic stress and competitive growth, corporate governance can only deliver on an avowed philosophy if there is a strong and sustainable framework.

1. CORPORATE GOVERNANCE

1.1 GUJARAT TERCE'S PHILOSOPHY ON CORPORATE GOVERNANCE:

At Gujarat Terce, Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. These main drivers, together with Company's ongoing contributions to the local communities through meaningful "Corporate Conscience" will play a pivotal role in fulfilling our renewed vision to be the most sustainable and competitive Company in our industry and our mission to create value for all our stakeholders.

The Company places great emphasis on values such as empowerment and integrity of its employees and communities surrounding our factory, transparency in decision making process, fair and ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders. These practices being followed since inception have contributed to the Company's sustained growth.

1.2 THE CORPORATE STRUCTURE:

Terce's Corporate Structure is based on the principles of freedom to the executive

management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility so as to meet the expectations of all the stakeholders. In line with these principles, the Company has formed three tiers of Corporate Governance structure, viz.:

- (i) The Board of Directors:- The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals and targets, policies, governance standards, reporting mechanism and accountability and decision making process to be followed.
- (ii) Committees of Directors:- The committees of the Board such as Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee are focused on financial reporting, audit and internal controls, appointment and remuneration of Directors and Senior Management Employees, Legal & Compliances issues.
- (iii) Executive Management:- The entire business including the support functions are managed with clearly demarcated responsibilities and authorities at different levels.

2. BOARD OF DIRECTORS

A. COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors ('Board') along with its Committees provides leadership and guidance to the Management and directs and supervises the performance of the Company, thereby enhancing stakeholders value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. The Board of the Company is independent in making its decision and also capable and committed to address conflict of interest and impress upon the functionaries of the Company to focus on transparency, accountability, probity, integrity, equity and responsibility.

Apart from that, the Board also discharges its responsibilities / duties as mentioned under the

provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Companies Act, 2013 ("Act").

The Board, as part of its succession planning exercise, periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company. The Board of the Company is having an optimum combination of Executive and Non-Executive Directors. The Board consists of 7 Directors out of which, 3 are Executive Directors and 4 are Non-Executive Independent Directors. The Chairman

of the Company is an Executive Director and Promoter of the Company and hence the requirement that at least one-half of the Board shall consist of Independent Directors is complied with as the Company has 4 Independent Directors. All of the Independent Directors have extensive business experience and are considered by the Board to be independent in character and judgment of the management of the Company and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment.

As on March 31, 2022, the composition of the Board is as under which is in conformity with the Listing Regulations and the Act:

| Category | Name of Directors | No. of Directors | % of No. of Directors |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------|
| Promoter & Executive Directors | Mr. Natwarbhai Prajapati (Chairman & Whole-Time Director) Mr. Aalap Prajapati (Managing Director & CEO) Mr. Amritbhai Prajapati (Whole-Time Director) | 03 | 42.86 |
| Non-Executive & Independent Directors | Mr. Surendrakumar Sharma Mr. Viplov Khmar Smt. Chhayaben Shah Mr. Navinchandra Patel | 04 | 57.14 |
| Total | | 07 | 100 |

Composition/Category of Directors/Attendance at Meetings/Directorships and Committee Memberships in other Companies as on March 31, 2022:

| Sr. No. | Name of Director | Category | Relationships between directors inter-se | Attendance of Meetings during 2021-22 | | Last Annual General Meeting Attended | Other Directorships/Board Committees (Numbers) | | | List of Directorship held in Other Listed Companies and Category of Directorship |
|---------|--------------------------------|----------------------------------------------------|------------------------------------------|------------------------------------------|----------------------------------------------|--------------------------------------|------------------------------------------------|----------------------|------------------------|----------------------------------------------------------------------------------|
| | | | | Board Meeting held during his/her tenure | Board Meeting attended during his/her tenure | | Directorships in Other Cos. | Committee membership | Committee Chairmanship | |
| 1 | Mr. Natwarbhai Prajapati | Promoter, Non – Independent and Executive director | - | 6 | 6 | Yes | - | - | - | - |
| 2 | Mr. Aalap Prajapati | Promoter, Non-Independent and Executive Director | Son of Natwarbhai Prajapati | 6 | 6 | Yes | - | 1 | - | - |
| 3 | Mr. Amritbhai Prajapati | Promoter, Non – Independent and Executive director | Brother of Natwarbhai Prajapati | 6 | 6 | Yes | - | - | - | - |
| 4 | Mrs. Chhayaben Ashwinbhai Shah | Independent and Non-Executive Director | - | 6 | 6 | No | - | 2 | - | - |
| 5 | Mr. Viplov Khmar | Independent and Non-Executive Director | - | 6 | 6 | Yes | - | 2 | 1 | - |
| 6 | Mr. Surendrakumar Sharma | Independent and Non-Executive Director | - | 6 | 6 | Yes | - | 2 | 1 | - |
| 7 | Mr. Navinchandra Patel | Independent and Non-Executive Director | - | 6 | 6 | No | - | - | - | - |

Note:

- This excludes Directorship held in Private & Foreign Companies and Companies incorporated under Section 8 of the Companies Act, 2013 as per the Regulation 26 of the Listing Regulations.
- Committees include Audit Committee and Stakeholders' Relationship Committee of Public Company

None of the Directors is a director in more than 20 Companies and more than 10 public limited Companies, in terms of Section 165 of the Companies Act, 2013. Also, none of the Directors is a member of neither more than 10 Committees,

nor acts as Chairman of more than 5 Committees across all Companies in which they are Directors, as required under Regulation 26 of the Listing Regulation. The Independent Directors fulfill the requirements stipulated in Regulation 25(1) of the Listing Regulations.

B. BOARD MEETINGS

The gap between two Board meetings did not exceed 120 days. The schedule of Board/ Committee meetings are communicated in advance to the directors/committee members to enable them to plan their schedules and to ensure their meaningful participation in the meetings.

The Board met Five times in financial year details of which are summarized as below:

| S No. | Date of Meeting | Board Strength | No. of Directors Present |
|-------|-----------------|----------------|--------------------------|
| 1 | 24.06.2021 | 7 | 7 |
| 2 | 23.07.2022 | 7 | 7 |
| 3 | 28.10.2021 | 7 | 7 |
| 4 | 09.12.2021 | 7 | 7 |
| 5 | 24.01.2022 | 7 | 7 |
| 6 | 10.02.2022 | 7 | 7 |

- C. Relationship between Directors:** Mr. Amritbhai Prajapati and Mr. Aalap Prajapati are related as Brother and son respectively with Mr. Natwarbhai Prajapati. No other Director is related to any other Director on the Board.

D. No. of Securities held by non-executive director as on March 31, 2022

Mr. Surendrakumar Sharma – 300 equity shares

Mrs. Chhayaben Ashwinbhai Shah – Nil

Mr. Viplav Suryakantbhai Khamar – Nil

Mr. Navinchandra Patel- Nil

E. Independent Directors:

The selection of eminent people for appointment as Independent Directors on the Board is considered by the Nomination and Remuneration Committee. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of directorships and memberships held in various committees of other companies by such person and recommend the same to the Board. The Board considers the Committee's recommendation and takes appropriate decision. Formal letters of appointment have been issued to the Independent Directors and the terms and conditions of their appointment are disclosed on the Company's website at www.gujaratterce.in

F. Separate Meeting of Independent Directors:

During the year under review, the Independent Directors met on March 30, 2022, as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the

Listing Regulations, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, quantity and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties effectively.

All the Independent Directors were present at the Meeting.

G. Board Procedure:

The Board of Directors meets regularly to review strategic, operational and financial matters and has a formal schedule of matters reserved for its decision. It approves the interim and preliminary financial statements, budget, the annual financial

plan, and capital investment along with strategic decisions. With an objective to ensure maximum presence of Independent Directors in the Board Meeting, dates of the Board Meeting are fixed in advance after consultation with individual Directors and consideration of their convenience. The Agenda and explanatory notes are circulated to the Directors at least seven days before the meeting. Wherever it is not practicable to attach any document to the Agenda, the same is tabled before the Meeting with specific reference to this effect in the Agenda. In case of a special and urgent business needs, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed at the subsequent Board Meeting. The information as

required under Part A of Schedule II to the Listing Regulations is also made available to the Board, wherever applicable, for their consideration. The Board also reviews the declarations made by the Chairman, Managing Director, Factory Manager, Accounts Head, CFO and Company Secretary of the Company regarding compliance with all applicable laws, on a quarterly basis.

- H. Formal annual evaluation:** The Board of Directors, Nomination & Remuneration Committee and Independent Director has carried out an annual evaluation of its own performance, its Committees and individual Directors pursuant to the requirements of the Act and the Listing Regulations.

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

| Name of the Director | Expertise in specific functional area |
|--------------------------------|---------------------------------------------------------------------|
| Mr. Natwarbhai Prajapati | General Corporate Management |
| Mr. Aalap Prajapati | Marketing, Entrepreneur, Business & Corporate Planning and Strategy |
| Mr. Amritbhai Prajapati | Factory Management |
| Mrs. Chhayaben Ashwinbhai Shah | Marketing and Capital Markets |
| Mr. Viplav Khamar | Marketing and Production |
| Mr. Navinchandra Patel | Marketing and Production |
| Mr. Surendrakumar Sharma | Sales Management and Finance |

I. Web link

<http://gujaratterce.in/Codes-and-Policies> - For below Policies:

- Code of conduct for director and senior management
- Criteria of making payments to non-executive directors
- Policy on Related Party Transaction
- Policy on Familiarization Programme for Independent Directors
- Policy on Materiality
- Preservation of Documents and Archival Policy
- Terms and condition for Appointment of Independent Director
- Nomination and Remuneration Policy
- Policy on code of fair Disclosures
- Policy and Procedures for inquiry in case of leak of UPSI

- Risk Management Policy
- Whistle Blower Policy
- Code of conduct as per SEBI (PIT) Regulations, 2015
- Policy on Prevention of Sexual Harassment

J. Matrix setting out the core skills/expertise/competence of the board of directors

The board skill matrix provides a guide as to the core skills, expertise, competencies and other criteria (collectively referred to as 'skill sets') considered appropriate by the board of the Company in the context of its business and sector(s) for it to function effectively and those actually available with the Board. The skill sets will keep on changing as the organization evolves and hence the board may review the matrix from time to time to ensure that the composition of the skill sets remains aligned to the Company's strategic direction.

The skill sets identified by the board along with availability assessment is as under:

| Core Skills/Experience/Competence | Actual Availability with current board |
|---------------------------------------------------------|----------------------------------------|
| Industry knowledge/experience | |
| (a) Healthcare Industry Knowhow | Available |
| (b) Creating value through Intellectual Property Rights | Available |
| (c) Global Operations | Available |
| (d) Value Spotting and Inorganic Growth | Available |
| Technical skills/experience | |
| (a) Strategic planning | Available |
| (b) Risk and compliance oversight | Available |
| (c) Marketing | Available |
| (d) Policy Development | Available |
| (e) Accounting, Tax, Audit and Finance | Available |
| (f) Legal | Available |
| (g) Sales/ Customer Engagement | Available |
| (h) Public Relations and Liasoning | Available |
| (i) Information Technology | Available |
| Behavioural Competencies | |
| (a) Integrity & ethical standards | Available |
| (b) Mentoring abilities | Available |
| (c) Interpersonal relations | Available |

K. Confirmation on the independence of the Independent Directors

The Board of Directors hereby confirms that in their opinion, the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

COMMITTEES OF BOARD OF DIRECTORS

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to committees of the directors set up for the purpose. These specialist committees prepare the groundwork for decision making and report at the subsequent Board meeting.

Presently the Board is assisted by various Committees - Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

Details on the role and composition of these committees including the number of meetings held during the financial year and the related attendance are provided below:

(i) AUDIT COMMITTEE

The Company is having a duly constituted Audit Committee and as on March 31, 2022, all of the members of Audit Committee are Independent Directors having expertise in financial and accounting areas. Audit Committee of the Board has been constituted as per Section 177 of the Act read with Regulation 18 of the Listing Regulations. The Audit Committee acts as a link between the

statutory and internal auditors and the Board of Directors. The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and the internal auditors.

Terms of reference

The terms of reference of Audit Committee as per Provisions of Companies Act, 2013 read with Listing Regulations inter alia includes the following:

i. Financial Statements

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Discussion and review, with the management and auditors, the annual/ quarterly financial statements before submission to the Board, with particular reference to:
 - Matters required being included in the Directors Responsibility Statement to be included in the

Board's report in terms of sub-section 3(c) of section 134 of the Companies Act, 2013.

- Disclosure under 'Management Discussion and Analysis of Financial Condition and Results of Operations.'
- Any changes in accounting policies and practices and reasons for the same.
- Major accounting entities involving estimates based on exercise of judgement by management.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transaction.
- Disclosure of contingent liabilities.
- Scrutinize inter corporate loans and investments.
- To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

ii. External Audit

- To have timely discussions with external auditors.
- To recommend the Board, the appointment, re-appointment, removal of the external auditors, fixation of audit fee and also approval for payment for any other services rendered by the external auditors.
- To evaluate auditor's performance, qualification and independence.

iii. Internal Audit

- To review on a regular basis the adequacy of internal audit function.

- To review the appointment, removal, performance and terms of remuneration of the Internal Auditor.
- To review the regular internal reports to management prepared by the internal auditor, as well as management's response thereto.
- To review the findings of any internal investigation by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with internal auditors any significant findings and follow-up thereon.
- To review internal audit reports relating to the internal control weaknesses.

iv. Internal Control

To review with the management, external and internal auditors, the scope of internal audit, adequacy of internal control systems and ensure adherence thereto and any other related issues.

All Members of the Audit Committee have accounting and financial management expertise. The Chairman of the Committee attended the 36th Annual General Meeting held on 07th september, 2022 to answer the shareholders' queries. The role of Audit Committee, the powers exercised by it pursuant to the terms of reference, and the information reviewed by it are in accordance with the requirements as specified in the Regulation 18 of SEBI (LODR) Regulations, 2015, Companies Act, 2013 and other applicable laws, if any. Apart from the above, the Audit Committee also exercises the role and powers entrusted upon it by the Board of Directors from time to time.

During the period under review, the Audit Committee met Four times on 24.06.2021, 23.07.2021, 28.10.2021, and 24.01.2022.

Composition of Audit Committee and attendance of each member during the meetings held in FY 2021-2022 are given below:

| Name | Designation | Category | No of meetings attended during the year 2021-22 |
|--------------------------|-------------|-------------------------------------|-------------------------------------------------|
| Mr. Surendrakumar Sharma | Chairman | Non- Executive Independent Director | 4 |
| Mr. Viplav Khamar | Member | Non- Executive Independent Director | 4 |
| Smt. Chhayaben Shah | Member | Non- Executive Independent Director | 4 |

(ii) NOMINATION AND REMUNERATION COMMITTEE

The Company has complied with the requirements of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 as regards composition of Nomination and Remuneration Committee.

Terms of reference

The role of the Nomination and Remuneration Committee is to recommend to the Board, the remuneration package for the Managing/ Executive Directors and senior officials just one level below the Board. The committee functions as follows:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of every Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.

- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To devise a policy on Board diversity.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

The roles and responsibilities of the Committee are in accordance with the requirements as specified in the Regulation 19 of SEBI (LODR) Regulations, 2015, Companies Act, 2013 and other applicable laws, if any. Apart from the above, the Committee also exercises the role and powers entrusted upon it by the Board of Directors from time to time.

The Committee has held Three Meetings during the FY 2021-22 i.e. 24.06.2021, 28.10.2021, and 24.01.2022.

Composition of Nomination and Remuneration Committee and attendance of each member during the meetings held in FY 2021-22 are given below:

| Name | Position | Category | No of meetings attended during the year 2021-22 |
|---------------------------|----------|-------------------------------------|-------------------------------------------------|
| Mr. Surendra Kumar Sharma | Chairman | Non- Executive Independent Director | 3 |
| Mr. Viplav Khamar | Member | Non- Executive Independent Director | 3 |
| Smt. Chhayaben Shah | Member | Non- Executive Independent Director | 3 |

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's

functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A consolidated summary of the ratings given by each Director was then prepared. The report of performance evaluation was then discussed and noted by the Board.

The performance evaluation of the Chairman and Managing Director and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) Remuneration to Directors, Key Managerial Personnel and one level below Chief Executive Officer/Managing Director/ Whole-time Director involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company does not have any Employee Stock Option Scheme.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company has been posted on the website of the Company at www.gujaratterce.in. The said Policy is directed towards rewarding performance, based on review of achievements periodically and is in consonance with the existing industry practice. The key factors considered in formulating the Policy are as under:

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to run the Company successfully;
- c. Disclosures with respect to remuneration:

Salary, as recommended by the Nomination and Remuneration Committee and approved by the Board and the shareholders of the Company if any. Perquisites, retirement benefits and performance pay are also paid/ provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions. Presently, the Company does not have a stock options scheme for its Directors.

| Name of the director | service contracts (Term of Appointment) | Remuneration & Perquisites and other allowance (Amt. in ₹) | Commission | Sitting Fees | Notice Period & Severance Fees | Total |
|-----------------------------|-----------------------------------------|------------------------------------------------------------|------------|--------------|--------------------------------|-----------|
| Mr. Natwarbhai P. Prajapati | upto 10/01/2022 | 18,08,670 | - | - | 30 days | 18,09,055 |
| Mr. Amritbhai P. Prajapati | upto 23/06/2026 | 4,04,670 | - | - | 30 days | 4,05,055 |
| Mrs. Chhayaben A. Shah | upto 29/06/2025 | - | - | - | 30 days | - |
| Mr. Surendrakumar P. Sharma | upto 09/08/2023 | - | - | - | 30 days | - |
| Mr. Viplav S. Khamar | upto 26/06/2027 | - | - | - | 30 days | - |
| Mr. Aalap N. Prajapati | upto 27/10/2026 | 12,08,670 | - | - | 30 days | 12,09,055 |
| Mr. Navichandra Prajapati | Upto 31/03/2025 | - | - | - | 30 days | - |

Remuneration is within limits specified under section 197 of the Companies Act, 2013 and rules made thereunder.

(iii) REMUNERATION TO DIRECTORS

- a. Pecuniary Relationship with Non-Executive Directors: None of the Non-executive Directors has any pecuniary relationship or transactions with the company except as per requirements of Accounting Standard 24 are disclosed in the notes to accounts annexed to the financial statements.
- b. The criteria for making payments to non-executive director:
Mentioned in the below link of the Company website
<http://gujaratterce.in/Codes-and-Policies>

(iv) STAKEHOLDER RELATIONSHIP COMMITTEE

The Company has complied with the requirements of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 as regards composition of Stakeholders Relationship Committee.

Terms of reference

The terms of reference of the Committee include reviewing and redressing complaints from shareholders such as non-receipt of annual report, transfer of shares, issue of duplicate share certificates, etc.; to oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of securities; to oversee the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services; and to perform any other function, duty as stipulated by the Companies Act, Securities & Exchange Board of India, BSE and any other regulatory authority or under any applicable laws, as amended from time to time.

The Committee has held Four Meetings during the FY 2021-22 i.e. 24.06.2021, 23.07.2021, 28.10.2021 and 24.01.2022.

The Composition of Stakeholders Relationship Committee and attendance of each member during the meetings held in financial year 2021-22 are given below.

| Name | Position | Category | No. of meetings attended out of four (4) meeting held during the year 2021-22 |
|------------------------|----------|-------------------------------------|-------------------------------------------------------------------------------|
| Mr. Viplav Khamar | Chairman | Non- Executive Independent Director | 4 |
| Smt. Chhayaben Shah | Member | Non- Executive Independent Director | 4 |
| Mr. Aalap N. Prajapati | Member | Executive Managing Director | 4 |

In addition, Details of Shareholders' Complaints received during the year are as follows:

| Particulars | No. of Complaints |
|----------------------------------------------------------------------|-------------------|
| Investor complaints pending as at April 1, 2021 | 0 |
| Investor complaints received during the year ended on March 31, 2022 | 0 |
| Investor complaints resolved during the year ended March 31, 2022 | 0 |
| Investor complaints pending as on March 31, 2022 | 0 |

The Committee considers and resolves the grievances of the security holders. The Committee also reviews the manner and time-lines of dealing with complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc., and the responses thereto.

Ms. Ashka Solanki, Company Secretary is the Secretary to the Committee and the Compliance Officer appointed for the compliance of capital market related laws.

(v) GENERAL BODY MEETINGS:

1. SPECIAL RESOLUTIONS PASSED AT THE LAST 3 ANNUAL GENERAL MEETINGS

| Year | Venue of AGM | Date & Time | No. of special resolutions passed |
|---------|--------------------------------------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2018-19 | Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar | 20/09/2019 at 10.00 a.m | <ul style="list-style-type: none">Re-appointment of Mr. Jayantibhai Shankarlal Prajapati (DIN:02608139), as an Independent Director of the Company.To advance loan or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the Director of the Company is interested.To approve the exemption in respect of loan to directors given in section 185(2) of The Companies Act, 2013 and rules made thereunder.Re-appointment of statutory auditor M/s. USS & Associates for financial year from 01/04/2019 to 31/03/2020.Alteration in the main object clause of memorandum of association of the company.Deletion of the other objects clause of the Memorandum of Association.Amendment of the Liability Clause of the Memorandum of Association.Amendment of the Capital Clause of the Memorandum of Association.Adoption of New Set of Articles of Association |
| 2019-20 | Through Video Conferencing/ Other Audio Visual Means ('VC'/'OAVM') | 21/08/2020 at 11:00 a.m. | <ul style="list-style-type: none">Appointment of Mr. Navinchandra Patel (DIN: 08702502), as an Independent DirectorRe-appointment of Smt. Chhayaben Ashwinbhai Shah (DIN: 01435892), as an Woman Independent Director of the Company |
| 2020-21 | Through Video Conferencing/ Other Audio Visual Means ('VC'/'OAVM') | 07/09/2021 at 11:00 a.m. | <ul style="list-style-type: none">Levy of Charges for delivery of any document to member through a particular mode requested by such member.Re-appointment of Mr. Amritbhai Prajapati (DIN 00699001), as Whole-time Director of the Company. |

2. Passing of Resolution by Postal Ballot: None of special resolution was passed by way of postal ballot during the financial year ended March 31, 2022. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

(vi) MEANS OF COMMUNICATION

Quarterly and Annual Financial Results of the Company were submitted to the Stock Exchanges immediately after the Board approves them. Thereafter, the same were published in The Business Standard-English, Jai Hind- Gujarati and also put the same on its website at www.gujaratterce.in. Disclosures pursuant to various clauses of the Listing obligations and disclosure requirements are promptly communicated to Bombay Stock Exchange.

No formal presentation was made to the institutional investors or to the analysts during the year under review. Management Discussion and Analysis forms Part of the Annual Report, which is sent to the Shareholders of the Company.



(vii) GENERAL SHAREHOLDER INFORMATION

a. Exclusive e-mail id for investor grievances

Pursuant to Regulation 13(3) of the SEBI (LODR) Regulations, 2015, the following email id has been designated for communicating investor grievances: cs@gujaratterce.com

Person in-charge of the Department: Ms. Ashka Solanki

b. Annual General Meeting

The 37th Annual General Meeting will be held on Wednesday, 24th August, 2022 at 11:30 a.m. through video conferencing mode.

Financial Year : 2022-23
 First quarter results : July/August 2022
 Second quarter results : October 2022
 Third quarter results : February 2023
 Annual results : April/May/June 2023
 Annual General Meeting : August/September 2023

c. Book Closure

The Register of Members and the Share Transfer Register will be closed from Thursday, August 18, 2022 to Wednesday, August 24, 2022 (both days inclusive).

d. Dividend Payment Date - Not applicable

e. The equity shares of the Company are listed at:

Bombay Stock Exchange Limited (BSE)

f. Annual Listing fees for the year 2022-23 have been paid to the stock exchange.

The Company has also paid the Annual Custodial fees to both the depositories.

g. Stock Codes: 524314

h. High/Low of monthly Market Price of the Company's Equity Shares

| Month | Bombay Stock Exchanges(BSE) (In ₹ Per share) | |
|-----------------|-------------------------------------------------|-----------|
| | High Price | Low Price |
| April, 2021 | 8.66 | 6.76 |
| May, 2021 | 10.61 | 7.80 |
| June, 2021 | 9.99 | 8.50 |
| July, 2021 | 13.16 | 8.96 |
| August, 2021 | 17.60 | 12.50 |
| September, 2021 | 15.70 | 13.50 |
| October, 2021 | 15.69 | 13.12 |
| November, 2021 | 20.30 | 13.45 |
| December, 2021 | 18.24 | 12.78 |
| January, 2022 | 20.10 | 15.80 |
| February, 2022 | 19.75 | 15.55 |
| March, 2022 | 28.50 | 15.00 |

i. International Securities Identification Number (ISIN) : INE499G01013

j. Corporate Identity Number (CIN) : L24100GJ1985PLC007753

k. Registrar & Transfer Agent

Bigshare Services Private Limited

Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai — 400093.

Tel: 022 62638200

Fax: 022 62638299

E-mail:- sandeep@bigshareonline.com, Investor@bigshareonline.com

Website:- www.bigshareonline.com

l. Share Transfer System

As per the SEBI guidelines, the Registry and Share transfer activity is being handled by Big Share Services Private Limited, Mumbai. The Share Transfer requests received in physical form are normally registered within 15 days from the date of receipt.

m. Distribution of Shareholding (As on March 31, 2022)

On the basis of Share held:

| SHAREHOLDING | NO OF SHAREHOLDER | % OF HOLDERS | SHARES | % OF HOLDING |
|------------------|-------------------|--------------|----------------|--------------|
| 1-500 | 12735 | 94.41 | 1547635 | 20.86 |
| 501-1000 | 357 | 2.65 | 308924 | 4.16 |
| 1001-2000 | 149 | 1.10 | 241956 | 3.26 |
| 2001-3000 | 63 | 0.47 | 156669 | 2.11 |
| 3001-4000 | 44 | 0.33 | 155886 | 2.10 |
| 4001-5000 | 34 | 0.25 | 158018 | 2.13 |
| 5001-10000 | 44 | 0.33 | 308954 | 4.17 |
| 100001-999999999 | 62 | 0.46 | 4542258 | 61.21 |
| Total | 13488 | 100 | 7420300 | 100 |

On the basis of category:

| Category | No of Shares Holder | % of Shareholders | No. of shares | % of Holding |
|---------------------|---------------------|-------------------|----------------|--------------|
| Clearing Members | 22 | 0.16 | 12946 | 0.17 |
| Corporate Bodies | 22 | 0.16 | 46798 | 0.63 |
| Group Companies | 1 | 0.01 | 1075900 | 14.50 |
| Non Resident Indian | 10 | 0.07 | 9937 | 0.14 |
| Other Directors | 3 | 0.02 | 8800 | 0.12 |
| Promoter | 6 | 0.05 | 1611371 | 21.72 |
| Public | 13424 | 99.53 | 4654548 | 62.72 |
| Total | 13488 | 100 | 7420300 | 100 |

n. Dematerialization of Shares And Liquidity

Shares of the Company are traded compulsorily in dematerialized form and are available for trading with both the depositories with whom the Company has established direct connectivity. The Demat requests received by the Company are continually monitored to expedite the process of dematerialization. The Demat requests are confirmed to the depositories within 15 working days of receipt.

During the year, the Company has electronically confirmed Demat requests for 2100 equity shares. As on March 31, 2022, 83.60% of the total shares issued by the Company were held in dematerialized form.

- Liquidity: The Company's Shares are liquid on BSE.
- o. In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI has fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected

through the depositories with no involvement of the Company.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates, on half yearly basis have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to Regulation 76 of SEBI (Depositories and Participants) Regulation, 2018, certificates have been received from a Company Secretary-in-Practice for timely dematerialisation of shares and for reconciliation of the share capital of the Company on a quarterly basis. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

p. Outstanding GDRs/ADRs/Warrants or any convertible instrument as on March 31-2022:

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2022

q. Plant Location:

122/2, Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar 382729

r. Compliance Officer:

Ms. Ashka Solanki

s. Address for Correspondence:

All enquiries, clarification and correspondence should be addressed to the compliance officer at the following Addresses.

1) Gujarat Terce Laboratories Limited

D-802, The First, B/h Keshavbaug Party Plot, Vastrapuar Ahmedabad-380051

Tel – 079-41005079

E-mail : cs@gujaratterce.com,
ho@gujaratterce.com

t. List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:

Not Applicable

(viii) OTHER DISCLOSURES

a. Related Party Transactions

Transactions with related parties, as per requirements of Accounting Standard 24, are disclosed in the notes to accounts annexed to

the financial statements. All the transactions with related parties were in the ordinary course of business and on arm's length basis. In terms of Regulation 23 of Listing Regulations the Company is obtaining prior approval of the Audit Committee for entering into any transaction with related parties. The Audit Committee granted omnibus approval for certain transactions to be entered into with the related parties, during the year. Statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. Policy on dealing with Related Party Transactions can be viewed in the Company's website at www.gujaratterce.in and the same has been amended on February 13, 2020.

b. Details of non-compliance by the Company, penalties and structures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities or any matter related to capital markets during the last three years:

No strictures or penalties have been imposed on the Company.

c. Whistle Blower Policy/ Vigil Mechanism:

The Company has formulated Whistle Blower Policy in conformity with the Regulation 22 of the Listing Regulation and Section 177 of the Companies Act, 2013, the same has been hosted on the company website at <http://gujaratterce.in/Codes-and-Policies> to provide a mechanism for directors and employees of the company to approach the Ethics Counselor/ Chairman of the Audit Committee of the Company for the purpose of dealing with instance of fraud and mismanagement, if any and also ensure that whistleblowers are protected from retribution, whether within or outside the organization: No personnel have been denied access to the Audit Committee, if any, during the year.

d. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The details of number of complaints filed and disposed of during the year and pending as on March 31, 2022 is given in the Directors' report.

e. web link where policy on dealing with related party transactions:

<http://gujaratterce.in/Codes-and-Policies>

f. Commodity Price Risk and Hedging activities:

Not Applicable

g. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

Not Applicable

h. A certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority:

The Certificate of Company Secretary in practice is annexed herewith as a part of the report.

i. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year:

Not Applicable

j. Total fees for all services paid by the listed entity, on a standalone basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:

Details relating to fees paid to the Statutory Auditors are given in Note 30 to the Standalone Financial Statements.

(ix) Non Mandatory Requirements:

The Company has adopted following Non Mandatory requirements of C & E of the Non-

Mandatory requirements as provided in Part E of Schedule II of the Listing Regulations and not adopted A & B since they are discretionary requirements.

Discretionary Requirements:

- The Company does not maintain a separate office for the Non-Executive Chairman as Chairman
- There is a separate Posts of Chairman & CEO
- The quarterly financial results are published in the newspapers of wide circulation and are not sent to individual shareholders. Further, the financial results are available on the website of the Company and of the Stock Exchange where the shares of the Company are listed, i.e. BSE Ltd.
- The Auditors' Opinion on the Financial Statements is unmodified.
- Internal Auditor reports to the Audit Committee.

(x) Details of compliance with mandatory requirements and adoption of the non-mandatory Requirements of Listing Regulation:

Mandatory Requirements:

During the year, The Company complies with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance.

(xi) The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46:

| Particulars | Regulation Number | Compliance status (Yes/No/NA) |
|-------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------|
| Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility' | 16(1)(b) & 25(6) | Yes |
| Board composition | 17(1) | Yes |
| Meeting of Board of directors | 17(2) | Yes |
| Review of Compliance Reports | 17(3) | Yes |
| Plans for orderly succession for appointments | 17(4) | Yes |
| Code of Conduct | 17(5) | Yes |
| Fees/compensation | 17(6) | Yes |
| Minimum Information | 17(7) | Yes |
| Compliance Certificate | 17(8) | Yes |
| Risk Assessment & Management | 17(9) | NA |
| Performance Evaluation of Independent Directors | 17(10) | Yes |
| Composition of Audit Committee | 18(1) | Yes |
| Meeting of Audit Committee | 18(2) | Yes |
| Composition of nomination & remuneration committee | 19(1) & (2) | Yes |
| Composition of Stakeholder Relationship Committee | 20(1) & (2) | Yes |
| Composition and role of risk management committee | 21(1),(2),(3),(4) | NA |



| Particulars | Regulation Number | Compliance status (Yes/No/NA) |
|-------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------|
| Vigil Mechanism | 22 | Yes |
| Policy for related party Transaction | 23(1),(5),(6),(7) & (8) | Yes |
| Prior or Omnibus approval of Audit Committee for all related party transactions | 23(2), (3) | Yes |
| Approval for material related party transactions | 23(4) | NA |
| Composition of Board of Directors of unlisted material Subsidiary | 24(1) | NA |
| Other Corporate Governance requirements with respect to subsidiary of listed entity | 24(2),(3),(4),(5) & (6) | NA |
| Maximum Directorship & Tenure | 25(1) & (2) | Yes |
| Meeting of independent directors | 25(3) & (4) | Yes |
| Familiarization of independent directors | 25(7) | Yes |
| Memberships in Committees | 26(1) | Yes |
| Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel | 26(3) | Yes |
| Disclosure of Shareholding by Non-Executive Directors | 26(4) | Yes |
| Policy with respect to Obligations of directors and senior management | 26(2) & 26(5) | Yes |
| Website | 46(2)(b) to(i) | Yes |

DECLARATION OF COMPLIANCE WITH THE GENERAL TO CODE OF CONDUCT OF THE COMPANY

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I declare as follows:

1. The Company does have a General Code of Conduct approved by its Board of Directors, which is posted on its website www.gujaratterce.in and
2. All the members of the Board of Directors and Senior Management of the Company have individually submitted statements of affirmation of compliance with the said Code of Conduct for the financial year ended March 31, 2022.

By Order of the Board of Directors
For, Gujarat Terce Laboratories Ltd

Sd/-
Natwarbhai Prajapati
Chairman
DIN: 00031187

Place: Ahmedabad
Date: May 30, 2022

MD / CEO & CFO CERTIFICATION

Mr. Aalap Prajapati (MD/CEO), and Mr. Bhagirath R. Maurya (CFO) of the Company hereby certify to the Board that:

- a) We have reviewed the Financial Statements for the year ended March 31, 2022 and that to the best of our knowledge and belief, we state that:
 - i. The said statements do not contain any false, misleading or materially untrue statements or figures or omit any material fact, which may make the statements or figures contained therein misleading;
 - ii. The said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i. Significant changes in internal control over financial reporting during the year, if any;
 - ii. Significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Ahmedabad
Date: May 30, 2022

Sd/-
Aalap Prajapati
Managing Director & CEO

Sd/-
Bhagirath R. Maurya
Chief Financial Officer



CERTIFICATE

Based on our verification of the registers, records, forms, returns and disclosures received from the Directors of Gujarat Terce Laboratories Limited having CIN L2GJ1985PLC007753 and having registered office at 122/2 RAVI ESTATE, BILESHWARPURA, CHHTRAL, GANDHINAGAR 382729, GUJARAT (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Date: June 22, 2022
Place: Ahmedabad

GKV & Associates
Practising Company Secretary
ACS 31820 , C.P. NO 19866
UDIN: A031820D000519021

AUDITORS CERTIFICATE ON COMPLIANCE

I have examined compliance of conditions of Corporate Governance by Gujarat Terce Laboratories Limited (the Company), for the year ended March 31, 2022, as stipulated in Chapter IV of SEBI (LODR) Regulations, 2015 of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures & implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (LODR) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: June 22, 2022
Place: Ahmedabad

GKV & Associates
Practising Company Secretary
ACS 31820 , C.P. NO 19866
UDIN: A031820D000519483

ANNEXURE-C

STATEMENT OF DISCLOSURE OF REMUNERATION

UNDER SECTION 197 OF THE COMPANIES ACT 2013 AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. PARTICULARS OF REMUNERATION

- I. Ratio of remuneration of each Executive Director to the median remuneration of Employees of the Company for the financial year 2021-22, the percentage increase in remuneration of Chairman, Managing Director, Executive Directors, CEO, Company Secretary and CFO during the financial year 2021-22:

| Sr. No. | Name of Director/ KMP | Designation | Ratio of Remuneration of each director to median remuneration of employees | Percentage (%) increase in Remuneration |
|---------|------------------------|-------------------------|----------------------------------------------------------------------------|-----------------------------------------|
| 1 | Natwarbhai P Prajapati | Chairman | 1:7.59 | Nil |
| 2 | Amritbhai P Prajapati | Whole-Time Director | 1:1.67 | Nil |
| 3 | Aalap N. Prajapati | Managing Director & CEO | 1:5.06 | Nil |
| 3 | Bhagirathi R. Maurya | Chief Financial Officer | 1:2.12 | 12% |
| 5 | Ashka Solanki | Company Secretary | 1:2.02 | 30% |

Note:

- a) The Non-Executive Directors of the Company are entitled for sitting fees. The detail of remuneration of Non-Executive Directors is provided in the Report on Corporate Governance and is governed by the Nomination and Remuneration Policy, as stated herein below. The ratio of remuneration and percentage increase for Non-Executive Directors remuneration is therefore not considered for the purpose above.

| II. Sr. No. | Particulars | Details |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | % increase in the median remuneration of employee in the financial year 2021-22 | 6.04% |
| 2 | Total number of permanent employees on the rolls of the Company as on March 31, 2022 (on standalone basis) | 365 |
| 3 | The median remuneration of employees of the Company during the year under review. | ₹ 2.37 Lakhs |
| 4 | average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | <p>The average percentile increase in the remuneration of all employees was 21.99 for the FY 2021-22.</p> <p>The average percentile increase in the remuneration of Managerial Personnel was 0.21 for the FY 2021-22.</p> <p>The comparison of increase in average percentiles between employees and Managerial was nil. The average increase in the remuneration of both, the managerial and employees was determined based on the overall performance of the Company. Further the criteria for remuneration of employees is based on the internal evaluation of key performance areas while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination and Remuneration Committee and approved by the board of directors.</p> |

- III. The Company affirms remuneration is as per the Remuneration Policy of the Company.

B. PARTICULARS OF EMPLOYEES

RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

i. Particulars of top Ten Employee in terms of remuneration drawn

| Sr. No. | Name & Designation of Employee | Remuneration Received (₹ in Lakhs) | Nature of Employment | Qualifications | Experience | Date of Commencement of Employment | Age | Name of Previous Employment | % of Equity Shares held | Relative of Director or Manager |
|---------|--------------------------------|------------------------------------|----------------------|-------------------------------|------------|------------------------------------|-----|--------------------------------------|-------------------------|---------------------------------|
| 1 | Natwarbhai Prajapati | 18 | Permanent | B.Sc, D.Pharm | 37 | 28/03/1985 | 67 | - | 8.03 | Managing Director |
| 2 | Aalap Prajapati | 12 | Permanent | B. Tech Electronic, MBA | 10 | 01/02/2012 | 33 | - | 0.003 | Son of Managing Director |
| 3 | Sunitha R. Ajmeer | 10.8 | Permanent | B.Sc | 11 | 01/10/2010 | 49 | First Employment | NIL | NA |
| 4 | Deepak Bhatnagar | 19.20 | Permanent | B. Sc | 29 | 01/05/1994 | 47 | Noel Pharmaceuticals | NIL | NA |
| 5 | Rajendra Joshi | 13.75 | Permanent | B.Sc, MBA Marketing | 24 | 01/07/1998 | 42 | Bombay Tablet Manufacturing Pvt Ltd. | NIL | NA |
| 6 | Mahesh Shirolkar | 9.38 | Permanent | B.Sc | 21 | 15/11/2021 | 48 | German Remedies Limited | NIL | NA |
| 7 | Shashi Prakash | 9.30 | Permanent | B.Sc | 22 | 01/01/2000 | 45 | Aglowmed Limited | NIL | NA |
| 8 | Nirmal Kant Sharma | 8.88 | Permanent | M.Sc. in organic chemistry | 18 | 01/05/2004 | 45 | Dura Tax Lab. Ltd | NIL | NA |
| 9 | Narayanlal suthar | 8.64 | Permanent | B.Sc. and Diploma in Pharmacy | 5 | 01/05/2017 | 45 | Ozone Pharmaceutical Ltd | NIL | NA |
| 10 | Sanjay Jain | 7.92 | Permanent | B.com | 28 | 01/05/1994 | 53 | Group Pharmaceuticals | NIL | NA |

ii. Employees who are employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per year: Nil

iii. Employees who are employed part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- per month: Nil

By Order of the Board of Directors
For, Gujarat Terce Laboratories Ltd

Sd/-
Natwarbhai Prajapati
Chairman
DIN: 00031187

Place: Ahmedabad
Date: May 30, 2022



ANNEXURE- D**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****A. CONSERVATION OF ENERGY****(i) The steps taken or impact on conservation of energy;**

| Electricity | Current Year | Previous Year |
|--------------------|---------------------|----------------------|
| Unit Consumption | 152738 | 102399 |
| Total Amount | 940272 | 546265 |
| Average Cost | 6.15 | 5.33 |
| Own generation: | N.A. | N.A. |

(ii) The steps taken by the company for utilising alternate sources of energy: Nil**(iii) The capital investment on energy conservation equipments:** Nil**(iv) The expenditure incurred on Research and Development:** Nil**B. TECHNOLOGY ABSORPTION**

- a) The efforts made towards technology absorption: The Company continues to adopt and use the latest technologies to improve the productivity and quality of its services and products.
- b) The benefits derived like product improvement, cost reduction, product development or import substitution: The Company has not made any investment and taken any specific measure to reduce energy cost per unit. However, it intends to conserve energy for future generation.
- c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): There is no technology imported during last three years as The Company's operations do not require significant import of technology.

C. FOREIGN EXCHANGE EARNING AND OUTGO

| Particulars | (Amt. in Lakhs) | |
|--------------------------------------------|------------------------|----------------|
| | 2021-22 | 2020-21 |
| Earning: Export in terms of actual inflows | - | - |
| Outgo: Imports in terms of actual outflows | - | - |

By Order of the Board of Directors
For, Gujarat Terce Laboratories Ltd

Sd/-

Natwarbhai Prajapati

Chairman

DIN: 00031187

Place: Ahmedabad
 Date: May 30, 2022

Independent Auditor's Report

To the Members of **Gujarat Terce Laboratories Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the financial statements of Gujarat Terce Laboratories Limited ("the Company"), which comprise the balance sheet as at March 31 2022, and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31 2022, its loss and its cash flows for the year ended on that date.

Basis for Opinion

We have conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

- In January 2018, the board of directors of the company had decided to discontinue the operations of the Metal Division, which had already been suspended by the management for some years. Since the financial year ending on March 31 2018, the Metal Division has been classified as Discontinued Operations. At the time of such classification, the recoverable amount of items of property, plant and equipment was estimated based on the report of a registered valuer. For the financial year ended on March 31 2022, no financial transactions or impairment losses have been identified for the said division.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility

also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
 - e) On the basis of the written representations received from the directors as on March 31 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31 2022 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- g) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The details of pending litigations of the Company have been disclosed in Note 35 to the financial statements. However, no impact of the same has been determined on its financial position, as the matter is pending before the respective authorities.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of

the company ("ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;

- (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("funding parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party

("ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries; and

- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) No dividends have been declared or paid during the year by the company.

Place: Anand
Date: May 30, 2022

For M. A. Shah & Co.
Chartered Accountants
FRN: 112630W

Sd/-
CA Parag Patel
(Partner)
UDIN: 22155916AJVYKV2670
Membership No.: 155916

Annexure 'A'

The Annexure referred to in paragraph 1 of Our Report on "Other Legal and Regulatory Requirements".

We report that:

- i. a. i. The company has not maintained records showing full particulars, including quantitative details and situation of its property, plant and equipment. However, the required details have been examined to the extent available in the books of accounts and ledgers maintained by the company.
- ii. The company does not hold any intangible assets that have been recorded in the books of accounts.
- b. As explained to us, property, plant and equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the company.
- d. The company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- e. As explained to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. a. As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancy of 10% or more in the aggregate for each class of inventory were noticed on physical verification of stocks by the management as compared to book records.
- b. The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets during any point of time of the year.
- iii. a. During the year the company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity:
- i. the aggregate amount during the year with respect to such loans or advances and guarantees or security to subsidiaries, joint ventures and associates is ₹ Nil and balance outstanding at the balance sheet date is ₹ Nil.
- ii. the aggregate amount during the year with respect to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates is ₹ 25,000/- and balance outstanding at the balance sheet date is ₹ 2,40,67,398/-.
- b. According to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prima facie prejudicial to the company's interest.
- c. There is no stipulation of schedule of repayment of principal and payment of interest and therefore we are unable to comment on the regularity of repayment of principal & payment of interest.
- d. Since the term of arrangement do not stipulate any repayment schedule, we are unable to comment whether the amount is overdue or not.
- e. No loan or advance in the nature of loan granted, which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
- f. The company has granted loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment:
 - i. Aggregate amount of loans or advances of above nature given during the year is ₹ 25,000/-.
 - ii. Percentage thereof to the total loans granted is 100%.

- iii. Aggregate amount of loans granted to promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is Nil.
- iv. In respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with except non-charging of interest on the loans of ₹ 8,00,000/-.
- v. The company has not accepted any deposits from the public covered under sections 73 to 76 of the Companies Act, 2013.
- vi. The company is not required to maintain cost records as prescribed under section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2018 for the current financial year.
- vii.
 - a. According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on March 31 2022 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us, there is no amount payable in respect of income tax goods and services tax, service tax, sales tax, customs duty, excise duty, value added tax and cess whichever applicable, which have not been deposited on account of any disputes.
- viii. According to the information and explanations given by the management, no transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix.
 - a. In our opinion and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
 - b. According to the information and explanations given by the management, the company is not declared wilful defaulter by any bank or financial institution or other lender.
 - c. In our opinion and according to the information and explanations given by the management, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
 - d. In our opinion and according to the information and explanations given by the management, funds raised on short term basis have not been utilised for long term purposes.
 - e. In our opinion and according to the information and explanations given by the management, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
 - f. In our opinion and according to the information and explanations given by the management, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x.
 - a. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) or by way of term loans during the year.
 - b. The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- xi.
 - a. According to the information and explanations given to us, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
 - b. No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
 - c. According to the information and explanations given to us by the management, no whistle-blower complaints had been received by the company.

- xii. The company is not a Nidhi Company. Therefore, clause (xii) of the order is not applicable to the company.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- xiv. a. According to the information and explanations given by the management, the company has an internal audit system commensurate with the size and nature of its business.
- b. The reports of the Internal Auditors for the period under audit were considered by us.
- xv. The company has not entered into non-cash transactions with directors or persons connected with him.
- xvi. a. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- b. In our Opinion and based on our examination, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- c. In our opinion and based on our examination, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- d. According to the information and explanations given by the management, the Group does not have any CIC as part of the Group.
- xvii. Based on our examination, the company has not incurred cash losses in the current financial year. However, in the immediately preceding financial year, the company had incurred cash losses of ₹ 234.39 Lakhs.
- xviii. There has been no resignation of the statutory auditors during the year.
- xix. On the information obtained from the management and audit procedures performed and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. Based on our examination, the provisions of section 135 are not applicable on the company. Hence this clause is not applicable to the company.
- xxi. The company is not required to prepare consolidate financial statements. Hence, this clause is not applicable to the company.

For M. A. Shah & Co.

Chartered Accountants
FRN: 112630W

Sd/-

CA Parag Patel

(Partner)

Membership No.: 155916

UDIN: 22155916AJVYKV2670

Place: Anand
Date: May 30, 2022

Annexure 'B'

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Gujarat Terce Laboratories Limited ("the Company") as of March 31 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Anand
Date: May 30, 2022

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. A. Shah & Co.

Chartered Accountants
FRN: 112630W

Sd/-

CA Parag Patel

(Partner)

Membership No.: 155916
UDIN: 22155916AJVYKV2670

Balance Sheet as at March 31, 2022

Figures in ₹ Lakh

| Particulars | Note No. | As at March 31 2022 | As at March 31 2021 |
|--------------------------------------------------------------------------------------------|----------|---------------------|---------------------|
| ASSETS | | | |
| 1 Non-current Assets | | | |
| (a) Property, Plant and Equipment | 2 | 429.29 | 245.46 |
| (b) Capital Work-in-Progress | | - | - |
| (c) Investment Property | | - | - |
| (d) Goodwill | | - | - |
| (e) Other Intangible Assets | | - | - |
| (f) Intangible Assets under development | | - | - |
| (g) Biological Assets other than bearer plants | | - | - |
| (h) Financial Assets | | | |
| (i) Investments | 3 | 27.15 | 27.14 |
| (ii) Trade Receivables | | - | - |
| (iii) Loans | 4 | 240.66 | 233.44 |
| (iv) Others (to be specified) | 5 | 7.68 | 4.83 |
| (i) Deferred Tax Assets (net) | 6 | 30.04 | 17.47 |
| (j) Other Non-current Assets | 7 | 456.73 | 456.73 |
| | | 1,191.55 | 985.07 |
| 2 Current Assets | | | |
| (a) Inventories | 8 | 643.10 | 373.95 |
| (b) Financial Assets | | | |
| (i) Investments | 9 | 150.00 | - |
| (ii) Trade Receivables | 10 | 547.47 | 517.47 |
| (iii) Cash and Cash Equivalents | 11 | 0.92 | 128.64 |
| (iv) Bank balances other than (iii) above | | - | - |
| (v) Loans | 12 | 12.83 | 17.50 |
| (vi) Others (to be specified) | | - | - |
| (c) Current Tax Assets (Net) | 13 | 10.12 | 2.63 |
| (d) Other Current Assets | 14 | 183.06 | 162.12 |
| | | 1,547.50 | 1,202.31 |
| TOTAL | | 2,739.05 | 2,187.38 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity Share Capital | 15 | 742.03 | 742.03 |
| (b) Other Equity | 16 | 111.40 | 24.17 |
| | | 853.43 | 766.20 |
| LIABILITIES | | | |
| 1 Non-current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 17 | 230.02 | 42.48 |
| (ii) Trade Payables | | | |
| (A) Total outstanding dues of Micro enterprises and Small enterprises | | - | - |
| (B) Total outstanding dues of Creditors other than Micro enterprises and Small enterprises | | - | - |
| (iii) Other Financial Liabilities | 18 | 192.73 | 86.73 |
| (b) Provisions | 19 | 141.51 | 120.80 |
| (c) Deferred Tax Liabilities (net) | | - | - |
| (d) Other Non-current Liabilities | | - | - |
| | | 564.26 | 250.01 |
| 2 Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | 437.16 | 431.24 |
| (ii) Trade Payables | 21 | | |
| (A) Total outstanding dues of Micro enterprises and Small enterprises | | 22.43 | 39.72 |
| (B) Total outstanding dues of Creditors other than Micro enterprises and Small enterprises | | 380.07 | 245.14 |
| (iii) Other Financial Liabilities | | - | - |
| (b) Other Current Liabilities | 22 | 146.24 | 89.63 |
| (c) Provisions | 23 | 335.47 | 365.44 |
| (d) Current Tax Liabilities (net) | | - | - |
| | | 1,321.36 | 1,171.17 |
| TOTAL | | 2,739.05 | 2,187.38 |

For M. A. Shah & Co.
Chartered Accountants

Sd/-
CA Parag Patel
Partner Membership No.: 155916
Firm Registration No.: 112630W
UDIN: 22155916AJVYKV2670

Place: Anand
Date: May 30, 2022

For Gujarat Terce Laboratories Limited

Sd/-
Natwarbhai P. Prajapati
Chairman
DIN: 00031187

Sd/-
Bhagirath Maurya
Chief Finance Officer (CFO)

Sd/-
Aalap Prajapati
Managing Director &
Chief Executive Officer (CEO)
DIN: 08088327

Sd/-
CS Aashka Solanki
Company Secretary

Statement of Profit and Loss for the period ended March 31 2022

Figures in ₹ Lakh

| Particulars | Note No. | For the Year ended March 31 2022 | For the Year ended March 31 2021 |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------|----------------------------------|
| I Revenue from Operations | 24 | 4,013.37 | 2,517.79 |
| II Other Income | 25 | 30.60 | 80.21 |
| III Total Income (I + II) | | 4,043.97 | 2,598.00 |
| IV Expenses | | | |
| (a) Cost of Materials Consumed | 26 | 711.14 | 344.01 |
| (b) Purchases of Stock-in-Trade | | 1,076.51 | 680.92 |
| (c) Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 27 | (262.83) | (25.79) |
| (d) Employee Benefits Expenses | 28 | 1,582.89 | 1,296.70 |
| (e) Finance Costs | 29 | 40.09 | 39.01 |
| (f) Depreciation and Amortization Expenses | | 27.59 | 17.63 |
| (g) Other Expenses | 30 | 793.91 | 498.68 |
| Total Expenses (IV) | | 3,969.30 | 2,851.16 |
| V Profit/(Loss) before Exceptional Items and Tax (III-IV) | | 74.66 | (253.16) |
| VI Exceptional Items | | - | - |
| VII Profit/(Loss) before Tax (V - VI) | | 74.66 | (253.16) |
| VIII Tax Expenses | | | |
| 1 Current Tax | | - | - |
| 2 Deferred Tax | | (12.57) | (1.14) |
| Total Tax Expenses (VIII) | | (12.57) | (1.14) |
| IX Profit/(Loss) for the period from Continuing Operations (VII - VIII) | | 87.23 | (252.02) |
| X Profit/(Loss) from Discontinued Operations | | - | - |
| XI Tax Expense of Discontinued Operations | | - | - |
| XII Profit/(Loss) from Discontinued Operations (after tax) (X - XI) | | - | - |
| XIII Profit/(Loss) for the period (IX + XII) | | 87.23 | (252.02) |
| XIV Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| B (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| Total Other Comprehensive Income (XIV) | | - | - |
| XV Total Comprehensive Income for the period (XIII + XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period) | | 87.23 | (252.02) |
| XVI Earnings per Equity Share (for Continuing Operations) (Figures in ₹) | 31 | | |
| 1 Basic | | 1.18 | (3.40) |
| 2 Diluted | | 1.18 | (3.40) |
| XVII Earnings per Equity Share (for Discontinued Operations) (Figures in ₹) | | | |
| 1 Basic | | - | - |
| 2 Diluted | | - | - |
| XVI Earnings per Equity Share (for Discontinued and Continuing Operations) (Figures in ₹) | | | |
| 1 Basic | | 1.18 | (3.40) |
| 2 Diluted | | 1.18 | (3.40) |

For M. A. Shah & Co.
Chartered Accountants

Sd/-
CA Parag Patel
Partner Membership No.: 155916
Firm Registration No.: 112630W
UDIN: 22155916AJVYKV2670

Place: Anand
Date: May 30, 2022

For Gujarat Terce Laboratories Limited

Sd/-
Natwarbhai P. Prajapati
Chairman
DIN: 00031187

Sd/-
Bhagirath Maurya
Chief Finance Officer (CFO)

Sd/-
Aalap Prajapati
Managing Director &
Chief Executive Officer (CEO)
DIN: 08088327

Sd/-
CS Aashka Solanki
Company Secretary

Statement of Cash Flows for the year ended March 31 2022

Figures in ₹ Lakh

| PARTICULARS | For the year ended March 31 2022 | For the year ended March 31 2021 |
|-------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit before tax and extraordinary items (as per Statement of Profit and Loss) | 74.66 | (252.02) |
| Adjustments for non-cash/non-trade items: | | |
| Depreciation & Amortization Expenses | 27.59 | 17.63 |
| Finance Cost | 40.09 | 39.01 |
| Adjustments for unrealised foreign exchange losses/(gains) | - | (0.08) |
| (Profit)/Loss on Sale of Assets | - | 16.66 |
| Interest received | (28.74) | (30.21) |
| Other inflow/(outflow) of cash | 20.72 | 14.36 |
| Income Tax paid for previous years | - | (0.57) |
| Operating profits before Working Capital Changes | 134.32 | (195.23) |
| Adjusted For: | | |
| (Increase)/Decrease in trade receivables | (30.00) | 189.96 |
| Increase/(Decrease) in trade payables | 117.64 | (34.04) |
| (Increase)/Decrease in inventories | (269.15) | (30.63) |
| Increase/(Decrease) in other current liabilities | 26.62 | 103.21 |
| (Increase)/Decrease in short term loans & advances | 4.68 | 4.00 |
| (Increase)/Decrease in other current assets | (18.32) | (38.80) |
| Cash generated from Operations | (34.21) | (1.53) |
| Income tax (paid)/refund | (10.12) | (14.82) |
| Net Cash flow from Operating Activities (A) | (44.33) | (16.35) |
| B. Cash Flow from Investing Activities | | |
| Purchase of tangible assets | (211.41) | (50.44) |
| Non-Current investments (purchased)/sold | - | (1.56) |
| Current investments (purchased)/sold | (150.00) | - |
| Interest received | 28.74 | 3.87 |
| Cash advances and loans made to other parties | (7.23) | (10.25) |
| Cash advances and loans received back | - | 16.00 |
| Other inflow/(outflow) of cash | 103.14 | - |
| Net Cash used in Investing Activities (B) | (236.77) | (42.37) |
| C. Cash Flow from Financing Activities | | |
| Finance Cost | (40.09) | (27.72) |
| Increase in/ (Repayment of) short-term borrowings | 5.92 | 176.86 |
| Increase in/ (Repayment of) long-term borrowings | 187.54 | 37.27 |
| Other inflow/(outflow) of cash | - | (1.14) |
| Net gain/(loss) on foreign currency transactions | - | (0.08) |
| Receipt/(Repayment) of security deposits | - | (2.00) |
| Net Cash used in Financing Activities (C) | 153.37 | 183.20 |
| D. Net Increase / (Decrease) in Cash & Cash Equivalents(A+B+C) | (127.73) | 124.47 |
| E. Cash & Cash Equivalents at Beginning of period | 128.64 | 4.17 |
| F. Cash & Cash Equivalents at End of period | 0.92 | 128.64 |
| G. Net Increase / (Decrease) in Cash & Cash Equivalents (F-E) | (127.73) | 124.47 |

For M. A. Shah & Co.
Chartered Accountants

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CA Parag Patel
Partner Membership No.: 155916
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UDIN: 22155916AJVYKV2670

Place: Anand
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Managing Director &
Chief Executive Officer (CEO)
DIN: 08088327

Sd/-
CS Aashka Solanki
Company Secretary

Statement of Changes in Equity for the period ended March 31 2022

A. Equity Share Capital

| Balance at the beginning of the reporting period | | Changes in Equity Share Capital during the year | | Balance at the end of the reporting period | |
|--------------------------------------------------------|-----------------|-------------------------------------------------|-----------------|--------------------------------------------|-----------------|
| Equity Shares of INR 10.00 each, Issued and Subscribed | | | | | |
| No. of Shares | Amount (₹ Lakh) | No. of Shares | Amount (₹ Lakh) | No. of Shares | Amount (₹ Lakh) |
| 74,20,300 | 742.03 | - | - | 74,20,300 | 742.03 |

B. Other Equity

(Figures in ₹ Lakh)

| | Share Application Money pending Allotment | Equity component of Compound Financial Instruments | Capital Reserve | Reserves and Surplus | Securities Premium Reserve | Other Reserves | Retained Earnings | Debt Instruments through Other Comprehensive Income | Equity Instruments through Other Comprehensive Income | Effective portion of Cash-flow Hedges | Revaluation Surplus | Exchange differences on translating financial statements of a Foreign Operation | Other items of Other Comprehensive Income | Money received against Share Warrants | Total |
|--------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------|-----------------|----------------------|----------------------------|----------------|-------------------|-----------------------------------------------------|-------------------------------------------------------|---------------------------------------|---------------------|---------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------|--------|
| Balance at the beginning of the reporting period | - | - | - | 150.00 | 41.76 | (137.40) | - | - | - | - | - | - | (30.19) | - | 24.17 |
| Changes in Accounting Policy or Prior-period errors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Re-stated balance at the beginning of the reporting period | - | - | - | 150.00 | 41.76 | (137.40) | - | - | - | - | - | - | (30.19) | - | 24.17 |
| Total Comprehensive Income for the year | - | - | - | - | - | - | 87.23 | - | - | - | - | - | - | - | 87.23 |
| Dividends | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to Retained Earnings | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Impairment losses recognised in respect of discontinued operations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance at the end of the reporting period | - | - | - | 150.00 | 41.76 | (50.17) | - | - | - | - | - | - | (30.19) | - | 111.40 |

For M. A. Shah & Co.
Chartered Accountants

Sd/-
CA Parag Patel
Partner Membership No.: 155916
Firm Registration No.: 112630W
UDIN: 22155916AJVYKV2670

Place: Anand
Date: May 30, 2022

For Gujarat Terce Laboratories Limited

Sd/-
Natwarbhai P. Prajapati
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Bhagirath Maurya
Chief Finance Officer (CFO)

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Aalap Prajapati
Managing Director &
Chief Executive Officer (CEO)
DIN: 08088327

Sd/-
CS Aashka Solanki
Company Secretary

Notes to Financial Statements for the period ended March 31 2022

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.

Note No. 1: Statement of Compliance

Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended, and relevant provisions of the Companies Act, 2013. Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss for the year ended 31 March 2022, the Statement of Cash Flows for the year ended 31 March 2022 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Standalone Financial Statements' or 'financial statements').

Basis of preparation of financial statements:

The separate financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act"), except for:

- Financial instruments – measured at fair value.
- Assets held for sale – measured at fair value less cost of sale.
- Plan assets under defined benefit plans – measured at fair value.

Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realised within 12 months after the reporting date; or

- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Standalone Financial Statements have been presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals of thousands, unless otherwise stated.

Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Notes to Financial Statements for the period ended March 31 2022

This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation.

The areas involving critical estimates or judgments are:

- Defined Benefit Obligation – Note 19
- Deferred tax assets for carried forward tax losses – Note 6

Estimates and judgments are regularly revisited. Estimates are based on historical experience and other factors, including futuristic reasonable information that may have a financial impact on the company.

Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the financial statements is given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

1. Property, Plant and Equipment

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred. Major shutdown and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

It includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy based on Ind AS 23 – Borrowing costs. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use.

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's

intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a year of commissioning has been completed. Revenue generated from production during the trial period is capitalised.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Subsequent expenditure and componentisation

Parts of an item of PPE having different useful lives and significant value and subsequent expenditure on Property, Plant and Equipment, arising on account of capital improvement or other factors, are accounted for as separate components only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation and useful life

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature

Notes to Financial Statements for the period ended March 31 2022

of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the Statement of Profit and Loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

2. Impairment

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised immediately in the Statement of Profit and Loss.

3. Inventories

Raw Materials

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases.

Work-in-Progress and Finished Goods

Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Fixed overheads are allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to the individual items in a group of inventories on the basis of weighted average cost basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Stores and Spares

Inventory of stores and spare parts is valued at weighted average cost or net realisable value, whichever is lower. Provisions are made for obsolete and non-moving inventories. Unserviceable and scrap items, when determined, are valued at estimated net realisable value.

Notes to Financial Statements for the period ended March 31 2022

4. Non-current Assets held-for-sale and Discontinued Operations

Non-current Assets held-for-sale

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Such assets or disposal groups are classified only when both the conditions are satisfied:

- The sale is highly probable; and
- The asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sale of such assets.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Non-current assets or disposal group are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Upon classification, non-current assets or disposal group held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets which are subject to depreciation are not depreciated or amortized once those classified as held for sale.

Discontinued Operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

5. Revenue Recognition

Sale of Goods

Revenue is measured at the fair value of the consideration received or receivable. The Company

recognises revenues on sale of products, net of discounts, sales incentives, rebates granted, returns, sales taxes/GST and duties when the products are delivered to customer or when delivered to a carrier for export sale, which is when title and risk and rewards of ownership pass to the customer. Export incentives are recognised as income as per the terms of the scheme in respect of the exports made and included as part of export turnover.

Revenue from sales is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell / consume the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the acceptance provisions have lapsed.

Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

6. Foreign Exchange Translation

The functional currency of the Company is Indian Rupees which represents the currency of the primary economic environment in which it operates.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are generally recognised in profit or loss. Monetary balances arising from the transactions denominated in foreign currency are translated to functional currency using the exchange rate as on the reporting date. Any gains or loss on such translation, are generally recognised in profit or loss.

Notes to Financial Statements

for the period ended March 31 2022

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the year in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

7. Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets

and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternate Tax (MAT)

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with asset will be realised.

Current and deferred tax expense is recognised in the Statement of Profit and Loss, except when

Notes to Financial Statements for the period ended March 31 2022

they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

8. Borrowing Costs

Borrowing costs, general or specific, that are directly attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

9. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

10. Employee Benefits

Employee benefits include salaries, wages, contribution to provident fund, gratuity, leave encashment towards un-availed leave, compensated absences, post-retirement medical benefits and other terminal benefits.

Short-term Employee Benefits

Wages and salaries, including non-monetary benefits that are expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Post-employment Benefits

- **Defined Benefit Plan**
Defined benefit plans comprising of gratuity, post-retirement medical benefits and other terminal benefits, are recognized based

Notes to Financial Statements for the period ended March 31 2022

on the present value of defined benefit obligations which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

11. Earnings per Share

Basic Earnings per Share

Basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted Earnings per Share

Diluted earnings per share is computed by dividing the profit after tax after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

Notes to Financial Statements for the period ended March 31 2022

Note No. 2: Property, Plant and Equipment and Intangible assets as at March 31 2022

₹ in Lakhs

| Assets | | Gross Block | | | | | Accumulated Depreciation/ Amortisation | | | | Net Block | |
|--------------------------|------------------------|-----------------------------|---------------------------|---------------------------------------------|--------------------------|-----------------------------|----------------------------------------|--------------------------|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Useful Life (In Years) | Balance as at April 01 2021 | Additions during the year | Addition on account of business acquisition | Deletion during the year | Balance as at March 31 2022 | Balance as at April 01 2021 | Provided during the year | Deletion/ adjustments during the year | Balance as at March 31 2022 | Balance as at March 31 2022 | Balance as at March 31 2021 |
| Land: | | | | | | | | | | | | |
| Factory Land | - | 3.10 | - | - | - | 3.10 | - | - | - | - | 3.10 | 3.10 |
| Buildings: | | | | | | | | | | | | |
| Factory Building | 30.00 | 96.96 | 61.24 | - | - | 158.21 | 79.08 | 2.47 | - | 81.55 | 76.65 | 17.88 |
| Godown | 30.00 | 65.59 | - | - | - | 65.59 | 15.35 | 2.14 | - | 17.49 | 48.10 | 50.25 |
| Plant and Equipment: | | | | | | | | | | | | |
| Block & Design | 20.00 | 32.89 | | - | - | 32.89 | 31.55 | 0.38 | - | 31.93 | 0.96 | 1.34 |
| Electric Installation | 20.00 | 15.31 | 47.85 | - | - | 63.16 | 14.48 | 0.59 | - | 15.07 | 48.09 | 0.83 |
| Laboratory Equipment | 20.00 | 36.27 | 5.40 | - | - | 41.67 | 31.58 | 0.41 | - | 32.00 | 9.67 | 4.69 |
| Machinery | 20.00 | 183.64 | 9.42 | - | - | 193.07 | 94.18 | 6.82 | - | 101.00 | 92.07 | 89.47 |
| Furniture and Fixtures: | | | | | | | | | | | | |
| Furniture | 10.00 | 91.54 | 43.34 | - | - | 134.88 | 54.27 | 6.67 | - | 60.94 | 73.94 | 37.27 |
| Vehicles: | | | | | | | | | | | | |
| Vehicles | 10.00 | 61.04 | 39.34 | - | - | 100.38 | 26.28 | 5.28 | - | 31.56 | 68.82 | 34.76 |
| Office Equipment: | | | | | | | | | | | | |
| Computers | 3.00 | 25.71 | 3.59 | - | - | 29.31 | 22.60 | 1.47 | - | 24.08 | 5.23 | 3.11 |
| Communication Appliances | 3.00 | 4.36 | 1.22 | - | - | 5.58 | 1.59 | 1.35 | - | 2.94 | 2.64 | 2.77 |
| Total (A) | - | 616.43 | 211.41 | - | - | 827.84 | 370.97 | 27.59 | - | 398.56 | 429.29 | 245.46 |

Note No. 3: Non-current Investments

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|----------------------------------------------------------------------|---------------------|---------------------|
| Non-Trade Investment (Valued at cost unless stated otherwise) | | |
| Other non-current investments (Unquoted) | | |
| Fixed Deposits with Banks | 27.15 | 27.14 |
| Gross Investment | 27.15 | 27.14 |
| Net Investment | 27.15 | 27.14 |
| Aggregate amount of unquoted investments | 27.15 | 27.14 |

Notes to Financial Statements for the period ended March 31 2022

Note No. 4: Loans & Advances (Non-current)

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|-------------------------------------------------------------------------|------------------------|------------------------|
| Advances recoverable in cash or kind or for value to be received | | |
| (i) Other Loans | | |
| (a) Unsecured, considered good | 240.66 | 233.44 |
| Total | 240.66 | 233.44 |

- All the above loans have been given for business purpose as well as revenue generation from spare fund.
- All the above loans are repayable on demand.
- All of the above loans are interest bearing @ 12% p.a., except loans to Ketan N. Shah and Dipal J. Desai.

Note No. 5: Other Financial Assets (Non-current)

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|--------------------------------|------------------------|------------------------|
| Security Deposits | | |
| (a) Unsecured, considered good | 7.68 | 4.83 |
| Total | 7.68 | 4.83 |

Note No. 6: Deferred Tax Assets (Net)

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|-------------------------------------------------------|------------------------|------------------------|
| Deferred Tax Liability | | |
| Deferred Tax Liability on Fixed Assets (Depreciation) | 16.92 | 25.00 |
| Gross Deferred Tax Liability | 16.92 | 25.00 |
| Deferred Tax Assets | | |
| Deferred Tax Assets on Provision for Gratuity | 43.90 | 39.78 |
| Deferred Tax Assets on Provision for Bonus | 3.06 | 2.70 |
| Gross Deferred Tax Asset | 46.96 | 42.48 |
| Net Deferred Tax Assets | 30.04 | 17.47 |

Note No. 7: Other Non-current Assets

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|-----------------------------------------------------------------------------|------------------------|------------------------|
| Advances for Material | 1.20 | 1.20 |
| Balances with Statutory Authorities | 15.38 | 15.38 |
| Sterling Resort Time-Share | 0.71 | 0.71 |
| Non-current Assets of Discontinued Operations held for sale (Refer Note 34) | 439.44 | 439.44 |
| Total | 456.73 | 456.73 |

Notes to Financial Statements for the period ended March 31 2022

Note No. 8: Inventories

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|-------------------------------------------------|------------------------|------------------------|
| (Valued at cost or NRV unless otherwise stated) | | |
| Raw Material | 30.67 | 40.84 |
| WIP | 16.38 | 20.53 |
| Finished Goods | 225.33 | 59.00 |
| Traded Goods | 290.97 | 190.31 |
| Stores and Spares | 60.70 | 47.00 |
| Advertisement Articles Stock | 19.06 | 16.25 |
| Total | 643.10 | 373.95 |

The above includes goods in transit as under:

| Particulars | As at March 31 2022 | As at March 31 2021 |
|------------------------------|------------------------|------------------------|
| Raw Material | - | - |
| Packing Material | - | 0.32 |
| Finished Goods | - | 1.17 |
| Traded goods | - | - |
| Stores and spares | - | - |
| Advertisement Articles Stock | - | - |
| Total | - | 1.49 |

Note No. 9: Current Investments

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|-------------------------------------------------|------------------------|------------------------|
| Other Current Investments (Unquoted) | | |
| Fixed Deposits with Bank | 150.00 | - |
| Gross Investment | 150.00 | - |
| Net Investment | 150.00 | - |
| Aggregate amount of unquoted investments | 150.00 | - |

Note No. 10: Trade Receivables as at March 31 2022 (Current Year)

₹ in Lakhs

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---------------------------------------------------------|------------------------------------------------------------|-----------------------|----------------------|-----------|-----------|----------------------|--------|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables (considered good) | 302.13 | 205.66 | 30.38 | 3.30 | 1.50 | 4.50 | 547.47 |
| (ii) Undisputed Trade Receivables (considered doubtful) | - | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables considered good | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables considered doubtful | - | - | - | - | - | - | - |

Notes to Financial Statements for the period ended March 31 2022

Trade Receivables as at March 31 2021 (Previous Year)

₹ in Lakhs

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---------------------------------------------------------|------------------------------------------------------------|--------------------|-------------------|-----------|-----------|-------------------|--------|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables (considered good) | 249.80 | 184.92 | 17.69 | 4.74 | 4.09 | 56.23 | 517.47 |
| (ii) Undisputed Trade Receivables (considered doubtful) | - | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables considered good | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables considered doubtful | - | - | - | - | - | - | - |

Note No. 11: Cash and Cash Equivalents

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|------------------------------------------------|---------------------|---------------------|
| Balance with banks | | |
| Balance in Current Account with Bank of Baroda | - | 125.74 |
| Total | - | 125.74 |
| Cash in hand | | |
| Cash in hand | 0.92 | 2.90 |
| Total | 0.92 | 2.90 |
| Total | 0.92 | 128.64 |

Note No. 12: Loans & Advances (Current)

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|-------------------------------------------------------------------------|---------------------|---------------------|
| Advances recoverable in cash or kind or for value to be received | | |
| (i) Other Loans | | |
| (a) Unsecured, considered good | | |
| i. Advances to Employees (Non-Interest-bearing) | 12.83 | 17.50 |
| Total | 12.83 | 17.50 |

Note No. 13: Current Tax Assets (Net)

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|-----------------------|---------------------|---------------------|
| Income Tax Refundable | 10.12 | 2.63 |
| Total | 10.12 | 2.63 |

Note No. 14: Other Current Assets

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|-------------------------------------|---------------------|---------------------|
| Other Assets | | |
| Balances with Statutory Authorities | 107.80 | 98.31 |
| Insurance Claim Receivable | 50.00 | 50.00 |
| Prepaid Expenses | 22.34 | 13.81 |
| Advances to Suppliers | 2.93 | |
| Total | 183.06 | 162.12 |



Notes to Financial Statements for the period ended March 31 2022

Note No. 15: Share Capital

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|---------------------------------------------------------------------|------------------------|------------------------|
| Authorised: | | |
| 11000000 (31/03/2021:11000000) Equity shares of ₹ 10.00/- par value | 1,100.00 | 1,100.00 |
| Issued: | | |
| 7420300 (31/03/2021:7420300) Equity shares of ₹ 10.00/- par value | 742.03 | 742.03 |
| Subscribed and paid-up: | | |
| 7420300 (31/03/2021:7420300) Equity shares of ₹ 10.00/- par value | 742.03 | 742.03 |
| Total | 742.03 | 742.03 |

Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period:

Equity shares

₹ in Lakhs

| | As at March 31 2022 | | As at March 31 2021 | |
|-------------------------------------------|---------------------|---------------|---------------------|---------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| At the beginning of the period | 74,20,300 | 742.03 | 74,20,300 | 742.03 |
| Issued during the Period | | | | |
| Redeemed or bought back during the period | | | | |
| Outstanding at end of the period | 74,20,300 | 742.03 | 74,20,300 | 742.03 |

Rights, preferences, and restrictions attached to shares:

Equity Shares:

The company has only one class of equity having a par value ₹ 10.00 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

Details of shareholders holding more than 5% shares in the company:

| Type of Share | Name of Shareholders | As at March 31 2022 | | As at March 31 2021 | |
|--------------------|------------------------------------|---------------------|--------------|---------------------|--------------|
| | | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Equity [NV: 10.00] | Natwarbhai P Prajapati | 5,95,872 | 8.03 | 5,95,872 | 8.03 |
| Equity [NV: 10.00] | Manjulaben Prajapati | 9,27,150 | 12.49 | 9,27,150 | 12.49 |
| Equity [NV: 10.00] | Abundant Tradelink Private Limited | 10,75,900 | 14.50 | 10,75,900 | 14.50 |
| | Total: | 25,98,922 | 35.02 | 25,98,922 | 35.02 |

Change in Promoter Shareholding:

| Promoter name | Particulars | Current Year | | | | | Previous Year | | | | |
|-------------------------------------|--------------------|---------------------|-------|---------------|-------|----------|---------------------|-------|---------------|-------|----------|
| | | Shares at beginning | | Shares at end | | % Change | Shares at beginning | | Shares at end | | % Change |
| | | Number | % | Number | % | | Number | % | Number | % | |
| Natwarbhai P. Prajapati | Equity [NV: 10.00] | 595872 | 8.03 | 595872 | 8.03 | 0.00 | 595872 | 8.03 | 595872 | 8.03 | 0.00 |
| Shobhanaben N. Prajapati | Equity [NV: 10.00] | 16173 | 0.22 | 16173 | 0.22 | 0.00 | 16173 | 0.22 | 16173 | 0.22 | 0.00 |
| Amritbhai P. Prajapati | Equity [NV: 10.00] | 31510 | 0.42 | 31510 | 0.42 | 0.00 | 31510 | 0.42 | 31510 | 0.42 | 0.00 |
| Manjulaben S. Prajapati | Equity [NV: 10.00] | 927150 | 12.49 | 927150 | 12.49 | 0.00 | 927150 | 12.49 | 927150 | 12.49 | 0.00 |
| Aalap N. Prajapati | Equity [NV: 10.00] | 5271 | 0.07 | 40666 | 0.55 | 0.48 | 200 | 0.00 | 5271 | 0.07 | 0.07 |
| Abundant Trade Link Private Limited | Equity [NV: 10.00] | 1075900 | 14.50 | 1075900 | 14.50 | 0.00 | 1075900 | 14.50 | 1075900 | 14.50 | 0.00 |

Notes to Financial Statements for the period ended March 31 2022

Note No. 16: Reserves and Surplus

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|----------------------------------------------------------------------------------------|------------------------|------------------------|
| Surplus/(Deficit) in Statement of Profit and Loss | | |
| Opening Balance | (167.59) | 177.31 |
| Add: Reversal of Interest Provision on Outstanding Balances of MSMEs | - | 0.49 |
| Add: Profit for the year | 87.23 | |
| Less: Income Tax Paid for Previous Years | - | (0.57) |
| Less: Net amount of impairment losses recognised in respect of discontinued operations | - | (92.79) |
| Less: Loss for the year | - | (252.02) |
| Closing Balance | (80.36) | (167.59) |
| Securities Premium Reserve | | |
| Opening Balance | 150.00 | 150.00 |
| Closing Balance | 150.00 | 150.00 |
| General reserve | | |
| Opening Balance | 41.76 | 41.76 |
| Closing Balance | 41.76 | 41.76 |
| Balance carried to balance sheet | 111.40 | 24.17 |

Note No. 17: Borrowings (Non-current)

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|------------------------------------------------------------------|------------------------|------------------------|
| Term Loans | | |
| From Banks | | |
| (i) Secured | 227.02 | 39.48 |
| Loans & Advances from Directors & Related Parties | | |
| From Others | | |
| (i) Unsecured | 3.00 | 3.00 |
| Total | 230.02 | 42.48 |

Terms of Repayment of Loans:

- Vehicle Loan from HDFC Bank (8347) is repayable in 60 monthly equal instalments of ₹ 71,695 each, starting from 07/12/2021. The total outstanding as at March 31, 2022, is ₹ 34,09,022.80.
- Vehicle Loan from HDFC Bank (8131) is repayable in 60 monthly equal instalments of ₹ 31,186 each, starting from 05/05/2021. The total outstanding as at March 31, 2022, is ₹ 12,87,275.63.
- Vehicle Loan from HDFC Bank (7951) is repayable in 60 monthly equal instalments of ₹ 33,268 each, starting from 07/01/2018. The total outstanding as at March 31, 2022, is ₹ 2,89,373.61. The entire loan will be repaid during the FY 2022-23.
- Vehicle Loan from HDFC Bank (4043) is repayable in 36 monthly equal instalments of ₹ 32,544 each, starting from 07/12/2019. The total outstanding as at March 31, 2022, is ₹ 2,52,058.66. The entire loan will be repaid during the FY 2022-23.
- Loan from Bank of Baroda (2820) is repayable in 36 monthly instalments of ₹ 2,31,972 each, after an initial moratorium period of 12 months, i.e., starting from January 2023. The total outstanding as at March 31 2022 is ₹ 83,51,000/-. Rate of interest chargeable on the loan is 7.50% p.a. (BRLLR + 1%).

Notes to Financial Statements for the period ended March 31 2022

- vi. Loan from Bank of Baroda (3018) is repayable in 60 monthly instalments of ₹ 2,62,000 each, starting from April 2023. The total outstanding as at March 31 2022 is ₹ 1,18,00,000/-. Rate of interest chargeable on the loan is 7.40% p.a. (BRLLR + SP (0.25%) + 0.65%).
- vii. Loan from Bank of Baroda (1570) is repayable in 36 monthly instalments, after an initial moratorium period of 12 months, i.e., starting from July 2021. The total outstanding as at March 31 2022 is ₹ 32,84,997.00. Rate of interest chargeable on the loan is 7.50% p.a. (BRLLR + 1%).
- viii. Loans from Bank of Baroda (2820, 3018 and 1570) are secured by equitable mortgage of factory land and building and residential bungalow of Director Shri Natwarbhai P Prajapati and hypothecation of all plant and machinery, movable fixed assets, stock, book debts and all the current assets of the company, as well as personal guarantee of the following directors:
 - a. Mr. Natwarbhai P. Prajapati
 - b. Mr. Amritbhai P. Prajapati
 - c. Mr. Aalap N. Prajapati

Note No. 18: Other Financial Liabilities (Non-current)

| ₹ in Lakhs | | |
|-------------------------|------------------------|------------------------|
| Particulars | As at March 31 2022 | As at March 31 2021 |
| Others | | |
| Trade/Security Deposits | 192.73 | 86.73 |
| Total | 192.73 | 86.73 |

Note No. 19: Provisions (Non-current)

| ₹ in Lakhs | | |
|----------------------------------------|------------------------|------------------------|
| Particulars | As at March 31 2022 | As at March 31 2021 |
| Provision for Employee Benefits | | |
| Provision for Gratuity | 141.51 | 120.80 |
| Total | 141.51 | 120.80 |

| ₹ in Lakhs | | |
|-----------------------------------------------------------------------------|------------------------|------------------------|
| Particulars | As at March 31 2022 | As at March 31 2021 |
| a) Amount recognized in the Balance Sheet | | |
| Opening Net Liability | | |
| Current Provision of Gratuity | 32.20 | 25.31 |
| Long Term Provision of Gratuity | 120.79 | 106.44 |
| Total Opening Liability | 152.99 | 131.75 |
| Expenses Recognized in the Statement of Profit and Loss | 34.65 | 25.63 |
| Less: Employee Benefits paid directly by the employer | (13.21) | (4.39) |
| Liabilities/(Assets) recognized in the Balance Sheet | 174.43 | 152.99 |
| b) Expense/(Income) recognized in the Statement of Profit & Loss | | |
| Current Service Cost | 13.92 | 11.28 |
| Interest Cost on Net Benefit Obligation | 12.75 | 10.46 |
| Past Service Cost - Vested Benefits recognized during the period | - | - |
| Net Actuarial (Gain)/Loss in the year | (7.97) | (3.89) |
| Amount recognised under Employee Benefits Expense | 34.64 | 25.63 |

Notes to Financial Statements for the period ended March 31 2022

Note No. 20: Borrowings (Current)

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|---------------------------------------|------------------------|------------------------|
| Loans Repayable on Demand | | |
| From Banks | | |
| Cash Credit from Bank of Baroda | 377.45 | 414.40 |
| Current Maturities of Long-term Debts | 59.72 | 16.84 |
| Total | 437.16 | 431.24 |

Details of guarantee for loans:

- i. Working capital loan which is repayable on demand is secured by equitable mortgage of factory land and building and residential bungalow of Director Shri Natwarbhai P Prajapati and hypothecation of all plant and machinery, movable fixed assets, stock, book debts and all the current assets of the company, as well as personal guarantee of the following directors:
 - a. Mr. Natwarlal P. Prajapati
 - b. Mr. Amritbhai P. Prajapati
 - c. Mr. Aalap N. Prajapati
- ii. Cash credit interest is charged with interest @ 7.25% (at present BRLLR +0.50%).

Note No. 21 Trade payables

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|---------------------------------------------|------------------------|------------------------|
| (A) Micro enterprises and small enterprises | 22.43 | 39.72 |
| (B) Others | 380.07 | 245.14 |
| Total | 402.50 | 284.86 |

Trade Payables Ageing Schedule

₹ in Lakhs

| Particulars | Current Year | | | | | | Previous Year | | | | | |
|--------------------|--------------|------------------|-----------|-----------|------------------|--------|---------------|------------------|-----------|-----------|------------------|--------|
| | Not Due | Less than 1 Yrs. | 1-2 Years | 2-3 Years | More than 3 Yrs. | Total | Not Due | Less than 1 Yrs. | 1-2 Years | 2-3 Years | More than 3 Yrs. | Total |
| MSME | 17.70 | 4.73 | - | - | - | 22.43 | 39.35 | 0.37 | - | - | - | 39.72 |
| Others | 347.88 | 29.67 | - | - | 2.52 | 380.07 | 216.27 | 26.35 | - | - | 2.52 | 245.14 |
| Disputed Dues-MSME | - | - | - | - | - | - | - | - | - | - | - | - |
| Disputed- Others | - | - | - | - | - | - | - | - | - | - | - | - |

Notes to Financial Statements for the period ended March 31 2022

Note No. 22: Other Current Liabilities

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|-------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Advances from Customers | 8.55 | 6.98 |
| Creditors for Expenses | 106.76 | 58.14 |
| Interest accrued on trade/security deposits | 3.95 | 2.84 |
| Statutory Remittances (Contribution to PF and ESIC, Professional Tax, GST, TDS Payable etc.) | 26.98 | 21.66 |
| Total | 146.24 | 89.63 |

Note No. 23: Provisions (Current)

₹ in Lakhs

| Particulars | As at March 31 2022 | As at March 31 2021 |
|--------------------------------------------------|------------------------|------------------------|
| Provision for Employee Benefits | | |
| Provision for Gratuity | 32.91 | 32.20 |
| Provision for other Employee-related Liabilities | 298.34 | 326.03 |
| | 331.25 | 358.23 |
| Other Provisions | | |
| Other Provision | 4.22 | 7.21 |
| | 4.22 | 7.21 |
| Total | 335.47 | 365.44 |

Note No. 24: Revenue from Operations

₹ in Lakhs

| Particulars | For the year ended March 31 2022 | For the year ended March 31 2021 |
|------------------------------------|----------------------------------------|----------------------------------------|
| Sale of products | 4,013.37 | 2,517.79 |
| Net revenue from operations | 4,013.37 | 2,517.79 |

Note No. 25: Other Income

₹ in Lakhs

| Particulars | For the year ended March 31 2022 | For the year ended March 31 2021 |
|----------------------------------------------|----------------------------------------|----------------------------------------|
| Interest Income | | |
| Interest on Bank Deposits | 1.34 | 1.89 |
| Interest on Other Loans | 27.41 | 26.34 |
| Interest on Sales Tax Refund | - | 0.71 |
| Interest on Overdue Trade Receivables (MSME) | - | 1.27 |
| | 28.75 | 30.21 |
| Other Non-operating Income | | |
| Insurance claim on goods lost in transit | 1.85 | - |
| Insurance claim receivable | - | 50.00 |
| | 1.85 | 50.00 |
| Total | 30.60 | 80.21 |

Notes to Financial Statements for the period ended March 31 2022

Note No. 26: Cost of Material Consumed

₹ in Lakhs

| Particulars | For the year ended March 31 2022 | For the year ended March 31 2021 |
|-----------------------------------|----------------------------------|----------------------------------|
| Inventory at the beginning | | |
| Raw Material | 40.84 | 32.35 |
| Packing Materials | 46.65 | 46.85 |
| Stores Spares | 0.35 | 0.35 |
| | 87.84 | 79.55 |
| Add: Purchase | | |
| Raw Material | 610.88 | 320.85 |
| Packing Materials | 101.44 | 30.16 |
| Stores Spares | 2.34 | 1.29 |
| | 714.66 | 352.30 |
| Less: Inventory at the end | | |
| Raw Material | 30.67 | 40.84 |
| Packing Materials | 57.69 | 46.65 |
| Stores Spares | 3.00 | 0.35 |
| | 91.36 | 87.84 |
| Total | 711.14 | 344.01 |

Note No. 27: Changes in Inventories

₹ in Lakhs

| Particulars | For the year ended March 31 2022 | For the year ended March 31 2021 |
|-----------------------------------------------|----------------------------------|----------------------------------|
| Inventory at the end of the year | | |
| Finished Goods | 225.33 | 59.00 |
| Work-in-Progress | 16.38 | 20.53 |
| Traded Goods | 290.97 | 190.31 |
| | 532.68 | 269.85 |
| Inventory at the beginning of the year | | |
| Finished Goods | 59.00 | 70.85 |
| Work-in-Progress | 20.53 | 10.70 |
| Traded Goods | 190.31 | 162.50 |
| | 269.85 | 244.06 |
| (Increase)/decrease in inventories | | |
| Finished Goods | (166.33) | 11.85 |
| Work-in-Progress | 4.16 | (9.83) |
| Traded Goods | (100.66) | (27.81) |
| | (262.83) | (25.79) |

Note No. 28 Employee benefit expenses

₹ in Lakhs

| Particulars | For the year ended March 31 2022 | For the year ended March 31 2021 |
|-------------------------------------------------|----------------------------------|----------------------------------|
| Salaries and Wages | | |
| Salary and wages | 1,449.52 | 1,184.47 |
| Directors' Remuneration | 33.96 | 33.96 |
| Gratuity Expenses | 34.65 | - |
| | 1,518.13 | 1,218.43 |
| Contribution to provident and other fund | 57.72 | 74.97 |
| Staff welfare Expenses | 7.04 | 3.31 |
| Total | 1,582.89 | 1,296.71 |

Notes to Financial Statements for the period ended March 31 2022

Note No. 29 Finance costs

₹ in Lakhs

| Particulars | For the year ended March 31 2022 | For the year ended March 31 2021 |
|----------------------------------------------------|----------------------------------|----------------------------------|
| Interest | | |
| Interest on long-term loans from banks | 3.01 | 1.35 |
| Interest on short-term loans from banks | 23.60 | 23.45 |
| Interest on long-term loans from others | 6.25 | 6.18 |
| Other interest charges | 0.45 | 3.46 |
| | 33.31 | 34.44 |
| Other Borrowing costs | | |
| Bank charges | 6.79 | 4.66 |
| | 6.79 | 4.66 |
| Gain/(Loss) on foreign currency transaction | - | (0.08) |
| Total | 40.10 | 39.02 |

Note No. 30: Other Expenses

₹ in Lakhs

| Particulars | For the year ended March 31 2022 | For the year ended March 31 2021 |
|----------------------------------------------|----------------------------------|----------------------------------|
| Auditors' Remuneration | 1.35 | 1.35 |
| Bad Debts | 54.31 | 17.04 |
| Donation and Contributions | 1.25 | 2.09 |
| Freight and Forwarding Expenses | 93.39 | 57.69 |
| Goods Destroyed | 0.86 | - |
| Insurance expenses | 29.84 | 24.64 |
| Loss on Sale/Disposal of Assets | - | 17.76 |
| Office Expenses | 42.47 | 19.77 |
| Other Manufacturing Expenses | 44.78 | 28.53 |
| Power and Fuel Expenses | 15.77 | 9.95 |
| Professional Expenses | 15.37 | 17.23 |
| Promotional expenses | 218.49 | 109.36 |
| Rates and taxes | 3.71 | 1.32 |
| Rent | 20.86 | 16.88 |
| Repairs and Maintenance Expenses - Building | 1.75 | 0.61 |
| Repairs and Maintenance Expenses - Machinery | 2.31 | 0.83 |
| Repairs and Maintenance Expenses - Other | 16.04 | 4.86 |
| Sales Commission | 80.54 | 55.89 |
| Telephone expenses | 30.82 | 29.71 |
| Travelling Expenses | 120.02 | 83.17 |
| Total | 793.91 | 498.68 |

Note No. 31: Earnings Per Share

₹ in Lakhs

| Particulars | Before Extraordinary items | | After Extraordinary items | |
|---------------------------------------------------|----------------------------|---------------|---------------------------|---------------|
| | March 31 2022 | March 31 2021 | March 31 2022 | March 31 2021 |
| Basic | | | | |
| Profit after tax (A) | 88.28 | (252.02) | 88.28 | (252.02) |
| Weighted average number of shares outstanding (B) | 74,20,300 | 74,20,300 | 74,20,300 | 74,20,300 |
| Basic EPS (A/B) (₹) | 1.19 | (3.40) | 1.19 | (3.40) |
| Diluted | | | | |
| Profit after tax (A) | 88.28 | (252.02) | 88.28 | (252.02) |
| Weighted average number of shares outstanding (B) | 74,20,300 | 74,20,300 | 74,20,300 | 74,20,300 |
| Diluted EPS (A/B) (₹) | 1.19 | (3.40) | 1.19 | (3.40) |
| Face value per share (₹) | 10.00 | 10.00 | 10.00 | 10.00 |

Notes to Financial Statements for the period ended March 31 2022

Note No. 32: Calculation of Financial Ratios

| Particulars | Items included in numerator | Items included in denominator | Current Year Ratio | Previous Year Ratio | Change in the ratio by more than 25% as compared to the preceding year | Explanation for deviation of more than 25% |
|--------------------------------------|------------------------------------------------------------|------------------------------------------|--------------------|---------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Current Ratio | Current Assets | Current Liabilities | 1.17 | 1.03 | No | |
| (b) Debt-Equity Ratio | Long Term Debt + Short Term Debt | Shareholders' Equity | 0.78 | 0.62 | Yes | Deviation in ratio is due to additional borrowings during the current financial year for capital expenditure at plant on account of heavy damage caused by fire in the previous financial year. |
| (c) Debt Service Coverage Ratio | Earnings Before Interest, Tax, Depreciation & Amortisation | Total Principal + Interest on Borrowings | 2.27 | (4.31) | Yes | Deviation in ratio is due to profit in the current financial year vis-à-vis loss in the previous financial year due to COVID situation and fire at plant. |
| (d) Return on Equity Ratio | Earnings After Interest, Tax, Depreciation & Amortisation | Average Shareholders' Equity | 0.11 | (0.27) | Yes | Deviation in ratio is due to profit in the current financial year vis-à-vis loss in the previous financial year due to COVID situation and fire at plant. |
| (e) Inventory Turnover Ratio | Turnover | Average Inventory | 7.89 | 7.02 | No | |
| (f) Trade Receivables Turnover Ratio | Net Credit Sales | Average Trade Receivable | 7.54 | 4.13 | Yes | Deviation in ratio is due to substantial increase in turnover in the current financial year vis-à-vis lower turnover in the previous financial year due to COVID situation. |
| (g) Trade Payables Turnover Ratio | Net Credit Purchase | Average Trade Payable | 5.21 | 3.42 | Yes | Deviation in ratio is due to substantial increase in purchases in the current financial year vis-à-vis lower purchases in the previous financial year due to COVID situation. |
| (h) Net Capital Turnover Ratio | Total Sales | Shareholders' Equity | 31.20 | 17.16 | Yes | Deviation in ratio is due to substantial increase in turnover in the current financial year vis-à-vis lower turnover in the previous financial year due to COVID situation. |
| (i) Net Profit Ratio | Net Profit | Net Sales | 0.02 | (0.10) | Yes | Deviation in ratio is due to profit in the current financial year vis-à-vis loss in the previous financial year due to COVID situation and fire at plant. |
| (j) Return on Capital Employed | Earnings Before Interest & Tax | Total Assets-Current Liabilities | 0.08 | (0.21) | Yes | Deviation in ratio is due to profit in the current financial year vis-à-vis loss in the previous financial year due to COVID situation and fire at plant. |
| (k) Return on Investment | Earnings After Interest, Tax, Depreciation & Amortisation | Total Capital Employed | 0.06 | (0.20) | Yes | Deviation in ratio is due to profit in the current financial year vis-à-vis loss in the previous financial year due to COVID situation and fire at plant. |

Notes to Financial Statements for the period ended March 31 2022

Note No. 33: Related Party Disclosures

A. Compensation paid to Key Managerial Personnel:

| Particulars | Designation | Amount in ₹ Lakhs | |
|-------------------------|-------------------------|-------------------|---------------|
| | | March 31 2022 | March 31 2021 |
| Natwarbhai P. Prajapati | Managing Director | 18.00 | 18.00 |
| Aalap N. Prajapati | Managing Director & CEO | 12.00 | 12.00 |
| Amritbhai P. Prajapati | Whole-time Director | 3.96 | 3.96 |
| Total | | 33.96 | 33.96 |

B. Other transactions with related parties:

| Particulars | Amount in ₹ Lakhs | |
|-------------|-------------------|---------------|
| | March 31 2022 | March 31 2021 |
| Salary Paid | 13.39 | 9.62 |

C. Amounts Outstanding:

| Particulars | Amount in ₹ Lakhs | |
|----------------------------------|-------------------|---------------|
| | March 31 2022 | March 31 2021 |
| Long-term Borrowings (Unsecured) | 3.00 | 3.00 |

Note No. 34: Discontinued Operations

On January 01 2018, the board of directors of the company decided to discontinue the operations of the Metal Division, which had been suspended by the management since last few years. As at March 31 2018, the Metal Division was classified as Discontinued Operations. The Metal Division which was earlier shown as an operating segment is no longer presented in the segment report.

For the financial year ended on March 31 2022, no financial transactions have occurred relating to the Metal Division and there are no results to be declared for the same.

The major classes of assets and liabilities of the metal division classified as held-for-sale in accordance with Ind AS 105 as on March 31 2022 are presented as follows:

| Particulars | Amount in ₹ Lakhs | |
|---------------------------------------------------------|-------------------|---------------|
| | March 31 2022 | March 31 2021 |
| Note No. 7: Other Non-Current Assets | | |
| Property, Plant & Equipment | 436.90 | 436.90 |
| Other Financial Assets | 2.54 | 2.54 |
| Total amount of Non-current Assets Held-for-Sale | 439.44 | 439.44 |

At the time of classification of the Metal Division as a discontinued operation, the recoverable amount of items of property, plant and equipment was estimated based on the report of a registered valuer. For the year ended on March 31 2022, property, plant and equipment were revalued by registered valuers and no impairment losses were identified.

Note No. 35: Contingent Liabilities

The Income Tax Department has made additions to the income of the company on various grounds for the financial years 2010-11, 2011-12, 2012-13 and 2013-14, against which, the company had preferred appeals before the Commissioner of Income Tax (Appeals) during the respective periods in which the matters were decided. The appeals were disposed of by the Commissioner with a reduction in demands, which were duly paid by the company against the appeal orders. However, in respect of those matters, the Income Tax Department has preferred further appeals before the Income Tax Appellate Tribunal, Ahmedabad, and the matters are pending as on the date of preparation of the financial statements. As per the opinion of the tax consultant of the company, the amount of potential liability, if any, in respect of the pending matters is not ascertainable at this stage.

Notes to Financial Statements

for the period ended March 31 2022

The Income Tax Department had proposed to reassess the income of the company on various grounds for the financial year 2015-16, which had already been assessed in the relevant period. The company had objected to the reassessment; however, the objections were dismissed by the assessing authority. Hence, the company has made a writ petition before the Hon. High Court of Gujarat, challenging the impugned notice for reassessment and the Hon. High Court has passed an interim order for admission of the matter. As per the opinion of the legal counsel of the company, the amount of potential liability, if any, in respect of the pending matter is not ascertainable at this stage.

Signature to notes 1 to 35

In terms of our separate audit report of even date attached.

For M. A. Shah & Co.
Chartered Accountants

Sd/-
CA Parag Patel
Partner Membership No.: 155916
Firm Registration No.: 112630W
UDIN: 22155916AJVYKV2670

Place: Anand
Date: May 30, 2022

For Gujarat Terce Laboratories Limited

Sd/-
Natwarbhai P. Prajapati
Chairman
DIN: 00031187

Sd/-
Bhagirath Maurya
Chief Finance Officer (CFO)

Sd/-
Aalap Prajapati
Managing Director &
Chief Executive Officer (CEO)
DIN: 08088327

Sd/-
CS Aashka Solanki
Company Secretary



Gujarat Terce Laboratories Limited

Registered Office : 122/2, Ravi Estate,
Bileshwarpura, Chhatral, Dist. Gandhinagar, Gujarat
CIN : L24100GJ1985PLC007753
Email : ho@gujaratterce.com
Web : www.gujaratterce.in