



# Kimia Biosciences Limited

Regd. Office/Works : Village-Bhondsi, Tehsil-Sohna, Distt. Gurugram (Haryana)  
E-mail : [compliance.kimia@gmail.com](mailto:compliance.kimia@gmail.com) & [info@kimiabiosciences.com](mailto:info@kimiabiosciences.com)  
Web : [www.kimiabiosciences.com](http://www.kimiabiosciences.com) | CIN NO. : L24239HR1993PLC032120  
Tel. : +91 9654746544, 9654206544

Ref : KIMIABL/COMP/BSE/21-22/024

Date: 02-09-2021

**BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400001**

**Scrip Code-530313**

**Subject: Submission of Annual Report Along With Notice of the 28<sup>th</sup> Annual General meeting ("AGM") of the members of Kimia Biosciences Limited ("Company") for the financial year 2020-21**

**Ref: Regulation 34(1) and 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015**

Dear Sir/Madam,

This is to inform you that 28<sup>th</sup> AGM of the Company is scheduled to be held on Tuesday, September 28<sup>th</sup>, 2021 at 03:30 pm through Video Conferencing and other Audio Visual Means (VC/OAVM).

We are enclosing herewith the Annual Report of the 28<sup>th</sup> AGM for the Financial Year ended on 31<sup>st</sup> March, 2021 along with notice of AGM.

Further, in compliance with the provisions of the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 read with Circular No. 02/2021 dated 13.01.2020 issued by the Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India, the Notice of the AGM and Annual Report for the Financial Year 2020-21 is being sent by electronic mode to those Members whose email addresses are registered with the Company/Depository Participant(s). The same is also available on the website of the Company i.e. at [www.kimiabiosciences.com](http://www.kimiabiosciences.com).

This is for your information and record.

Thanking You,

**For Kimia Biosciences Limited**

**Abhishek Kumar Pandey**

**Company Secretary & Compliance officer**



**Place- New Delhi**

**Encl-a/a**



**Kimia Biosciences Ltd.**  
Annual Report 2020-21



# **Kimia Biosciences Limited**



## **28<sup>th</sup> Annual Report Financial Year 2020-21**

## *Corporate Information*



**Board of Directors:**

**Mr. Sameer Goel**  
Chairman & Managing Director

**Mr. Jagdeep Dhawan**  
Independent Director

**Mrs. Richa Gupta**  
Independent Director

**Mr. Vipil Goel**  
Director

**Key Managerial Personnel:**

**Mr. Sanjay Gupta**  
Chief Financial Officer

**Mr. Abhishek Kumar Pandey**  
Company Secretary

**Registrar & Share Transfer Agent:**

Beetal Financial & Computer Services  
(P) Limited  
Beetal House, 3<sup>rd</sup> Floor, 99 Madangir,  
New Delhi – 110062

**Registered Office:**

Vill. Bhondsi, Tehsil Sohna Distt.  
Gurugram – 122012, Haryana  
E-mail: [compliance.kimia@gmail.com](mailto:compliance.kimia@gmail.com)

**Statutory Auditors:**

M/s Singhi & Co.  
Chartered Accountants  
(FRN: 302049E)

**Secretarial Auditors:**

M/s VLA Associates  
Company Secretaries  
New Delhi

**Cost Auditors:**

M/s Mahesh Singh & Co,  
Cost Accountants(FRN:100441)

**Listed with Stock Exchange:**

BSE Limited  
1<sup>st</sup> Floor, Rotunda Building, PJ Towers,  
Dalal Street,  
Mumbai – 400001

**Banker:**

State Bank Of India  
HDFC Bank Limited

**Corporate Office:**

974, 9<sup>th</sup> Floor, Aggarwal Millenium  
Tower-II, Netaji Subhash Place,  
Pitampura, New Delhi – 110034





**Kimia Biosciences Ltd.**

Annual Report 2020-21

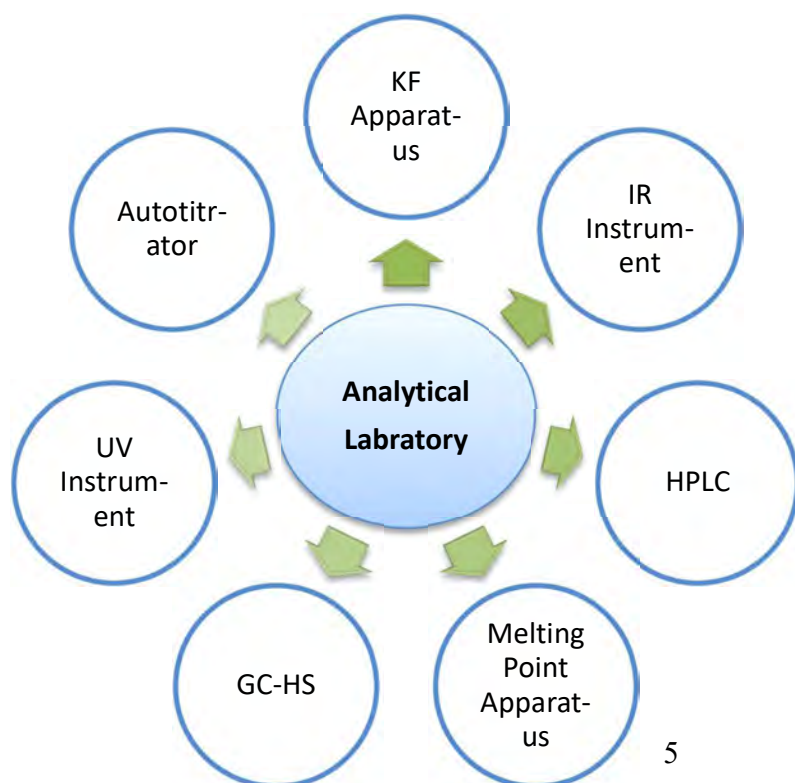


## R&D And Growth

The objective of R&D program is to research and develop new improved drugs with the goal of addressing unmet patient needs with more meticulous resources and to establish a robust portfolio for a new generation of treatments. Kimia is committed to do significant investments in drug research and development in order to produce effective, safe and affordable medicines.

The team at R&D involves people with high skills and expertise having versatile Pharmaceutical exposures and are determined to make Kimia R&D as an advance Centre for Research.

The Research & Development Centre, having state of Art Facility with modern & well equipped machinery is approved by Department of Scientific and Industrial Research (DSIR) vide Registration No. TU/IV-RD/4410/2018 dated 22/01/2019.





R&D at Kimia has evolved much stronger and larger with increased infrastructure during the year 2020-2021 and has forged ahead in development of innovative technologies, cost improvements in existing products & indigenous development of key Raw materials.

The R&D strength has increased significantly to more than 60 scientists and has commercialized more than 20 products while 15-16 molecules are under development which is to be commercialized in next 6-12 months.

The under development molecules includes among others, APIXABAN, BEMPEDOIC ACID, BILASTINE, BRIVARACETAM, DAPAGLIFLOZIN PROPANEDIOL MONOHYDRATE, DELAFLOXACIN MEGLUMINE, GLIMEPIRIDE, IMEGLIMIN HYDROCHLORIDE, ISOTRETINOIN, LINAGLIPTIN, MIRABEGRON, MONTELUKAST SODIUM, REMOGLIFLOZIN ETABONATE, RIVAROXABAN, RIVAROXABAN, TICAGRELOR, VORTIOXETINE HBr and some of the key raw materials which are currently being imported from other countries outside India so as to avoid dependency on them and save foreign exchange.

Another area of advancement is induction of Intellectual property team at the R&D in addition to already existing Chemical Research development, Analytical development, and Regulatory and Quality assurance teams making a complete set of teams needed to run the R&D Centre. The Intellectual property team has filed 4 patents and few more under process of filing for Kimia Biosciences Ltd.



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**Kimia Biosciences Ltd.**

Annual Report 2020-21

**KIMIA BIOSCIENCES LIMITED**

Regd. Off. : Vill. Bhondsi, Tehsil Sohna, Gurgaon-122102, Haryana

E-mail: [compliance.kimia@gmail.com](mailto:compliance.kimia@gmail.com) Web: [www.kimiabiosciences.com](http://www.kimiabiosciences.com)

CIN: L24239HR1993PLC032120, Tel: 011-47063600, +91 9654206544 | +91 9654746544 Fax: 011-47063601/02

**NOTICE OF THE 28TH (TWENTY EIGHTH) ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the Twenty Eighth (28th) Annual General Meeting of Members of Kimia Biosciences Limited will be held on Tuesday, the 28th September, 2021 at 03:30 PM through video conferencing or other audio visual means ("VC/OAVM") to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March 2021, along with the Reports of the Directors' and Auditors' thereon.
2. To appoint a director in place of Mr. Vipul Goel (DIN 00064274), Director, who retires by rotation, and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

3. To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2022

To consider and, if thought fit, to give your assent or dissent to the following resolution as **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to provisions of Section 148 and other applicable provisions, if any, of Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force] and pursuant to recommendation of Audit Committee, the remuneration payable to M/S Mahesh Singh & Co., Cost Accountants having Firm Registration Number 100441, appointed by the Board of Directors of the Company as Cost Auditors to conduct audit of the cost records of the Company for the financial year ending March 31, 2022, amounting to Rs. 40,000/- (Rupees Forty Thousand only) plus out of pocket expenses that may be incurred during the course of audit be and is hereby approved and ratified.

**RESOLVED FURTHER THAT** the approval of Company be accorded to the Board of Directors of the Company (including any committee thereof) to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties and doubts that may arise in this regard."



#### **4. Re-Appointment of Mr. Jagdeep Dhawan (DIN: 00778235) as an Independent Director of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 149, 150, 152, 197 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the approval of the members/shareholders of the Company be and are hereby accorded to the re-appointment of Mr. Jagdeep Dhawan (DIN : 00778235) as an ‘Independent Director’ (Non-Executive) on the Board of the Company for a period of five consecutive years from 29.03.2021 to 28.03.2026 as recommended/ approved by the Nomination & Remuneration Committee and Board of Directors in its meeting held on March 25, 2021.

**RESOLVED FURTHER THAT** any of the Directors for the time being be and are hereby severally authorized to sign and execute all such documents and papers (including appointment letter etc.) as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may considered expedient and necessary in this regard.

**RESOLVED FURTHER THAT** any one of the Directors for the time being be and are hereby severally authorised to sign the certified true copy of the resolution of the resolution to be given as and when required.”

#### **5. Re-Appointment of Mrs. Richa Gupta (DIN: 07481646) as an Independent Woman Director of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 149, 150, 152, 197 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the approval of the members/shareholders of the Company be and are hereby accorded to the re-appointment of Mrs. Richa Gupta (DIN : 07481646) as an ‘Independent Woman Director’ (Non-Executive) on the Board of the Company for a period of five consecutive years from 15.04.2021 to 14.04.2026 as recommended/



approved by the Nomination & Remuneration Committee and Board of Directors in its meeting held on March 25, 2021.

**RESOLVED FURTHER THAT** any of the Directors for the time being be and are hereby severally authorized to sign and execute all such documents and papers (including appointment letter etc.) as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may considered expedient and necessary in this regard.

**RESOLVED FURTHER THAT** any one of the Directors for the time being be and are hereby severally authorised to sign the certified true copy of the resolution of the resolution to be given as and when required.”

**6. To approve re-appointment of Mr. Sameer Goel (DIN: 00161786) as the Chairman and Managing Director of the company liable to retire by rotation.**

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

“**RESOLVED THAT** pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 117, 196, 197, 198 and 203 read with Schedule V and Article of Association of the Company as amended from time to time and all other applicable provisions of the Companies Act 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (Including any statutory modification or re-enactment(s) thereof for the time being in force), the consent of the members of the Company be and are hereby accorded to re-appoint Mr. Sameer Goel (DIN: 00161786) as the Chairman and Managing Director of the Company, for a period of Five (5) years from March 29, 2021 to March 28, 2026 as recommended/approved by the Nomination & Remuneration Committee and Board of Directors in its meeting held on March 25, 2021, on the terms and conditions as set out in explanatory statement annexed to the notice convening this meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment as it may deem fit and as may be accepted to Mr. Sameer Goel.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits during the term of Mr. Sameer Goel, the remuneration as mentioned in the explanatory statement shall be paid to him as minimum remuneration including any increment/ change in the remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any committee thereof) be and are hereby authorised to do all such acts deeds matters and things and to take all such steps as may be required, in this connection including seeking all necessary approvals to give effect to this resolution and to settle any question, difficulties and doubts that may arise in this regard.”.



**By the Order of the Board of Directors  
For Kimia Biosciences Limited**

**Sd/-  
Sameer Goel  
(Chairman & Managing Director)  
(DIN: 00161786)**

**Place: 28.08.2021**

**Date: New Delhi**

**Notes:**

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“the Act”) read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (“the Rules”), as amended, setting out the material facts concerning the said Resolutions and the reasons thereof is annexed hereto and forms part of this Notice (“Notice”)
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
3. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
4. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.



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

#### **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE ASUNDER:-**

The remote e-voting period begins on **25<sup>th</sup> September, 2021** at 9:00 A.M. and ends on **27<sup>th</sup>, September, 2021** at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. **September 21, 2021**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **September 21, 2021**.

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

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

#### **Step 1: Access to NSDL e-Voting system**

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


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

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





Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “<b>Login</b>” which is available under ‘<b>Shareholder/Member</b>’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol>

	
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>



Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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

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



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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your



‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

c) How to retrieve your ‘initial password’?

- (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:

- a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

8. Now, you will have to click on “Login” button.

9. After you click on the “Login” button, Home page of e-Voting will open.

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

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

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.





5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

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

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

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



with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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

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

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

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



7. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [www.laurel.co.in](http://www.laurel.co.in). The same will be replied by the company suitably.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
9. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / 1800-222-990
10. The Ministry of Corporate Affairs has undertaken a “Green Initiative in Corporate Governance” and allowed companies to share documents with its shareholders through an electronic mode. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020 read with circular dated 15.01.2021, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the company / Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the company’s website [www.kimiabiosciences.com](http://www.kimiabiosciences.com), and websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and Members are requested to support this Green Initiative by registering/updating their email addresses for receiving electronic communications.
11. The Company has appointed M/s Beetal Financial and Computer Services Private Limited, Delhi as the Registrar and Share Transfer Agents. Members are requested to register/update/notify immediately about any change in their address/e-mail address /bank details to their Depository Participant (DP) in respect of their shareholding in Demat mode and in respect of their physical shareholding to M/s Beetal Financial and Computer Services Private Limited, Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, Delhi 110062 either physically or by sending mail on [beetalrta@gmail.com](mailto:beetalrta@gmail.com).
12. Members can inspect the register of directors and key managerial personnel and their shareholding, required to be maintained under section 170 of the Companies Act, 2013 and register of contracts or arrangements in which the directors are interested, to be maintained under section 189 of the Companies Act, 2013 on website of the company during the course of the meeting.
13. Members who still holding shares in physical form are advised to Dematerialize their shareholding to avail of the benefits of dematerialization which include easy liquidity since trading is permitted only in dematerialized form, electronic transfer, savings in stamp duty, prevention of forgery, etc.
14. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act are requested to write to the Company's RTA.
15. Subject to receipt of requisite number of votes, the resolution(s) at item no. 1 to 6 in Notice of AGM shall be deemed to be passed at the 28th Annual General Meeting of the Company scheduled to be held on Tuesday, 28th September, 2021
16. The Company has decided to close the Register of Members and the Share Transfer Register on September 22, 2021 up to September 28, 2021, in terms of the provisions of the Companies Act, 2013



and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Cut-off date to record the entitlement of shareholders for the purpose of e-voting is September 21, 2021

17. SEBI has mandated 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 Participant with whom they are maintaining their Demat accounts and members holding shares in physical form to the Company/ RTA.
18. Members, who have not registered their e-mail addresses so far, are requested to register their email address with the Company/ Depository Participant for receiving all communication including Annual Report, Notices, and Circulars etc. from the Company electronically.
19. The result, along with the Scrutinizer's Report, will be announced on or before Thursday, 30th September 2021 and placed on the website of the Company and NSDL and shall be communicated to BSE Limited.

**EXPLANATORY STATEMENTS IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO THE PROVISIONS OF SECTION 102 OF COMPANIES ACT, 2013****Item No. 3**

The Company is required under Section 148 of the Companies Act, 2013 (Act) read with Companies (Cost Records and Audit) Amendment Rules, 2016 to have the audit of its cost records conducted by a Cost Accountant in practice. The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s Mahesh Singh & Co., Cost Accountants (Firm's Registration No. 100441) to conduct audit of cost records of the Company for products covered under the Companies (Cost Records and Audit) Amendment Rules, 2016 for the financial year ending on 31st March, 2022, at a remuneration of Rs. 40,000/- (Rupees Forty Thousand only) plus reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the said Rules, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the Members of the Company.

The Board is of the opinion that of above transactions shall be in best interest of the company. None of the Directors, Key Managerial Personnel of the company and their relatives, are in any way concerned or interested in the said Resolution.

The Board of Directors recommends the **Ordinary resolution** set out at Item No. 3 of the Notice for approval by the Members.

**Item No. 4:**

Section 149 of the Companies Act, 2013 ('the Act'), provides that every listed public company shall have at least one third of the total number of directors as independent directors. The independent Director can be appointed for any period up to 5 years but can be reappointed for other term of not more than 5 years by passing a special resolution. The Board of Directors of the Company appointed, Mr. Jagdeep Dhawan (DIN: 00778235) as an Independent Director of the Company which was ratified by members in its 23<sup>rd</sup> Annual General Meeting to hold office for a period of five (5) consecutive years till 28th March 2021. Keeping in view the expertise he holds and pursuant to recommendation accorded by Nomination and Remuneration committee, the board in its meeting held on 25.03.2021 reappointed Mr. Jagdeep Dhawan for second term of five years subject to approval by members at 28<sup>th</sup> Annual General Meeting. If approved, he shall hold office till the 28th March 2026.

Mr. Jagdeep Dhawan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from, Mr. Jagdeep Dhawan that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act. Mr. Jagdeep Dhawan, is having rich experience in marketing of API & Pharmaceutical products and wide range of experience of pharmaceutical industry and is a successful entrepreneur. Mr. Dhawan has been associated with various renowned pharma companies in the country & is having experience of more than 23





years in the industry keeping in view his vast expertise and knowledge; it will be in the interest of the Company that, Mr. Jagdeep Dhawan is appointed as an Independent Director.

Further in the opinion of the Board, the independent directors proposed to be appointed fulfill the conditions specified in the Act and the rules made there under and that the proposed directors are independent of management. Information as required under Secretarial Standards -2 and SEBI (LODR) Regulations 2015 in respect of the aforesaid director is provided below:

Sr. no.	Particulars	Mr. Jagdeep Dhawan
1.	Age	51
2.	Date of First Appointment to the Board	29.03.2016
3.	Qualification	Graduate
4.	Directorships held in other companies	1
5.	Memberships / Chairmanships of committees of other companies	Nil
6.	Number of shares held in the Company	Nil
7.	Terms and conditions of appointment	Re-appointed for the period of 5 Years
8.	the number of Meetings of the Board attended during the year and other Directorships, Membership/ Chairmanship of Committees of other Boards	10 Chairperson of Audit Committee, Chairperson of Nomination and Remuneration Committee, Chairperson of Stakeholder Relationship committee, Member of Share allotment Committee, member of CSR Committee
9.	Remuneration last drawn	Nil

Save and except, Mr. Jagdeep Dhawan and his relatives, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board considers that, his appointment is in the best interest of the Company & thereafter recommends the resolution for your approval as **Special resolution**. The letter of appointment along with declaration of independence will be open for inspection at the Registered Office of the Company during normal business hours on all days except Saturdays and Sunday, up to and including the date of the Annual General Meeting.

#### **Item No. 5:**

As per the provisions of Section 149 of the Companies Act, 2013('the Act'), provides that every listed public company shall have at least one third of the total number of directors as independent directors. The independent



Director can be appointed for any period up to 5 years but can be reappointed for other term of not more than 5 years by passing a special resolution. The Board of Directors of the Company appointed, Ms. Richa Gupta (DIN: 07481646) as an Independent Woman Director of the Company which was ratified by members in its 23<sup>rd</sup> Annual General Meeting to hold office for a period of five (5) consecutive years till 14th April 2021. Keeping in view the expertise she holds and pursuant to recommendation accorded by Nomination and Remuneration committee, the board reappointed Ms. Richa Gupta (DIN: 07481646) for second term of five years in its meeting held on 25.03.2021 subject to approval by members at 28<sup>TH</sup> Annual General Meeting. If approved, she shall hold office till the 14th April 2026. Ms. Richa Gupta is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from, Ms. Richa Gupta that she meets with the criteria of independence as prescribed both under subsection (6) of Section 149 of the Act. The Company has received necessary notice of candidature in respect of Ms. Richa Gupta under Section 160 of Companies Act, 2013.

Brief resume of, Ms. Richa Gupta, nature of his expertise in specific functional areas is mention below. Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that, Ms. Richa Gupta is appointed as an Independent Woman Director. Further in the opinion of the Board, the independent directors proposed to be appointed fulfill the conditions specified in the Act and the rules made there under and that the proposed directors are independent of management.

Information as required under Secretarial Standards -2 and SEBI (LODR) Regulations 2015 in respect of the aforesaid director is provided below:

Sr. no.	Particulars	Ms. Richa Gupta
1.	Age	41
2.	Date of First Appointment to the Board	15.04.2016
3.	Qualification	Graduate
4.	Directorships held in other companies	Nil
5.	Experience	13 years
6.	Memberships / Chairmanships of committees of other companies	Nil
7.	Number of shares held in the Company	Nil
8.	Terms and conditions of appointment	Re-appointed for the period of 5 Years
9.	the number of Meetings of the Board attended during the year and other Directorships, Membership/ Chairmanship of Committees of other Boards	10 Member of Audit Committee Member of Nomination and Remuneration Committee, Member of Stakeholder Relationship committee, Member of Share



		allotment Committee
10.	Remuneration last drawn	Nil

Save and except, Ms. Richa Gupta, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board considers that, his appointment is in the best interest of the Company & thereafter recommends the resolution for your approval as **Special resolution**. The letter of appointment along with declaration of independence will be open for inspection at the Registered Office of the Company during normal business hours on all days except Saturdays and Sunday, up to and including the date of the Annual General Meeting.

### **Item No. 6**

Mr. Sameer Goel, ( DIN: 00161786), aged 47 years, a Delhi University Commerce graduate, holds a stature in the Indian API market and has strong multi-dimensional capabilities in the areas of Business Development, Product Development, Strategic Marketing and Operations Management. As a co-founder of Biotavia Group, a group which deals in Pharmaceutical products, he had run the organization for 19 years and played a key leadership role in acquiring and aligning the strong support of professional networks, business partners and executive teams to accomplish expertise in manufacture, sales, marketing and trading of various APIs and its Intermediates. Mr. Goel diverting away from the family partnership business, started Kimia Biosciences Pvt Ltd in 2012, a company based at Pitampura, New Delhi. Kimia is engaged in dealing of bulk drugs addressing to various high potential therapeutic segments. Kimia get its products manufactured on job work basis from facilities at Derabassi, Punjab and few other locations in the country that enables it to produce wide range of APIs. He holds nerves of pharmaceutical APIs business and having in-depth knowledge about Industry, Market and products. He is well known face in amongst the APIs industries. He is great visionary with good sense of business.

Keeping in view his qualification and his leadership qualities supported by experience, the Board of Directors in their meeting held on 25th March 2021 on the recommendation of the Nomination and Remuneration Committee, had re-appointed Mr. Sameer Goel, as Chairman cum Managing Director for a subject to the approval of the shareholders on the following terms and conditions in compliance of Schedule V of the Companies Act, 2013

Period of Appointment: Five (5) years w.e.f. 29th March, 2021

Remuneration: For a period of three (3) years from 29th March, 2021

COMPENSATION DETAILS			
		Annual	Monthly
		6000000	500000
Fixed Component (Gross) A			
Basic	(50% of Basic)	3000000	250000
HRA	(50% of Basic)	1500000	125000
SPECIAL ALLOWANCE	Fixed	734000	61167
Newspaper & Journal Allowance	Fixed	12000	1000
Attire Allowance	Fixed	24000	2000



<b>Reimbursements</b>			
Vehicle maintenance & Petrol	5% of gross	300000	25000
<b>TOTAL A</b>		<b>5570000</b>	<b>464167</b>
<b>Annual Benefit – B</b>			
Leave & travel Allowance	Fixed and Annual	250000	20833
<b>TOTAL B</b>		<b>250000</b>	<b>20833</b>
<b>Other Benefits Contribution C</b>			
L.W.F.	Fixed	600	50
Medical Insurance	(As per SI, No. of members and their age band)	12500	1042
Group Personal Accident	(As per SI and age band)	1000	83
PF(Employer)	(12% of Basic fixed at 15000p.m.)	21600	1800
Gratuity (Employer)	(4.81% of Basic)	144300	12025
Own your asset scheme	As per policy	0	0
Other benefits if any	As per eligibility or management's discretion	0	0
<b>TOTAL C</b>		<b>180000</b>	<b>15000</b>
<b>TOTAL REMUNERATION (A+B+C)</b>		<b>6000000</b>	<b>500000</b>

**Note:** Mr Sameer Goel will also be entitled to yearly increment upto 15% p. a. of Total Remuneration as may be decided by the Board.

Mr. Sameer Goel is not debarred from appointment pursuant to any order of SEBI or any other competent authority.

Necessary disclosure as required under Part II of Schedule V in connection with the payment of remuneration to Mr. Sameer Goel along with information as required under Secretarial Standards -2 and SEBI (LODR) Regulations 2015 and Secretarial Standards 2 forms part of this notice. The above details shall also be treated as necessary memorandum under Section 190 of the Companies Act, 2013.

**Information as required under Secretarial Standards -2 and Regulation 36 of SEBI (LODR) Regulations 2015 in respect of the aforesaid director is provided below:**

<b>S. No.</b>	<b>Particulars</b>	<b>Details</b>
<b>1)</b>	Brief Resume	Mr. Sameer Goel holds a tall stature in the Indian API market with more than 22 years of experience and has strong multi-dimensional capabilities in the areas of Business Development, Product Development, Strategic Marketing and Operations Management.
<b>2)</b>	Age	47 years
<b>3)</b>	Qualification	Graduate
<b>4)</b>	Experience	14 years
<b>5)</b>	Nature of his expertise in specific functional areas	Business Development, Product Development, Strategic Marketing and Operations Management.



6)	Date of first appointment on the Board	29th March 2016
7)	Remuneration last drawn	Rs. 58.56 Lacs p.a. from Kimia Biosciences Limited
8)	Shareholding in the company held either by them or on a beneficial basis for any other persons	As on date: 3,01,37,381 equity shares of Re. 1/- each
9)	Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Brother of Mr. Vipul Goel (Non-Executive Director)
10)	The number of meetings of the Board attended during the year and	10 meetings of the Board have been attended during the Financial Year 2020-21
11)	Other Directorships, Membership/Chairmanship of Committees of other Boards	<p>Member of the Audit Committee, Chairman of Share Allotment Committee, Chairman of Corporate Social Responsibility Committee.</p> <p>Biotavia Pharm Limited, Zeneses Biosciences Private Limited, Actavia Pharmaceuticals Private Limited, Biotavia Labs Private Limited</p> <p>There are no <b>listed companies</b> in which he holds directorship and the membership of Committees of the board except of Kimia Biosciences Limited</p>

The letter depicting the aforesaid revision is available for inspection by the members of the Company between hours of 11 a.m. and 1 p.m. on any working day except and other public holiday till 28th September, 2021 and will also be available at the meeting.

**A statement containing required information as per section II of Part II of Schedule V of the Companies Act, 2013**

<b><u>General Information:</u></b>					
<b>i. Nature of Industry</b>	Kimia Biosciences Ltd. is engaged in manufacturing of bulk drugs addressing to various high potential therapeutic segments and has envisaged high growth plans through infrastructure creation and CMS.				
<b>ii. Date of commencement of Commercial production:</b>	October 19, 1993				
<b>iii. Financial performance based on given indicators:</b>			Year ended March 31, 2021	Year ended March 31, 2020	
		Particulars			





Annual Report 2020-21

	<table><tr><td><b>Net Sales/ Income from operation</b></td><td>13271.38</td><td>10628.63</td></tr><tr><td>Total Income</td><td><b>13517.00</b></td><td><b>10725.00</b></td></tr><tr><td>Expenses</td><td><b>12963.56</b></td><td><b>10602.40</b></td></tr><tr><td>Profit before Tax</td><td><b>553.44</b></td><td><b>122.60</b></td></tr><tr><td><b>Less: Tax Expenses</b></td><td>43.00</td><td>(15.51)</td></tr><tr><td>Profit After Tax</td><td><b>510.44</b></td><td><b>138.11</b></td></tr><tr><td>Other comprehensive income for the year</td><td>(3.99)</td><td>(1.16)</td></tr><tr><td>Total Comprehensive income for the year</td><td>506.45</td><td>136.95</td></tr><tr><td>Earnings per Share (Basic)</td><td><b>1.08</b></td><td><b>0.32</b></td></tr><tr><td>Earnings per Share (Diluted)</td><td>1.08</td><td>0.28</td></tr></table>	<b>Net Sales/ Income from operation</b>	13271.38	10628.63	Total Income	<b>13517.00</b>	<b>10725.00</b>	Expenses	<b>12963.56</b>	<b>10602.40</b>	Profit before Tax	<b>553.44</b>	<b>122.60</b>	<b>Less: Tax Expenses</b>	43.00	(15.51)	Profit After Tax	<b>510.44</b>	<b>138.11</b>	Other comprehensive income for the year	(3.99)	(1.16)	Total Comprehensive income for the year	506.45	136.95	Earnings per Share (Basic)	<b>1.08</b>	<b>0.32</b>	Earnings per Share (Diluted)	1.08	0.28
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<b>iv. Foreign Investments or collaborators, if any:</b>	<b>NIL</b>																														
<b><u>Information about the appointee:</u></b>																															
<b>i. Background details:</b>	Mr. Sameer Goel holds a tall stature in the Indian API market with more than 23 years of experience and has strong multi-dimensional capabilities in the areas of Business Development, Product Development, Strategic Marketing and Operations Management. He has played a key leadership role with various organizations in acquiring and aligning the strong support of professional networks, business partners and executive teams to accomplish expertise in manufacturing, sales, marketing and trading of various APIs and its Intermediates. Currently, Mr. Goel is responsible for providing overall leadership in achieving business & product development goals and formation of strategic partnerships in Business.																														
<b>ii. Past remuneration:</b>	Rs. 60,00,000/- p.a. from Kimia Biosciences Limited																														
<b>iii. Recognition or awards:</b>	N.A.																														



<b>iv. Job profile and suitability:</b>	Business Development, Product Development, Strategic Marketing and Operations Management.
<b>v. Remuneration proposed:</b>	Rs. 60,00,000/- p.a. with upto 15% yearly increment as may be decided by the Board.
<b>vi. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:</b>	There are no set standards for remuneration in the industry. The executive remuneration in the industry has been increasing significantly in last few years. Keeping in view the type /trends in the industry, size of the Company, the profile and responsibilities shouldered by Mr. Sameer Goel, the Board believes that the remuneration proposed to be paid to him as Managing Director is appropriate and commensurate with the industry standards. Further the remuneration proposed to be paid to him is in accordance with the Nomination and Remuneration Policy of the Company and as per the approval and recommendation of Nomination and Remuneration Committee of the Board.
<b>vii. Pecuniary relationship directly/indirectly with the Company or managerial personnel if any:</b>	Withdraw remuneration from the Company as stated above.
<b><u>Other Information:</u></b>	
<b>i. Reasons of loss or inadequate profits:</b>	In past, losses were on account of slowdown in market and economy. However, the company is recovering from such losses.
<b>ii. Steps taken or proposed to be taken for improvement:</b>	Plant expansion and product development as per Board Report.
<b>iii. Expected increase in productivity and profits in measurable terms:</b>	The objective and focus of the Board of Directors is to take the Company to heights in pharmaceutical industry. Towards this end, the company has already put in place the required roadmap and in the backdrop of the re-engineered business model and sound R&D, it is hoped to sustain the profitability in the FY 2021-22 and thereafter to grow its profitability.



**Kimia Biosciences Ltd.**

Annual Report 2020-21

No person, as specified under Section 102(1)(a) of the Act, other than Mr. Sameer Goel, Mr. Vipul Goel, Mrs. Vandana Goel (Wife of Mr. Sameer Goel), Mrs. Santosh Goel (Mother of Mr. Sameer Goel) and Mrs. Deepa Goel (Wife of Mr. Sachin Goel), is in any way concerned or interested in this Resolution at item No. 6 proposed to be passed. The Board recommends the resolution No. 6 to be passed as **Special resolution**.

**By the Order of the Board of Directors  
For Kimia Biosciences Limited**

**SD/-**

**Sameer Goel  
(Chairman & Managing Director)**

**Date: 28.08.2021**

**Place: New Delhi**



# **BOARD'S REPORT**

## **FY 2020-21**

**BOARD'S REPORT**

**Dear Shareholders,  
Kimia Biosciences Limited**

The Directors have the pleasure of presenting the Twenty Eighth (28<sup>th</sup>) Annual Report together with the Audited Financial Statement and Auditor's Report of your Company for the year ended 31<sup>st</sup> March, 2021.

**FINANCIAL OUTLOOK****FINANCIAL HIGHLIGHTS****(Rupees in Lakhs)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Net Sales/ Income from operation</b>	13271.38	10628.63
Total Income	<b>13517.00</b>	<b>10725.00</b>
Expenses	<b>12963.56</b>	<b>10602.40</b>
Profit before Tax	<b>553.44</b>	<b>122.60</b>
<b>Less: Tax Expenses</b>	43.00	(15.51)
Profit After Tax	<b>510.44</b>	<b>138.11</b>
Other comprehensive income for the year	(3.99)	(1.16)
Total Comprehensive income for the year	506.45	136.95
Earnings per Share (Basic)	<b>1.08</b>	<b>0.32</b>
Earnings per Share (Diluted)	1.08	0.28

**COVID-19 PANDEMIC**

As we march into a post-pandemic world, the next few months will be challenging but your company's robust business model, strong financials, and deep relationships with customers, will play a critical role in keeping us ahead of the curve. Your company is poised to embrace the change and take the business to new heights. A humanitarian crisis of the scale of the COVID-19 pandemic presents times of great uncertainty and change. While industries and individuals are grappling with the challenges, the global pharmaceutical industry has taken center stage in the fight against COVID-19, its contribution ranging from vaccine development, research on repurposed and novel medicines, production of testing kits, and support to frontline workers and the needy.

The COVID-19 pandemic has disrupted economies across the world and the pharmaceutical industry is at the forefront in the fight against the global pandemic. The industry has quickly adapted itself to the changed dynamics and has ensured continuity of supply so that patients continue to get access to their medications.



The industry has also stepped in to supply medicines for the treatment of COVID-19 symptoms and other associated ailments. Some of the pharmaceutical companies have developed COVID-19 vaccines in record time. The pandemic is accelerating a significant change across the healthcare ecosystem in various countries and forcing public and private health systems to adapt and innovate at a pace like never before. Governments across the world have increased spending on healthcare to counter the pandemic. There is also an increasing realisation in middle and low income economies that healthcare related investments need to be increased, which will lead to better/earlier diagnosis and appropriate treatment for patients. Another area of focus is making the supply chain resilient. This will require striking a pragmatic balance between outsourcing and self-sufficiency. Recognising the important role of the pharmaceutical industry and to strengthen its competitiveness, the Government of India has floated Production-Linked Incentive (PLI) Schemes. The objective of these schemes is to enhance India's manufacturing capabilities to meet global scale apart from encouraging higher investment in R&D for the development of innovative and complex products that will enable the Indian pharmaceutical industry to meet the global demand of pharmaceutical products.

In light of the COVID-19 pandemic, the pharma industry will also witness massive shifts in R&D, supply chain, operations, digital adoption and talent management. We are using this challenge as an opportunity to become more resilient, more efficient and more focused on bringing quality, affordable treatments to market faster to help improve outcomes for patients. Being a part of Essential Services, the pharma industry has been particularly responsive to the disruption caused by COVID-19 and taken exemplary and expedited steps to ensure business continuity. In fact, the Operations model of pharma companies has become a ready working model for resumption of manufacturing operations across industries. Overcoming input material disruptions and logistic challenges, our commercial and operational teams at Kimia are working closely with our customers and government agencies to ensure that we are able to maintain a consistent supply of our products, including those for the treatment of COVID-19

## CHANGE IN ACCOUNTING TREATMENT

There has been no change in the accounting policies during the period under review.

## SHARE CAPITAL

The Share Capital structure of the company is as follows:

### i. Authorized share capital:

Particulars	Amount (Rs.)
Equity Shares 7,73,31,680 of face value of Re. 1/- each	7,73,31,680
Compulsory Convertible Preference Share 65,18,320 of Re. 1/-each	65,18,320
0.1% Redeemable Non-Convertible Cumulative Preference Share 80,00,000 of Rs. 10/-each	80,00,000





<b>Total Authorized Share Capital</b>	<b>163,850,000</b>

**ii. Issued, Subscribed and Paid-up Share capital**

Particulars	Amount (Rs.)
4,73,12,741 Equity Shares of Re. 1/- each	4,73,12,741
80,00,000 , 0.1% Redeemable Non-Convertible Cumulative Preference Share of Rs. 10/- each	80,000,000
<b>Total Paid-up Share Capital</b>	<b>12,73,12,741</b>

**Note:**

1. As at the end of the financial year, the issued, subscribed paid-up share capital remains as above.
2. During the year the Company has converted 9,58,790 compulsory convertible preference shares into equity share pursuant to Scheme of Amalgamation approved by Hon'ble NCLT Chandigarh. After conversion, each holder of equity shares have the same rights and shall rank pari-pasu with existing equity shares of Re. 1/- each.
3. Each preference share holder is eligible for equal amount of dividend, in case dividend is declared by the company on other class of shares. Preference shares shall rank senior to all present and future preference shares and/or equity shares issued by the Company. 40,00,000 Preference shares shall be redeemed at the option of the Company, at any time within a period not exceeding ten years from the date of allotment on May 17, 2016 and 40,00,000 Preference shares shall be redeemed at the option of the Company, at any time within a period not exceeding ten years from the date of allotment on 07.10.2019 under the provisions of the Companies Act, 2013 and Rules made thereunder.

**HOLDING, SUBSIDIARY, ASSOCIATE COMPANIES**

During the period under review company has no subsidiary, holding or Associate company.

**DIVIDEND**

Your Directors have decided to reinvest the earnings in the growth of business and for this reason, have decided to not to recommend any amount for declaration of Dividend for the year under review

Further, there were no amounts of unclaimed dividend to be transferred to Investor Education & Protection Fund (IEPF) as per the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

**TRANSFER TO RESERVES**

Entire amount of Net Profit of Rs. 510.44 has been transferred to the Reserves. No amount has been transferred or proposed to be transferred to any other reserves.

**PUBLIC DEPOSITS**

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

**LOANS, GUARANTEES AND INVESTMENTS**

In compliance with provisions of Section 134(3)(g) of the Act, particulars of loans, guarantees, investments and securities given under Section 186 of the Act are given in the notes to the Financial Statements forming part of this Annual Report.

**BUSINESS OUTLOOK****STATE OF COMPANY'S AFFAIRS**

The company has achieved turnover of Rs. 13271.38 Lakhs during the financial year with a year to year growth of 25% with a net profit of Rs. 510.44 lacs. The net profit has increased compare to previous year due to extra demand of API in pharmaceutical market..

The Company has been consistently practicing prudent finance and working capital management. The strong focus on working capital and liquidity management has helped timely generation of sufficient internal cash flow to invest in long term strategic objectives of the Company.

The Company has revamped its Plant in accordance with Good Manufacturing Practice (GMP) Standards for pharmaceutical productions in past & got certification from State FDA, Haryana and continuously upgrading it to meet the international regulatory requirements. During the year the in addition to above, company has also been granted certificate in relation to Bilastine, Briveracetam, Azelnidipine and Obeticholic Acid. Also company is having a written authorization/confirmation from DGCI regarding Vildagliptin, Obeticholic acid and Fimasartan, which plays very important role in our Export Business.

- **Relevance of such license to the listed entity-** The Company shall initiate the process of manufacturing final product bulk drugs – Active Pharmaceutical Ingredients (APIs) and can market its products overseas makets covering WHO certifications.



- The Company has Research & Development (R&D) at its plant located at Village Bhondsi, Tehsil Sohna, Distt. Gurgaon, Haryana-122102.

The Company has planned capital expenditure to the tune of approx. 10-12 Crores during Financial Year 2021-22 for providing and upgrading facilities such as new equipments, Clean rooms (Powder processing units), separate quality and upgrading of utilities to meet with enhanced manufacturing. The ongoing expenditure is to aim at achieving the vision of the company for enhancement of capacities and expand the export market globally.

#### **CHANGE IN NATURE OF BUSINESS**

There has been no change in nature of business activity of the Company.

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#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

No significant and material orders were passed during the period under review.

**GOVERNANCE OUTLOOK****CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance aims to ensure establishing and practicing a sound system of good corporate governance which will not only meet Company's objectives but will render assistance to the management in managing the company's business in an ethical, compliant, efficient and transparent manner for achieving the corporate objectives so as to provide services to the utmost satisfaction of the customer and to conduct business in a manner which adds value to the Company's brand and all its stakeholders like shareholders, employees, customers, suppliers, vendors etc.

**CORPORATE GOVERNANCE REPORT**

In terms of Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as Listing Regulations), the Paid-up Equity Share Capital of the Company is less than 10 crore and the Net worth is less than Rs. 25 crore as on March 31, 2020 as well as on March 31, 2021. Thus, the requirement to submit Corporate Governance Report is not applicable on the Company.

**DEPOSITORY SYSTEM**

The Company has entered into an agreement with the National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in dematerialized form. The Company also offers simultaneous dematerialization of the physical shares lodged for transfer.

The ISIN of the Equity Shares is INE285U01025.

**LISTING**

The Equity Shares of your Company are listed on BSE Limited having Scrip Code 530313.

Further, the Company timely paid the Annual Listing Fees to BSE Limited.

**BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review following changes took place;

1. Mr. Vipul Goel, who was appointed as an additional director (liable to retire by rotation) on the Board of the company w.e.f. 07/10/2019 under Non-Executive Category, was regularised as Non Executive Director on the Board by approval of members in its 27th Annual General Meeting held on 28.09.2020.



2. Mr. Sameer Goel, (DIN: 00161786) Chairman & Managing Director of the Company, who was appointed in Board meeting dated 29.03.2016 for the period of 5 years and who has completed his tenure on 28.03.2021. Upon receiving recommendation from Nomination and remuneration committee the board has reappointed Mr. Sameer Goel as Chairman and Managing director of the company for the period of 5 years in its Board meeting dated 25.03.2021 and who shall hold office till 28.03.2026 subject to approval of terms and conditions by members of the company in its ensuing Annual General Meeting.

3. Mr. Jagdeep Dhawan (DIN: 00778235), Independent Director of the Company, who was appointed in Board meeting dated 29.03.2016 for the period of 5 years and who has completed his tenure on 28.03.2021. Upon receiving recommendation from Nomination and remuneration committee the Board has reappointed Mr. Jagdeep Dhawan in its Board meeting dated 25.03.2021 as an Independent director of the company for the period of 5 years and who shall hold office till 28.03.2026 subject to approval by members of the company in its ensuing Annual General Meeting.

4. Mrs. Richa Gupta (DIN: 07481646), Independent Woman Director of the Company, who was appointed in Board meeting dated 29.03.2016 for the period of 5 years and who has completed her tenure on 14.04.2021. Upon receiving recommendation from Nomination and remuneration committee the Board has reappointed Mrs. Richa Gupta in its Board meeting dated 25.03.2021 as an Independent woman director of the company for the period of 5 years and who shall hold office till 14.04.2026 subject to approval by members of the company in its ensuing Annual General Meeting.

The Board of Directors ("Board") comprises of optimum number of Executive, Non-Executive, and Independent Directors as required under applicable legislations. As on date of this Report, the Board consists of four (4) Directors comprising one (1) Executive Managing Director and one (1) Non-Executive Director and two (2) Independent Directors including one (1) Independent Woman Director as required under Section 149 of the Companies Act, 2013 & rules made thereunder and Regulation 17 of the Listing Regulations.

## BOARD MEETINGS

During the year, Ten (10) Board Meetings were held on 13.04.2020, 30.05.2020, 26.06.2020, 18.08.2020, 01.09.2020, 05.11.2020, 23.11.2020, 11.02.2021, 05.03.2021 and 25.03.2021.

Name of Director	Designation/ Category	Number of other director ship held	Number of other Board Committees of which member/ chairperson	Number of Board Meetings held during the tenure	Board Meetings attended	Attendance at the last AGM
<b>Mr. Sameer Goel</b>	Chairman & Managing	4	NIL	10	10	Yes



	Director/ED					
<b>Mr. Jagdeep Dhawan</b>	Independent Director	1	NIL	10	10	Yes
<b>Mrs. Richa Gupta</b>	Independent Director	NIL	NIL	10	10	Yes
<b>Mr. Vipul Goel</b>	Director/ NED	5	NIL	10	10	Yes

## DECLARATION OF INDEPENDENCE

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI Listing Regulations 2015.

## COMMITTEES OF BOARD

### AUDIT COMMITTEE

The constitution of the Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013. During the year under review, Nine (9) meetings of the Audit Committee were held on 13.04.2020, 30.05.2020, 26.06.2020, 18.08.2020, 01.09.2020, 05.11.2020, 23.11.2020, 11.02.2021 and 05.03.2021.

The composition of the Committee is given in the table below:

Name & Designation	Category of Directorship
<b>Mr. Jagdeep Dhawan</b>	NED ID
<b>Mrs. Richa Gupta</b>	NED ID
<b>Mr. Sameer Goel</b>	MD

The Chairman of the Committee attended the last AGM of the Company. The Company Secretary acted as the Secretary to the Committee. The Statutory Auditors, Internal Auditors, Secretarial Auditors and other related functional executives of the Company also attended the meeting when required. Further, the Board has accepted all the recommendation of Audit Committee during the period.

## NOMINATION AND REMUNERATION COMMITTEE





The Nomination and Remuneration Committee recommends the appointment of Directors and remuneration of such Directors other than Independent Directors. During the year under review, five meetings of the Committee were held on 13.04.2020, 26.06.2020, 18.08.2020, 01.09.2020 and 25.03.2021.

The composition of the Committee is given below:

Name & Designation	Category of Directorship
<b>Mr. Jagdeep Dhawan</b>	NED-ID
<b>Mrs. Richa Gupta</b>	NED ID
<b>Mr. Vipul Goel</b>	NED

The Company Secretary provided the secretarial support to the Committee.

## NOMINATION AND REMUNERATION POLICY

In compliance with Section 178(3) of the Act, the Board framed a “Nomination, Remuneration and Evaluation Policy” on director’s appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director. Your Directors ensures that the Company follows a Policy on Remuneration of Directors and Senior Management Employees. The main objective of the said policy is to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors, KMP and Senior Management employees.

The policy of the Company on Director’s appointment and remuneration is uploaded on to the Company’s website and the same is available at [www.kimiabiosciences.com](http://www.kimiabiosciences.com) at the following path: <https://www.kimiabiosciences.com/wp-content/uploads/2020/10/1567424605Nomination-and-Remuneration-Policy.pdf>.

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The Securities Transfer & Stakeholders Relationship Committee considers and oversees resolution of grievances of security holders and investors of the Company.

During the year, the Committee met Six (6) times on 13.04.2020, 26.06.2020, 18.08.2020, 05.11.2020, 11.02.2021, and 25.03.2021. Company effectuated all requests for transfer of shares, consolidation and issue of duplicate share certificate, within prescribed time limits.

The composition of the Committee is given in the table below:

Name & Designation	Category of Directorship
<b>Mr. Jagdeep Dhawan</b>	NED ID



<b>Mrs. Richa Gupta</b>	NED ID
<b>Mr. Vipul Goel</b>	NED

Company Secretary provided secretarial support to the Committee.

### **VIGIL MECHANISM/WHISTLE-BLOWER POLICY**

In compliance with the provisions of Section 177(9) &(10) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 22 of Listing Regulations, Company formulated a vigil Mechanism for Directors and employees to report concerns including any unethical behavior, actual or suspected frauds taking place in the Company for appropriate action thereon.

The Whistleblower policy has been hosted on Company's website viz. [www.kimiabiosciences.com](http://www.kimiabiosciences.com).

### **RISK MANAGEMENT POLICY**

The Company has developed and implemented the Risk Management Policy and the Audit Committee of the Company reviewed the same periodically. The Company recognizes that risk is an integral and unavoidable component of business and hence is committed to managing the risk in a proactive and effective manner. The Company's Management systems, organizational structures, processes, standards, code of conduct and behaviors together form the Risk Management System of the Company and are managed accordingly.

The common risks faced by the Company include Raw Material Procurement Risk, Environment & Safety Risk, Market Risk, Technology risk, Business Operational Risk, Reputation Risk, Regulatory & Compliance Risk, Human Resource Risk Working Capital and Business continuity Risk. Your Company has well defined processes and systems to identify, assess & mitigate the key risks. A platform for exception reporting of violations is in place which is reviewed regularly and remedial measures are being undertaken immediately.

### **BOARD EVALUATION**

In compliance with the provisions of Section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014, the Board carried out annual evaluation of its own performance, that of its Committees and individual directors.

The performance of the Board and its committees and individual directors were evaluated by the Board after seeking inputs from all the Directors on the basis of criteria, such as composition and structure of the Board, quality of deliberations, effectiveness of the procedures adopted by the Board, participation of the Board and committee meetings and governance reviews etc.

**FAMILIARIZATION PROGRAMME OF INDEPENDENT DIRECTORS-**

The Independent Directors of the Company have been updated with their roles, rights and responsibilities in the company to enable them to familiarize with Company's procedures and practices.

The Company endeavors to familiarize the Independent Directors with the strategy, operations and functioning of the Company and also with changes in the regulatory environment having significant impact on the operations of company and the Pharmaceutical Industry as a whole.

**RELATED PARTY TRANSACTIONS**

All the related party transactions entered into by the Company during the year were on arm's length basis and in the ordinary course of business. Summarized particulars of contracts or arrangements entered into by the company with related parties are disclosed in Notes to Financial Statements for the year.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

- a) That in preparation of the Annual Accounts for the year ended March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) That the directors had selected such accounting policies and applied consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2021 and the profits of the Company for the year under review;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the annual accounts for the year ended March 31, 2021, have been prepared on a 'going concern basis.'
- e) That proper internal financial control was in place and that such internal financial controls are adequate and were operating effectively.
- f) That proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.



## **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavour of the Management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has arranged various interactive awareness workshops in this regard for the employees at the manufacturing sites, R & D set ups & corporate office during the year under review.

The Policies on Code of Conduct and Prevention of Workplace Harassment is displayed on company's website viz. [www.kimiabiosciences.com](http://www.kimiabiosciences.com). Your Directors state that during the year under review, no cases were filed pursuant to the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013. Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

## **DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The disclosures to be made under sub-section (3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 by your Company are explained as under:

(A) CONSERVATION OF ENERGY-					
(i) the steps taken or impact on conservation of energy	The Company has pharmaceutical manufacturing unit for Bulk Drug Intermediates, APIs formulations, requires normal consumption of electricity. The Company takes all necessary steps to reduce the consumption of energy.				
(ii) the steps taken by the company for utilizing alternate sources of energy					
(iii) the capital investment on energy conservation equipment					
(B) TECHNOLOGY ABSORPTION-					
(i) the efforts made towards technology absorption	The Company is engaged in the process of updating latest Technology (ies). <b><u>Processes developed for APIs:</u></b>				
(ii) the benefits derived like product improvement, cost reduction, product	<table><tr><td>Brivaracetam</td><td>Anticonvulsant</td></tr><tr><td>Dapagliflozin propane diol</td><td>anti-diabetic</td></tr></table>	Brivaracetam	Anticonvulsant	Dapagliflozin propane diol	anti-diabetic
Brivaracetam	Anticonvulsant				
Dapagliflozin propane diol	anti-diabetic				



development or import substitution	Delafloxacin meglumin	antibiotic
	Phenylephrine.HCl	decongestant
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Rivaroxaban	anticoagulant
	Bilastine	antihistamine
(a) the details of technology imported;	<b><u>Cost Improvements:</u></b>	
(b) the year of import;	Benidipine HCl	calcium channel blocker
(c) whether the technology been fully absorbed;	vildagliptin	anti-diabetic
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	Luliconazole	antifungal
	<b><u>Key raw materials made In-House:</u></b>	
	INB-Acetoacetate (Azelinidipine)	
	OBI-6-Ene acid (Obeticholic acid)	
	Prucalopride KSM-2 (Prucalopride)	
	Bilastine KSM [Bil oxo] Bilastine	
	Fima KSM [PYRIMIDINE AMIDE] Fimasartan	
	Glycidyl phthalimide (Rivaroxaban)	
	TPI-BOC (Teneligliptin) , 3-Hydroxy acetophenone [Lab]	
	(Phenylephrine), Ethyl 2-Aminothiazole-4-carboxylate (Acotiamide)	
(iv) the expenditure incurred on Research and Development	Revenue Expenditure	616.02 (in lakhs)
	Capital Expenditure	269.73 (in lakh)

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO-

The total foreign exchange used and the total foreign exchange earned during the year as compared to the previous financial year has been provided hereunder:

Foreign Exchange Earnings & Outgo	Current Year (2020-21)	Previous Year (2019-20)
<b>Inflow</b>	19,66,593 USD	447.23 Lakhs (USD 6.29 Lakh)
<b>Outflow</b>	8,075,765 USD 83,748 EURO	6096.99 lakhs( USD-85.14 lakhs)

### HUMAN RESOURCES

Your Company firmly believes that human resources are invaluable assets of the Company. Over the time, the Company has changed to adapt and evolve with the changing economic landscape, while keeping its core value firmly entrenched. The Human Resource Department of the organization has strategic and functional responsibilities for all of the Human Resource disciplines in the changing



scenario.

On the Industrial front, the Company continued to foster cordial Industrial Relations with its workforce during the year.

## **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on Board and General Meetings. The Company has complied with all the applicable provisions of the Secretarial Standards (SS-1 and SS-2).

## **CORPORATE SOCIAL RESPONSIBILITY**

During the year under review, the provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

## **PARTICULARS OF EMPLOYEES**

The information as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) &(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company forms part of this report as **Annexure-V-A**

## **DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT**

The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The copy of Code of Conduct as applicable to the Directors (including Senior Management of the Company) is uploaded on the website of the Company [www.kimiabiosciences.com](http://www.kimiabiosciences.com).

The Managing Director of the Company has issued a Declaration that the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management. As there is no Chief Executive Officer in the Company, this Declaration has been issued by the Managing Director of the Company. The Declaration is appended to this Report at the end of Management Discussion and Analysis Report as **Annexure IV**.

## **CEO/CFO CERTIFICATION**

In accordance with the Regulation 17 (8) read with Part B of Schedule II to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to corporate





governance norms. As the Company has no post of CEO, the said Certificate has been signed by the Managing director of the Company along with CFO. The said certificate forms an integral part of this Annual Report as **Annexure III**. The certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

## **CODE FOR PREVENTION OF INSIDER TRADING**

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. Further a Code of Fair Disclosure and Prevention of Insider Trading Code under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 have been adopted and displayed on the website of the Company [www.kimiabiosciences.com](http://www.kimiabiosciences.com).

These Codes lay down guidelines vide which it advises the designated employees and connected people on procedures to be followed and disclosures to be made, while dealing with the shares of the Company and caution them of the consequences of violations.

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

In compliance with Regulation 34(3) read with Schedule V(B) of SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis, forms part of this report as **Annexure-I**.

**AUDIT AND AUDITOR'S OUTLOOK****STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS**

In the 24<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2017, M/s. Singhi & Co., Chartered Accountants, New Delhi (FRN 302049E) had been appointed as Statutory Auditors of the Company for a period of five (5) years until the conclusion of 29<sup>th</sup> Annual General Meeting.

The report of the Statutory Auditors along with Notes on Financial Statements for the year ended March 31, 2021 is enclosed with this report, which is self-explanatory and do not call for any further comments. There is no qualified opinion in Audit Report.

Further, during the year, the Auditors' has not reported any fraud u/s 143(12) of the Companies Act, 2013 and rules made there under.

**INTERNAL FINANCIAL CONTROLS**

The internal financial controls with reference to the Financial Statements commensurate with the size and nature of business of the Company. Your Company continuously invests in strengthening the internal control processes and systems. The internal control process and systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies. Procedures to ensure conformance with the policies, processes and standards have been put in place covering all activities.

Implementations of recommendations from various audit reports are regularly monitored by the senior management. Internal and statutory audit reports and findings, including comments by the management, if any, are periodically placed before the Audit Committee of the Board of Directors.

Apart from in-house Internal Audit function, to strengthen and maintain transparency, the Company has also appointed M/s. JKVS & Co., Chartered Accountants, (FRN No. 318086E), as Internal Auditors of the Company in accordance with Section 138 of the Companies Act, 2013, to examine the effectiveness of internal control system.

**SECRETARIAL AUDITOR'S REPORT**

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, M/s. VLA & Associates, Practicing Company Secretaries, New Delhi has been appointed as Secretarial Auditors of the Company for the financial year 2020-21.



The report of the Secretarial Auditors for the year ended March 31, 2021 is enclosed as **Annexure-II** to this report..

As to other, the report is self-explanatory and do not call for any further comments.

## **COST AUDITORS**

The Board of Directors on the recommendation of the Audit Committee, appointed M/s. Mahesh Singh & Co, Cost Accountants (FRN: 100441), as the Cost Auditors of the Company for the Financial Year 2021-22 under Section 148 of the Companies Act, 2013.

M/s Mahesh Singh & Co, Cost Accountants(FRN:100441), have confirmed that their appointment is within the limits of Section 141(3) (g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

The Company has also maintained relevant cost accounts and records as specified under Section 148(1) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members in a General Meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s.Mahesh Singh & Co, Cost Accountants, is included in the notice convening the 28<sup>th</sup> Annual General Meeting.

## **MATERIAL CHANGES AND COMMITMENT**

The provisions of the section 135 i.e. Corporate Social Responsibility (CSR) are now applicable to the company as the net profit of the company exceeds amount prescribed under section 135 of the Act. Therefore, the Board has duly constituted CSR Committee in its meeting held on 12.08.2021 to recommend and formulation of policy and action plan of the CSR spending for the FY 2021-22. Details pertaining to CSR Policy and composition of CSR Committee can be accessed from the Company's website [www.kimiabiosciences.com](http://www.kimiabiosciences.com).

Ministry of Corporate affairs has approved reclassification of Authorised share capital on 27.08.2021. Consequently Writ Petition No. WPC 4187/2020 filed before Honble Delhi High Court has become infructuous and company is in process to withdraw the said writ petition.

Except as mentined above, there are no material changes and commitments affecting the financial position of the Company between the end of financial year of the Company and the date of this report.

## **ANNUAL RETURN**



**Kimia Biosciences Ltd.**

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Pursuant to Section 92(3) and 134(3)(a) of the Companies Act, 2013 ('the Act') and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, Annual Return of the Company is available on the website under 'Investor Relations' section of the company website i.e. [www.kimiabiosciences.com](http://www.kimiabiosciences.com) and same can be accessed at the given link i.e. [https://www.kimiabiosciences.com/wp-content/uploads/2021/09/Draft-Annual-Return-MGT-7\\_FY-2020-21.pdf](https://www.kimiabiosciences.com/wp-content/uploads/2021/09/Draft-Annual-Return-MGT-7_FY-2020-21.pdf)

## ACKNOWLEDGEMENT

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. The Board of Directors also wish to place on record its deep sense of appreciation for the committed services by the Company's executives, staff and workers.

Your Company has been able to operate efficiently during the year financial year because of the culture of professionalism, creativity, integrity and continuous improvement in all functions and areas as well as the efficient utilisation of the Company's resources for sustainable and profitable growth. To them goes the credit for all of the Company's achievements.

And to you, our Shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board

**KIMIA BIOSCIENCES LTD**

**Place : New Delhi**  
**Date : 28 August, 2021**

Sd/-  
**SAMEER GOEL**  
Chairman & Managing Director  
(DIN: 00161786)

Sd/-  
**VIPUL GOEL**  
Director  
(DIN: 00064274)

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT



India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK.

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. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The pharmaceutical industry is at the centre of the fight against the global COVID-19 pandemic and has contributed significantly in terms of supply of critical medications for treatment as well as in developing and manufacturing COVID-19 vaccines. The industry has ensured continuity of supplies of all other medicines to meet the needs of patients across the world. The global pharmaceutical market size in 2020 was estimated at US\$1.27 Trillion and is expected to expand at a compounded annual growth rate (CAGR) of 3-6% to US\$1.6 Trillion by 2025 (this estimate excludes the additional spending on COVID-19 vaccines). The factors driving global medicine spending will be sustained growth in the pharmerging markets and the consistent launch of high-end specialty innovative products in developed markets. However, slower growth across developed markets due to losses of patent exclusivity for original brands will be an offsetting factor.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### **India, a Leading pharma producer:**

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

## GLOBAL PHARMA MARKET:

The global pharmaceutical market is set to exceed US\$ 1.5 trillion by 2023. Against this backdrop, the Indian pharmaceutical industry is currently valued at US\$ 41 billion and is expected to grow to US\$ 65 billion by 2024 and about US\$ 120-130 billion by 2030. A significant raw material base and availability of a skilled workforce have enabled India to emerge as an international manufacturing hub for generic medicines. Further, India is the only country with largest number of US-FDA compliant pharma plants (more than 262 including APIs) outside of USA.

The Indian pharmaceutical industry contributes significantly to public health improvement and economic growth of the country

### Public health outcomes



**36%**

Lower per person  
disease burden  
(DALY, 1990-2016)



**100%**

Eradication of Polio by  
collaboration between  
all stakeholders



**95%**

Lower treatment costs of  
life-threatening diseases  
(Hep-C, Leukemia)

### Economic outcomes



**2.7mn**

Jobs created directly  
and indirectly



**USD11bn**

Annual trade surplus;  
One of the top 5 sectors  
reducing trade deficit



**USD2bn**

FDI inflows to Pharma  
industry in last 3 years

## Outlook, implications and emerging trends:

The US and pharmerging markets will remain key constituents of the global pharmaceutical industry – the former owing to size, and latter due to their growth prospects. Pharmaceutical spending in the US is estimated to grow at 3-6% CAGR between 2019 and 2024, to reach US\$605-635 Billion by 2024, while the spending in





pharmerging markets, including China, is likely to grow at 5-8% CAGR to US\$475-505 Billion by 2024. These two regions will be key contributors to global pharmaceutical growth.

\*Economic Survey 2020-21 (Vol.2)

### **Active Pharmaceutical Ingredients (API):**

The market size of global active pharmaceutical ingredients was valued at US\$187.7 Billion in 2020 and is expected to grow at a CAGR of 6.6% between 2021-28. Growth drivers include advancements in API manufacturing and the rising prevalence of chronic diseases. Favourable government policies for API production, along with changes in geopolitical dynamics, are expected to further drive market growth. The global API market is undergoing immense changes due to supply chain disruptions caused by COVID-19 in early 2020. There is an increasing trend around diversification of the supply chain, with India being viewed as one of the critical suppliers of API for the future. Traditionally, the API market has been dominated by drugs in categories such as, anti-infectives, diabetes, cardiovascular, analgesics, and pain management. However, driven by emerging R&D trends, the demand is shifting toward the development of complex APIs used in novel formulations, targeting niche therapeutic areas.

The global pharmaceutical industry is expected to register growth led by aging population, changing lifestyles, hectic daily routine, unhealthy eating habits, increasing incidence of chronic diseases across the entire global population providing growth opportunities for the industry players.

The global pharmaceutical market faces major challenge from increasing investment and strict regulation. Changing lifestyles and the fast socio-demographic shift due to urbanization in both developed and growth markets globally are expected drive the demand. The ability to create new technology and innovative drugs is a key driver for success in this market.

North America is projected to lead the pharmaceutical industry. Anti Cancer industry is expected to record the highest growth during the forecast period. ROW industry is expected to witness the highest growth during 2019-2024. Government initiatives in Brazil to encourage drugs industries by providing free pricing policies and special financial investment options will attract the industry players. APAC holds good growth potential for the future.

The study provides an overview of the global pharmaceutical industry by tracking 13 market segments of that industry in four geographic regions. Thus, a total of 52 segments of the global pharmaceutical industry are tracked. The report studies manufacturers of bone, respiratory, immunology and dermatology, cardiovascular, diabetes & obesity, urinary/kidney diseases, gastrointestinal, neurosciences, infectious diseases, ophthalmology, oncology, women's health/ endocrine, vaccines, consumer health/OTC, and others providing a five-year annual trend analysis that highlights market size, profit and cost structure for NA, Europe, APAC, and ROW. The report also provides a forecast, addressing market opportunities for next five years (2019-2024) for each of these regions.

Pharmaceutical exports include bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgicals.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30 per cent a year and reach US\$ 150 billion by 2025.

**R&D**

During the 2009-2016 period, the compound annual growth rate of global R&D spending was 2.0%; during the 2017-2023 periods, the rate will grow at 3.2%. The year-over-year increase, however, will remain around 3%.

The global spending on medicines is forecasted to reach close to US\$ 1.8 trillion by 2022, an increase of about 36% over the 2017 level, growing at 4 to 8% only slightly slower than 6.2% growth over prior five years. Developed market spending growth will be driven by original brands and innovation in specialty medicines while Pharma emerging markets will continue to be driven by off patent generic products. Innovation in specialty medicines will continue lifting the share of global spending from 33% in 2017 to 37% in 2023 driven by the adoption of new breakthrough medicines.

**GOVERNMENT INITIATIVES**

The industry is expected to reach \$65 bn by 2024 and to \$120 bn by 2030. Generic drugs, with 71% market share, form the largest segment of the Pharmaceutical industry in India. This is set to grow as exports of generics to the US rise, as branded drugs worth \$55 bn will become off-patent during 2017-2019. In the domestic market by revenue, Anti-Infectives (13.6%), Cardiac (12.4%) and Gastrointestinal (11.5%) had the biggest market share. Under the Production Linked Incentive (PLI) Scheme for Promotion of Domestic Manufacturing of critical Key Starting Materials (KSMs)/ Drug Intermediates and Active Pharmaceutical Ingredients (APIs), 47 applications with committed investments of INR 5366.35 crore have been approved.\*

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- To achieve self-reliance and minimise import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of Rs. 6,940 crore (US\$ 951.27 million) from FY21 to FY30.
- India plans to set up a nearly Rs 1 lakh crore (US\$ 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically by 2023.
- In February 2021, the Punjab government announced to establish three pharma parks in the state. Of these, a pharma park has been proposed at Bathinda, spread across ~1,300 acres area and project worth ~Rs. 1,800 crore (US\$ 245.58 million). Another medical park worth Rs. 180 crore (US\$ 24.56 million) has been proposed at Rajpura and the third project, a greenfield project, has been proposed at Wazirabad, Fatehgarh Sahib.
- Under Union Budget 2021-22, the Ministry of Health and Family Welfare has been allocated Rs. 73,932 crore (US\$ 10.35 billion) and the Department of Health Research has been allocated Rs. 2,663 crore (US\$ 365.68 billion). The government allocated Rs. 37,130 crore (US\$ 5.10 billion) to the 'National Health Mission'. PM Aatmanirbhar Swasth Bharat Yojana was allocated Rs. 64,180 crore (US\$ 8.80 billion) over six years. The Ministry of AYUSH was allocated Rs. 2,970 crore (US\$ 407.84 million), up from Rs. 2,122 crore (US\$ 291.39 million).



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- In January 2021, the Central government announced to set up three bulk drug parks at a cost of Rs. 4,300 crore (US\$ 1,957 million) to manufacture chemical compounds or active pharmaceutical ingredients (APIs) for medicines and reduce imports from China.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy to stop any misuse due to easy availability. The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

**20%**

Generics medicines  
exports share (global)

**\$24.44 Bn**

Exports worth (FY  
20-21)

**70%**

Generic drugs revenue  
share

**\$17.990 Bn**

FDI (April 200- – March  
2021)

\*<https://www.investindia.gov.in/sector/pharmaceuticals>

## OVERSEAS MARKET

The development of the business in overseas markets is a critical factor in determining future ability to sustain or increase global product revenues. This poses various challenges including volatile economic conditions, IP issues, developed market compliance standards, inadvertent breaches of local/ international law and interventions by national governments or regulators restricting access to market and/or introducing adverse price controls. However, the Company carefully monitors the business scenarios of these markets, prepares the business plan and undertakes various researches to reduce the risk at the minimal level.

In US, there is a continuing trend towards consolidation of certain customer groups such as wholesale drug distribution and retail pharmacies as well as emergence of large buying groups. The consolidation may result into these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures. Additionally, the emergence of large buying groups representing independent retail pharmacies, prevalence and influence of managed care organizations and similar institutions potentially enable those groups to attempt to extract price discounts on the Company's products. The result of such developments could affect the sales volumes and price realizations of the Company's products on an overall basis.



## Road Ahead

Medicine spending in India is projected to grow 9-12 per cent over the next five years, leading India to become one of the top 10 countries in terms of medicine spending. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise. The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programs, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.



## CURRENCY FLUCTUATION RISKS

Currency risks mainly arise out of overseas operations and financing activities. Exchange rate fluctuations could significantly impact earnings and net equity because of invoicing in foreign currencies, expenditure in foreign currencies, foreign currency borrowings and translation of financial statements of overseas subsidiaries into Indian rupees. The Company has a defined foreign exchange risk management framework to manage these risks excluding translation risks.

**New technologies' impact on Pharma:** An ongoing issue for the pharmaceutical industry is how new technologies, particularly digital-related technologies, will impact drug development and commercialization. The Company reports emerging technologies in healthcare as a whole, such as artificial intelligence, 3D printing and their impacts on business models, operations, workforce needs and cyber security risks as well as the positive impact of a digitized supply chain in reducing manufacturing costs.

## OPPORTUNITIES AND THREATS

The Pharmaceutical industry is a highly dynamic and competitive market. The Indian Pharma Industry is faced with significant export opportunities. Marketing alliances for MNC products in domestic and international market is another emerging opportunity. India can become a niche player in global pharmaceutical R&D and possibilities exist for expansion of biotechnology generics (also known as bio-similar) and biopharmaceuticals. However, product patent regime poses serious challenge to domestic industry unless it invests in research and development. R&D efforts of Indian pharmaceutical companies are hampered by lack of enabling regulatory requirement. This threat does not affect Kimia Biosciences as a large portion of capital is invested in R&D for the company. The company has volatile and dynamic market strategies to cope with various market changes and challenges.

## SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company has already received WHO-GMP certificate for its manufacturing site at Gurugram under WHO GMP Certification Schemes for manufacturing Active Pharmaceutical Ingredients (API) Bulk Drugs.

During the year under review, manufacturing operation has been started, and practices for manufacturing, Research & Development (R&D) segment of the organization, were followed at the plant located at Village Bhondsi, Tehsil Sohna, Distt. Gurgaon, Haryana -122102.

## OUTLOOK

The Company has commenced building new formulations and APIs manufacturing facility and the capacities are built in anticipation of demands.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control framework is designed specifically to ensure effectiveness and efficiency of operations, reliability of financial reporting and compliance of laws and regulations. A proper and extensive system of internal control is practiced by the Company, to ensure that all its assets are safeguarded and protected, and that transactions are authorized, recorded and reported properly.



Internal Audit and control system evaluates adequacy of internal controls, adherence of processes and procedures, compliances of regulatory & legal requirements. The Internal Audit program is periodically reviewed by Audit Committee in order to keep preventive checks on compliance risks. The Company is also following procedures in all its departments with special emphasis on manufacturing and quality assurance activities.

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The sale of manufactured goods done by company is 13271.38 Lakhs during the year 2020-21 in comparison to 10628.63 Lakhs for the year 2019-20.

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

In the context of people employed, there have been significant increase in workforce employed during the financial year 2020-21 as compared to the previous year.

### Details of significant changes in the Key Financial Ratios

Ratios	31/Mar/21	31/Mar/20	% change	Explanation for change >25%
i) Debtors Turnover	3.75	3.20	17	Strengthened due to increase in Operating Profits
(ii) Inventory Turnover	5.33	5.84	-9	
(iii) Interest Coverage Ratio	2.63	1.48	78	
(iv) Current Ratio	1.38	1.58	-13	
(v) Debt Equity Ratio	2.02	2.29	-12	
(vi) Gross Profit Margin (%)	27.02	24.5	10	Substantial change in OP observed due reduction in COGS & increase in Gross profit ratio linked with increase in revenue/sales.
(vii) Operating Profit Margin (%)	4.87	3	62	
(viii) Net Profit Margin (%)	3.85	1.3	196	Net profit margin increased as a result of reduction in Raw material cost due to process improvement and backward integration in Key products with R&D support backed by control on fixed cost on Increased revenue/sales.

### Detail of changes in the Return on Net Worth

Ratios	31/Mar/21	31/Mar/20	% change
Change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof	20%	10%	10%





**ANNEXURE II**

**Form MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2021**

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

**To,**  
**The Members,**  
**Kimia Biosciences Limited**  
(CIN: L24239HR1993PLC032120)  
Village Bhondsi, Tehsil Sohna  
Distt Gurgaon, Haryana- 122102

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kimia Biosciences 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, 2021 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, 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings- **Not applicable during the audit period;**
- v. 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 (Listing Obligations and Disclosure requirements) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not applicable during the audit period;
  - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable during the audit period;
  - g. 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;
  - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not applicable during the audit period and;
  - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable during the audit period.
- vi. Other laws as applicable specifically to the Company:
- a. The Drug and Cosmetics Act, 1940; and
  - b. The Narcotic Drugs and Psychotropic Substances Act, 1985.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) with respect to Board and General Meetings.

During the year under review the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above.

**I further report that:**





The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Major decision at Board meetings and Committee meetings were carried through and recorded in the minutes. However, there was no such instance of any dissenting vote by any Director during the year under review.

**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** during the audit period, the following important events/actions having bearing on the company affairs in pursuance of the above referred laws, rules, regulation, guidelines and standards were taken:

- ❖ Allotment of 9,58,790 (Nine Lakh Fifty Eight Thousand Seven Hundred Ninety) equity shares of face value of Rs. 1/- (One) to Mr. Sameer Goel pursuant to conversion of 9,58,790 (Nine Lakh Fifty Eight Thousand Seven Hundred Ninety) compulsory convertible preference shares (CCPS) of face value of Rs. 1/- (one) on 26<sup>th</sup> June, 2020.
- ❖ Re-appointment of Mr. Sameer Goel (DIN 00161786) as the Managing Director and Chairman of the Company by Board of Directors for a period of 5 years commencing from 29<sup>th</sup> March, 2021 subject to approval of members in ensuing general meeting of the Company.
- ❖ Re-appointment of Mr. Jagdeep Dhawan (DIN: 00778235) as Director (Non-Executive & Independent) by the Board of Directors for a period of 5 years commencing from 29<sup>th</sup> March, 2021 subject to approval of members in ensuing general meeting of the Company.
- ❖ Re-appointment of Mrs. Richa Gupta (DIN: 07481646) as Director (Non-Executive & Independent) by the Board of Directors for a period of 5 years commencing from 15<sup>th</sup> April, 2021 subject to approval of members in ensuing general meeting of the Company.

**Date: August 24, 2021**  
**Place: Delhi**

**For VLA & Associates**  
**(Company Secretaries)**

**SD/-**

**Vishal Lochan Aggarwal**  
**(Proprietor)**

**FCS No.: 7241**

**C P No.: 7622**

**UDIN: F007241C000824552**



This report is to be read with my letter of even date which is annexed as “**Annexure-I**” and forms an integral part of this report.

**Annexure-I**

**To**  
**The Members,**  
**Kimia Biosciences Limited**  
(CIN: L24239HR1993PLC032120)  
Village Bhondsi, Tehsil Sohna  
Distt Gurgaon, Haryana- 122102

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

**Management's Responsibility:**

1. Maintenance of secretarial records and other records under the scope/ambit of Secretarial Audit (hereinafter called ‘Record’) is the responsibility of the management of the Company. My responsibility is to express an opinion on these records based on my audit.
2. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

**Auditor's Responsibility:**

3. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
4. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer:**

6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For VLA & Associates**  
**(Company Secretaries)**

**Date: August 24, 2021**  
**Place: Delhi**

**SD/-**  
**Vishal Lochan Aggarwal**  
**(Proprietor)**  
**FCS No.: 7241**  
**C P No.: 7622**  
**UDIN: F007241C000824552**



**CERTIFICATE OF CEO & CFO**

**To**  
**Kimia Biosciences Limited**

**CERTIFICATE PURSUANT TO REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

We, Mr. Sameer Goel, Managing Director and Mr. Sanjay Gupta, Chief Financial Officer of the Company do hereby certify to the Board that: -

(a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2021 and that to the best of our knowledge and belief: -

(i) the said statements do not contain any materially untrue statements or omit any material fact, or contain statements that might be misleading;

(ii) the said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee: -

(i) Significant changes in internal control over financial reporting during the year, if any;

(ii) Significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Kimia Biosciences Ltd.**

**SD/-**

**SAMEER GOEL**

**Chairman & Managing Director**

**DIN-00161786**

**Date: June 22, 2021**

**Place: New Delhi**

**For Kimia Biosciences Ltd.**

**SD/-**

**SANJAY GUPTA**

**Chief Financial Officer**



**Kimia Biosciences Ltd.**

Annual Report 2020-21

**Annexure IV**

### **DECLARATION**

This is to certify that the Company has laid down code of conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company [www.kimiabiosciences.com](http://www.kimiabiosciences.com). Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed having complied with the code applicable to them during the year ended March 31, 2021.

**For Kimia Biosciences Ltd.**

**SD/-**

**Sameer Goel**

**Chairman & Managing Director**

**(DIN: 00161786)**

**Date: August 28, 2021**

**Place: New Delhi**



### **PARTICULARS OF REMUNERATION**

The information required under Section 197(12) of the Act and the Rules made thereunder, in respect of employees of the Company is follows:

- (a) **The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;**

<b>Non- Executive Directors</b>	<b>Ratio to Median Remuneration</b>
Mr. Vipul Goel	N.A.
Mr. Jagdeep Dhawan	N.A.
Mrs. Richa Gupta	N.A.
<b>Executive Directors</b>	
Mr. Sameer Goel	10:1

- (b) **The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;**

<b>Name of Person</b>	<b>% increase in remuneration</b>
Mr. Sameer Goel	NIL
Mr. Vipul Goel	NIL
Mr. Jagdeep Dhawan	NIL
Mrs. Richa Gupta	NIL
Mr. Abhishek Kumar Pandey, Company Secretary	9%
Mr. Sanjay Gupta, Chief Financial Officer	18%

- (c) **The percentage increase in the median remuneration of employees in the financial year 2020-21.**  
9%

- (d) **The number of permanent employees on the rolls of Company:**  
The number of employees on the payroll of the Company as on 31<sup>st</sup> March, 2021 were 265, as compared to number 219, as at 31<sup>st</sup> March, 2020.

- (e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The average increase in salaries of employees other than managerial personnel in 2020-21 was 9% approx and average increase in the managerial remuneration for the year was 9%.



Note: Bonus at an average rate of 8.33% was provided to all the eligible employees of Company during the year under review.

- (f) **Affirmation that the remuneration is as per the remuneration policy of the Company**  
The remuneration is as per the Nomination, Remuneration and Evaluation Policy for Directors, Key Managerial Personnel and other employees of the Company to whom it applies.
- (g) Particulars of Employees pursuant to provisions of section 197 of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are hereby attached with this report as **Annexure – V:A**

For and on behalf of the Board  
**KIMIA BIOSCIENCES LTD**

Place : New Delhi  
Date : 28th August, 2021

SD/-  
**SAMEER GOEL**  
Chairman & Managing Director  
(DIN: 00161786)

SD/-  
**VIPUL GOEL**  
Director  
(DIN: 00064274)



**PARTICULARS OF EMPLOYEES**

Pursuant to provisions of section 197 of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration of the employees are given below:

**(a) Top 10 Employee in terms of remuneration who were Employed throughout the financial year:**

S No	Name	Designation	Annual Gross	Nature Of Employment (Whether Contractual or Otherwise)	Qualification	Total Experience	Date of Commencement of Employment	Age	If employee is relative of any Director or Manager, provide the name of such Director of Manager	Last Employment	% of Equity Capital held
1	MUKESH KUMAR SHARMA	AVP	3472034	Payroll	PHD	24	4-Dec-17	54	NO	Sun Pharmaceutical Ltd.	0
2	SANJAY GUPTA	CFO	2257900	Payroll	C.A.	22	29-Sep-17	47	NO	H-One India Pvt Ltd	0
3	RAVI KUMAR	DGM-BD&Marketing	1993568	Payroll	MBA, PG management, M.Sc.	23	June-4-19	45	NO		0
4	RAMNIK SHARMA	Group Leader	1897052	Payroll	PHD	16	27-Dec-17	44	NO	Sun Pharmaceutical Ltd. Brijwasan Agro Ltd.	0
5	MATHURA DATT JOSHI	AGM	1505784	Payroll	B. Com	24	17-Nov-14	48	NO		0
6	PRASHANT GUPTA	MANAGER	1428564	Payroll	MBA	23	22-Oct-18	45	NO		
7	RAMESH CHANDRA DUBEY	Sr. AGM	1418064	Payroll	M.Sc	31	7-Nov-16	57	NO	Indophyto Chem Ltd	0
8	VANDANA GOEL	MANAGER	1442508	Payroll	Graduate	4	15-Dec-16	43	Sameer Goel	NA	0
9	SHIVANI RANA	MANAGER	1265300	Payroll	PHD	11.5	10-Oct-18	40	NO	Sunpharmaceutical Ltd	0
10	MANJIT SINGH	Group Leader	1195450	Payroll	PHD	9	02-Apr-18	43	NO	Nari Pharma	0

(b) Employees who were in the receipt of remuneration aggregating Rs. 1,02,00,000 or more per annum : **None**

(c) Employed for part of the financial year and was in receipt of remuneration not less than Rs. 8,50,000 per month : **None**

(d) Employee who was in receipt of remuneration 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 2% of the equity shares of the Company : **None**

**Note:**

- There were no employee in the Company, throughout the financial year or part of the year, who were in receipt of remuneration aggregating Rs. 1,02,00,000 or more per annum or Rs. 8,50,000 per month.





## INDEPENDENT AUDITOR'S REPORT

To the Members of Kimia Biosciences Limited (Formerly known as Laurel Organics Limited)

### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of Kimia Biosciences Limited (Formerly known as Laurel Organics Limited) ("the Company"), which comprise the balance sheet as at March 31 2021, the statement of profit and loss, including the statement of other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

#### Basis for opinion

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key audit matters	How our audit addressed the key audit matter
<b>A. <u>Valuation of inventories</u></b>	
<p>We refer to note 2 and 8 to the financial statements.</p> <p>As at March 31, 2021, the total carrying value of inventories was Rs. 2368.72 lakhs. The assessment of impairment of inventories involves significant estimation uncertainty, subjective assumptions and the application of significant judgment.</p> <p>Reviews are made periodically by management on inventories for obsolescence and decline in net realizable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving history. Key factors considered include the nature of the stock, its ageing, shelf life and turnover rate.</p>	<p>We have checked and analyzed the ageing of the inventories, reviewed the historical trend on whether there were significant inventories written off or reversal of the allowances for inventory obsolescence. We conducted a detailed discussion with the management and considered their views on the adequacy of allowances for inventory obsolescence considering the current economic environment. We have also reviewed the subsequent selling prices in the ordinary course of business and compared against the carrying amounts of the inventories on a sample basis at the reporting date.</p> <p>We found management's assessment of the allowance for inventory obsolescence and valuation of inventories to be reasonable based on available evidence.</p>

### Other Information

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

### Responsibilities of management for the financial statements



The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions



that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 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 it appears from our examination of those books;
  - (c) The balance Sheet, the statement of profit and loss including the statement of other comprehensive income, statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure B” to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197(16) read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Singhi & Co.  
Chartered Accountants  
Firm Reg. No. 302049E

SD/-  
Bimal Kumar Sipani  
Partner

Date: June 22, 2021  
Place: Noida (Delhi – NCR)

Membership No. 088926  
UDIN : **21088926AAAAHY1162**



**Annexure A referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re: Kimia Biosciences Limited (Formerly known as Laurel Organics Limited))**

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.
- b. The Company has a regular programme of physical verification of its property, plant and equipment. According to this program property, plant and equipment are verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature its property, plant and equipment. In accordance with this programme, property, plant & equipment were physically verified during the year. No material discrepancies noticed on such verifications.
- c. The title deeds of immovable properties included in property, plant and equipment [note 2 to the financial statements] are held in the name of the Company however freehold land having carrying value of Rs. 47.46 Lakhs is registered in the old name of the Company.
- (ii) The management has conducted physical verification of inventories during the year at reasonable interval and discrepancies noticed on such physical verification of inventory as compared to book records were not material.
- (iii) The Company has not granted any loan to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) of the Order are not applicable.
- (iv) The Company has no transaction with respect to loan, investment, guarantee and security covered under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of clause 3(iv) of the Order are not applicable.
- (v) The Company has not accepted deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year. Therefore, provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act in respect of the Company's products to which the said rules are applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (vii) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues where applicable, with the appropriate authorities. There was no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable except provident fund Rs. 0.45 Lakhs and employees' state insurance Rs. 0.10 Lakhs.



b. According to the records of the Company, there are no dues outstanding of income tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax and value added tax on account of any dispute, other than the following:

<b>Name of Statute</b>	<b>Nature of disputed dues</b>	<b>Amount (Rs. in Lakhs)</b>	<b>Period to which it relates</b>	<b>Forum where dispute is pending</b>
Punjab Value Added Tax, 2005	Penalty	11.67	2014-15	Panchkula Civil Court

- (viii) The Company has not defaulted in repayment of dues to banks and financial institution. The Company did not have any borrowing from Government and dues to debenture holders.
- (ix) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Term loans raised during the year were applied for the purpose for which loans were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officers and employees has been noticed or reported during the year.
- (xi) The managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us, transactions with the related parties as identified by the Company are in compliance with section 177 and 188 of the Act where applicable and details for the same have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- (xiv) During the year, the Company has allotted equity shares upon conversion of fully convertible share warrants issued in earlier years on private placement basis. The Company has complied with requirement of section 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which the funds were raised. The Company has not made any preferential allotment of shares and preferential allotment or private placement of fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Therefore, the provisions of clause 3(xv) of the Order are not applicable.





- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable.

For Singhi & Co.  
Chartered Accountants  
Firm Reg. No. 302049E

Date: June 22, 2021  
Place: Noida (Delhi – NCR)

SD/-  
Bimal Kumar Sipani  
Partner  
Membership No. 088926  
UDIN : **21088926AAAAHY1162**

**Annexure B referred to in paragraph 2(f) of our report of even date on the other legal and regulatory requirements****Report on the Internal Financial controls under Clause (i) of Sub - section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Kimia Biosciences Limited (Formerly known as Laurel Organics Limited) ("the Company") as on March 31, 2021 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 the 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "guidance Note") and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to as audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements of and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial controls with reference to financial statements**

A Company's internal financial controls with reference to financial statements 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 with reference to financial statements 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 authorization of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial controls with reference to financial statements**

Because of the inherent limitations of Internal Financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 however same need to be further strengthened.

For Singhi & Co.  
Chartered Accountants  
Firm Reg. No. 302049E

SD/-  
Bimal Kumar Sipani  
Partner

Date: June 22, 2021  
Place: Noida (Delhi – NCR)

Membership No. 088926  
UDIN : **21088926AAAAHY1162**

(₹ Lakhs)

	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>I Non-Current Assets</b>			
(a) Property, Plant and Equipment	3	2,827.25	1,661.10
(b) Capital Work-in-Progress	3A	577.01	574.39
(c) Right of Use Assets	4	-	111.68
(d) Intangible Assets	5	9.52	11.38
(e) Financial Assets			
(i) Other Financial Assets	6	17.28	14.28
(g) Other Non-current Assets	7	51.70	98.87
<b>Total Non-Current Assets</b>		<b>3,482.76</b>	<b>2,471.70</b>
<b>II Current Assets</b>			
(a) Inventories	8	2,368.72	2,031.23
(b) Financial Assets			
(i) Investments	9	5.84	41.72
(ii) Trade Receivables	10	4,176.57	3,732.57
(iii) Cash and Cash Equivalents	11	58.66	23.18
(iv) Other Balances with Bank	12	108.73	54.14
(v) Other Financial Assets	13	53.21	33.17
(c) Current Tax Assets (Net)	14	70.12	74.36
(d) Other Assets	15	172.09	104.47
<b>Total Current assets</b>		<b>7,013.94</b>	<b>6,094.84</b>
Non-Current Assets Classified as Held for Sale	16	170.20	-
		<b>7,184.14</b>	<b>6,094.84</b>
<b>Total Assets</b>		<b>10,666.90</b>	<b>8,566.54</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity Share Capital	17	473.13	463.54
(b) Instruments Entirely Equity in Nature (CCPS)	17	-	9.59
(c) Other Equity		1,370.51	864.06
<b>Total Equity</b>		<b>1,843.64</b>	<b>1,337.19</b>
<b>II Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	2,834.63	2,430.97
(ii) Other Financial Liabilities	19	448.41	411.39
(b) Deferred Tax Liabilities (Net)	20	43.80	-
(c) Provisions	21	116.94	87.93
(d) Other Non-Current Liabilities	22	284.66	435.85
<b>Total Non-Current Liabilities</b>		<b>3,728.44</b>	<b>3,366.14</b>
<b>III Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	23	1,312.65	632.02
(ii) Trade Payables	24		
- Total Outstanding due to Micro and Small Enterprises		21.10	1.77
- Total Outstanding due to other than Micro and Small Enterprises		3,057.54	2,654.46
(iii) Other Financial Liabilities	25	636.87	539.36
(b) Other Current Liabilities	26	61.37	31.44
(c) Provisions	27	5.29	4.16
<b>Total Current Liabilities</b>		<b>5,094.82</b>	<b>3,863.21</b>
<b>Total Equity and Liabilities</b>		<b>10,666.90</b>	<b>8,566.54</b>

Summary of significant accounting policies and other notes on Financial Statements

1 to 50

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

**For Singhi & Co.**

Chartered Accountants  
Firm Reg. No. 302049E

**sd/-**  
**Bimal Kumar Sipani**  
Partner  
Membership No. 088926

Place : Noida (Delhi-NCR)  
Date : June 22, 2021

For and on behalf of Board of Directors

**sd/-**  
Sameer Goel  
**Managing Director**  
DIN: 00161786

**sd/-**  
Vipul Goel  
**Director**  
DIN: 00064274

**sd/-**  
Abhishek Pandey  
**Company Secretary**

**sd/-**  
Sanjay Gupta  
**Chief Financial Officer**

Place : New Delhi  
Date : June 22, 2021

**Statement of Profit & Loss for the year ended March 31, 2021**

(₹ Lakhs except EPS)

	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I REVENUE</b>			
(a) Revenue from Operations	28	13,271.38	10,628.63
(b) Other Income	29	245.62	96.37
<b>Total Income</b>		<b>13,517.00</b>	<b>10,725.00</b>
<b>II EXPENSES</b>			
(a) Cost of Materials Consumed	30	10,312.59	7,909.32
Purchase of Stock in Trade		-	-
(b) Changes in Inventories of Finished Goods, Work-in-Progress and	31	(627.22)	115.39
(c) Employee Benefits Expense	32	1,409.10	1,080.46
(d) Finance Costs	33	339.00	252.88
(e) Depreciation and Amortization Expense	34	191.06	166.01
(f) Other Expenses	35	1,339.03	1,078.33
<b>Total Expenses</b>		<b>12,963.56</b>	<b>10,602.40</b>
<b>III Profit before Tax (I-II)</b>		<b>553.44</b>	<b>122.61</b>
<b>IV Tax Expense</b>			
(a) Current Tax		-	-
(b) Current Tax related to earlier years		-	(15.51)
(c) Deferred Tax Charge / (Credit)	20	43.00	-
<b>Total Tax Expense</b>		<b>43.00</b>	<b>(15.51)</b>
<b>V Profit for the year (III-IV)</b>		<b>510.44</b>	<b>138.12</b>
<b>VI Other Comprehensive income</b>			
(a) (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(3.19)	(1.16)
(ii) Income tax relating to items that will not be reclassified		(0.80)	-
(b) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to		-	-
<b>Total Other Comprehensive income for the year (a+b)</b>		<b>(3.99)</b>	<b>(1.16)</b>
<b>VII Total comprehensive income /(loss) for the year (V+VI)</b>		<b>506.45</b>	<b>136.96</b>
<b>VIII Earnings Per Share of ₹ 1 each</b>	36		
(i) Basic (in ₹)		1.08	0.32
(ii) Diluted (in ₹)		1.08	0.28

Summary of significant accounting policies and other notes on Financial Statements

1 to 50

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

**For Singhi & Co.**

Chartered Accountants

Firm Reg. No. 302049E

sd/-

**Bimal Kumar Sipani**

Partner

Membership No. 088926

For and on behalf of Board of Directors

sd/-

Sameer Goel

**Managing Director**

DIN: 00161786

sd/-

Vipul Goel

**Director**

DIN: 00064274

sd/-

Abhishek Pandey

**Company Secretary**

sd/-

Sanjay Gupta

**Chief Financial Officer**



**KIMIA BIOSCIENCES LIMITED**  
**CASH FLOW STATEMENT for the year ended March 31, 2021**

(₹ Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit/(loss) before taxes	553.44	122.60
Adjustments for:		
Depreciation and amortization expense	191.06	166.01
Loss / (profit) on sale/discard of property, plant and equipment (net)	(3.70)	1.55
Finance costs	339.00	252.88
Gain on fair value of investment in mutual funds	(4.12)	(0.79)
Interest income	(5.36)	(6.50)
Deferred revenue income	(101.27)	(87.08)
Unrealised (Gain)/Loss on foreign currency transactions and translations	(58.77)	54.86
	356.84	380.93
Operating cash flows before working capital changes	910.28	503.53
Adjustments for:		
(Increase) / Decrease in inventories	(337.49)	(421.32)
(Increase) / Decrease in trade and other receivables	(534.67)	(923.80)
Increase / (Decrease) in trade and other payables	554.35	865.44
	(317.81)	(479.68)
Cash generated from operations	592.45	23.85
Less : Direct taxes paid	4.24	7.00
Net cash generated from operating activities	596.70	30.85
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipments including intangible assets & capital advances	(1,356.08)	(901.06)
Proceeds from sales of property, plant & equipment	5.04	3.64
Net inflow / (outflow) in fixed deposits	(54.59)	62.76
Purchase of current investments	-	(39.89)
Proceeds from sales of current investments	39.99	-
Interest received	5.36	11.69
Net cash generated / (used) in Investing Activities	(1,360.27)	(862.86)
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Receipts from non current borrowings	1,665.60	2,293.11
Repayment of non current borrowings	(1,299.34)	(2,014.01)
Net proceeds of current borrowings	680.64	90.03
Receipt on issuance of equity shares against share warrant	-	589.50
Finance costs paid	(247.85)	(112.88)
Net cash generated/(used) in Financing Activities	799.05	845.75
Net (decrease)/increase in Cash and Cash Equivalents (A+B+C)	35.48	13.74
Opening Cash and Cash Equivalents	23.18	9.44
Closing Cash and Cash Equivalents (Refer note 11)	58.66	23.18

**Notes:**

- The Statement of Cash Flow has been prepared in accordance with 'Indirect Method' as set out in Ind AS 7 'Statement of Cash Flows'.
- Movement of liabilities covered under financing activities as per IND AS - 7 is given in note no 45(a).

As per our report of even date attached.

**For Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**sd/-**  
Bimal Kumar Sipani  
Partner  
Membership No. 088926

Place : Noida (Delhi-NCR)  
Date : June 22, 2021

For and on behalf of Board of Directors

**sd/-**  
Sameer Goel  
Managing Director  
DIN: 00161786

**sd/-**  
Abhishek Pandey  
Company Secretary

Place : New Delhi  
Date : June 22, 2021

**sd/-**  
Vipul Goel  
Director  
DIN: 00064274

**sd/-**  
Sanjay Gupta  
Chief Financial Officer



**KIMIA BIOSCIENCES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2021**

(₹ Lakhs)

**A. Equity Share Capital**

	As at April 1, 2019	Changes during the year (2019-20)	As at March 31, 2020	Changes during the year (2020-21)	As at March 31, 2021
Equity Shares of ₹ 1 each issued, subscribed and fully paid	145.94	317.60	463.54	9.59	473.13

For detail of changes during the year, Refer Note - 17

**B. Instrument Entirely Equity in Nature**

	As at April 1, 2019	Changes during the year (2019-20)	As at March 31, 2020	Changes during the year (2020-21)	As at March 31, 2021
Equity Shares of ₹ 1 each issued, subscribed and fully paid	65.18	(55.60)	9.59	(9.59)	-

For detail of changes during the year, Refer Note - 17

**C. Other Equity**

	Reserves and Surplus				
	Share Warrants (Refer Note 17E(a))	Securities premium	Retained Earnings	Re-measurement gains (losses) on defined benefit plans	Total Equity
<b>As at April 1, 2019</b>	196.50	84.52	123.04	(4.44)	399.62
Profit for the year	-	-	138.10	-	138.10
Other comprehensive income	-	-	-	(1.16)	(1.16)
<b>Total Comprehensive Income</b>	-	-	<b>138.10</b>	<b>(1.16)</b>	<b>136.94</b>
On conversion of share warrants to equity shares	-	524.00	-	-	524.00
Conversion to equity shares	(196.50)	-	-	-	(196.50)
<b>As at March 31, 2020</b>	-	<b>608.52</b>	<b>261.14</b>	<b>(5.60)</b>	<b>864.06</b>
Profit for the year	-	-	510.44	-	510.44
Other comprehensive income	-	-	-	(3.99)	(3.99)
<b>Total Comprehensive Income</b>	-	-	<b>510.44</b>	<b>(3.99)</b>	<b>506.45</b>
<b>As at March 31, 2021</b>	-	<b>608.52</b>	<b>771.58</b>	<b>(9.59)</b>	<b>1,370.51</b>

(i) **Securities Premium** - This represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

(ii) **Retained Earnings** - Retained earnings are profits earned by the Company after payment of dividend to shareholders.

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

**For Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**sd/-**  
**Bimal Kumar Sipani**  
Partner  
Membership No. 088926

Place : Noida (Delhi-NCR)  
Date : June 22, 2021

For and on behalf of Board of Directors

**sd/-**  
Sameer Goel  
**Managing Director**  
DIN: 00161786

**sd/-**  
Abhishek Pandey  
**Company Secretary**

Place : New Delhi  
Date : June 22, 2021

**sd/-**  
Vipul Goel  
**Director**  
DIN: 00064274

**sd/-**  
Sanjay Gupta  
**Chief Financial Officer**





# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

### 1 Corporate Information

KIMIA Biosciences Limited referred to as "the Company" is a Public Limited Company incorporated in India with its registered office located at Village Bhondsi, Tehsil Sohna, Distt. Gurgaon - 122102, Haryana, India. Equity shares of the Company are listed in India on the Bombay Stock Exchange.

The main objective of the Company is to carry on business of Pharmaceutical products. The Company has own manufacturing of Bulk Drugs-APIs at its plant located at Village Bhondsi, Tehsil Sohna, Distt. Gurgaon-122102, Haryana in accordance with Good Manufacturing Practices (GMP) Standards for pharmaceutical production. The Company has obtained Manufacturing License from the State Drugs Controller-cum-Licensing Authority, Food and Drugs Administration, Haryana on April 7, 2017 in order to manufacture final product Active Pharmaceutical Ingredients - (APIs) /Bulk Drugs .

The financial statements of the Company for the year ended March 31, 2021 were authorized for issue in accordance with a resolution of the board of directors on June 22, 2021.

### 2 Significant Accounting Policies

Accounting Policies have been consistently applied except where a newly issued accounting standards is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

#### 2.1 Statement of Compliance and basis of preparation

The financial statements of the Company comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

#### 2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis except for the followings :

- (a) Certain assets and liabilities that are required to be carried at fair values; and
- (b) Defined benefit liabilities / (assets): Present value of defined benefit obligation.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 inputs** are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- **Level 2 inputs** are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3 inputs** are unobservable inputs for the asset or liability.

#### 2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

## **2.4 Significant accounting Judgements and Estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### **a. Judgements**

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- assessing the lease term (including anticipated renewals) and the applicable discount rate.
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding.

### **b. Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts.
- Useful life and residual value of property, plant and equipment, other intangible assets and Right of Use assets;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Assessment of recoverability of receivables and advances which requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.
- Uncertainty relating to the global health pandemic

## **2.5 Classification of Assets and Liabilities as Current and Non-Current**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset/liabilities is treated as current when it is:

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents.

## **2.6 Property, Plant and Equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date when the assets are ready for intended use. Trial run expenses (net of revenue) are capitalised. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure is capitalised only if it is probable that there is a future economic benefits associated with the expenditure will flow to the Company..

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

### **Capital Work-in-Progress**

Capital work-in-progress comprises of assets in the course of construction for production or/and supply of goods or services or administrative purposes, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use and commissioning has been completed.

## **2.7 Intangible Assets**

Intangible Assets (Other than Goodwill) acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software is considered as 3-10 years. Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit & Loss when the asset is derecognised.

## **2.8 Depreciation and amortisation of property, plant and equipment and intangible assets**

Depreciation or amortisation is provided on straight line method using the rates arrived at on the basis of estimated useful lives given in Schedule II of the Companies Act, 2013

Depreciation and amortisation on all assets commences from the date the assets are available for their intended use and are spread over their estimated useful economic lives and, in the case of right of use assets, over the lease period, or estimated useful life in case the asset will becomes property of the company after the expiry of the lease by virtue of lease agreement.

Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase.

## **2.9 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets up to the assets are substantially ready for their intended use. The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan. All other borrowing costs are recognised in the Statement of Profit & Loss in the period in which they are incurred.

## **2.10 Impairment of Non-Financial Assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the recoverable amount of assets is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

## **2.11 Non-current assets held for sale**

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

## **2.12 Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary except waste/scrap which is valued at net realisable value. Net realizable value is the estimated selling price in the ordinary course of business based on market price at the reporting date and discounted for the time value of money if material, less estimated costs of completion and estimated costs necessary to make the sale. Material and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost. Raw materials and spare parts including other items are recorded on weighted average basis.

### **2.13 Revenue Recognition**

The majority of the Company's contracts related to product sales include only one performance obligation, which is to deliver products to customers based on orders received.

The Company manufacture and sells pharmaceutical bulk drug products. Revenue from sales of products is recognized at a point in time when control of the products is transferred to the customer, generally upon delivery, which the Company has determined when physical possession, legal title and risks and rewards of ownership of the products transfer to the customer or its agent and the Company is entitled to receive payment. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreements.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and/or linked arrangements), net of returns, GST and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

Interest income are recognised on an accrual basis using the effective interest method.

Dividends are recognised at the time the right to receive payment is established.

### **2.14 Foreign Currencies**

Transactions in foreign currencies are recorded by the Company at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit & Loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### **2.15 Income Taxes**

#### **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Deferred tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

## **2.16 Employee Benefits**

### **Short-term benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the service rendered by employees are recognised during the period when the employee renders the services.

### **Defined contribution plans**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

### **Defined benefits plans**

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined at the end of each year using the projected unit credit method. In respect of post-retirement benefit re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit or loss in subsequent periods.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

### **Other long term benefits**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures at the end of each year, the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. Actuarial gains/ losses on the compensated absences are immediately taken to the statement of profit and loss and are not deferred. The liability for accumulated leave is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

## **2.17 Leases**

### **Company as a Lessee**

The Company assesses if a contract is or contains a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less and leases for which the underlying asset is of low value, which are expensed in the statement of operations on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if not readily determinable, the incremental borrowing rate specific to the country, term and currency of the contract.

Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date, as well as any extension or purchase options, if the Company is reasonably certain to exercise these options. The lease liability is subsequently measured at amortized cost using the effective interest method and remeasured with a corresponding adjustment to the related right-of-use asset when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessments of options.

The right-of-use asset comprises, at inception, the initial lease liability, any initial direct costs and, when applicable, the obligations to refurbish the asset, less any incentives granted by the lessors. The right-of-use asset is subsequently depreciated, on a straight-line basis, over the lease term, if the lease transfers the ownership of the underlying asset to the Company at the end of the lease term or, if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, over the estimated useful life of the underlying asset. Right-of-use assets are also subject to testing for impairment if there is an indicator for impairment. Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of operations in the period in which the events or conditions which trigger those payments occur. In the statement of financial position right-of-use assets and lease liabilities are classified respectively as part of property, plant and equipment and short-term/long-term debt.

### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rentals are recognised as revenue in the period in which they are earned.

## **2.18 Provisions, Contingent Liabilities and Contingent Assets**

Based on the best estimate provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.



#### **2.19 Earnings Per Share**

Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

#### **2.20 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

#### **2.21 Fair Value Measurement**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### **2.22 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the Company.

#### **2.23 Government Grants**

Government grants are recognised at its fair value, where there is a reasonable assurance that such grants will be received and compliance with the conditions attached therewith have been met.

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Grants received less amounts credited to the statement of profit and loss at the reporting date are included in the balance sheet as deferred income.

#### **2.24 Financial Instruments**

##### **Initial recognition and measurement**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below:

### **Subsequent measurement**

i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost, if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. **Investments in equity instruments** - Investments in equity instruments, where the Company has opted to classify such instruments at fair value through other comprehensive income (FVOCI) are measured at fair value through other comprehensive income. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

iii. **Financial assets at fair value through Profit & Loss (FVTPL)**

Financial assets, which does not meet the criteria for categorization as at amortized cost or as FVOCI, are classified as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

### **2.25 Compound Financial Instrument**

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. The conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**Trade Receivables:** In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

**Other Financial Assets:** In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

**De-recognition of Financial Assets:** A financial asset is primarily de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

**Derivative Financial Instruments:** In the ordinary course of business, the Company uses derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange. The instruments are confined principally to forward foreign exchange contracts and these contracts do not generally extend beyond six months.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

**Non-derivative financial liabilities**

Subsequent measurement: Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

**De-recognition of financial liabilities:** A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments:** Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.26 Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

However, on March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc

**Statement of profit and loss:**

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.



**KIMIA BIOSCIENCES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021**

**3. PROPERTY, PLANT AND EQUIPMENT**

	(₹ Lakhs)							
Property, Plant and Equipment	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Total
Property, Plant and Equipment								
Cost as at March 31, 2019	47.46	118.76	327.74	1,236.11	18.73	93.19	44.25	1,886.24
Transfer to Right-of-use assets as per Ind AS 116	-	(118.76)	-	-	-	-	-	(118.76)
Addition during the year	-	-	-	321.87	8.40	-	8.06	338.33
Sold/discarded during the year	-	-	-	16.79	-	-	0.82	17.61
Cost as at March 31, 2020	47.46	-	327.74	1,541.19	27.13	93.19	51.49	2,088.20
Addition during the year	-	-	255.03	933.31	143.21	33.23	48.66	1,413.44
Sold/discarded during the year	-	-	-	-	-	15.37	0.75	16.12
Assets Classified as Held for Sale	-	-	(66.74)	-	-	-	-	(66.74)
Cost as at March 31, 2021	47.46	-	516.03	2,474.50	170.34	111.05	99.40	3,418.78
Accumulated Depreciation	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Total
Accumulated depreciation as at March 31, 2019	-	5.70	31.91	182.33	4.32	41.92	20.06	286.24
Transfer to Right-of-use assets as per Ind AS 116	-	(5.70)	-	-	-	-	-	(5.70)
Depreciation for the year	-	-	14.64	114.76	5.36	12.96	11.26	158.98
Disposals	-	-	-	11.75	-	-	0.67	12.42
Accumulated depreciation as at March 31, 2020	-	-	46.55	285.33	9.68	54.88	30.65	427.10
Depreciation for the year	-	-	18.18	133.72	8.41	12.53	13.21	186.05
Disposals	-	-	-	-	-	14.60	0.18	14.78
Assets Classified as Held for Sale	-	-	(6.85)	-	-	-	-	(6.85)
Accumulated depreciation as at March 31, 2021	-	-	57.88	419.05	18.09	52.81	43.68	591.52
Net carrying value as on March 31, 2020	47.46	-	281.19	1,255.85	17.45	38.31	20.84	1,661.10
Net carrying value as on March 31, 2021	47.46	-	458.15	2,055.44	152.25	58.24	55.72	2,827.25

Notes :

3.1 Assets pledged and hypothecated against borrowings - Refer Note 18

3.2 The amount of expenditures recognised in the carrying amount of an item of property, plant and equipment / capital work-in-progress in the course of its construction:

Nature of Costs	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Finance costs	35.89	22.87
<b>Total</b>	<b>35.89</b>	<b>22.87</b>

Note No. 3A : Capital work-in-progress

	Buildings	Plant and Equipment	Furniture and Fixtures	Total
Cost as at April 01, 2019	-	152.60	-	152.60
Additions	178.10	394.29	-	572.39
Transfers / Capitalisation	-	150.60	-	150.60
<b>Cost as at March 31, 2020</b>	<b>178.10</b>	<b>396.29</b>	<b>-</b>	<b>574.39</b>
Additions	79.37	728.14	22.75	830.27
Transfers / Capitalisation	226.82	600.84	-	827.65
<b>Cost as at March 31, 2021</b>	<b>30.65</b>	<b>523.60</b>	<b>22.75</b>	<b>577.01</b>



# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ Lakhs)

### 4. RIGHT OF USE ASSETS

Gross Block	Leasehold Land	Total
Cost as at March 31, 2019	-	-
Transfer from property, plant and equipment as per Ind AS 116	118.76	118.76
Addition during the year	-	-
Sold/discarded during the year	-	-
<b>Cost as at March 31, 2020</b>	<b>118.76</b>	<b>118.76</b>
Addition during the year	-	-
Sold/discarded during the year	-	-
Assets classified as held for sale	(118.76)	(118.76)
<b>Cost as at March 31, 2021</b>	<b>-</b>	<b>-</b>
Accumulated depreciation	Leasehold Land	Total
Accumulated depreciation as at March 31, 2019	-	-
Transfer to Right-of-use assets as per Ind AS 116	5.70	5.70
Depreciation for the year	1.38	1.38
Disposals	-	-
<b>Accumulated depreciation as at March 31, 2020</b>	<b>7.08</b>	<b>7.08</b>
Depreciation for the year	1.37	1.37
Disposals	-	-
Assets Classified as Held for Sale	(8.45)	(8.45)
<b>Accumulated depreciation as at March 31, 2021</b>	<b>-</b>	<b>-</b>
<b>Net carrying value as at March 31, 2020</b>	<b>111.68</b>	<b>111.68</b>
<b>Net carrying value as on March 31, 2021</b>	<b>-</b>	<b>-</b>

Notes :

(i) Assets pledged and hypothecated against borrowings - Refer Note 18

### 5. INTANGIBLE ASSETS

	Computer Software	Total
Cost as at March 31, 2019	22.92	22.92
Addition during the year	1.71	1.71
Sold/discarded during the year	-	-
<b>Cost as at March 31, 2020</b>	<b>24.63</b>	<b>24.63</b>
Addition during the year	1.78	1.78
Sold/discarded during the year	-	-
<b>Cost as at March 31, 2021</b>	<b>26.40</b>	<b>26.40</b>
Accumulated amortisation	Computer Software	Total
Accumulated amortisation as at March 31, 2019	7.59	7.59
Amortisation during the year	5.65	5.65
Disposals	-	-
<b>Accumulated amortisation as at March 31, 2020</b>	<b>13.24</b>	<b>13.24</b>
Amortisation during the year	3.64	3.64
Disposals	-	-
<b>Accumulated amortisation as at March 31, 2021</b>	<b>16.88</b>	<b>16.88</b>
<b>Net carrying value as at March 31, 2020</b>	<b>11.38</b>	<b>11.38</b>
<b>Net carrying value as at March 31, 2021</b>	<b>9.52</b>	<b>9.52</b>



# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ Lakhs)

### 6 Other financial assets - Non Current

	As at March 31, 2021	As at March 31, 2020
(Unsecured, Considered Good)		
Security deposits	17.28	14.28
	<b>17.28</b>	<b>14.28</b>

### 7 Other assets - Non Current

	As at March 31, 2021	As at March 31, 2020
Capital advances	48.52	98.87
Prepaid expenses	3.18	-
	<b>51.70</b>	<b>98.87</b>

### 8 Inventories

*(Valued at lower of cost or net realisable value except waste at net realisable value)*

	As at March 31, 2021	As at March 31, 2020
(a) Raw materials (including packing materials)	861.09	1,251.75
(b) Work-in-progress	350.06	334.18
(c) Finished goods	950.25	338.92
(d) Stores and spares	41.17	37.11
	<b>2,202.57</b>	<b>1,961.96</b>
<b>Goods-in-Transit:</b>		
(a) Raw materials	166.15	69.27
	<b>2,368.72</b>	<b>2,031.23</b>

- (a) Inventories are pledged and hypothecated against secured borrowings, for details refer Note No.18 & 23.
- (b) During the year, ₹ 2.37 lakhs (Previous year ₹ 0.89 Lakhs) was recognised as expense for inventories carried at net realisable value and provision for slow and non moving inventories. These were recognised as expense during the year and included in 'Consumption of Stores and Spares' in statement of profit and loss.





# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ Lakhs)

### 9 Current Investments

	As at March 31, 2021	As at March 31, 2020
<b>a. Investments in Equity Instruments (Quoted)</b>		
90 (Previous Year - 90) Equity shares of HDFC Bank Limited having face value of ₹ 1 ( Previous year ₹ 1)	1.35	0.78
<b>b. Investments in Mutual Funds (Unquoted)</b>		
18,650.39 Units (Previous Year - 180,576.96 Units) in Baroda Short Term Bond Fund - Plan B Growth	4.49	40.94
	<b>5.84</b>	<b>41.72</b>
<b>Other disclosures</b>		
Aggregate amount of quoted investments and market value thereof	1.35	0.78
Aggregate value of unquoted investments	4.49	40.94
Refer note 41 for determination of fair values of investments.		

### 10 Trade Receivables

	As at March 31, 2021	As at March 31, 2020
<b>Unsecured</b>		
Considered good	4,176.57	3,732.57
Credit impaired	28.25	11.50
	<b>4,204.82</b>	<b>3,744.07</b>
Less: Allowance for expected credit losses	28.25	11.50
	<b>4,176.57</b>	<b>3,732.57</b>

- (i) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) For details of receivables from Related Parties, Refer Note No. 40
- (iii) Receivable are pledged and hypothecated against secured borrowings, Refer Note No. 18 & 23.
- (iv) Refer note 45(b)

### 11 Cash and Cash Equivalents

	As at March 31, 2021	As at March 31, 2020
(a) Cash on hand	2.00	3.11
(b) Balance with banks		
- In current accounts	56.66	20.07
	<b>58.66</b>	<b>23.18</b>



**KIMIA BIOSCIENCES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021**  
**(₹ Lakhs)**

**12 Other Balances with Banks**

	As at March 31, 2021	As at March 31, 2020
(a) Earmarked balances with banks		
-Deposits with original maturity of more than three months but less than twelve months*	108.73	54.14
	<b>108.73</b>	<b>54.14</b>

\* Deposits are pledged with various Government authorities and others.

**13 Other Current Financial Assets - (Current)**

	As at March 31, 2021	As at March 31, 2020
(Unsecured, Considered Good)		
Interest accrued on deposits	1.53	1.26
Advance to employees	9.48	9.32
Advance to others	3.00	4.00
Export incentive receivables	39.20	17.93
Other Receivables	0.00	0.66
	<b>53.21</b>	<b>33.17</b>
Advance to others with significant increase in credit risk	1.00	-
Less: Allowance for expected credit losses	1.00	-
	<b>53.21</b>	<b>33.17</b>

**14 Current Tax Assets (Net)**

	As at March 31, 2021	As at March 31, 2020
Advance tax (net of tax provisions)	70.12	74.36
	<b>70.12</b>	<b>74.36</b>

**15 Other Assets - (Current)**

	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	26.15	32.03
Advances to Suppliers	22.94	6.47
GST input credit \$	123.00	65.97
	<b>172.09</b>	<b>104.47</b>

\$ subject to reconciliations

**16 Non Current Assets Classified as Held for Sale**

	As at March 31, 2021	As at March 31, 2020
Leasehold Land and Building thereon	170.20	-
	<b>170.20</b>	<b>-</b>



# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ Lakhs)

### 17 EQUITY SHARE CAPITAL

	As at March 31, 2021	As at March 31, 2020
<b>A. Authorised: \$</b>		
(a) 7,73,31,680 (Previous Year 7,73,31,680) Equity Shares of ₹ 1 each	773.32	773.32
(b) 65,18,320 (Previous Year 65,18,320) Compulsory Convertible Preference Shares of ₹ 1 each	65.18	65.18
(c) 80,00,000 (Previous Year 80,00,000) 0.1% Redeemable Non-Convertible Cumulative Preference Shares of ₹ 10 each	800.00	800.00
	<b>1,638.50</b>	<b>1,638.50</b>
\$ During the previous year, the Company has reclassified its authorised share capital of equity share of ₹ 400 Lakhs to 0.1% Redeemable Non-Convertible Cumulative Preference Shares. The Company has filed an application with RoC, Delhi on October 22, 2019 for approval of re-classification of its authorized share capital which has been rejected on November 14, 2019. The Company has filed an appeal before Hon'ble High Court, Delhi and matter is pending for hearing.		
<b>B. Issued and Subscribed:</b>		
(a) 473,12,741 (Previous Year 463,53,951) Equity Shares of ₹ 1 each (fully paid up)	473.13	463.54
(b) NIL (Previous Year 9,58,790) Compulsory Convertible Preference Shares of ₹ 1 each (fully paid up)	-	9.59
(c) 80,00,000 (Previous year 80,00,000) 0.1% Redeemable Non-Convertible Cumulative Preference Shares of ₹ 10 each	800.00	800.00
	<b>1,273.13</b>	<b>1,273.13</b>
<b>C. Paid-up:</b>		
(a) 473,12,741 (Previous Year 463,53,951) Equity Shares of ₹ 1 each (fully paid up)	473.13	463.54
	<b>473.13</b>	<b>463.54</b>
(b) Nil (Previous Year 9,58,790) Compulsory Convertible Preference Shares of ₹ 1 each (fully paid up)	-	9.59
	-	<b>9.59</b>
(c) Also Refer Note 19		
<b>D. Rights, Preferences and Restrictions :</b>		
(a) <u>Equity shares</u>		
The Company has only one class of Equity Share having face value of ₹1 each and each holder of equity shares 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 remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. Dividend other than interim dividend is subject to the approval of the shareholders in the Annual General Meeting.		
(b) <u>Compulsory Convertible Preference Shares</u>		
During the year the Company has converted 9,58,790 compulsory convertible preference shares (previous year 55,59,530) into equity share. After conversion, each holder of equity shares have the same rights as defined in (a) above.		
(c) <u>Redeemable non-convertible cumulative preference shares</u>		
Each preference share holder is eligible for dividend, in case dividend is declared by the company on other class of shares. Preference shares shall rank senior to all present and future preference shares and/or equity shares issued by the Company. 40,00,000 preference shares shall be redeemed at the option of the Company, at any time within a period not exceeding ten years from the date of allotment on May 17, 2016 and balance 40,00,000 preference shares shall be redeemed not exceeding ten years from the date of allotment on October 07, 2019.		
<b>E.</b>		
During the previous year, the Company has issued 40,00,000, 0.1% redeemable non-convertible cumulative preference shares of ₹ 10 upon conversion of loan based on approval of the Board and its members in the AGM held on September 28, 2019.		



# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ Lakhs)

### 17 Equity share capital

#### E. Reconciliation of number of shares outstanding and the amount of share capital

(a) Equity Shares	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Particulars				
Shares outstanding at the beginning of the year	46,353,951	463.54	14,594,421	145.94
Conversion of share warrant into equity shares ^	-	-	26,200,000	262.00
Conversion of CCPS into equity shares *	958,790	9.59	5,559,530	55.60
Shares outstanding at the end of the year	47,312,741	473.13	46,353,951	463.54

^ In FY 2017-18, the Company has issued 26,20,000 Fully Convertible Warrants ("Warrants") having Face Value of ₹ 10 each, for cash at an issue price of ₹ 30 per Warrant (including a premium of ₹ 20 per Warrant) ("Warrant Issue Price") on preferential basis to the persons belonging to Promoter & Non Promoter category ("Proposed Warrant Allottees"), each convertible into, or exchangeable for, at an option of the Proposed Warrant Allottee, upon the Scheme of arrangement between Kimia Biosciences Ltd. and Laurel Organics Ltd. becoming effective and subject to a maximum tenure of eighteen months from the date of their allotment i.e. January 31, 2018, in one or more tranches, Ten Equity Shares of face value of ₹ 1 (Rupee One only) at a premium of ₹ 2 each on such terms and conditions as may be determined by the Board of Directors. The Company has received entire amount during the previous year against the warrant issue price and allotted 26,20,000 equity shares of ₹ 1 each at a premium of ₹ 2 per share against share warrants.

(b) Compulsory Convertible Preference Shares	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Particulars				
Shares outstanding at the beginning of the year	958,790	9.59	6,518,320	65.18
Conversion of CCPS into equity shares during the year*	(958,790)	(9.59)	(5,559,530)	(55.59)
Shares outstanding at the end of the year	-	-	958,790	9.59

\* During the year, the Company has converted 958790 (Previous year 55,59,530) Compulsory Convertible Preference Shares having face value of ₹ 1 into equity shares.

(c) 0.1% Redeemable Non-Convertible Cumulative Preference Shares	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Particulars				
Shares outstanding at the beginning of the year	8,000,000	800.00	4,000,000	400.00
Shares issued during the year #	-	-	4,000,000	400.00
Shares outstanding at the end of the year	8,000,000	800.00	8,000,000	800.00

# During the previous year, the Company has issued 40,00,000 shares at the face value of ₹ 10 per share by way of private placement of shares on conversion of loan.

#### E. Details of the Shares held by each shareholder holding more than 5% shares

(a) Equity Shares	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% of holding	Number of shares held	% of holding
Particulars				
1. Mr. Sameer Goel	30,137,381	63.70%	29,178,591	62.95%
2. Mr. Sachin Goel	5,318,380	11.24%	5,318,380	11.47%
Total	35,455,761	74.94%	34,496,971	74.42%

(b) Compulsory Convertible Preference shares	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% of holding	Number of shares held	% of holding
Particulars				
1. Mr. Sameer Goel	-	-	958,790	100.00%
Total	-	-	958,790	100.00%

(c) Redeemable Non-Convertible Cumulative Preference Shares	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% of holding	Number of shares held	% of holding
Particulars				
1. Enkay Foam Private Limited	8,000,000	100.00%	8,000,000	100.00%
Total	8,000,000	100.00%	8,000,000	100.00%



# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ Lakhs)

### 18 Non-Current Borrowings

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	Non Current Portion		Current Maturities	
<b>(a) Secured</b>				
(i) Term loan from banks (refer A(i) to A(iv) below)	956.52	869.80	341.48	107.11
(ii) Car loans from a bank (refer A(v) below)	18.26	-	4.23	5.82
<b>(b) Unsecured</b>				
(i) Loans from the companies	829.65	1,069.97	-	216.06
(ii) Loans from a NBFC	285.00	285.00	-	-
(iii) Loans from a director	745.20	206.20	-	-
	<b>2,834.63</b>	<b>2,430.97</b>	<b>345.71</b>	<b>328.99</b>
Less : Current maturities of secured loans (Note 25)			345.71	112.93
Less : Current maturities of unsecured loans (Note 25)			-	216.06
<b>(Total i-ii)</b>	<b>2,834.63</b>	<b>2,430.97</b>	<b>-</b>	<b>-</b>

#### A. Secured Loans

- i. Term Loan ₹ 406.63 lakhs (Previous year ₹ 459.14 lakhs) taken from State Bank of India, SME Branch, Gurgaon which is repayable in 84 monthly instalments beginning from September, 2018 with interest rate is 2.25% above MCLR per annum. The loan is secured by equitable mortgage over the lands ("immovable properties") situated at Bhondsi Village, District- Gurugram, Haryana and RICO Bhiwadi, District-Alwar, Rajasthan, India and interests therein, first charge over the entire plant and equipment of the company. Further secured by way of equitable mortgage over residential villa ("immovable property") situated at Goa, owned by the Managing Director.
- ii. Term loan ₹ 445.43 lakhs (Previous year ₹ 517.77 lakhs) and ₹ 96.79 lakhs (Previous year ₹ Nil) taken from HDFC Bank which is repayable in 60 monthly instalments beginning from July, 2019 with interest rate is 1.55% over 1 Year MCLR (10.25%) and with interest rate is 1.25% over 1 Year MCLR (presently 8.50%) from Dec'2020 respectively. On Term Loan ₹ 445.43 lakhs from June, 2020 interest rate is 1.55% over 1 Year MCLR (presently 9.25%) per annum. This loan is secured by a primary security of immovable property situated in Delhi of relative of a director and collateral security by way of personal guarantee of two directors and a relative of directors.
- iii. Covid-19 Emergency Credit Line ("CECL") loan from State bank of India to the extent of ₹ 66.64 lakhs at interest rate @7.40% p.a. which is repayable in 18 monthly instalments [i.e. beginning with October 2020] after 6 months moratorium. The loan is secured by equitable mortgage over the lands ("immovable properties") situated at Bhondsi Village, District- Gurugram, Haryana and RICO Bhiwadi, District-Alwar, Rajasthan, India and interests therein, first charge over the current and future inventories, book debts of the company. Further secured by way of equitable mortgage over residential villa ("immovable property") situated at Goa, owned by the Managing Director and collateral security by way of personal guarantee of two directors.
- iv. Guaranteed Emergency Credit Line ("GECL") loan are secured by a second ranking charge over the primary and collateral created on inventories (including in transit), book debts including mortgage in favour of the banks and further secured by personal guarantee of two directors :
  - (i) ₹ 179 lakhs from State bank of India at interest rate @7.40% p.a. which is repayable in 36 monthly instalments [beginning with August 2021] after 12 months moratorium
  - (ii) ₹ 103.50 lakhs from HDFC Bank Ltd. at interest rate @8.25% p.a. which is repayable in 36 monthly instalments [beginning with September 2021] after 12 months moratorium
- v. Car loans from HDFC bank are secured by hypothecation of cars purchased there under and carries interest rate of ranging 7.70% to 8.30% (previous year 10% to 11.50%) per annum which are repayable in 60 monthly instalments beginning from date of respective loan.

#### B. Unsecured Loans

- i. Loans from compaines carries interest rate 9% to 9.5% (Previous Year : 9% to 9.5%) per annum and repayable after March 2022.
- ii. Loan from director carries interest at 6% p.a. (Previous Year : Nil ) and repayable after March 2022.

### 19 Other Financial Liabilities

	As at March 31, 2021	As at March 31, 2020
80,00,000 (Previous Year 80,00,000), 0.1% Redeemable non-convertible cumulative preference shares of Rs. 10 each \$	448.41	411.39
	<b>448.41</b>	<b>411.39</b>

\$ Also Refer Note 17



**KIMIA BIOSCIENCES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021**

(₹ Lakhs)

**20 Deferred Tax Liabilities (Net)**

	As at March 31, 2020	Recognized in P&L	Recognized in OCI	As at March 31, 2021
<b>Deferred Tax Liabilities :</b>				
(ii) Property, plant and equipment & Intangible assets	116.19	2.88	-	119.07
(i) Others	-	0.16	-	0.16
<b>Total</b>	<b>116.19</b>	<b>3.04</b>	<b>-</b>	<b>119.23</b>
<b>Deferred Tax Assets :</b>				
(i) Accrued expenses	23.52	9.16	(0.80)	31.88
(ii) Unabsorbed depreciation	87.13	(55.81)	-	31.32
(iii) Others	5.54	6.70	-	12.24
<b>Total</b>	<b>116.19</b>	<b>(39.95)</b>	<b>(0.80)</b>	<b>75.43</b>
<b>Net Deferred Tax Liability / (Assets)</b>	<b>-</b>	<b>43.00</b>	<b>0.80</b>	<b>43.80</b>

**21 Long Term Provisions**

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (Refer Note No.38)	116.94	87.93
	<b>116.94</b>	<b>87.93</b>

**22 Other Non-Current Liabilities**

	As at March 31, 2021	As at March 31, 2020
Deferred revenue		
-Arising on fair valuation of interest free borrowings and preference shares	284.66	435.85
	<b>284.66</b>	<b>435.85</b>

**23 Borrowings - (Current)**

	As at March 31, 2021	As at March 31, 2020
<b>Secured</b>		
Cash credit facility from a bank	1,312.65	632.02
	<b>1,312.65</b>	<b>632.02</b>

Above loan is secured by way of equitable mortgage over the lands ("immovable properties") situated at Bhondsi Village, District- Gurugram, Haryana and RICO Bhiwadi, District-Alwar, Rajasthan, India and interests therein, first charge over the current and future inventories, book debts of the company. Further secured by way of equitable mortgage over residential villa ("immovable property") situated at Goa, owned by the Managing Director and collateral security by way of personal guarantee of two directors.

**24 Trade Payables**

	As at March 31, 2021	As at March 31, 2020
(a) Total outstanding due to micro and small enterprises	21.10	1.77
(b) Total Outstanding due to other than micro and small enterprises	3,057.54	2,654.46
	<b>3,078.64</b>	<b>2,656.23</b>



**KIMIA BIOSCIENCES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021**

(₹ Lakhs)

- (i) Based on the information available as identified by the management there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures relating to dues of Micro and Small enterprises under section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year

- Principal amount due to micro and small enterprises
- Interest due on above

The amount of interest paid by the buyer under MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.

The amount of interest accrued and remaining unpaid at the end of accounting year; and

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.

	18.99	0.79
	-	-
	-	-
	-	-
	1.13	0.86
	0.98	0.12

- (ii) Refer note 45(b)

**25 Other Financial Liabilities**

	As at March 31, 2021	As at March 31, 2020
Current maturities of secured loans	345.71	112.93
Current maturities of unsecured loans	-	216.06
Interest accrued on borrowings	95.15	55.12
Capital creditors	43.60	29.04
Statutory dues	28.62	20.75
Employee emoluments	123.79	105.46
	<b>636.87</b>	<b>539.36</b>

**26 Other Current Liabilities**

	As at March 31, 2021	As at March 31, 2020
Contract Liabilities : Advances from customers	11.44	31.44
Deferred revenue		
-Arising on fair valuation of interest free borrowings and preference shares	49.93	-
	<b>61.37</b>	<b>31.44</b>

**27 Short Term - Provisions**

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (Refer Note No.38)	5.29	4.16
	<b>5.29</b>	<b>4.16</b>





**KIMIA BIOSCIENCES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021**

**28 Revenue from Operations:**

	(₹ Lakhs except EPS)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of goods	13,227.91	10,610.80
Export incentives	43.47	17.83
	<b>13,271.38</b>	<b>10,628.63</b>

28.1 Refer note 48

**29 Other Income:**

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income	5.36	6.50
Deferred revenue income	101.27	87.08
Gain on foreign currency transactions and translations	130.89	-
Gain on fair valuation of investment in mutual funds	4.12	0.79
Net Profit on sale of plant, property and equipment	3.70	-
Unspent liabilities written back	0.16	1.62
Miscellaneous income	0.12	0.38
	<b>245.62</b>	<b>96.37</b>

**30 Cost of Materials Consumed:**

	For the year ended March 31, 2021	For the year ended March 31, 2020
Chemicals and Packing Materials	10,312.59	7,909.32
	<b>10,312.59</b>	<b>7,909.32</b>

**31 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Inventories as at March 31, 2021</b>		
Work-in-Progress	350.06	334.18
Finished Goods	950.25	338.91
<b>Total (A)</b>	<b>1,300.31</b>	<b>673.09</b>
<b>Inventories as at March 31, 2020</b>		
Work-in-Progress	334.18	135.44
Finished Goods	338.91	653.04
<b>Total (B)</b>	<b>673.09</b>	<b>788.48</b>
<b>Decrease / (Increase) in Inventories (B-A)</b>	<b>(627.22)</b>	<b>115.39</b>

**32 Employee Benefit Expenses**

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus etc.	1,285.05	972.73
Gratuity expenses	24.43	19.45
Contribution to provident and other funds	48.96	38.63
Staff welfare expenses	50.66	49.65
	<b>1,409.10</b>	<b>1,080.46</b>



## KIMIA BIOSCIENCES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

#### 33 Finance Costs

	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest on borrowings	283.74	185.02
(b) Unwinding charges on preference shares and interest free borrowings	91.15	86.85
(b) Other borrowing costs	-	3.88
	374.89	275.75
Less: Capitalized/ Transferred to CWIP	35.89	22.87
	<b>339.00</b>	<b>252.88</b>

#### 34 Depreciation and Amortization Expense

	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Depreciation of property, plant and equipment	186.05	158.98
(b) Depreciation on right of use assets	1.37	1.38
(c) Amortisation of intangible assets	3.64	5.65
	<b>191.06</b>	<b>166.01</b>

#### 35 Other Expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of Stores and Spares	146.18	74.99
Job Charges	9.28	12.41
Power & Fuel	454.04	320.77
Insurance	15.15	15.69
Laboratory and testing	142.82	65.54
Rent	22.76	30.05
Rates & Taxes	6.16	4.26
<b>Repair and Maintenance</b>		
Machinery	57.13	86.81
Others	51.85	33.82
Travelling and conveyance	77.19	84.71
Legal and professional	97.42	72.85
Advertisement and other business promotion expenses	115.33	93.99
Auditor's Remuneration #		
As Auditors	4.00	3.00
For Limited Review	1.80	1.50
For Tax Audit	1.00	1.00
For GST Audit	0.75	0.75
For Issuing certificates	2.94	1.45
Reimbursement of expenses	0.61	1.06
Bad debts & Advances written off	15.66	25.76
Net Loss on Foreign Currency Transactions and Translations	-	57.89
Net Loss on sale of Plant, Property and Equipment	-	1.55
Miscellaneous Expenses	116.96	88.48
	<b>1,339.03</b>	<b>1,078.33</b>



## KIMIA BIOSCIENCES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ in Lakhs except EPS)

#### 36 Earnings per share

		For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. Basic earning per share</b>			
Profit for the year	₹	510.44	138.10
No of shares at the beginning of the year	Numbers	46,353,951	14,594,421
Add: Issued during the year	Numbers	958,790	31,759,530
No of shares at the end of the year	Numbers	47,312,741	46,353,951
Weighted average number of equity shares	Numbers	47,312,741	41,766,579
<b>Basic earnings per share of ₹ 1 each</b>	₹	<b>1.08</b>	<b>0.32</b>
<b>B. Diluted earning per share</b>			
Weighted average number of equity shares	Numbers	47,312,741	41,766,579
Add: Compulsorily convertible preference shares	Numbers	-	5,546,162
<b>Total weighted average number of equity shares</b>		<b>47,312,741</b>	<b>47,312,741</b>
Profit attributable to equity shareholders	₹	510.44	134.00
Weighted average number of equity shares	Numbers	47,312,741	47,312,741
<b>Diluted earnings per share of ₹ 1 each</b>	₹	<b>1.08</b>	<b>0.28</b>

\*There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of approval of these financial statements that would have an impact on the outstanding weighted average number of equity shares as at the year end.

#### 37 Contingent Liabilities, Contingent Assets and Capital Commitments (to the extent identified by the Company)

	As at March 31, 2021	As at March 31, 2020
<b>A. Contingent liabilities (not provided for) in respect of:</b>		
<b>Claim against the Company not acknowledged as debts</b>		
- Demand raised by VAT department for various matters	11.67	11.67
<b>Total</b>	<b>11.67</b>	<b>11.67</b>

**Note :** Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/ decisions pending with various forums/ authorities. However, the Company has reviewed all its pending litigation and proceeding and has adequately provided for where provision required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceeding to have a materially adverse effect on its financial position. The Company does not expects any payment in respect of the above contingent liabilities.

#### B. Capital Commitments

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account [net of advances]	104.25	287.90
<b>Total</b>	<b>104.25</b>	<b>287.90</b>

**38 Employee benefits**

**A. Defined Contribution Plans**

**Provident Fund:** During the year, the Company has recognised ₹ 48.96 Lakhs (previous year ₹ 38.63 Lakhs) as contribution to Employee Provident Fund in the Statement of Profit and Loss.

**B. Defined Benefit Plan - Gratuity**

Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15 days of the monthly emoluments for every completed year of service subject to maximum of ₹ 20 Lakhs at the time of separation from the company.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2021. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for defined benefit plans:

	(₹ Lakhs)	
	Current Year	Previous Year
(i) <b>Reconciliation of fair value of plan assets and defined benefit obligation:</b>		
Fair value of plan assets	-	-
Defined benefit obligation	96.97	73.88
<b>Net assets / (liability) recognised in the Balance Sheet at year end</b>	<b>(96.97)</b>	<b>(73.88)</b>
(ii) <b>Changes in the present value of the defined benefit obligation are, as follows:</b>		
Defined benefit obligation at beginning of the year	73.88	55.02
Current service cost	19.41	15.23
Interest expense	5.02	4.21
Benefits paid	(4.53)	(1.75)
Actuarial (gain)/ loss arising on obligations due to change in demographic assumptions	-	(0.04)
Actuarial (gain)/ loss arising on obligations due to change in financial assumptions	-	6.28
Actuarial (gain)/ loss arising on obligations due to change in experience adjustments	3.19	(5.09)
<b>Defined benefit obligation at year end</b>	<b>96.97</b>	<b>73.88</b>
(iii) <b>Amount recognised in Statement of Profit and Loss:</b>		
Current service cost	19.41	15.23
Net interest expense	5.02	4.21
Remeasurement of Net Benefit Liability/ Asset	-	(0.04)
<b>Amount recognised in Statement of Profit and Loss</b>	<b>24.43</b>	<b>19.41</b>
(iv) <b>Amount recognised in Other Comprehensive Income:</b>		
Actuarial (gain)/ loss on obligations	-	(0.04)
Return on plan assets (excluding amounts included in net interest expense)	-	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>-</b>	<b>(0.04)</b>
(v) <b>The Company has no plan assets.</b>		
(vi) <b>The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:</b>		
Discount rate (in %)	6.80%	6.80%
Salary Escalation (in %)	5.50%	5.50%
Rate of return in plan assets (in %)	-	-
Expected average working lives of employees (in years)	58	58
Expected average remaining working lives of employees (in years)	22.74	21.80

**38 Employee benefits (contd.)**

(vii) A quantitative sensitivity analysis for significant assumption are given as below :

(₹ Lakhs)

	As at March 31, 2021		As at March 31, 2020	
Sensitivity Level	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Effect of change in discount rate	(5.17)	5.61	(4.00)	4.34
Effect of change in salary escalation	5.15	(4.78)	3.87	(3.59)

- a. The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.
- b. Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.
- c. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(viii) Maturity profile of defined benefit obligation :

(₹ Lakhs)

	As at March 31, 2021	As at March 31, 2020
Within next twelve months	2.75	2.30
Between one to five years	15.48	9.84
Beyond five years	78.74	61.74
(ix) Weighted average duration (in years)	17.27	16.99
(x) Expected next year contribution	31.85	25.50

**39 Segment Reporting**

- (a) According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. "Pharmaceuticals" and substantially sale of the product is within the country. Hence, the disclosure requirement of Ind AS 108 of 'Segment Reporting' is not considered applicable. The secondary segment is geographical, information related to which is given as under:

	As at March 31, 2021			As at March 31, 2020		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales (gross)	11,790.91	1,437.00	13,227.91	10,163.80	447.00	10,610.80

The Company has common assets for producing goods for domestic market and overseas market.

- (b) One customer individually account for more than 10% of the revenue in the year ended March 31, 2021 and March 31, 2020.



# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ in Lakhs)

### 40 Related Parties

#### A Related parties and their relationships (as identified by the management)

##### i) Key Managerial Personnel (KMP) and their relatives

Name	Relationship
Mr. Sameer Goel	Managing Director
Mr. Vipul Goel	Director
Mr. Jagdeep Dhawan ^	Independent Director
Mrs. Richa Gupta ^	Independent Director
Mrs. Vandana Goel	Wife of Managing Director
Mr. Ved Prakash Goel	Father of Managing Director
Mrs. Santosh Goel	Mother of Managing Director
Mr. Sanjay Gupta	Chief Financial Officer
Mr. Abhishek Pandey	Company Secretary

^ KMP under Ind AS

##### ii) Entity in which KMP and their relatives has significant influence (where transactions have taken place)

Biotavia Labs Pvt Ltd.  
Zeneses Biosciences Pvt Ltd.  
Biotavia Pharm Ltd.  
Salutem Pharmaceuticals Pvt Ltd.  
S G Bullion Impex Pvt Ltd.

#### B Transactions with the above in the ordinary course of business

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>a) Remuneration to Key Managerial Personnel \$</b>		
- Short Term Employee Benefits	112.29	98.51
\$ Excludes provision in respect of gratuity, compensated absences etc. as the same is determined on an actuarial basis for company as whole.		
<b>b) Money received against share warrants and equity shares issued there against (including security premium)</b>		
Mr. Sachin Goel	-	117.89
Mr. Sameer Goel	-	287.11
<b>c) Equity shares issued against share warrants allotted in earlier years (including security premium)</b>		
Mr. Sachin Goel	-	39.29
Mr. Sameer Goel	-	95.71
<b>d) Conversion of CCPS to equity</b>		
Mr. Sachin Goel	-	0.30
Mr. Sameer Goel	9.59	55.30
<b>e) Purchase of goods</b>		
Biotavia Pharm Ltd.	-	1.14
<b>f) Sale of goods</b>		
Salutem Pharmaceuticals Pvt Ltd.	3.16	-
<b>g) Interest Paid/credited</b>		
Mr. Sameer Goel	25.78	-
S G Bullion Impex Pvt Ltd.	61.82	25.81
<b>h) Loan received</b>		
Mr. Sameer Goel	493.00	-
Mr. Vipul Goel	125.00	-
Biotavia Labs Pvt Ltd.	420.00	617.80
S G Bullion Impex Pvt Ltd.	30.00	650.00
<b>i) Loan repaid</b>		
Mr. Sameer Goel	79.00	85.00
Biotavia Labs Pvt Ltd.	655.51	1,429.31
Biotavia Pharm Ltd.	-	57.87

##### j) Also refer note refer note 18 and 23 for guarantee related transactions



**KIMIA BIOSCIENCES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021**

(₹ in Lakhs)

**C Balances Outstanding**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Mr. Sameer Goel</b>		
- Unsecured loan payable	620.20	206.20
- Interest payable	25.78	-
- Other payable	2.21	27.28
<b>Mr. Vipul Goel</b>		
- Unsecured loan payable	125.00	-
<b>Mrs. Vandana Goel</b>		
- Salary payable	1.02	1.00
<b>Mr. Sanjay Gupta</b>		
- Receivable	4.28	5.88
<b>Biotavia Labs Pvt Ltd.</b>		
- Unsecured loan payable	-	235.51
<b>Salutem Pharmaceuticals Pvt Ltd.</b>		
- Receivable	3.00	3.00
<b>S G Bullion Impex Pvt Ltd.</b>		
- Unsecured loan payable	680.00	650.00
- Interest Payable	61.82	25.81

Terms and conditions related to Outstanding balances :

- 1) Trade and others receivables are receivable in cash within 90 days of the due date and are unsecured.
- 2) All outstanding payables are unsecured and payable in cash.





# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

### 41 Financial Instruments

(₹ Lakhs)

A) Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	As at March 31, 2021		As at March 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(a) Measured at fair value through Profit and Loss				
Financial assets				
Investments- Current	5.84	5.84	41.72	41.72
	<b>5.84</b>	<b>5.84</b>	<b>41.72</b>	<b>41.72</b>
(b) Measured at amortized cost				
(i) Financial assets				
Other financial Assets				
- Non Current	17.28	17.28	14.28	14.28
- Current	53.21	53.21	33.17	33.17
Trade receivables	4,176.57	4,176.57	3,732.57	3,732.57
Cash and cash equivalents	58.66	58.66	23.18	23.18
Other Bank balances	108.73	108.73	54.14	54.14
	<b>4,414.46</b>	<b>4,414.46</b>	<b>3,857.35</b>	<b>3,857.35</b>
(ii) Financial liabilities				
Borrowings				
- Non Current	2,834.63	2,834.63	2,430.97	2,430.97
- Current	1,312.65	1,312.65	632.02	632.02
Trade payables	3,078.65	3,078.65	2,656.23	2,656.23
Other financial Liabilities				
- Non Current	448.41	448.41	411.39	411.39
- Current	636.87	636.87	539.36	539.36
<b>Total</b>	<b>8,311.21</b>	<b>8,311.21</b>	<b>6,669.96</b>	<b>6,669.96</b>

Fair value of cash and bank, other bank balances, trade receivables, other financial assets, interest bearing borrowings, trade payables and other financial liabilities (except redeemable non-convertible cumulative preference shares) approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of interest free borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

### B) Fair value hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:-

**Level 1:** Quoted prices for identical instruments in an active market;

**Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

**Level 3:** Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.



## KIMIA BIOSCIENCES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

#### a) Financial assets and liabilities measured at fair value - recurring fair value measurements

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- (a) recognised and measured at fair value and
- (b) measured at amortised cost.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

##### (i) Financial Instruments measured at FVTPL

(₹ Lakhs)

As at March 31, 2021	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
- Equity Shares	1.35	-	-	1.35
- Debt oriented mutual fund	4.49	-	-	4.49

As at March 31, 2020	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
- Equity Shares	0.78	-	-	0.78
- Debt oriented mutual fund	40.94	-	-	40.94

##### (ii) Financial Instruments measured at amortised cost

As at March 31, 2021	Level 1	Level 2	Level 3	Total
- Preference shares	-	-	448.41	448.41
<b>As at March 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
- Preference shares	-	-	411.39	411.39

#### b) Valuation process and technique used to determine fair value

The fair value of investments in quoted equity shares and mutual funds are based on the current bid price of respective investment as at the balance sheet date.

In case of preference shares, the Company has used valuation report of external valuer. Valuation was derived using discounted cash flow method which was based on present value of the expected future economic benefit.

#### c) Fair value measurements using significant unobservable inputs (level 3)

Type of Financial Instruments	Fair Value as at		Discounting Rate	Significant unobservable inputs	Sensitivity
	March 31, 2021	March 31, 2020			
Preference shares	448.41	411.39	9% (previous year 9%)	Risk-adjusted discount rate	Change of (+) 50 / (-) 50 basis points - Fair value would change by ₹ 1.00 Lakhs (approx.) respectively



# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ in Lakhs)

### 42 Financial risk management objectives and policies

#### Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of properly defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables, cash and cash equivalents, and financial assets measured at amortised cost. Exposure to credit risk is mitigated through regular monitoring of collections, counterparty's creditworthiness and diversification in exposure.

#### Trade and other receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available. Sale limits are established for each customer and reviewed periodically.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties. The ageing analysis of the receivables has been considered from the date the invoice falls due :

Particulars		Less than 6 months	6-12 months	More than 12 months	Total
As at March 31, 2021	Past due	4,109.19	31.36	36.02	4,176.57
As at March 31, 2020	Past due	3,686.77	26.74	19.06	3,732.57

During the year, the Company has made write-offs ₹ 17.75 Lakhs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

#### Financing Arrangement

The cash credit facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in Indian rupee and have an average maturity within a year.

#### Maturity profile of Financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	< 1 year	1-3 years	3-5 years	> 5 years	Total
<b>As at March 31, 2021</b>					
Borrowings (including current maturity)	1,658.36	2,503.82	330.81	-	4,492.99
Trade payables	3,078.64	-	-	-	3,078.64
Other financial liabilities	291.16	-	-	800.00	1,091.16
	<b>5,028.14</b>	<b>2,503.82</b>	<b>330.81</b>	<b>800.00</b>	<b>8,662.78</b>
<b>As at March 31, 2020</b>					
Borrowings (including current maturity)	961.00	2,185.67	245.30	-	3,391.97
Trade payables	2,656.23	-	-	-	2,656.23
Other financial liabilities	210.37	-	-	800.00	1,010.37
	<b>3,827.60</b>	<b>2,185.67</b>	<b>245.30</b>	<b>800.00</b>	<b>7,058.58</b>



# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ in Lakhs)

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include trade payables, trade receivables, borrowings, etc.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company is exposed to interest rate risk because Company borrows funds at both floating interest rates. These exposures are reviewed by appropriate levels of management. The Company regularly monitors the market rate of interest to mitigate the risk exposure. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows.

	Increase / Decrease in basis point	Effect on profit before tax	Effect on equity after tax	Increase / Decrease in basis point	Effect on profit before tax	Effect on equity after tax
	As at March 31, 2021			As at March 31, 2020		
Borrowings from banks and others	+50	(13.17)	(9.85)	+50	(8.07)	(6.04)
Borrowings from banks and others	-50	13.17	9.85	-50	8.07	6.04

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign currency risk primarily relates to raw purchase purchases. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

### Exposure to Financial Derivatives

The Company has not entered into derivative instruments to hedge their foreign currency contracts. Foreign currency exposure that are not hedged by a derivative instrument as at Balance Sheet are as follows

		As at March 31, 2021			As at March 31, 2020		
Currency		Amount in Foreign Currency	Amount	Conversion Rate	Amount in Foreign Currency	Amount	Conversion Rate
Unhedged Exposure							
Trade Receivables	USD	4.13	301.53	73.04	3.50	264.15	75.39
Trade Payables	USD	(20.01)	(1,461.73)	73.04	(20.31)	-1530.84	75.39
Trade Payables	EURO	-	-		(0.05)	-4.15	83.05
Total		(15.88)	(1,160.20)		(16.85)	(1,270.84)	

### Foreign currency sensitivity

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EURO. The risk is measured through a forecast of highly probable foreign currency cash flows.

	Currency	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>USD sensitivity</b>		Profit and Loss		Equity, after tax	
INR/USD- increase by 10%*	USD	(116.02)	(12.67)	145.22	(12.67)
INR/USD- decrease by 10%*	USD	116.02	12.67	86.82	12.67

\*Holding all other variables constant



## KIMIA BIOSCIENCES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

#### 43 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There were no changes were made in the objectives, policies or processes for managing capital during the period under reporting.

	(₹ Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Equity Share Capital	473.13	463.54
Instruments entirely equity in nature (CCPS)	-	9.59
Other Equity (including capital contribution)	1,370.51	864.06
<b>Shareholders' Fund</b>	<b>1,843.64</b>	<b>1,337.19</b>
Non Current Borrowings including their current maturities	3,180.34	2,759.96
0.1% Redeemable Non-Convertible Cumulative Preference Shares of Rs. 10 each	733.07	847.24
Current borrowings	1,312.65	632.02
<b>Total debts</b>	<b>5,226.07</b>	<b>4,239.21</b>
Less : Cash & Cash Equivalents	58.66	23.18
<b>Net debts</b>	<b>7,011.04</b>	<b>5,553.22</b>
<b>Capital &amp; Net Debts</b>	<b>8,854.68</b>	<b>6,890.41</b>
<b>Debt Equity Ratio</b>	<b>2.83</b>	<b>3.17</b>
<b>Capital Gearing Ratio</b>	<b>79.18%</b>	<b>80.59%</b>

#### 44 Tax expense

##### (a) Reconciliation of effective tax

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Net profit before tax</b>	<b>553.44</b>	<b>122.60</b>
At India's statutory income tax rate of 25.168% (Previous year:25.168%)	139.29	30.86
<b>Non-deductible expenses for tax purposes:</b>		
(a) Tax effect of items not deductible	5.84	4.13
(b) Tax effect of items brought forward losses and other items	(102.14)	(34.99)
(c) Income tax related to earlier years	-	15.50
<b>Tax expense reported in the statement of profit and loss</b>	<b>43.00</b>	<b>15.50</b>

(b) Till previous year ended March 31, 2020, deferred tax assets on business losses and unabsorbed depreciation was recognized to the extent of differed tax liabilities. For balance amount ₹ 273.22 lakhs no deferred tax assets was recognized as there was no convincing evidence that sufficient taxable profits will be available in the future against which such deferred tax assets can be realised in the normal course of business of the company. However, during the year, unabsorbed depreciation and brought forward losses of ₹ 273.22 Lakhs has been setoff against current year's taxable profit.

(c) In previous year, the Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for Income Tax for the year basis the rate prescribed in the said section.



# KIMIA BIOSCIENCES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

(₹ in Lakhs)

### 45 Other Notes

- (a) As per Ind AS 7, the Company is required to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. In previous year, the Company had issued 40,00,000, 0.1% redeemable non-convertible cumulative preference shares of ₹ 10 upon conversion of loan. Hence there is no movement of cash flows under financing activities in cash flow statement in previous year.
- (b) Balances of certain trade receivables, advances and trade payables are in the process of confirmation and/or reconciliation.

### 46 Recognition of In house Research & Development Facility & Expenses incurred:

The Company has set up state of art Research & Development Centre at factory located at Village: Bhondsi, Tehsil: Sohna, District : Gurgaon, Haryana for development of new Product/processes, improvement in existing product process for cost reduction and to develop new APIs. This Research & Development Centre is recognised and approved by Department of Scientific and Industrial Research (DSIR) vide Registration No. TU/IV-RD/4410/2018 dated 22/01/2019.

Details of Capital and Revenue expenditure incurred during the year are given below and the same are grouped with respective heads of accounts in Note 3 to 5 and Note 28 to 35 to financial statements.

#### a) Revenue Expenditure (as identified by the management)

	(₹ Lakhs)	
Particulars	For the year ended March 31, 2021	Year ended March 31, 2020
Chemicals & Consumables consumed	121.37	63.57
Employee benefits expense	339.42	227.42
Administration expenses-allocated	99.18	74.44
Depreciation	56.05	52.74
<b>Grand Total</b>	<b>616.02</b>	<b>418.18</b>

#### b) Capital Expenditure (as identified by the management)

	(₹ Lakhs)	
Particulars	For the year ended March 31, 2021	Year ended March 31, 2020
Building	22.95	-
Plant and machinery	217.80	105.68
Furniture and fixtures	12.02	1.23
Computers	16.15	1.82
Office equipments	0.81	0.86
Intangible assets	-	0.76
<b>Grand Total</b>	<b>269.73</b>	<b>110.36</b>

**47 Leases**
**As a Lessee**

- (i) In previous year, effective from April 01, 2019 the Company has adopted Ind AS 116 'Leases' using modified retrospective approach in accordance with the modified retrospective transition method. This had resulted in the recognition of right-of-use assets for ₹ 111.68 lakhs and no lease liabilities for lease contracts was required to be accounted.
- (ii) There are no income from subleasing right-of-use assets nor any gains or losses from sales and leaseback for the year ended March 31, 2021.
- (iii) There are no variable lease payments for the year ended March 31, 2021.
- (iv) The Company recognizes the expenses of short-term leases on a straight-line basis over the lease term. The expenses related to short-term leases are ₹ 22.76 Lakhs for the year ended March 31, 2021 (Previous year ₹ 30.05 lakhs).
- (v) There are no variable lease payments for the year ended March 31, 2021.
- (vi) Total cash outflow on short term leases for the year ended March 31, 2021 was ₹ 22.76 lakhs (Previous year ₹ 30.05 lakhs).

**48 Disclosure under Ind AS 115**

- (i) Reconciliation of contract price vis a vis revenue recognised in the statement of profit and loss is as follows:

Particulars	For the year ended March 31, 2021	Year ended March 31, 2020
<b>Contract price</b>		
(i) Sales of products	13,271.38	10,628.63
<b>Adjustments:</b>		
Less : Discount/rebate/ incentives	-	-
<b>Revenue recognised in statement of profit and loss</b>	<b>13,271.38</b>	<b>10,628.63</b>

- (ii) Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

Particulars	For the year ended March 31, 2021	Year ended March 31, 2020
(a) <b>Contract Assets</b>	<b>4,204.82</b>	<b>3,744.07</b>
(b) <b>Movement of contract liability :</b>		
Opening balance	31.44	26.84
Less : Revenue recognized/Written off during the year from opening balance	31.44	26.84
Add : Advance received during the year not recognized as revenue	11.44	31.44
<b>Amounts included in contract liabilities at the end of the year</b>	<b>11.44</b>	<b>31.44</b>

- (c) Contract liabilities include amount received from customers as per the terms of purchase/sales order to deliver goods. Once the goods are completed and control is transferred to customers the same is adjusted accordingly.
- (iii) The above revenues have been recognised at point of time.





## KIMIA BIOSCIENCES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2021

#### 49 Estimation uncertainty relating to the global health pandemic on COVID-19

COVID - 19 pandemic has caused disruption on the global economic and business environment. There is uncertainty with regard to its impact which cannot be reasonably determined at this stage. However, the Company has evaluated and considered to the extent possible the likely impact that may arise from COVID-19 pandemic as well as all event and circumstances up to the date of approval of these financial statements on the carrying value of its assets and liabilities as at March 31, 2021. Based on the current indicators of future economic conditions, the Company estimates to recover the carrying amount of its assets and has adequate liquidity to discharge its obligations. These estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. The Company is continuously monitoring any material changes in future economic conditions.

#### 50 Previous year's figures have been regrouped/ recasted wherever necessary to conform to the current year's classification.

As per our report of even date attached

**For Singhi & Co.**

Chartered Accountants

Firm Reg. No. 302049E

sd/-  
**Bimal Kumar Sipani**

Partner

Membership No. 088926

Place : Noida (Delhi-NCR)

Date : June 22, 2021

For and on behalf of Board of Directors

sd/-  
Sameer Goel  
**Managing Director**  
DIN: 00161786

sd/-  
Vipul Goel  
**Director**  
DIN: 00064274

sd/-  
Abhishek Pandey  
**Company Secretary**

sd/-  
Sanjay Gupta  
**Chief Financial Officer**

Place : New Delhi

Date : June 22, 2021