



**Sword & Shield Pharma Ltd.**

**21<sup>ST</sup> ANNUAL REPORT  
2015-16**

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## **CORPORATE INFORMATION**

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### **SWORD AND SHIELD PHARMA LIMITED**

[CIN: L24231GJ1995PLC024809]

### **21<sup>ST</sup> ANNUAL REPORT 2015-16**

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#### **BOARD OF DIRECTORS**

: **Mr. Pravinbhai Maneklal Patel**  
Managing Director

**Mrs. Jyotsnaben Pravinbhai Patel**  
Woman Director

**Mr. Jayeshkumar Madhavlal Patel**  
Independent Director

**Mr. Dilipkumar Chunilal Patel**  
Independent Director

**Mr. Paresh Kantilal Patel**  
Independent Director

**Mr. Kanjibhai Mansangbhai Chaudhary**  
Independent Director

**Mr. Probi Pravinbhai Patel**  
(upto March 15, 2016)

**Mr. Himanshu Pravinbhai Patel**  
(upto March 15, 2016)

#### **COMPANY SECRETARY**

: **Ms. Prachi Shailesh Shah**

#### **REGISTERED OFFICE :**

55, World Business House,  
Near Parimal Garden,  
Ambawadi,  
Ahmedabad – 380 006.

#### **WEBSITE :**

[www.swordnshieldpharma.com](http://www.swordnshieldpharma.com)

#### **AUDITORS :**

**B. K. Patel & Co.**  
Chartered Accountants

#### **SECRETARIAL AUDITORS :**

**Mr. Anand Lavingia**  
Practicing Company Secretary

#### **REGISTRAR AND SHARE TRANSFER AGENT :**

**MCS Share Transfer Agent Limited**  
12/1/5 Manoharpukur Road,  
Kolkata – 700 026.

## NOTICE

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NOTICE is hereby given that the **21<sup>st</sup>ANNUAL GENERAL MEETING** of the Members of **SWORD AND SHIELD PHARMA LIMITED** will be held at the Registered Office of the Company situated at 55, World Business House, Near Parimal Garden, Ambawadi, Ahmedabad – 380 006 on **Friday September 30, 2016 at 09:00 A.M.** to transact the following businesses:

### **ORDINARY BUSINESSES:-**

1. To receive, consider and adopt **Audited Standalone Financial Statement** of account for the financial year ended on March 31, 2016 together with the reports of the Board of Directors' and the Auditors' thereon.
2. To appoint a Director in place of **Mrs. Jyotsnaben Patel** (DIN: 01877469), as an Executive Director of the Company, who retires by rotation and being eligible, offers herself for re-appointment.
3. To Consider **Ratification of Appointment of Auditors** of the company and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with the Companies (Audit and Auditors) Rules, 2014, the Company hereby ratifies the appointment of M/s B. K. Patel & Co. Chartered Accountants, Ahmedabad, (ICAI Firm Registration No. 112647W), as the Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the 22<sup>nd</sup> annual general meeting of the Company at a remuneration as may be determined by the Board of Directors in consultation with the Auditors.”

**Registered Office:**

55, World Business House,  
Near Parimal Garden,  
Ambawadi,  
Ahmedabad – 380 006.

Place : Ahmedabad

Date : September 2, 2016

**For and on behalf of the Board of Directors**

**Pravinbhai M. Patel**  
**Managing Director**  
(DIN:01877446)

**Notes:**

1. The relevant details, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 2 of the Notice, is annexed.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than 48 (Forty-Eight) Hours before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.

During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the company.

3. Members/Proxies should bring their Attendance slip duly completed for attending the meeting. The signature of the attendance slip should match with the signature(s) registered with the Company. Members holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. In case of joint holders attending the meeting together, only whose name appearing first will be entitled to vote.
6. The Register of Members and Share Transfer Books of the Company will be closed from Friday, September 23, 2016 to Friday, September 30, 2016 (both days inclusive) and same will be re-opened from Saturday, October 01, 2016 onwards.
7. The route map showing directions to reach the venue of the twenty-first AGM is annexed herewith.
8. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long period of time. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
9. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, M/s. MCS Share Transfer Agent Limited to provide efficient and better services.
10. The members who holds shares of the Company in Physical form are informed that the company is in process of updating records of the shareholders in order to reduce the physical documentation as far as possible. In line with new BSE listing agreement, it is mandatory for all the investors including transferors to complete their KYC information. Hence, members are requested to update and intimate their PAN, phone no., e-mail id and such other information to the Company's Registrars and Transfer Agents, M/s. MCS Share Transfer Agent Limited. The Performa of updation of Shareholder information is provided at the end of the Annual Report.
11. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their

demat accounts. Members holding shares in physical form can submit their PAN details to M/s. MCS Share Transfer Agent Limited.

12. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact M/s. MCS Share Transfer Agent Limited for assistance in this regard.
13. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to M/s. MCS Share Transfer Agent Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
14. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The Nomination Form can be obtained from the M/s. MCS Share Transfer Agent Limited. Members holding shares in physical form may submit the same to M/s. MCS Share Transfer Agent Limited. Members holding shares in electronic form may submit the same to their respective depository participant.
15. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request every member to update their email address with concerned Depository Participant and M/s. MCS Share Transfer Agent Limited to enable us to send you the communications via email.
16. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2015-16 will also be available on the Company's website viz. [www.swordnshieldpharma.com](http://www.swordnshieldpharma.com).
17. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
18. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
19. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Annual General Meeting.

**20. Voting through electronic means:**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 21<sup>st</sup>Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Tuesday, September 27, 2016 (9:00 A.M.) and ends on Thursday, September 29, 2016 (5:00 P.M.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, September 23, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

**V. The process and manner for remote e-voting are as under:**

**A.** In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- i. Open email and open PDF file viz; "Sword and Shield remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- iii. Click on Shareholder – Login.
- iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- vii. Select "EVEN" of Sword And Shield Pharma Limited.
- viii. Now you are ready for remote e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii. 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [swordnshield1995@gmail.com](mailto:swordnshield1995@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**B.** In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] :

- i. Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

**EVEN (Remote e-voting Event Number)                    USER ID                    PASSWORD/PIN**

- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com). You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

**VI.** The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, September 23, 2016. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. Friday, September 23, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

**VII.** Mr. Anand Lavingia, Practicing Company Secretary (COP No. 11410) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

- VIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- IX. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- X. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.swordnshieldpharma.com](http://www.swordnshieldpharma.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

**Registered Office:**

55, World Business House,  
Near Parimal Garden,  
Ambawadi,  
Ahmedabad – 380 006.

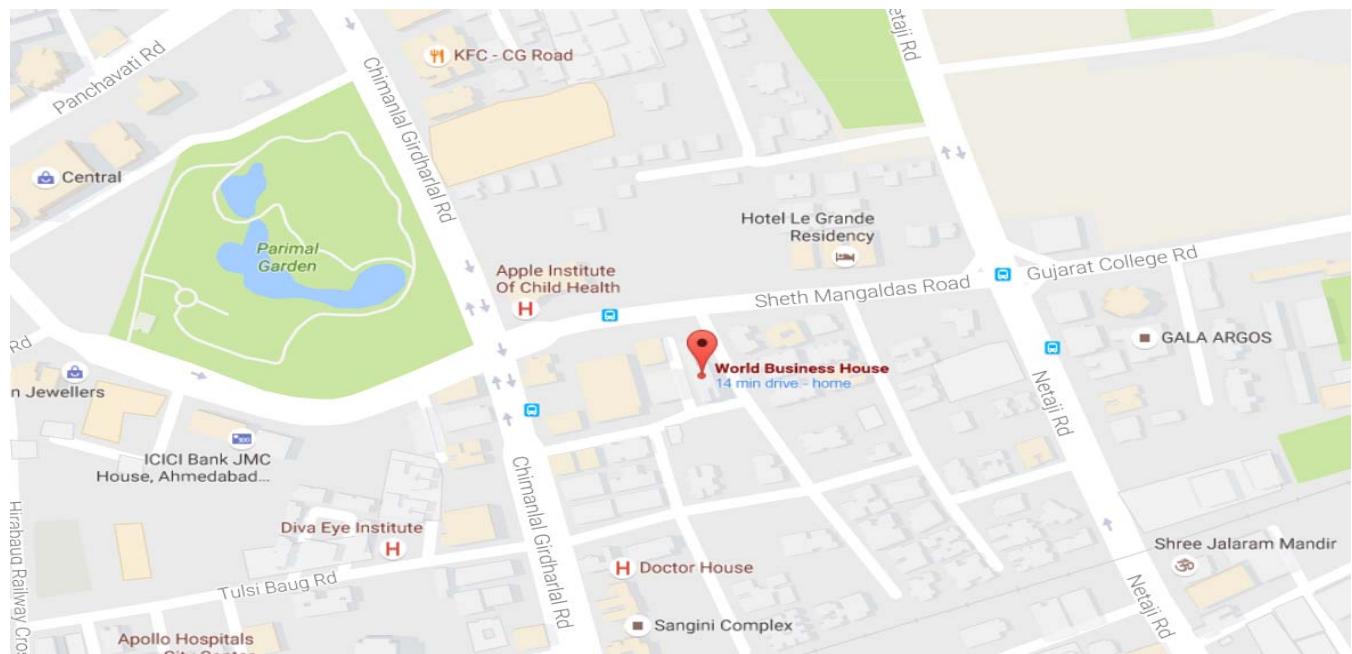
Place : Ahmedabad

Date : September 2, 2016

**For and on behalf of the Board of Directors**

**Pravinbhai M. Patel**  
**Managing Director**  
(DIN:01877446)

**Route Map to the venue of the AGM:**



**ANNEXURE TO THE NOTICE**

Details of Directors Seeking appointment / re-appointment in this Annual General Meeting:

<b>Name of Director</b>	<b>Mrs. Jyotsnaben Patel</b>
<b>Date of Birth</b>	31/07/1957
<b>Date of Appointment</b>	28/02/1995
<b>Qualifications</b>	B.A.
<b>Expertise in Specific Functional Areas</b>	Administration
<b>List of Public Limited Companies in which Directorships held</b>	-
<b>Chairman / Member of the Committees* of the Board of Directors of the Company</b>	-
<b>Shareholding in the Company</b>	1,10,600 Equity Shares of Rs. 10/- each.

\*Committee includes the Audit Committee and Stakeholders' Grievance Committee.

## DIRECTORS' REPORT

To,  
 The Members,  
**Sword and Shield Pharma Limited.**

The Directors have the pleasure of presenting the 21<sup>st</sup> Annual Report of your Company with the Audited Financial Statements of the Company for the year ended March 31, 2016.

### KEY FINANCIAL HIGHLIGHTS:

(Amount in Rs.)

Particulars	2015-16	2014-15
Revenue from Operations	381.00	1,22,54,601.00
Other Income	32,33,189.10	3,98,934.00
<b>Total Revenue</b>	<b>32,33,570.00</b>	<b>1,26,53,535.00</b>
Less: Total Expenses	44,93,964.94	1,19,04,785.00
<b>Operating Profits before Exception item, Depreciation, Interest and Tax</b>	<b>(12,60,394.94)</b>	<b>7,48,750.00</b>
Less: Depreciation	13,52,053.00	36,19,876.00
Interest	65970.94	4471.00
<b>Profit / (Loss) Before Tax</b>	<b>(26,78,418.88)</b>	<b>(28,75,597.00)</b>
Less : Exceptional Items / Prior Period Items	(3,00,011.00)	(2,02,394.00)
Less: Current Tax	0.00	0.00
Less : Deferred Tax	0.00	7,14,981.00
<b>Profit / (Loss) after Tax from Continuing Operations</b>	<b>(29,78,429.88)</b>	<b>(23,63,010.00)</b>
Profit / (Loss) from discontinuing Operations before Tax	52,62,783.00	0.00
Tax Expenses of Discontinuing Operations	0.00	0.00
<b>Net Profit / (Loss) After Tax</b>	<b>22,84,353.00</b>	<b>(23,63,010.00)</b>

### REVIEW OF BUSINESS OPERATION:

The Company has discontinued its operation with respect to the Manufacturing during the year under review. The Fixed assets of the Company have been sold off by way of Slump Sale and the Company has Nil Fixed Assets as on Date. The Company has incurred the Loss of Rs. 29.78 Lakhs during the year 2015-16 against the Loss of Rs. 23.63 Lakhs of Last Year 2014-15. Due to the Profit involved in the Sale of Fixed Assets, the ultimate Financials of the Company shows the Net Profit of Rs. 22.84 Lakhs in the year 2015-16.

### DIVIDEND:

To conserve resources for future prospect and growth of the Company, your Directors regret to declare Dividend for the Financial Year 2015-16 (Previous year - Nil).

### NET PROFIT TRANSFER TO RESERVE:

The Company has transferred the net profit of the Year 2015-16 to General Reserves.

**INFORMATION OF BOARD OF DIRECTORS, AND ITS MEETINGS:**
**a. Composition and Category of Directors on date of this report is:**

Name of Directors	Category of Directorship	No. of other Directorship*	No. of Committee Membership/Chairmanship in other Companies	No. of Board Meetings attended during 2015-16	Attendance at the AGM held on 30-09-2015
<b>Mr. Pravinbhai Patel</b> DIN : 01877446	Managing Director	-	-	10	Yes
<b>Mrs. Jyotsnaben Patel</b> DIN : 01877469	Executive Woman Director	-	-	10	Yes
<b>Mr. Probi Patel#</b> DIN : 01954128	Executive Director	-	-	9	Yes
<b>Mr. Himanshu Patel#</b> DIN : 02026600	Non-Executive Director	-	-	7	No
<b>Mr. Jayeshkumar Patel</b> DIN : 00473443	Non-Executive Independent Director	02	-	7	Yes
<b>Mr. Kanjibhai Chaudhary</b> DIN : 00505694	Non-Executive Independent Director	01	-	8	Yes
<b>Mr. Paresh Patel</b> DIN : 02352677	Non-Executive Independent Director	01	-	8	Yes
<b>Mr. Dilipkumar Patel</b> DIN : 00473816	Non-Executive Independent Director	01	-	8	Yes

\* Excluding Directorship held in the Company.

# Mr. Probi Patel and Mr. Himanshu Patel resigned from the Board w.e.f. March 15, 2016.

The Board of Directors of the Company consists of Six (6) Directors as on March 31, 2016, one (1) of whom is Managing Director, one (1) is Executive Director and Four (4) are Non-Executive Independent Directors. Further, Mrs. Jyotsnaben P. Patel, an Executive Director of the Company, is designated as Woman Director for the Company in terms of second proviso to the Section 149 (1) of the Companies Act, 2013. The Composition of Board fulfils the regulatory requirements.

**b. Board Meetings**

Regular meetings of the Board are held at least once in a quarter. Additional Board meetings are convened to discuss and decide on various business policies, strategies and other businesses.

During the year under review, Board of Directors of the Company met 10 times, viz May 30, 2015, August 4, 2015, August 14, 2015, September 04, 2015, October 1, 2015, November 14, 2015, November 18, 2015, January 05, 2016, February 13, 2016 and March 16, 2016. The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

The Independent Directors of the Company has met one time on March 16, 2016, inter alia, to evaluate the performance of Non-Independent Directors, Board as a whole and performance of Chairman of the Company.

**INFORMATION OF COMMITTEE AND ITS MEETINGS**

Your Company has formed following Committees of the Board in accordance with Companies Act, 2013:

**a. Audit Committee**
**Meetings, Composition and Attendance:**

The Audit Committee comprises of three Directors and two of them are Independent Directors. The Audit Committee met Four times during the financial year 2015-16 on August 14, 2015, September 04, 2015, November 14, 2015 and February 13, 2016.

The composition of the Audit Committee as on March 31, 2016 and Details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Director	Category	Designation	No. of Meetings Attended
Mr. Pareshbhai Patel	Independent Director	Chairman	4
Mr. Jayeshkumar Patel	Independent Director	Member	4
Mr. Pravinbhai Patel	Managing Director	Member	4

The Statutory Auditors of the Company are invited in the meeting of the Committee wherever required. Company Secretary of the Company is acting as a secretary to the Committee.

**b. Stakeholders' Grievances and Relationship Committee:**
**Meetings, Composition and Attendance:**

The Stakeholder's Grievances & Relationship Committee comprises of three members being Independent Directors as on March 31, 2016.

During the year under review, three meetings were held on August 14, 2015, November 14, 2015 and February 13, 2016. The composition of the Committee as on March 31, 2016 and Details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Director	Category	Designation	No. of Meetings Attended
Mr. Jayeshkumar Patel	Independent Director	Chairman	3
Mr. Dilipkumar Patel	Independent Director	Member	3
Mr. Kanjibhai Chaudhary	Independent Director	Member	3

**Complaint**

During the year, the Company had not received any complaints from the Shareholders. There was only one Complaint pending on the SCORES portal as on March 31, 2016. The Action taken report being Interim reply was send to the Complainant on time.

**c. Nomination and Remuneration Committee:**
**Meetings, Composition and Attendance:**

The Remuneration Committee comprises of three Non-executive Independent directors as on March 31, 2016.

During the period under review, three Nomination and Remuneration Committee meetings were held respectively on August 14, 2015, September 04, 2015 and January 05, 2016. The composition of the Committee as on March 31, 2016 and Details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Director	Category	Designation	No. of Meetings Attended
Mr. Dilipkumar Patel	Independent Director	Chairman	3
Mr. Jayeshkumar Patel	Independent Director	Member	3
Mr. Kanjibhai Chaudhary	Independent Director	Member	3

**APPOINTMENT, RE-APPOINTMENT AND RESIGNATION OF DIRECTORS:**

During the year, in terms of Section 149 & 152 of the Companies Act, 2013, the Board of Directors in their Meeting held on August 4, 2015 has appointed Mr. Dilipkumar Patel, Mr. Jayeshkumar Patel, Mr. Kanjibhai Chaudhary and Mr. Pareshbhai Patel as Non-Executive Independent Directors of the Company.

Mr. Probi Patel and Mr. Himanshu Patel, Directors of the Company had resigned from the Board of the Company w.e.f. March 15, 2016. The Board places on record their appreciations for their efforts in the success of the Company.

None of the Directors of the Company is disqualified for being appointed as Director as specified in Section 164 (2) of the Companies Act, 2013.

**DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, to the effect that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013. The Terms and Conditions for Appointment of Independent Directors and Code for Appointment of Independent Directors are incorporated on the website of the Company at [www.swordnshieldpharma.com](http://www.swordnshieldpharma.com).

**DETAILS OF KEY MANAGERIAL PERSONNEL:**

Mr. Pravinbhai Patel, Managing Director is the Key Managerial Personnel ("KMP") as per the provisions of the Companies Act, 2013. He has been appointed as such by the members of the Company w.e.f. May 30, 2016.

Further, Ms. Prachi S. Shah is acting as a Company Secretary of the Company.

**NOMINATION AND REMUNERATION POLICY:**

In terms of the provisions of the Companies Act, 2013 the Company has devised a policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management and the said policy has been incorporated on the website of the Company i.e. [www.swordnshieldpharma.com](http://www.swordnshieldpharma.com).

**• Policy on Appointment of Directors, Key Managerial Personnel and Senior Management Personnel:**

The policy is formulated to identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and Senior Management personnel and recommend to the Board for his / her appointment.

**• Policy on remuneration of Director, KMP and Senior Management Personnel:**

The Company follows mixed of fixed pay, benefits and performance based variable pay. The Company pays remuneration by way of salary. The remuneration paid by the Company is within the salary scale approved by the Board and Shareholders.

**BOARD EVALUATION:**

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act.

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

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the chairman was also evaluated on the key aspects of his role.

Separate meeting of independent directors was held to evaluate the performance of non-independent directors, performance of the board as a whole and performance of the chairman, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

The Board of Directors expressed their satisfaction with the evaluation process.

**PUBLIC DEPOSIT:**

The company has not accepted any deposits from the public. Hence, the directives issued by the Reserve Bank of India & the Provision of Section 73 to 76 of the Company Act, 2013 or any other relevant provisions of the Act and the Rules there under are not applicable.

**PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS & SECURITY:**

Details of Loans, Guarantees, Investments and Security covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement. The Company has not granted any Loan, provided Guarantee or Securities during the year under review.

**CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All transactions to be entered by the Company with related parties will be in the ordinary course of business and on an arm's length basis. However, the Company has not entered into any related party transaction, as provided in Section 188 of the Companies Act, 2013, with the related party. Hence, Disclosure as required under Section 188 of the Companies Act, 2013 is not applicable to the Company.

**EXTRACT OF ANNUAL RETURN:**

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at March 31, 2016 in Form MGT-9, forms part of this Annual Report as "*Annexure - A*."

**PARTICULARS OF EMPLOYEES:**

The details as required under section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014 is not applicable as there is no such employee in the Company employed throughout the financial year with salary above Rs. 102 Lakhs p.a. or employed part of the financial year with average salary above Rs. 8.5 Lakhs per month.

Further, there is no employee employed throughout Financial year or part thereof, was in receipt of remuneration of in aggregate is in excess of that drawn by the Managing Director or Whole time Director or Manager and holds by himself or along with his spouse and dependent children, not less than Two percent (2%) of the Equity Shares of the Company.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of conservation of energy, technology absorption etc. as required to be given under section 134(3)(m) of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014, is not given as the Company has not taken any major step to conserve the energy etc.

Further, there was no foreign exchange earnings and outgo during the financial year 2015-16. (Previous Year – Nil).

**MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY:**

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of financial year of the Company i.e. March 31, 2016 and the date of Director's Report i.e. September 2, 2016.

**SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

There were no incidences of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and there are only 2 Women employees (Both are holding the position in the Top Management Level) and therefore there was no need to constitute an Internal Complaints Committee (ICC).

**CORPORATE GOVERNANCE:**

Pursuant to Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is not required to mandatorily comply with the provisions of certain regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore the Company has not provided a separate report on Corporate Governance, although few of the information are provided in this report of Directors under relevant heading.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Management Discussion and Analysis, for the year under review, as stipulated under Regulations 27(2) of the SEBI (LODR), 2015, is presented in a separate section forming part of this Annual Report.

**AUDITORS:****Statutory Auditor & their report**

M/s. B. K. Patel & Co., Chartered Accountants, Ahmedabad (FRN - 112647W), who were appointed as the statutory auditors of the Company for a period of five years from the conclusion of 20<sup>th</sup>AGM till conclusion of the 25<sup>th</sup> AGM to be held in the year 2020 will be Continued as the Statutory Auditors of the Company. The ratification of Appointment of M/s. B. K. Patel & Co., will be made in the ensuing 21<sup>st</sup> Annual General Meeting of the Company. Statutory Audit Report is attached to this report as "*Annexure - C.*"

The Auditors' Report of the Company for the accounting year ended March 31, 2016 does not contains any qualifications on the Financials or working of the Company:

**Secretarial Auditor & their report**

Pursuant to the provisions of section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Anand Lavingia, Practicing Company Secretary, Ahmedabad to carry out the Secretarial Audit for the financial year ended on March 31, 2016. Secretarial Audit Report is attached to this report as "*Annexure - B.*"

The Secretarial Auditors' Report of the Company for the Financial Year ended March 31, 2016 contains following qualifications:

- a. *Publication of Newspaper Advertisement for fixation of book closure under section 91 and of Act;*
- b. *Appointment of Chief Financial Officer under section 203 of the Act;*
- c. *Providing of e-voting facility for voting on the resolutions mentioned in the notice of annual general meeting under section 108 of the Act;*
- d. *Company has not constituted various committees as required under section 177 & 178 of the Act however the Board of Directors of the Company has formed various committees as required on or after August 4, 2015 and*
- e. *Filing of few Resolutions as required under section 179 of the act.*

The management replies for the Audit Qualifications are as under:

Due to the unavailability of proper Compliance mechanism and qualified official, the Company failed to comply with certain above mentioned Statutory Requirement during the year under Review. The management assures to comply all the statutory requirement hereinafter and maintain proper records thereof.

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

In terms of section 134(5) of the Act, your Directors state that:

- i.) in the preparation of the annual financial statements for the year ended on March 31, 2016, applicable accounting standards read with requirements set out under schedule III of the Act, have been followed along with proper explanation relating to material departures, if any,
- ii.) such accounting policies have been selected and applied consistently and judgments and estimates made 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, 2016 and of the profit of the company for the year ended on that date,
- iii.) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities,
- iv.) the annual financial statements are prepared on a going concern basis,
- v.) proper internal financial controls are in place and that the financial controls are adequate and are operating effectively and
- vi.) the systems to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively.

#### **GENERAL DISCLOSURE:**

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act and Rule 8 of The Companies (Accounts) Rules, 2014 to the extent the transactions took place on those items during the year.

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

1. Details of Annual Report on Corporate Social Responsibility as Company is not falling within the criteria as prescribed u/s 135 of the Companies Act, 2013
2. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and ESOS.
4. Details of Contracts and arrangement with the related parties.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

**ACKNOWLEDGEMENT:**

Your Directors take this opportunity to place on record the valuable co-operation and support extended by the banks, government, business associates and the shareholders for their continued confidence reposed in the Company and look forward to having the same support in all future endeavors.

**Registered Office:**

55, World Business House,  
Near Parimal Garden,  
Ambawadi,  
Ahmedabad - 380 006.

Place : Ahmedabad

Date : September 2, 2016

**For and on behalf of Board**

For, **Sword and Shield Pharma Limited**

**Mr. Pravin Patel**

Managing Director  
(DIN: **01877446**)

**Mrs. Jyotsnaben Patel**

Director  
(DIN: **01877469**)

## MANAGEMENT DISCUSSION ANALYSIS REPORT

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### **OVERVIEW:**

The Indian Pharmaceutical Industry (IPI) is globally the 3rd largest in terms of volume and 13th largest in terms of value. India is the largest provider of generic drugs globally. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same periods. The Outlook of the Pharma Industry remains largely positive over the next few years. India is the largest supplier of the cost effective generic medicines to the developed world. With the varied range of medicines available for exports and with the availability of the largest number of approved pharmaceutical manufacturing facilities, India is all set to become the leader of Pharmaceutical exports to the World.

In view of the Changing Scenario in the Pharmaceutical markets, the Company is aiming at expanding the Business activity at different positions and expects to achieve considerable growth in the upcoming years.

### **OPPORTUNITY AND THREAT:**

With rising population and new health concerns is likely to promote the Pharmaceutical industry. The growth chances lie with all the companies with huge fund investment. However constant increase in the R & D cost is a crucial issue for small scale pharmaceutical companies. MNCs in pharmaceutical companies are also taking over the market which is also material threat for the domestic industry.

### **RISK FACTORS:**

The risk factor is but naturally involved in any type of industry including natural risk. During the last few years, the promotion measures undertaken by other states of India, has also diverted the pharmaceutical business out of Gujarat. The corporate with obsolete technologies are likely to close down the business.

### **SEGMENT-WISE OR PRODUCT WISE PERFORMANCE:**

The Company being engaged in the Pharma industry and there is only one business segment and single segment of activity. Further, the Company is mainly operative in the state of Gujarat and does not operate any other place and therefore all the revenue and income has been generated from one geographic area only. The performance of financial result is provided in Director Report under head financial highlights.

### **FUTURE OUTLOOK:**

Due to increased demand of medical and drugs products, there are prospective opportunities for trading in industry. The company sees some better chances of growth in trading of industry goods with best distribution system and network.

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

The Company has an efficient system of internal controls for achieving the following business objectives of the company:

- a. Efficiency of operations
- b. Protection of resources
- c. Accuracy and promptness of financial reporting
- d. Compliance with the laid down policies and procedures
- e. Compliance with various laws and regulations.

In Sword and Shield Pharma Limited, Internal Audit is a multi-disciplinary function which reviews, evaluates and appraises the various systems, procedures/policies of the Company and suggests meaningful and useful

improvements. It helps the Management to accomplish its objectives by bringing a systematic and disciplined approach to improve the effectiveness of risk management towards good corporate governance. The Directors handle most of the day-to-day functions. The Directors are regularly looking after all the key areas of the operations.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

On standalone basis, revenue from operations for FY 2015-16 was Rs. 32.33 Lakhs compared to the Revenue from operations of Rs. 126.54 Lakhs of previous year. Consequently, the Company has incurred the Loss of Rs. 29.78 Lakhs during the year 2015-16 against the Loss of Rs. 23.63 Lakhs of Last Year 2014-15.

Particulars	2015-16	2014-15
Revenue from Operations	381.00	1,22,54,601.00
Other Income	32,33,189.10	3,98,934.00
<b>Total Revenue</b>	<b>32,33,570.00</b>	<b>1,26,53,535.00</b>
Less: Total Expenses	44,93,964.94	1,19,04,785.00
Operating Profits before Exception item, Depreciation, Interest and Tax	<b>(12,60,394.94)</b>	<b>7,48,750.00</b>
Less: Depreciation	13,52,053.00	36,19,876.00
Interest	65970.94	4471.00
<b>Profit / (Loss) Before Tax</b>	<b>(26,78,419.00)</b>	<b>(28,75,597.00)</b>
Less : Exceptional Items	(3,00,011.00)	(2,02,394.00)
Less: Current Tax	0.00	0.00
Less : Deferred Tax	0.00	7,14,981.00
<b>Profit / (Loss) after Tax</b>	<b>(29,78,430.00)</b>	<b>(23,63,010.00)</b>
Profit / (Loss) from discontinuing Operations before Tax	52,62,783.00	0.00
Tax Expenses of Discontinuing Operations	0.00	0.00
<b>Net Profit / (Loss) After Tax</b>	<b>22,84,353.00</b>	<b>(23,63,010.00)</b>

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The Company being engaged in the business of Pharma Industry, all the operation and management is look after by the Directors of the Company only. Further, there is no other employee in the Company except one marketing executive and the person appointed for looking after the Statutory Compliances under various acts. Further, Management is of the view to employ the person in the suitable post wherever require for the expansion of business the Company.

**CAUTIONARY STATEMENT:**

Statement in the Management Discussion and Analysis, describing the Company's objective, projections and estimates are forward looking statements and progressive within the meaning of applicable security Laws and Regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors.

**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN**
**as on the financial year ended on 31<sup>st</sup> March, 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

<b>CIN:</b>	L24231GJ1995PLC024809
<b>Registration Date</b>	28/02/1995
<b>Name of the Company</b>	<b>SWORD AND SHIELD PHARMA LIMITED</b>
<b>Category / Sub-Category of the Company</b>	Public Limited Company having Share Capital
<b>Address of the registered office and contact details</b>	55, World Business House, Near Parimal Garden, Ambawadi, Ahmedabad – 380 006.  Email ID: <a href="mailto:swordnshield1995@gmail.com">swordnshield1995@gmail.com</a> Website: <a href="http://www.swordnshieldpharma.com">www.swordnshieldpharma.com</a>
<b>Whether listed company Yes / No</b>	Yes
<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	<b>MCS Share Transfer Agent Limited</b> 12/1/5, Manoharpukur Road, Kolkata – 700 026.  Tel. No.: 033 40724051 Email ID: <a href="mailto:mcsahmd@gmail.com">mcsahmd@gmail.com</a> Website: <a href="http://www.mcsregistrars.com">www.mcsregistrars.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All business activities contributing 10% or more of the total turnover of the Company shall be stated:

<b>Sr. No.</b>	<b>Name and Description of main products / services</b>	<b>NIC Code of the Product / service</b>	<b>% to total turnover of the company</b>
1.	PHARMACEUTICAL	996117	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

The Company do not have any Subsidiary and Associate Companies.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):**
**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual	2,17,400	1,22,600	3,40,000	6.60	2,17,400	1,22,600	3,40,000	6.60	0.00
b) Central Govt. Or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>2,17,400</b>	<b>1,22,600</b>	<b>3,40,000</b>	<b>6.60</b>	<b>2,17,400</b>	<b>1,22,600</b>	<b>3,40,000</b>	<b>6.60</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0	0.00
e) Any other	0	0	0	0.00	0	0	0	0	0.00
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>2,17,400</b>	<b>1,22,600</b>	<b>3,40,000</b>	<b>6.60</b>	<b>2,17,400</b>	<b>1,22,600</b>	<b>3,40,000</b>	<b>6.60</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	7,400	0	7,400	0.14	7,400	0	7,400	0.14	0.00
C) Central govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(1):</b>	<b>7,400</b>	<b>0</b>	<b>7,400</b>	<b>0.14</b>	<b>7,400</b>	<b>0</b>	<b>7,400</b>	<b>0.14</b>	<b>0.00</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	4,93,952	0	4,93,952	9.59	4,79,151	0	4,79,151	9.30	-0.29
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals*									
i) Individual shareholders holding nominal share capital uptoRs. 1 lakh / Rs. 2 lakhs	10,55,262	7,29,200	17,84,462	34.65	12,81,365	8,15,900	20,97,265	40.72	6.07
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 Lakh / Rs. 2 lakhs	11,77,847	12,88,000	24,65,847	47.87	9,67,545	12,01,300	21,68,845	42.11	-5.76
c) Others (specify)									
- NRI	11,000	0	11,000	0.21	10,000	0	10,000	0.19	-0.02
- HUF	47,939	0	47,939	0.93	47,939	0	47,939	0.93	0.00
- Clearing Members	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(2):</b>	<b>27,86,000</b>	<b>20,17,200</b>	<b>48,03,200</b>	<b>93.25</b>	<b>27,86,000</b>	<b>20,17,200</b>	<b>48,03,200</b>	<b>93.25</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>27,93,400</b>	<b>20,17,200</b>	<b>48,10,600</b>	<b>93.40</b>	<b>27,93,400</b>	<b>20,17,200</b>	<b>48,10,600</b>	<b>93.40</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>30,10,800</b>	<b>21,39,800</b>	<b>51,50,600</b>	<b>100.00</b>	<b>30,10,800</b>	<b>21,39,800</b>	<b>51,50,600</b>	<b>100.00</b>	<b>0.00</b>

\*Note: In Public Shareholding "Individual Catagory":-

1. a. Individual Shareholders holding nominal share capital uptoRs. 1 lakh is considered in the No. of Shares held at the beginning of the year.
- b. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh is considered in the No. of Shares held at the beginning of the year.
2. a. Individual Shareholders holding nominal share capital uptoRs. 2 lakh is considered in the No. of Shares held at the beginning of the year.
- b. Individual Shareholders holding nominal share capital in excess of Rs. 2 lakh is considered in the No. of Shares held at the beginning of the year.

**ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Pravinbhai Patel	2,29,400	4.45	0.00	2,29,400	4.45	0.00	0.00
2.	Jyotsnaben Patel	1,10,600	2.15	0.00	1,10,600	2.15	0.00	0.00

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Name of Shareholder(s)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Pravinbhai Patel</b>				
	At the beginning of the year	2,29,400	4.45	2,29,400	4.45
	Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)			No change	
	At the End of the year	2,29,400	4.45	2,29,400	4.45
2.	<b>Jyotsnaben Patel</b>				
	At the beginning of the year	1,10,600	2.15	1,10,600	2.15
	Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)			No change	
	At the End of the year	1,10,600	2.15	1,10,600	2.15

**V. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS:**
**(Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	Kamlesh Jain	2,70,007	5.24	2,70,007	5.24
2.	ProbiFincap Private Limited	2,00,000	3.88	2,00,000	3.88
3.	Rameshbhai Patel	1,98,000	3.84	1,98,000	3.84
4.	Kanubhai Patel	1,98,000	3.84	1,98,000	3.84
5.	Atmarambhai Patel	1,98,000	3.84	1,98,000	3.84
6.	Jayantilal Patel	1,98,000	3.84	1,98,000	3.84
7.	Rameshbhai Patel	1,96,000	3.81	1,96,000	3.81
8.	AkhaniJagdishkumarAmrutlal	1,49,300	2.90	1,49,300	2.90
9.	Him Incap Private Limited	1,15,800	2.25	1,15,800	2.25
10.	Bhanuprasad Patel	89,000	1.73	89,000	1.73

**VI. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sr. No.	Name of Director(s) & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>PravinbhaiManeklal Patel (Managing Director)</b>				
	At the beginning of the year	2,29,400	4.45	2,29,400	4.45
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			No Change during the year	
	At the end of the year	2,29,400	4.45	2,29,400	4.45

<b>2.</b>	<b>Jyotsnaben Pravinbhai Patel (Executive Director)</b>				
	At the beginning of the year	1,10,600	2.15	1,10,600	2.15
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change during the year			
	At the end of the year	1,10,600	2.15	1,10,600	2.15
<b>3.</b>	<b>Probi Pravinbhai Patel (Executive Director)</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change during the year			
	At the end of the year	0	0.00	0	0.00
<b>4.</b>	<b>Himanshu Pravinbhai Patel (Non-Executive Director)</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change during the year			
	At the end of the year	0	0.00	0	0.00
<b>5.</b>	<b>Jayeshkumar Madhavlal Patel (Independent Director)</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change during the year			
	At the end of the year	0	0.00	0	0.00
<b>6.</b>	<b>Kanjibhai Mansangbhai Chaudhary (Independent Director)</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change during the year			
	At the end of the year	0	0.00	0	0.00
<b>7.</b>	<b>Paresh Kantilal Patel (Independent Director)</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change during the year			
	At the end of the year	0	0.00	0	0.00
<b>8.</b>	<b>Dilipkumar Chunilal Patel (Independent Director)</b>				
	At the beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change during the year			
	At the end of the year	0	0.00	0	0.00

**VII. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

[Amount in INR]

Particulars	Secured Loans (excluding deposits)	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	Nil	Nil	Nil	Nil
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b>	Nil	Nil	Nil	Nil
Additions				
Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>	Nil	Nil	Nil	Nil
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil

**VIII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
		Pravinbhai Patel (Managing Director)	
1	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	6,00,000	<b>6,00,000</b>
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961.	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	<b>Stock option</b>	-	-
3	<b>Sweat Equity</b>	-	-
4	<b>Commission</b> as % of profit	-	-
	others (specify)	-	-
5	<b>Others, please specify</b>	-	-
	<b>Total (A)</b>	6,00,000	<b>6,00,000</b>

**B. Remuneration to other Directors:**

Sr. No.	Particulars of Remuneration	Name of the Director		Total Amount
		Jyotsnaben Patel (Executive Director)	Probi Patel (Executive Director)	
1	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	6,00,000	8,00,000	<b>14,00,000</b>
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961.	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	<b>Stock option</b>	-	-	-
3	<b>Sweat Equity</b>	-	-	-
4	<b>Commission</b> as % of profit	-	-	-
	others (specify)	-	-	-
5	<b>Others, please specify</b>	-	-	-
	<b>Total (A)</b>	6,00,000	8,00,000	<b>14,00,000</b>

The Company has not paid any amount of Sitting Fees / Commission to the Independent Directors as well as Non-Executive Directors during the year under review.

**C. Remuneration to key Managerial Personnel Other than MD/Manager/WTD:**

Sr. No.	Particulars of Remuneration	Ms. Prachi Shah CS	Total Amount
1	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	*45,000	45,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961.	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	<b>Stock option</b>	-	-
3	<b>Sweat Equity</b>	-	-
4	<b>Commission</b> as % of profit	-	-
	others (specify)	-	-
5	<b>Others, please specify</b>	-	-
	<b>Total (A)</b>	<b>45,000</b>	<b>45,000</b>

\*The Remuneration is for 3 months starting from January, 2016 to March, 2016.

**IX. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**Registered Office:**

55, World Business House,  
Near Parimal Garden,  
Ambawadi,  
Ahmedabad – 380 006.

Place : Ahmedabad

Date : September 2, 2016

**For and on behalf of Board**

For, **Sword and Shield Pharma Limited**

**Mr. Pravin Patel**

Managing Director

(DIN: **01877446**)

**Mrs. Jyotsnaben Patel**

Director

(DIN: **01877469**)

**SECRETARIAL AUDIT REPORT**  
**Form MR - 3**

*For the financial year ended 31<sup>st</sup> March, 2016*

*[Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
**Sword & Shield Pharma Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sword & Shield Pharma Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, generally 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.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the rules made there under as applicable;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. The following 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 except *filling of yearly disclosure under regulation 30 for the Financial Year 2014-15* but the Company has complied with the same for the Financial Year 2015-16;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- v. Secretarial Standards issued by the Institute of Company Secretaries of India w.e.f. July 1, 2015.

I have also examined compliance with the applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (erstwhile applicable clauses of the Listing Agreement entered into by the Company with BSE Limited).

During the period under review the Company has complied with the provisions of the Companies Act, 2013, Rules made thereunder, Regulations, guidelines etc. mentioned above except;

- f. *Publication of Newspaper Advertisement for fixation of book closure under section 91 and of Act;*
- g. *Appointment of Chief Financial Officer under section 203 of the Act;*
- h. *Providing of e-voting facility for voting on the resolutions mentioned in the notice of annual general meeting under section 108 of the Act;*

- i. *Company has not constituted various committees as required under section 177 & 178 of the Act however the Board of Directors of the Company has formed various committees as required on or after August 4, 2015 and*
- j. *Filing of few Resolutions as required under section 179 of the act.*

Further, the Company has not complied/delayed complied various Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile applicable clauses of the Listing Agreement entered into by the Company with BSE Limited) which are;

- *Non-compliance of Clause 41 of Listing Agreement with regards to intimation of board meeting for consideration of Audited/Un-audited financial result and publication of Newspaper Advertisement for notice of Board Meeting and financial results for the year ended on March 31, 2015 and Quarter ended on June 30, 2015, September 30, 2015. \**
- *Delayed compliance of Clause 35 of Listing Agreement with regards to submission of shareholding pattern for the quarter ended on March 31, June 30, 2015 and September 30, 2015.\**
- *Non-compliance of Clause 16 of Listing Agreement with regards to intimation of closure of transfer book to stock exchange.\**
- *Delayed-compliance of Clause 49 of Listing Agreement with regards to Filing of Report of Corporate Governance for the quarter ended March 31, 2015, June 30, 2015 and September 30, 2015.\**

\* Company has paid a penalty/re-instatement fee to stock exchange (BSE Limited) while revocation proceeding and submitted all the required documents.

Further, the Company being engaged in the Manufacturing/Trading of Pharmaceutical products, following is specific applicable law to the Company, which requires approvals or compliances under is;

- 1. Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945 - The Company has complied with all requirements as specified by the Act.

And other generally applicable laws to the company are mentioned in **Annexure A**.

During the Period under review, provisions of the following Acts, Rules, Regulations, and Standards are not applicable to the Company,

- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- ii. 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; - the Company is not registered as Registrar to an Issue & Share Transfer Agent. However, the Company has appointed MCS Share Transfer Agent Limited as Registrar & Share Transfer Agent as per Listing Regulations (erstwhile "Listing Agreement" entered between the Company and BSE Limited).
- iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iv. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- v. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- vi. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vii. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment and External Commercial Borrowings.

**I further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. 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.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that -**

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

**I further report that -**

There were no special/specific event has been occurred during the audit period except the Company has applied for Revocation of its Securities from BSE Limited and has paid a penalty / re - instatement fees as prescribed by the Exchange and

The Company has also sold of its factory situated at 3001/M, G.I.D.C, Phase III, Chhatral - 382 729, Dist. - Gandhinagar, Gujarat together with the said entire building and other constructions / structures standing thereon by way of Slump Sale and has complied with all the statutory requirements in the said regards.

Sd/-

**Anand Lavingia**

**Practicing Company Secretary**

**ACS No. 26458 COP No.: 11410**

**Place:** Ahmedabad

**Date:** September 2, 2016

**Note:** This Report is to be read with my letter of above date which is annexed as **Annexure B** and forms an integral part of this report.

**Annexure - A**

1. The Indian Contract Act, 1872
2. Negotiable Instrument Act, 1881
3. Sales of Goods Act, 1930
4. Arbitration & Conciliation Act, 1996
5. Bombay Stamp Act, 1958 (as applicable to Gujarat State)
6. Registration Act, 1908

**Annexure - B**

To,  
The Members,  
**Sword & Shield Pharma Limited**

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis, on the records and documents provided by the Management of the Company, to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

**Anand Lavingia**

**Practicing Company Secretary**

**ACS No. 26458 COP No.: 11410**

**Place:** Ahmedabad

**Date:** September 2, 2016

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# **SWORD AND SHIELD PHARMA LIMITED**

## **Independent Auditors' Report**

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To,  
The Members,  
SWORD AND SHIELD PHARMA LTD.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **SWORD AND SHIELD PHARMA LTD.**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) 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.
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 appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, 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 control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B, and
  - g) With respect to the other matters 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

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For, B. K. PATEL & CO  
Chartered Accountants  
Firm Reg. No.112647W

Ahmedabad  
30-5-2016

K. D. Patel  
Partner  
Membership No. 39919

# **SWORD AND SHIELD PHARMA LIMITED**

## **Annexure-A to Independent Auditors' Report**

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

### **(i) In respect of its fixed assets:**

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the Management in accordance with a program of verification which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the examination of the records of the Company, title deeds of immoveable properties were held in the name of the Company.

### **(ii) In respect of its inventories:**

- (a) As explained to us, the inventories of finished and raw materials at Factory were physically verified during the year by the Management.
- (b) In our opinion and according to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loan to any party listed in the register maintained under section 189 of the Companies Act, accordingly clause (a) and (b) of the paragraph 3(iii) of the Order is not applicable.
- (iv) The Company has not given any loan to directors or made any investment or given any security or guarantee accordingly paragraph 3(xv) of the Order is not applicable.
- (v) As informed to us, the Company has not accepted any deposit from public.
- (vi) As explained to us, the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 are not prescribed by the Central Government for the product of the Company.

### **(vii) In respect of its Statutory dues:**

- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of excise, value added tax, cess and any other statutory applicable to it with the appropriate authorities during the period. As explained to us, Company did not have any dues on account of employees' state insurance, wealth tax, duty of customs. According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, customs duty, excise duty, cess and other material statutory dues applicable to it, were in arrears, as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable except Rs.43824/- on account of professional tax.
- (b) According to information and explanation given to us, there are no dues of income tax, wealth tax, sales tax, duty of custom, duty of excise, value added tax and cess which have not been deposited on account of any dispute

- (viii) As Company has no borrowings from any bank or financial institutions, government or debenture holders during the year, accordingly paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer (including debt instruments) and term loans during the year, accordingly paragraph 3(ix) of the Order is not applicable.
- (x) According the information and explanation given to us, and to the best of our knowledge and belief, no material fraud on or by the Company was noticed or reported during the period.
- (xi) According to information and explanation given to us and based on our examination of the records of the Company, the Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to information and explanation given to us, the Company is not a nidhi company, accordingly paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in financial statements as required by the applicable accounting standards.
- (xiv) In our opinion and according to information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, accordingly paragraph 3(xiv) of the Order is not applicable.
- (xv) In our opinion and according to information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him, accordingly paragraph 3(xv) of the Order is not applicable.
- (xvi) In our opinion and according the information and explanation given to us, the Company is not required to be registered under Section 45IA of the Reserve Bank of India Act, 1934

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For, B. K. PATEL & CO  
Chartered Accountants  
Firm Reg. No. 112647W

Ahmedabad  
30-5-2016

K. D. Patel  
Partner  
Membership No. 39919

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## **SWORD AND SHIELD PHARMA LIMITED**

### **Annexure-B to Independent Auditors' Report**

(Referred to in Paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

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#### **Report on the Internal Financial Controls Over Financial Reporting 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 **SWORD AND SHIELD PHARMA LTD** ("the Company") as of 31st March, 2016 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 auditors' judgment, 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

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- 2) 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
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

#### **OPINION**

In our opinion, to the best of our information and according to the explanations given to us, 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 31st March, 2016, 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.

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For, B. K. PATEL & CO  
Chartered Accountants  
Firm Reg. No. 112647W

Ahmedabad  
30-5-2016

K. D. Patel  
Partner  
Membership No. 39919

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**SWORD & SHIELD PHARMA LTD.**

Balance Sheet as at 31st March, 2016

(Amount in Rs. ₹)

PARTICULARS	Note	As At 31-3-2016	As At 31-3-2015
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	46619170.00	46619170.00
(b) Reserves and Surplus	3	(45533995.50)	(47818349.00)
(c) Money received against share warrants	-	0.00	0.00
		1085174.40	(1199179.00)
<b>2 Share application money pending allotment</b>	-	0.00	0.00
<b>3 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	3957500.00	6557500.00
(b) Deferred Tax Liabilities (net)	-	0.00	0.00
(c) Other Long-Term Liabilities	-	0.00	0.00
(d) Long-Term Provisions	-	0.00	0.00
		3957500.00	6557500.00
<b>4 Current Liabilities</b>			
(a) Short-Term Borrowings	-	0.00	0.00
(b) Trade Payables	5	45162.55	576669.00
(c) Other Current Liabilities	6	2110837.50	6163714.00
(d) Short-Term Provisions	7	0.00	10177.00
		2156000.05	6750560.00
<b>TOTAL</b>		<b>7198674.45</b>	<b>12108881.00</b>
<b>B ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	8	0.00	7521040.00
(ii) Intangible Assets	8	0.00	0.00
(iii) Capital Work-in-Progress	8	0.00	0.00
(iv) Intangible assets under development	8	0.00	0.00
(v) Fixed Assets held for sale	8	0.00	0.00
		0.00	7521040.00
(b) Non-Current Investments	-	0.00	0.00
(c) Deferred Tax Assets (net)	9	1024358.91	1024359.00
(d) Long-Term Loans and Advances	-	0.00	0.00
(e) Other Non-Current Assets	-	0.00	0.00
		1024358.91	1024359.00
<b>2 Current Assets</b>			
(a) Current Investments	-	0.00	0.00
(b) Inventories	10	0.00	534639.00
(c) Trade Receivables	11	78255.00	1476720.00
(d) Cash & Cash Equivalents and Bank Balance	12	678390.54	594438.00
(e) Short-Term Loans and Advances	13	5417670.00	957685.00
(f) Other Current Assets	-	0.00	0.00
		6174315.54	3563482.00
<b>TOTAL</b>		<b>7198674.45</b>	<b>12108881.00</b>
Significant Accounting Policies and Notes on Financial Statements	1		
For and on behalf of the Board of Directors		As per our attached report of even date	
		For, B. K. PATEL & CO Chartered Accountants	
Pravinbhai M Patel Managing Director DIN 01877446	Jyotsnaben P Patel Director DIN 01877469	Prachi Shah Company Secretary	
Ahmedabad 30-5-2016		Ahmedabad 30-5-2016	K.D.Patel Partner

**SWORD & SHIELD PHARMA LTD.**

**Statement of Profit & Loss for the year ended 31st March, 2016**

(Amount in Rs. ₹)

PARTICULARS	Note	Current Year	Previous Year
<b>CONTINUING OPERATIONS</b>			
Sale of Products (Net of Sales Return)	14	380.90	12254601.00
Other Operating Revenues		0.00	0.00
		380.90	12254601.00
Other Income	15	3233189.10	398934.00
<b>Total Revenue</b>		<b>3233570.00</b>	<b>12653535.00</b>
<b>Expenses</b>			
Cost of Materials Consumed	16	534639.00	5794522.00
Purchases of Stock-in-Trade	-	0.00	0.00
Changes in Inventories	17	0.00	499501.00
Employee Benefits Expense	18	2291907.00	3943468.00
Finance Costs	19	65970.94	4471.00
Depreciation and Amortisation Expense	20	1352053.00	3619876.00
Other Expenses	21	1667418.94	1667294.00
<b>Total Expenses</b>		<b>5911988.88</b>	<b>15529132.00</b>
<b>Profit/(Loss) before exceptional and extraordinary items &amp; tax</b>		(2678418.88)	(2875597.00)
Exceptional items		0.00	202394.00
Prior Period Items		300011.00	0.00
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>(2978429.88)</b>	<b>(3077991.00)</b>
Extraordinary items		0.00	0.00
<b>Profit / (Loss) Before Tax</b>		<b>(2978429.88)</b>	<b>(3077991.00)</b>
<b>Tax Expense:</b>			
Current tax expense for current year		0.00	0.00
Less : MAT credit (where applicable)		0.00	0.00
Current tax expense relating to prior years		0.00	0.00
Net current tax expense		0.00	0.00
Deferred tax Liabilities Provided / (Reverted)		0.00	(714981.00)
		0.00	(714981.00)
<b>Profit / (Loss) from Continuing Operations</b>		<b>(2978429.88)</b>	<b>(2363010.00)</b>
<b>DISCONTINUING OPERATIONS</b>			
Profit / (Loss) from discontinuing operations (before tax)		5262783.00	0.00
Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		0.00	0.00
		5262783.00	0.00
Add / (Less): Tax expense of discontinuing operations		5262783.00	0.00
(a) on ordinary activities attributable to the discontinuing operations		0.00	0.00
(b) on gain / (loss) on disposal of assets / settlement of liabilities		0.00	0.00
<b>Profit / (Loss) from Discontinuing Operations</b>		<b>5262783.00</b>	<b>0.00</b>
<b>TOTAL OPERATIONS</b>			
<b>Profit / (Loss) for the Year</b>		2284353.12	(2363010.00)
<b>Earnings per Share (of Rs.10/- each):</b>			
(a) Basic and Diluted		0.44	(0.46)
Significant Accounting Policies and Notes on Financial Statements	1		
For and on behalf of the Board of Directors		As per our attached report of even date	
Pravinbhai M Patel Managing Director DIN 01877446	Jyotsnaben P Patel Director DIN 01877469	Prachi Shah Company Secretary	For, B. K. PATEL & CO Chartered Accountants
Ahmedabad 30-5-2016		Ahmedabad 30-5-2016	K.D.Patel Partner

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## **SIGNIFICANT ACCOUNTING POLICIES**

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### **Notes 1**

#### **1 Company Overview**

Sword & Shield Pharma Limited ('the company') is a public listed company incorporated under the provision of Companies Act, 1956. Its Equity shares are listed on Bombay Stock Exchange ('BSE'). The company was primarily manufacturer of pharma products.

#### **2.1 Basis for Accounting & Preparation**

The financial statements are prepared on the accounting principle of going concern and under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) and comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013. Accounting policies not specifically referred to otherwise are consistent and in accordance with the applicable Accounting Standards prescribed by the Companies (Accounts) Rules, 2014 to the extent applicable.

#### **2.2 Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates and difference between actual results and estimates are recognized in the period in which the results are known/materialize.

### **3 SIGNIFICANT ACCOUNTING POLICIES:**

#### **3.1 Tangible Assets**

Fixed Assets are stated at their acquisition cost less accumulated depreciation and impairment losses. Cost of any addition to fixed assets comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use where applicable together with any incidental expenses of acquisition/installation. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition/construction of qualifying assets.

An asset is considered as impaired in accordance with Accounting Standard (AS) – 28 "Impairment of Assets" when at balance sheet date there are indications of impairment and the carrying amount of the assets, or wherever applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as impairment loss in the Profit & Loss Account.

#### **3.2 Depreciation**

Depreciation in respect of all Fixed assets has been calculated as required under section 123 (2) of the Companies Act, 2013 and as per WDV and useful life prescribed in Schedule II of the Companies Act, 2013 on pro-rata basis.

#### **3.3 Valuation of Inventories**

Inventories are valued at the lower of cost and net realizable value. Costs of inventories comprise all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost of inventories is generally ascertained on the 'FIFO' basis.

#### **3.4 Revenue Recognition**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risk and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales comprises sale of goods and services, net of trade discounts and include taxes.

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## **SIGNIFICANT ACCOUNTING POLICIES**

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### **3.5 Employee Benefits**

Short-term employee benefits are recognized as an expense in the profit and loss account of the year in which such actual payment is made.

Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year when actual payment is made and no other provisions are made in respect of retirement benefits.

### **3.6 Borrowing Cost**

Borrowing Costs attributable to acquisition and/or construction of qualifying assets as defined in Accounting Standard (AS) - 16 on "Borrowing Cost" are capitalized as a part of the cost of such assets up to the date when such assets are ready for its intended use. All other Borrowing Costs are charged to revenue.

### **3.7 Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Rupees at the exchange rate prevailing at the Balance Sheet Date. All exchange differences are dealt with in Profit and Loss Account.

### **3.8 Taxes on Income**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax Assets or Deferred Tax Liability is recognized on timing difference being the difference between taxable income and accounting income. Deferred Tax Assets or Deferred Tax Liability is measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be realized in future.

### **3.9 Earning Per Share**

The Company reports basic and diluted Earning Per Share (EPS) in accordance with Accounting Standard (AS) - 20 on "Earning Per Share". The basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

### **3.10 Contingent Liabilities**

Contingent Liabilities as defined in Accounting Standard (AS)-29 "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

### **3.11 Segment Reporting**

In accordance with Accounting Standard - 17, "Segmental Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segment is Manufacturing & Dealing in Pharma Products it has no other primary reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability, total cost incurred to acquire segment assets and total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year under review. The Company caters to the needs of the local market only and hence there are no reportable geographical segments.

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**SWORD & SHIELD PHARMA LTD.**

Notes forming part of the financial statements for the year ended on 31st March, 2016

Particulars	(Amount in Rs. ₹)	
	As At 31-3-2016	As At 31-3-2015

**Note- 2**  
**SHARE CAPITAL**

**(a) Authorised Share Capital**

60,00,000 Equity Shares of Rs.10/- each 60000000.00 60000000.00

**(b) Issued Share Capital**

51,50,600 Equity Shares of Rs.10/- each fully paid up 51506000.00 51506000.00

**(c) Subscribed and fully Paid Up Capital**

41,73,234 Equity Shares of Rs.10/- each fully paid up 41732340.00 41732340.00

**(d) Subscribed and Partly Paid Up Capital**

9,77,366 Equity Shares of Rs.10/- each partly paid up 4886830.00 4886830.00

**TOTAL** 46619170.00 46619170.00

**1.1** No Shares out of subscribed, issued and paid up capital were allotted as bonus shares in last 5 years

**1.2 Details of shares held by each shareholder holding more than 5% shares:**

Class of shares / Name of shareholder	As At 31-3-2016		As At 31-3-2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Kamlesh Jain	270007	5.24	270007	5.24

**1.3** The reconciliation of number of shares outstanding is set out below:

Class of Shares	As At 31-3-2016		As At 31-3-2015	
	No. of Shares	No. of Shares	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	5150600		5150600	
Add : Shares issued during the year	0		0	
Less : Shares cancelled or buy back	0		0	
Equity Shares at the end of the year	<u>5150600</u>		<u>5150600</u>	

**1.4 Terms / Rights attached to Equity Shares**

The Company has only one class of equity shares having a face value of ` 10/- per share. Each equity shareholder is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts.

**1.5 Shares held by holding/ultimate holding company and/or their subsidiaries/associates : - Nil**

**1.6 Particulars of Unpaid Calls**

Sr. No.	Particulars	31-3-2016		31-3-2015	
		No. of shares	Value of Shares	No. of shares	Value of Shares
1	Unpaid from Directors	0	0.00	0	0.00
2	Unpaid from Others	977366	4886830.00	977366	4886830.00
	<b>Total</b>	<b>977366</b>	<b>4886830.00</b>	<b>977366</b>	<b>4886830.00</b>

**SWORD & SHIELD PHARMA LTD.**

Notes forming part of the financial statements for the year ended on 31st March, 2016

Particulars	(Amount in Rs. ₹)	
	As At 31-3-2016	As At 31-3-2015
<b>Note- 3</b>		
<b>RESERVE &amp; SURPLUS</b>		
<b>Surplus (Deficit) in Profit &amp; Loss Statement</b>		
Opening Balance	(47818348.72)	(45455339.00)
Add: Profit / (Loss) for the year	<u>2284353.12</u>	<u>(2363010.00)</u>
Closing Balance	<u>(45533995.60)</u>	<u>(47818349.00)</u>
<b>TOTAL</b>	<u><u>(45533995.60)</u></u>	<u><u>(47818349.00)</u></u>

**Note- 4**

**LONG TERM BORROWINGS**

**Loans / Deposits**

From other parties				
Secured	0.00		0.00	
Unsecured	<u>0.00</u>		<u>2000000.00</u>	
		0.00		2000000.00
From related parties				
Secured	0.00		0.00	
Unsecured	<u>3957500.00</u>		<u>4557500.00</u>	
		3957500.00		4557500.00
<b>TOTAL</b>		<u><u>3957500.00</u></u>		<u><u>6557500.00</u></u>

**Notes :**

a) Aggregate of loans & advances guaranteed by

Directors	3957500.00	0.00
Others	0.00	0.00

b) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Terms of repayment and security*	As At 31-3-2016		As At 31-3-2015	
		Secured	Unsecured	Secured	Unsecured
<u>Loans &amp; advances from related parties</u>					
Directors	0.00	3957500.00		0.00	6557500.00
<b>Total - Loans and advances from RP</b>	<b>0.00</b>	<b>3957500.00</b>		<b>0.00</b>	<b>6557500.00</b>

**Note- 5**

**TRADE PAYABLES**

Trade payables to:

Micro, Small & Medium Enterprises	0.00	0.00
Others	45162.55	576669.00
<b>TOTAL</b>	<b><u>45162.55</u></b>	<b><u>576669.00</u></b>

**Details of dues to Micro, Small and Medium Enterprise as defined under MSMED Act, 2006**

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure regarding :

- Amount due and outstanding to suppliers at the end of accounting year,
- Interest paid during the year,
- Interest payable at the end of accounting year,
- Interest accrued and unpaid at the end of the accounting year, have not been given.

Company is making efforts to get the confirmation from the suppliers as regards their status under the Act.

**Note- 6**

**SWORD & SHIELD PHARMA LTD.**

Notes forming part of the financial statements for the year ended on 31st March, 2016

Particulars	(Amount in Rs. ₹)	
	As At 31-3-2016	As At 31-3-2015
<b>OTHER CURRENT LIABILITIES</b>		
Statutory Liabilities	166173.00	3436.00
Outstanding Expenditures	1944664.50	6160278.00
TOTAL	<u>2110837.50</u>	<u>6163714.00</u>

**Note- 7**

**SHORT TERM PROVISIONS**

for other employee benefits	0.00	7177.00
Provision - Others	0.00	3000.00
TOTAL	<u>0.00</u>	<u>10177.00</u>

**Note-19**

**DEFERRED TAX ASSETS**

Deferred Tax Assets		
Related to Fixed Assets -Depreciations	1024358.91	1024359.00
TOTAL	<u>1024358.91</u>	<u>1024359.00</u>

**Note- 10**

**INVENTORIES**

Raw materials	0.00	274850.00
Packing Materials	0.00	259789.00
TOTAL	<u>0.00</u>	<u>534639.00</u>

**Note- 11**

**TRADE RECEIVABLES**

**Outstanding for a period exceeding six months from the date they are due for payment**

Unsecured, considered good	78255.00	0.00
<b>Other Trade receivables</b>		
Unsecured, considered good	0.00	1476720.00
TOTAL	<u>78255.00</u>	<u>1476720.00</u>

**Note :**

Trade receivables include debts due from		
Directors	0.00	0.00
Other officers of the Company	0.00	0.00
Firms in which any director is a partner	0.00	0.00
Private companies in which any director is a director or mem	0.00	0.00

**Note- 12**

**CASH & CASH EQUIVALENTS AND BANK BALANCES**

**Cash and Cash Equivalent**

Cash on hand	655321.00	490140.00
<b>Balances with banks</b>		
In current accounts	23069.54	104298.00
TOTAL	<u>678390.54</u>	<u>594438.00</u>

**Note- 13**

**SHORT TERM LOANS & ADVANCES**

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**SWORD & SHIELD PHARMA LTD.**

Notes forming part of the financial statements for the year ended on 31st March, 2016

Particulars	(Amount in Rs. ₹)	
	As At 31-3-2016	As At 31-3-2015
Prepaid expenses - Unsecured & considered good	535.00	0.00
Balances with government authorities (Unsecured, considered good)		
Advance Income Tax (Including TDS)	422570.00	133793.00
CENVAT credit receivable	5882.00	134271.00
VAT credit receivable	65183.00	384457.00
Advances to Suppliers		
Unsecured, considered good	0.00	305164.00
Other Receivables		
Unsecured, considered good	4923500.00	0.00
	<u>TOTAL</u> <u>5417670.00</u>	<u>957685.00</u>

Note :

Trade receivables include debts due from

Directors	0.00	0.00
Other officers of the Company	0.00	0.00
Firms in which any director is a partner	0.00	0.00
Private companies in which any director is a director or mem	0.00	0.00

**SWORD & SHIELD PHARMA LTD.**

**NOTE- 8**

**FIXED ASSETS**

<b>PARTICULARS</b>	<b>GROSS BLOCK</b>			<b>DEPRECIATION</b>			<b>NET BLOCK</b>	
	<b>Opening Balance</b>	<b>Addition / Transfer</b>	<b>Sales / Transfer</b>	<b>As at 31-3-2016</b>	<b>Opening Balance</b>	<b>For the Year</b>	<b>Deduction</b>	<b>Up to 31-3-2016</b>
<b>TANGIBLE ASSETS</b>								
<b>OWNED ASSETS</b>								
Building	14292492.00	168230.00	14460722.00	0.00	9756938.00	391056.00	10147994.00	0.00
Plant & Machineries	28582309.00	0.00	28582309.00	0.00	26018356.00	864597.00	26882953.00	0.00
Lab Equipments	53910.00	0.00	53910.00	0.00	51214.00	1455.00	52669.00	0.00
Electrification & Equipments	176643.00	0.00	176643.00	0.00	142063.00	8449.00	150512.00	0.00
Office Equipments	417591.00	0.00	417591.00	0.00	391616.00	2300.00	393916.00	0.00
Furniture & Fittings	384718.00	0.00	384718.00	0.00	353192.00	3004.00	356196.00	0.00
Motor Vehicles	2102587.00	0.00	2102587.00	0.00	1796646.00	81192.00	1877838.00	0.00
Computer, Sacnner & such End User Device	349507.00	0.00	349507.00	0.00	328692.00	0.00	328692.00	0.00
Sub Total	46359757.00	168230.00	46527987.00	0.00	38838717.00	1352053.00	40190770.00	0.00
<b>Grand Total</b>	<b>46359757.00</b>	<b>168230.00</b>	<b>46527987.00</b>	<b>0.00</b>	<b>38838717.00</b>	<b>1352053.00</b>	<b>40190770.00</b>	<b>0.00</b>
Previous Year	46547151.00	0.00	187394.00	46359757.00	35218841.00	3619876.00	0.00	38838717.00

Notes : Depreciation on additions to / sale of fixed assets during the year is provided for on proportionate basis from / up to the date of such additions/ sale.

**SWORD & SHIELD PHARMA LTD.**

Notes forming part of the financial statements for the year ended on 31st March, 2016

Particulars	(Amount in Rs. ₹)	
	For the year ended on 31-3-2016	For the year ended on 31-3-2015
<b>Note- 14</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Products (Net of Sales Return)	380.90	12254601.00
	<b>TOTAL</b>	<b>380.90</b>
		<b>12254601.00</b>

Sale of products comprises of :

**Manufactured goods**

Pharma Products	380.90	12254601.00
	<b>Total</b>	<b>380.90</b>
		<b>12254601.00</b>

**Note- 15**

**OTHER INCOME**

Interest income (Refere Note-1)	126157.00	0.00
Other Non-Operating Income (Refer Note-2)	3107032.10	398934.00
(net of expenses directly attributable to such income)		

Total **3233189.10** **398934.00**

**Notes:**

1) <u>Interest income comprises:</u>		
Interest on income VAT refund	126157.00	0.00
	<b>Total Interest Income</b>	<b>126157.00</b>
		<b>0.00</b>
2) <u>Other non-operating income comprises:</u>		
Rental income	2700000.00	385714.00
VAT Refund	358077.24	0.00
Commission Income	46800.00	0.00
Miscellaneous income (Refer Note -a)	2154.86	13220.00
	<b>Total Other Non-operating Income</b>	<b>3107032.10</b>
		<b>398934.00</b>
a) Miscellaneous Income		
Kasar & Rate Diff	2154.86	3220.00
Other Miscellaneous Income	0.00	10000.00
	<b>Total</b>	<b>2154.86</b>
		<b>13220.00</b>

**Note- 16**

**COST OF MATERIAL CONSUMED**

Opening stock	534639.00	877281.00
Add: Purchases	0.00	5451880.00
	<b>534639.00</b>	<b>6329161.00</b>
Less: Closing stock	0.00	534639.00
	<b>534639.00</b>	<b>5794522.00</b>
Material consumed comprises:		
Materials for Pharma Products	534639.00	0.00
	<b>Total</b>	<b>534639.00</b>
		<b>0.00</b>

**Note- 17**

**CHANGES IN INVENTORIES OF FINISHED GOODS, WIP & STOCK IN TRADE**

Inventories at the end of the year:

Finished goods	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
<u>Inventories at the beginning of the year:</u>		
Finished goods	0.00	499501.00
	<b>0.00</b>	<b>499501.00</b>
Net (increase) / decrease	<b>0.00</b>	<b>(499501.00)</b>

**SWORD & SHIELD PHARMA LTD.**

Notes forming part of the financial statements for the year ended on 31st March, 2016

Particulars	(Amount in Rs. ₹)	
	For the year ended on 31-3-2016	For the year ended on 31-3-2015
<b>Note- 18</b>		
<b>EMPLOYEES BENEFIT EXPENSES</b>		
Directors' Remuneration	2000000.00	2089558.00
Salaries and wages	289935.00	1841062.00
Other Allowances given	0.00	1633.00
Contributions to provident and other funds	1972.00	11215.00
Total	2291907.00	3943468.00
<b>Note- 19</b>		
<b>FINANCE COST</b>		
Other Interest	63250.00	0.00
Bank Commission Charges	2720.94	4471.00
Total	65970.94	4471.00
<b>Note- 20</b>		
<b>DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation and Amortisation Expenses	1352053.00	3619876.00
Total	1352053.00	3619876.00
<b>Note- 21</b>		
<b>OTHER EXPENSES</b>		
<b>Direct Expenses</b>		
Repairs and maintenance - Machinery	0.00	75961.00
Factroy Exp	0.00	86252.00
Fright & Transportation Charges	3615.00	12529.00
Power and Fule	0.00	245654.00
Water Charges	0.00	16836.00
<b>Establishment Expenses</b>		
(other than considered as finance cost)		
Association Fees	2275.00	0.00
Commission Expense	9750.00	0.00
Travelling & Conveyance Expense	0.00	44933.00
Excise Expense	128639.00	0.00
Income Tax Expense	95223.00	0.00
Insurance Expense	2891.00	41804.00
Laboratory Testing Charges	0.00	98308.00
Legal and Professional Fees	285225.50	27350.00
Licence Fees and Expense	0.00	21500.00
Rate & Taxes -Municipal Tax	0.00	14559.00
Office & Other Misc Expense	21285.00	42289.00
Payments to auditors (Refer Note)	51525.00	21000.00
Postage & Courier Expense	1490.00	4312.00
Printing And Stationery Expense	3000.00	7945.00
Repairs and maintenance - Computer	2759.00	3646.00
Repairs and maintenance - Vehicle	87260.00	124919.00
Stock Exchange Fees/ Listing Fees	458000.00	729857.00
Telephone & Communication Expense	0.00	47640.00
Kasar & Write Off	514481.44	0.00
Total	1667418.94	1667294.00

**SWORD & SHIELD PHARMA LTD.**

Notes forming part of the financial statements for the year ended on 31st March, 2016

Particulars	(Amount in Rs. ₹)	
	For the year ended on 31-3-2016	For the year ended on 31-3-2015
<b>Note- 22</b>		
<b>PAYMENT TO AUDITORS AS :</b>		
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors -		
For statutory audit	51525.00	21000.00
	<b>Total</b>	<b>51525.00</b>
		<b>21000.00</b>
<b>Note- 23</b>		
<b>Exceptional Item</b>		
Depreciation of Earliear year	0.00	187394.00
Excise Penlty	0.00	15000.00
	<b>Total</b>	<b>0.00</b>
		<b>202394.00</b>
<b>Note- 24</b>		
<b>Prior Period Expenses</b>		
Staff Uniform Exp	300011.00	0.00
	<b>Total</b>	<b>300011.00</b>
		<b>0.00</b>
<b>Note- 25</b>		
<b>DISCONTINUING OPERATIONS</b>		
Profit on Slump Sale of Assets	5262783.00	0.00
	<b>Total</b>	<b>5262783.00</b>
		<b>0.00</b>
<b>Note- 26</b>		
<b>EARNING PER SHARE</b>		
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders	2284353.12	(2363010.00)
Weighted Average number of Equity sahres used as denominator for calculating EPS	4661917.00	4661917.00
Basic and Diluted Earning per Share (in ₹)	0.49	(0.51)
Face Value per Equity Share (in ₹)	10.00	10.00
<b>Note- 27</b>		
<b>Deferred Tax Liability / Assets</b>		
In accordance with Accounting Statndard - 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, Company is accounting for deferred tax.		
Components of Deferred Tax Liabilities / Assets	Opening Balance	Current Year Charge/Credit
Difference in depreciation in block of fixed assets as per Income Tax and Financial Books	1024359.00	0.00
		1024359.00

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**SWORD & SHIELD PHARMA LTD.**

Notes forming part of the financial statements for the year ended on 31st March, 2016

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(Amount in Rs. ₹)

Particulars	For the year ended on 31-3-2016	For the year ended on 31-3-2015
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**Note- 28****RELATED PARTY DISCLOSURE :**

As per Accounting Standard 18, the disclosure of transactions with related parties are given below :

**Name of Related Parties**

1	Pravinbhai M. Patel	Key Person
2	Jyotsnaben P. Patel	Key Person
3	Probi P. Patel	Key Person

Sr No	Related Parties	Nature of transactions	Amount	Amount
			Rs in lacs	Rs in lacs
1	Key Persons	Remuneration	20.00	20.00
2	-do-	Loan Taken	4.00	45.58
3	-do-	Loan Reapid	10.00	0.00
4	-do-	Year End Balance of Loan	39.57	45.58

**Note- 29****CONTINGENT LIABILITIES :**

Claims against the Company not acknowledged as debt Nil Nil

**Note- 30**

In the opinion of Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business. The provision for all liabilities is adequate and not in excess of the amounts considered reasonably necessary.

**Note- 31**

Outstanding Balance of unsecured loans, sundry debtors, sundry creditors, loans and advances and any other outstanding balances including all squared up accounts are subject to confirmation.

**Note- 32**

Previous year's figures have been regrouped/rearranged wherever necessary.

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**SIGNATURE TO NOTES ON ACCOUNTS**

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For and on behalf of Board of Directors

As per our attached report of even date

For, B. K. PATEL & CO  
Chartered Accountants

Pravinbhai M Patel  
Managing Director  
DIN 01877446

Jyotsnaben P Patel  
Director  
DIN 01877469

Prachi Shah  
Company Secretary

Ahmedabad  
30-5-2016

Ahmedabad  
30-5-2016

K.D.Patel  
Partner

**SWORD & SHIELD PHARMA LTD.**

Cash Flow Statement for the year ended 31st March, 2016

(Amount in ₹)

PARTICULAR	For the year 2015-16	For the year 2014-15
<b>(A) Cash Flow from Operating Activities :</b>		
Net Profit Before Tax	2284353.12	(3077991.00)
<b>Non-Cash Adjustment to reconcile Profit Before Tax to Net Cash Flows</b>		
Loss/ (Profit) on sale of fixed asset	(5262783.00)	0.00
Rent Income	(2700000.00)	(385714.00)
Interest Income	(126157.00)	0.00
Depreciation	1352053.00	3619876.00
<b>Operating Profit Before Working Capital Changes</b>	<b>(4452533.88)</b>	<b>343565.00</b>
<b>Movement in Working Capital :</b>		
Increase/(Decrease) in Trade Payables	(531506.45)	(5146192.00)
Increase/(Decrease) in Other Current Liabilities	(4052876.50)	(1346741.00)
Increase/(Decrease) in Short Term Provision	(10177.00)	(77784.00)
Decrease/(Increase) in Inventories	534639.00	842143.00
Decrease/(Increase) in Trade Receivables	1398465.00	2107950.00
<b>Cash Generated from/(used in) Operating Activities</b>	<b>(7113989.83)</b>	<b>(3277059.00)</b>
<b>Nat Cash from Operating Activities (A)</b>	<b>(7113989.83)</b>	<b>(3277059.00)</b>
<b>(B) Cash Flow from Investing Activity :</b>		
Sale / (Purchase) of Fixed Assets	11431770.00	0.00
Change in Short Term Loans & Advances	(4459985.00)	(25535.00)
Interest Received	126157.00	0.00
Rent Received	2700000.00	385714.00
<b>Net Cash from Investing Activities (B)</b>	<b>9797942.00</b>	<b>360179.00</b>
<b>(C) Cash Flow from Financial Activities :</b>		
Change in long Term Borrowings	(2600000.00)	3463117.00
<b>Net Cash Flow from/(used in) Financing Activities (C )</b>	<b>(2600000.00)</b>	<b>3463117.00</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>83952.17</b>	<b>546237.00</b>
Add : Opening Cash & Cash Equivalents	594438.37	48201.37
<b>Closing Cash &amp; Cash Equivalents</b>	<b>678390.54</b>	<b>594438.37</b>

For and on behalf of the Board of Directors

As per our attached report of even date

For, B. K. PATEL & CO  
Chartered Accountants

Pravinbhai M Patel  
Managing Director  
DIN 01877446

Ahmadabad  
30-5-2016

Jyotsnaben P Patel  
Director  
DIN 01877469

Prachi Shah  
Company Secretary

Ahmadabad  
30-5-2016

K.D.Patel  
Partner

## Letter to Registrar and Share Transfer Agent

To,

**MCS Share Transfer Agent Limited**

201, Shatdal Complex, 2nd Floor,  
Ashram Road,  
Opp. Bata Showroom,  
Ahmedabad - 380009.

Dear Sir/Ma'am,

**Sub: Updation of Shareholder Information**

**Ref: Sword and Shield Pharma Limited (CIN: L24231GJ1995PLC024809)**

I/we request you to record the following information against my/our folio no.;

Folio Number		No of Shares Held	
Name of the Shareholder	1.  2.		
Address of The First Holder			
Email Id			
PAN		Telephone No(s)	
Specimen Signature(s)	2.		
<b>Attestation By Bank Under Their Stamp</b> Name of the officer Authorization Code Number Contact Number			

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete/incorrect information, I/we would not hold the Company /RTA responsible. I/We understand that the above details shall be maintained till I/we hold the securities under above folio number. Pursuant to Section 101 of the Companies Act, 2013 read with Rule made thereunder, I also give consent to the company to send the Notices, Annual Reports etc through electronically.

**Place:**

**Date:**

**Signature of sole/ First Holder**

**Note:**

1. The form duly filled and signed with your signature duly attested by your bank under their name, authorization code number, contact number and your Account number with the bank
2. Attested copy of the PAN card.
3. Attested copy of Aadhar Card/Passport/ration Card/Driving Licence/Voter Id (any one) (If PAN card is not obtained)
4. Attested copy of latest utility Bill (Telephone/Electricity/Gas) (any one) (if the address is changed)
5. In case of death of any holder kindly send attested copy of the death certificate.
6. Shareholders who hold the shares in demat mode are requested to update the details with their Depository Participant.

## ATTENDANCE SLIP

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Regd. Folio No./DP Id No.*/Client Id No.*	
No. of Shares held	
Name and Address of the First Shareholder (IN BLOCK LETTERS)	
Name of the Joint holder (if any)	

\*Applicable for investor holding shares in electronic form.

I/we hereby record my/our presence at the 21<sup>st</sup> Annual General Meeting of the Members of Sword And Shield Pharma Limited to be held on Friday, September 30, 2016 at 09.00 a.m. at the registered office of the Company situated at 55, World Business House, Near Parimal Garden, Ambawadi, Ahmedabad – 380 006.

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**Member's/Proxy's Name in Block Letters**

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**Member's/Proxy's Signature****Notes:**

1. A Member/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the Meeting and handover at the entrance duly signed.
2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.

## PROXY FORM

(Form No. MGT-11 - Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member(s)	
Registered Address	
E-mail Id	
Folio No/Client Id	

I/We, being the member (s) of.....shares of the above named company, hereby appoint

Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Members of Sword And Shield Pharma Limited to be held on Friday, September 30, 2016 at 09.00 a.m. at the registered office of the Company situated at 55, World Business House, Near Parimal Garden, Ambawadi, Ahmedabad - 380 006 any adjournment thereof in respect of such resolutions as are indicated below:

### Ordinary Businesses:

To receive, consider and adopt Audited standalone financial statement of account for the financial year ended on March 31, 2016 together with the reports of the Board of Directors' and the Auditors' thereon.

To appoint a Director in place of Mrs. Jyotsnaben Patel (DIN: 01877469), as an Executive Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.

To Consider Ratification of appointment of Auditors of the company.

Signed this.....day of.....2016

**Signature of shareholder**

**Signature of Proxy holder(s)**

Affix  
Revenue  
Stamp  
(Rs. 1)

**Note:** This form of proxy in order to be effective should be duly completed, signed, stamped and be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.