



# FREDUN PHARMACEUTICALS LIMITED

**31<sup>st</sup> ANNUAL REPORT  
2017 - 2018**

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Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## FREDUN PHARMACEUTICALS LTD

CIN: L24239MH1987PLC043662

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# CORPORATE INFORMATION

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## CORPORATE INFORMATION

### 1. BOARD OF DIRECTORS

Dr. (Mrs.) Daulat N. Medhora  
Mr. Fredun N. Medhora  
Mr. Nariman B. Medhora  
Dr. Aspi N. Raimalwala  
Dr. Chandrakant K. Shah  
Dr. Rohinton Kanga

Chairperson & Jt. Managing Director  
Managing Director  
Whole Time Director  
Independent Director  
Independent Director  
Independent Director

### 2. REGISTERED OFFICE & CORPORATE OFFICE

26, Manoj Industrial Premises,  
G. D. Ambekar Marg, Wadala  
Mumbai - 400 031  
Tel. No. +91 22 4031 8111  
Fax No.: +91 22 4031 8133  
Email Id.: [business@fredungroup.com](mailto:business@fredungroup.com)  
Website: [www.fredungroup.com](http://www.fredungroup.com)

### 3. FACTORY SITE

14, 15, 16, Zorabian Industrial Complex,  
Veoor, Palghar (East) – 401 404  
District - Thane  
Tel. No.: +91 7045957829 / 30

### 4. STATUTORY AUDITORS

M/s. Savla & Associates

Chartered Accountants

### 5. SECRETARIAL AUDITORS

M/s. Rajendra & Co.

Practising Company Secretaries

### 6. REGISTRAR & TRANSFER AGENTS & CUSTODIANS OF SHARES

Purva Sharegistry (India) Pvt. Ltd.  
Unit No. 9, Shiv Shakti Ind. Estate  
J. R. Boricha Marg,  
Opp. Kasturba Hospital Lane,  
Lower Parel - East, Mumbai – 400 011

### 7. BANKERS

Indusind Bank Ltd.  
Shamrao Vitthal Co-op Bank Ltd.  
ICICI Bank



# NOTICE OF 31ST ANNUAL GENERAL MEETING

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## NOTICE OF 31ST ANNUAL GENERAL MEETING

**Notice** is hereby given that the **31st ANNUAL GENERAL MEETING** (the "31st AGM") of the members of **FREDUN PHARMACEUTICALS LIMITED** will be held on Thursday, September 27, 2018 at 9:00 A.M. Hotel Avon Ruby - 87, Naigaum Cross Road, Near Dadar Railway Station, Dadar East, Mumbai - 400014 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018 together with the reports of the Board of Directors and the Auditors thereon;
2. To declare a Dividend on Equity Shares of the Company for the Financial Year ended March 31, 2018.
3. To appoint a Director in place of Dr. (Mrs.) Daulat Medhora (DIN No.: 01745277) who retires by rotation in terms of Section 152 of Companies Act, 2013 and being eligible has offered herself for re-appointment.
4. Appointment of the Auditors:

To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013; read with Companies (Audit and Auditors) Rules, 2014; M/s. Savla & Associates, Chartered Accountants, (Firm Registration No. 109361W), retiring auditor of the Company be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of the Thirty first Annual General Meeting till the conclusion of the Thirty Sixth Annual General Meeting of the Company, as per the provisions of the Companies Act, 2013; at such remuneration plus Goods & Service Tax, out-of-pocket expenses, as may be mutually agreed upon by the Board of Directors and the Statutory Auditors".

**"RESOLVED FURTHER THAT** to give effect to the above resolution, the Board of Directors of the Company be and is hereby authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this regard."

**SPECIAL BUSINESS:**

**5. Reappointment of Mr. Nariman Medhora (DIN: 02060357), as Whole-time Director of the Company:**

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

**"RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and in accordance with the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 ("**Act**"), read with Schedule V of the Act, and other applicable provisions, if any, of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other consents and approvals as may be necessary, consent of the members of the Company be and is hereby accorded for the re-appointment of Mr. Nariman Medhora (DIN: 02060357) as a Whole Time Director of the Company for a period of three years with effect from, May 5, 2018 who shall be liable to retire by rotation; on such terms and conditions including remuneration as set out in the Statement annexed to the Notice and such other conditions as the Board of Directors of the Company (the "**Board**") may deem fit."

**"RESOLVED FURTHER THAT** any one of the Executive Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit."

**6. Transaction with related parties under Section 188 of the Companies Act, 2013:**

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

**"RESOLVED THAT** pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable rules, regulations and notifications if any, approval of the members be and is hereby accorded for entering into Related Party Transactions by the Company with effect from October 1, 2018 up to the maximum amounts as appended below:

<b>Maximum aggregate value of contracts / transactions as may be entered into W.E.F October 1, 2018</b>	
<b>NAME OF THE RELATED PARTIES</b>	<b>Sale, Purchase, Supply, disposing off, or Buying, Leasing, Available, Rendering, Using, etc. of any kind of Goods, Materials, Services and or Property of any description.</b>
<b>COMPANIES</b>	
Fredun Healthcare Pvt. Ltd	Rupees Fifty Crores (Rs. 50,00,00,000)
<b>INDIVIDUAL</b>	
Daulat N. Medhora	Rupees Five Crores (Rs. 5,00,00,000)
Fredun Medhora	Rupees Five Crores (Rs. 5,00,00,000)
Nariman Medhora	Rupees Five Crores (Rs. 5,00,00,000)
<b>FIRMS &amp; OTHERS</b>	
Fredna Enterprises	Rupees Fifty Crores ( Rs. 50,00,00,000)

**"RESOLVED FURTHER THAT** to give effect to this Resolution the Board of Directors and / or any Committee thereof be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above Resolution and to do all acts, deeds, things as may be necessary in its absolute discretion deem necessary, proper, desirable and to finalize any documents and writings related thereto".

**7. To increase the Borrowing Limit u/s 180(1)(c) of the Companies Act, 2013 upto Rs.100 Crores:**

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

**"RESOLVED THAT** in supersession of all the earlier Resolutions passed in this regard, consent of the Company be and is hereby accorded, pursuant to Sections 179, 180(1) (c) and all other applicable provisions, if any, of the Companies Act, 2013 (the 'Act'), and the Companies (Meetings of Board and its Powers) Rules, 2014 and other Rules, Regulations, Notifications and Circulars issued including any statutory modification or re-enactment thereof for the time being in force, to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this Resolution) for borrowing from time to time, any sum or sums of money for the purposes of the Company, upon such terms and conditions and with or without security, as the Board may in its discretion think fit, notwithstanding that the money or monies to be so borrowed by the Company (apart from the temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the

sums already borrowed, may exceed the aggregate of the paid-up share capital of the Company and its free reserves that is to say, reserves not set apart for any specific purposes, provided however that the sums so borrowed and remaining outstanding on account of principal shall not, at any time, exceed **Rs. 100 Crores** (Rupees One Hundred Crores Only)."

**"RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorized to negotiate limits with the Bankers (including guarantees facilities), determine the terms and conditions including fixing the rate of interest, tenure etc. for each borrowing and for such purpose create and place fixed deposits as collateral execute loan agreement, Demand promissory Notes, Pledge / Hypothecation agreement, and other documents and deeds, receipts, acknowledgements and discharge in connection with the borrowings of the Company within the borrowing limits as prescribed above".

**"RESOLVED FURTHER THAT** the authority be and is hereby granted to issue short term and long-term debt instruments of the Company, including by way of issue of Debentures or such other instruments as the Board may deem proper including but not limited to issuance of commercial papers etc. in one or more tranches, such that the total outstanding borrowing by way of issue of such instruments outstanding at any one point of time shall not exceed aforesaid limit".

**"RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to do all such acts deeds and things as may be necessary in this regard including but not limited to the delegation of powers to any director or committee of directors or any other person as it may deem fit subject to the provision of the Companies Act, 2013 and such other applicable rules / provisions for the time been in force."

By Order of the Board  
For Fredun Pharmaceuticals Limited  
Sd/-  
Fredun Medhora  
DIN: 01745348  
(Managing Director)

**Place:** Mumbai

**Date:** June 18, 2018

**REGISTERED OFFICE:**

26, Manoj Industrial Premises,  
G.D. Ambekar Marg, Wadala,  
Mumbai - 400 031

**THE STATEMENT CONTAINING INFORMATION AS REQUIRED UNDER PROVISION IV OF PARA B OF SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 TO THE EXTENT APPLICABLE IS GIVEN HEREUNDER**

**I. GENERAL INFORMATION:**

- i. Nature of Industry: The Company is primarily in the business of Pharmaceuticals and Healthcare.
- ii. Date or expected date of commencement of Commercial production: Not Applicable
- iii. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
- iv. Financial performance: Based on the Audited financial results for the year ended March 31, 2018:

Particulars	(Rupees in Lakhs) 2018
Turnover & Other Income	5971.08
Gross Profit before Interest Depreciation & Tax	586.42
Net Profit after Tax	175.09

- v. Foreign investments or collaborators, if any: Not Applicable

**II. INFORMATION ABOUT THE APPOINTEES:**

- i. Background Details:

Name of the Director	Mr. Nariman Medhora
Designation	Whole Time Director
Education	B.sc from Gujarat University  He has wide experience in Plant checking, R.M.stores, Inventory Control and Purchase Department
Past Experience	He is associated with the Company since its incorporation.

- ii. Past remuneration during the Financial year ended March 31, 2018:

Name of the Director	Mr. Nariman Medhora
Remuneration	Rs. 13,20,000/-

- iii. Recognition or Awards: NA

- iv. Job Profile and their suitability:

Mr. Nariman Bamansha Medhora is one of the Founder and Promoter Directors of Fredun



Pharmaceuticals Limited and is connected with the Company thereon. With his extensive experience and knowledge of the Pharmaceutical Industry the Company has grown to the current position.

Decision making in any business requires guidance and advice on ongoing basis and the knowledge and vast experience of Mr. Nariman Medhora is going to immensely benefit the Company to accomplish its goals.

v. Remuneration proposed:

As specified in the Explanatory Statement read with the resolution proposed for their re-appointment.

vi. Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile of the Whole Time Director; the responsibilities shouldered by him and the Industry benchmarks, the remuneration proposed to be paid is in line with the remuneration packages paid to similar senior level counterpart(s) in other Companies.

vii. Pecuniary relationship(s) directly or indirectly with the Company or relationship with the Managerial Personnel, if any:

Besides the remuneration proposed to be paid to the Whole Time Director; he do not have any other pecuniary relationship with the Company except for that he is Husband of Dr. (Mrs.) Daulat Medhora, Chairperson & Joint Managing Director of the Company and Father of Mr. Fredun Medhora, Managing Director of the Company.

Further, Mr. Fredun Medhora, the Managing Director, Mr. Nariman Medhora, the Whole Time Director and Dr. (Mrs) D.N. Medhora being the Chairperson and Joint Managing Director of the Company are holding fully paid-up Equity Shares in the Company.

**III. OTHER INFORMATION:**

I. Reasons for loss or inadequate profits:

For the time being, the Company is earning profits in its operations. Stiff market conditions and competitions generally have impact on the profits of the Company. But your Company in the past years have expanded its manufacturing capacities and contributes strongly to our revenues.

ii. Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

In the previous year the Company's expenses went up drastically due to the development and expansion in the manufacturing unit at Palghar. An increase in the interest cost has also affected the profits of the Company. However, now that the expansion of the unit is almost complete, the Company expects good increase in productivity leading to much better profits.

iii. Expected increase in productivity and profits in measurable terms: Not Applicable

iv. Disclosures: The information and disclosures of the remuneration package of the Managerial Personnel have been duly mentioned in the notice of this Meeting.

**By Order of the Board  
For Fredun Pharmaceuticals Limited**

Sd/-

**Fredun Medhora**

**DIN: 01745348**

**(Managing Director)**

**Place: Mumbai**

**Date: June 18, 2018**

**REGISTERED OFFICE:**

26, Manoj Industrial Premises,  
G.D. Ambekar Marg, Wadala,  
Mumbai - 400 031

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 31ST ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND ON A POLL, VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013 ("the Act"), read with

the applicable rules thereon, a person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder. Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the Annual General Meeting.

3. Every member entitled to vote at the 31st Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty-four hours before the time fixed for the commencement of the Annual General Meeting and ending on the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intentions to inspect the proxies lodged shall be required to be provided to the Company. Further, Corporate Members are required to send a Certified Copy of the Board Resolution, pursuant to Section 113 of the Act authorizing their representatives to attend and vote on their behalf at the Annual General Meeting.
4. Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Register of Members of the Company will remain closed from September 21, 2018 to September 27, 2018; both days inclusive (Book Closure Date) for the purpose of Annual General Meeting.
5. Pursuant to the provisions of Section 124(5) and Section 124(6) of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules") and amendments thereto, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the demat account of the IEPF authority.

The Company at its 30th AGM held on September 28, 2017 had declared dividend at the rate of 6% The unclaimed / unpaid amount is lying in the account and we thus request the shareholders to contact the Company or Purva in this matter. The details of the unclaimed / unpaid dividend is available on the website of the Company at [www.fredungroup.com](http://www.fredungroup.com)

6. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No. Entry in the meeting hall shall be strictly restricted to the members / valid proxies only carrying the attendance slip.
7. The members are requested to notify any change in their registered address / residential



status immediately to the Registrars M/S. Purva Sharegistry (India) Pvt. Limited, Unit No. 9, Shiv Shakti Indl. Estate, J.R. Boricha Marg, Off N. M. Joshi Marg, Near Lodha Excelus, Lower Parel (E), Mumbai - 400 011. In case of Dematerialised Shares, the aforesaid information should be given to the Depository Participant with whom the member has an account.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar and Transfer Agent / Company.
9. Members may note that the Companies Act, 2013 and Rules made thereunder, allow the Company to send notices and documents, including Annual Report to the Shareholders through electronic mode to the Registered e-mail addresses of Shareholders.
  - 8.1 Keeping in view the Green Initiative taken by the MCA and to save the cost involved in printing and dispatch, we propose to send all future communications including all the notices of General Meetings, Financial statements and Postal Ballot Notices etc. of the Company, in electronic mode.
  - 8.2 To facilitate the same, we request you to furnish your consent with E-mail ID quoting your folio number to our Registrar & Share Transfer Agents M/S. Purva Sharegistry (India) Pvt. Limited.
  - 8.3 In case of any changes in your E-mail address, the same may be communicated immediately.
  - 8.4 In case you are holding Shares in electronic form, please update your e-mail ID with your depository participant.
  - 8.5 Please note that as a member of the Company, you will always be entitled to receive all communications in Physical form, upon request.
10. SEBI has decided that securities of Listed Companies can be transferred only in dematerialised form from December 5, 2018. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form before the said due date.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Share Transfer

Agent.

12. In case of joint holders attending the Annual General Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the item no. 4, 5, 6 & 7 of the Notice is annexed herewith – in case of special resolution.
14. All documents referred to in the accompanying Notice and the Explanatory statement shall be open for inspection at the Registered Office of the Company during normal business hours (10:00 A.M. to 5:00 P.M.) on all working days except Saturdays, Sundays and Holidays, up to and including the date of the Annual General Meeting of the Company.
15. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. All Shareholders holding Shares as on September 20, 2018 (end of the day) being the cut-off date [i.e record date for the purpose of Rule 20(2)(ii) of the Companies (Management and Administration) Rules, 2015] fixed for determining voting rights of members will be entitled to participate in E-voting process. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is / are deemed to have been passed as if they have been passed at the Annual General Meeting.
16. Members can opt for only one mode of voting. i.e. either by Ballot Form or e -voting. In case members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through the Ballot form shall be treated as invalid. The members who have cast their votes by remote E-voting prior to the meeting can also attend the meeting but shall not be entitled to cast their votes.
17. The Board vide Its Resolution passed on June 18, 2018 has appointed Mr. Rajendra R. Vaze, Practicing Company Secretaries (Membership No. FCS 4247 CP NO. 1975) as Scrutinizer for conducting the remote E-voting and Ballot form process in accordance with the law and in a fair and transparent manner.
18. The Chairperson shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

19. Pursuant to Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, details of Directors seeking re-appointment at the Annual General Meeting of the Company to be held on September 27, 2018 are provided in **Annexure A** of this Notice. The Company had received the consents / declarations for their re-appointments as required under the Act and the rules framed thereunder.
20. Members may contact Mr. Fredun Medhora the Managing Director of the Company for any grievances connected with electronic means at the Registered office of the Company i.e. at 26, Manoj Industrial Premises G.D. Ambekar Marg, Wadala, Mumbai - 400 031.
21. The Scrutinizer shall, after the conclusion of the voting at the General Meeting, first count the votes cast at the meeting and then unblock the votes cast through remote e-voting. In the presence of at least two witnesses not in the employment of the Company and shall make not later than 48 hours of the conclusion of the Annual General Meeting as envisaged under Regulation 44 of SEBI Listing Regulations, 2015; a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson of Company / Meeting in writing, who shall countersign the same and declare the results of the voting forthwith. The results declared with the Scrutinizer's report shall be placed on the website of the Company and will be forwarded to the BSE Limited.

**The instructions for members for voting electronically are as under:**

- i. The Remote E-voting period begins on Monday, September 24, 2018 (9:00 A.M. IST) and ends on Wednesday, September 26, 2018 (5:00 P.M. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e., September 20, 2018 may cast their vote electronically. The E-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- iii. Click on "Shareholders" tab.
- iv. Now, select the "Fredun Pharmaceuticals Limited" from the drop-down menu and click on "SUBMIT".
- v. Now Enter your User ID.
  - a) For CDSL: 16 digits beneficiary ID,

- b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification code / Captcha code as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and cast your vote earlier for EVSN of any Company, then your existing password is to be used.
- viii. If you are a first-time user follow the steps given below:

<b><u>For Members holding shares in Demat Form and Physical Form</u></b>	
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in their PAN Field.
DOB	Enter the Date of Birth as recorded in your demat account maintained with the DP of CDSL or with the Company records for the said demat account or folio in dd/mm/yyyy format.

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant Fredun Pharmaceuticals Limited on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES Implies

that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on 'CANCEL' and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Dermat account holder has forgotten the same password, then enter the User ID and the Image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Note for Institutional Shareholders:
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.co.in](http://www.evotingindia.co.in) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details, they have to create compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the frequently asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help Section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

#### **Other Instructions:**

1. The e-voting period commences on Monday, September 24, 2018 (9:00 A.M. IST) and ends on Wednesday, September 26, 2018 (5:00 P.M. IST). During this period, members of

the Company, holding Shares either in physical form or in dematerialized form, as on September 20, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently.

2. The voting rights of members shall be in proportion to their Shares of the paid-up Equity Share Capital of the Company as on the cut-off date September 20, 2018.
3. Mr. Rajendra R. Vaze Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
4. The Scrutinizer shall, within a period not exceeding two working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairperson of the Company.
5. The Chairperson shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
6. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.fredungroup.com](http://www.fredungroup.com). The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed. The resolution shall be deemed to be passed on the date of the Annual General Meeting subject to receipt of sufficient votes.
7. In case of any queries, you may refer the frequently asked Questions (FAQs) for and e-voting user manual for Shareholders available at the "downloads" Section of [www.evoting.com](http://www.evoting.com) or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

#### **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

##### **Item No. 4:**

Appointment of Statutory Auditors of the Company – In terms of Section 139 (1) of the Companies Act, 2013; every Company shall, at the first Annual General Meeting, appoint an individual or a firm as an Auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth Annual General Meeting. M/s.Savla & Associates, Chartered Accountants who were appointed as the Statutory Auditors of the Company for the financial year i.e. 2013-14 hold the office upto the conclusion of 31st Annual General Meeting. Thus, the appointment of Statutory Auditors for a period of five consecutive years has been put up

for the approval of members.

The requirement to place the matter relating to appointment of Auditors for ratification by Members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi.

Accordingly, the resolution of appointment of the Auditors does not contain the clause of ratification of such appointment of the Auditors, who are proposed to be appointed in the ensuing 31st Annual General Meeting of the Company scheduled to be held on Thursday, September 27, 2018 at 09:00 A.M.

**Item No. 5:**

Subject to the approval of the members, the Board proposes to seek members' approval under Schedule V of the Companies Act, 2013 to reappoint Mr. Nariman Medhora (DIN: 02060357) as a Wholetime Director of the Company, designated as Executive Director, for a further period of 3 (three) years from the expiry of his present term, that is, May 4, 2018; on terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Nariman Medhora are as under:

**a) Tenure:** From May 5, 2018 to June 4, 2021 (Three years)

**b) Remuneration:** Rs. 1,10,000/- per month with effect from May 5, 2018 upto June 4, 2021.

**c) Perquisites:**

- 1. Medical Expenses:** The Company shall pay and / or reimburse all expenses incurred for himself and for his family subject to Rs. 80,000/- per year subject to the taxability as per Income Tax Act, 1961.
- 2. Leave Travel Concession:** The Company shall pay and / or reimburse Travel Expenses incurred while on leave for himself and for his family once in a year in accordance with any rules specified by the Company, but the amount should not exceed Rs. 80,000/- per year subject to the taxability as per the Income Tax Act, 1961.

The total remuneration payable to Mr. Nariman Medhora will be as per the provisions of Schedule V of the Companies Act, 2013.

Mr. Nariman Medhora is well recognized in the Pharma Field for last three decades. He is the founder of the Company and is associated with the Company since the year 1987. His great

knowledge and vast experience will immensely benefit the Company. He has been instrumental in formulating long term vision and strategy of the Company.

He has already crossed the age of 80 but considering his vast experience and knowledge it is justified to appoint him as the Whole Time Director of the Company. His presence on the Board will be of immense value to the Company.

In view of this the Board of Directors of the Company have placed the matter before the shareholders for approving the reappointing of Mr. Nariman Medhora as the Whole time Director by Special Resolution.

The terms and conditions of the reappointment of the Whole Time Director may be altered and varied from time to time by the Board as the Board of Directors may consider necessary and deem fit so as not to exceed the limits prescribed under section 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013.

Notwithstanding, where in any Financial Year during the currency of tenure of the Whole Time Director, the Company has no profits or if the profits are inadequate, it may continue to pay him remuneration by way of salary and perquisites as above, as minimum remuneration.

The Whole Time Director shall be entitled to leave in accordance with rules of the Company. Leave accumulated but not availed of at the time of leaving the services of the Company on any ground shall be allowed to be encashed. This will not be considered as a perquisite.

The appointment of Mr. Nariman Medhora as the Whole Time Director maybe terminable by either party by giving two months' notice in writing.

Disputes between the Company and the Whole Time Director or with the heirs or with the legal representatives may be settled by Arbitration under the Indian Arbitration Act, 1940.

Apart from the aforesaid remuneration, the Whole Time Director shall also be entitled to the reimbursement of entertainment and conveyance expenses, other expenses actually incurred by him in the course of and for the purpose of the Company's business.

The Whole Time Director shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

The Whole Time Director shall not become interested or otherwise concerned directly or through his wife or through his children in any selling agency of the Company except with the consent of the Company as per the provisions of the law in forces as applicable to the Company.

The draft agreements to be entered into between the Company and Mr. Nariman Medhora

and the remuneration to be payable on his appointment is placed for the approval of the Members.

The copy of the draft agreement to be entered into by the Company with Mr. Nariman Medhora is open for inspection by Members at the Registered Office of the Company between 11:00 A.M. and 4:00 P.M. on all working days except Saturdays, Sundays and Holidays.

Mr. Nariman Medhora, Mr. Fredun Medhora and Dr. (Mrs.) D. N. Medhora are interested in the resolution pertaining to the appointment of Mr. Nariman Medhora. No other Director(s) is interested in the Resolution.

#### **Item No. 6:**

The provisions of Section 188(1) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 govern the following Related Party Transactions which requires a Company to obtain prior approval of the Board of Directors and in case the transactions which are either not in the ordinary course of business or not on arm's length basis and exceeds the threshold prescribed under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 shall require prior approval of the shareholders through resolution.

Sr. No.	Particulars	LIMITS
i.	sale, purchase or supply of any goods or materials directly or through appointment of any agents	Amounting to 10% or more of the Annual Turnover or Rs. 100 crore, whichever is less as Per clause (a) & (e) respectively of section 188(1).
ii.	selling or otherwise disposing of, or buying, property of any kind directly or through appointment of any agent	Amounting to 10% or more of net worth or Rs. 1 crore, whichever is less as per clause (b) & clause (e) respectively of section 188(1).
iii.	leasing of property of any kind	Amounting to 10% or more of the Net worth or Amounting to 10% or more of the turnover or Rs. 100 crore whichever is less as per clause (c) of section 188(1).
iv.	availing or rendering of any services directly or through appointment of agents	Amounting to 10% or more of the turnover or Rs. 50 crore, whichever is less as per clause (d) & (e) respectively of section 188(1).
v.	appointment to any office or place of profit in the Company, its subsidiary or associate Company	Exceeding monthly remuneration of Rs. Two and half lakh.

vi.	underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding 1% of the net worth
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**Note : It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a Financial Year**

Further, third proviso to Section 188(1) provides that nothing shall apply to any transaction entered into by the Company in its ordinary course of business other than transactions which are not on arm's length basis.

In the light of provisions of the Companies Act, 2013; the Board of Directors of your Company has approved the proposed transactions along with annual limits that your Company may enter into with its Related Parties (as defined under the Companies Act, 2013) for the financial year 2018-19 and beyond.

All the prescribed disclosures as required to be given under the provisions of the Companies Act, 2013 and the Companies (Meetings of Board and its Power) Rules, 2014 are given herein below in a tabular format for the noting by the members.

<b>Maximum aggregate value of contracts / transactions as may be entered into W.E.F October 1, 2018</b>	
<b>NAME OF THE RELATED PARTIES</b>	<b>Sale, Purchase, Supply, disposing off, or Buying, Leasing, Available, Rendering, Using, etc. of any kind of Goods, Materials, Services and or Property of any description.</b>
<b>COMPANIES</b>	
Fredun Healthcare Pvt. Ltd	Rupees Fifty Crores (Rs. 50,00,00,000)
<b>INDIVIDUAL</b>	
Daulat N. Medhora	Rupees Five Crores (Rs. 5,00,00,000)
Fredun Medhora	Rupees Five Crores (Rs. 5,00,00,000)
Nariman Medhora	Rupees Five Crores (Rs. 5,00,00,000)
<b>FIRMS &amp; OTHERS</b>	
Fredna Enterprises	Rupees Fifty Crores ( Rs. 50,00,00,000)

**Pursuant to explanation 3 of Rule 15 of Chapter XII the following particulars of the transactions with Related Party are given below:**

1.	Name of the Related Party	Fredun Healthcare Private Limited	Fredna Enterprises	The Directors of the Company
2.	Name of the director or key managerial personnel who is related party	Mr. Nariman Medhora & Mr. Fredun Medhora	Mr. Nariman Medhora	Mr. Nariman Medhora Mr. Fredun Medhora Dr. (Mrs.) Daulat N. Medhora
3.	Nature of relationship	Common Directors	Proprietor	Common Directors
4.	Nature, material terms, monetary value, and particulars of the contract or arrangement.	1. To purchase & sale of goods, material and articles and rendering of services.  2. To take/give on lease office space, flats or premises if/as and when required	1. To purchase & sale of goods, material and articles and rendering of any services .  2. Entering into a Leave and License Agreement - for taking on lease the premises for the factory premises of the Company	To take on lease flat(s), land or any other premises as and when as may be required by the Company

Members are hereby informed that pursuant to second proviso of Section 188(1) of the Companies Act, 2013 no member of the Company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the Company, if such member is a Related Party.

The Board of Directors of your Company have approved this item in the Board Meeting held on June 18, 2018 and have recommended the Resolution as set out in the accompanying Notice for the approval of members of the Company as a Special Resolution.

Except Promoter Directors and Key Managerial Personnel of the Company and their relatives, no other person is concerned or interested in this Resolution.



### **Item No. 7**

In terms of the provisions of Section 180(1)(C) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves (reserves not set apart for any specific purpose).

Considering the Company's future growth plans, both organic & inorganic, it is necessary to obtain the approval of the members for borrowing monies in excess of the aggregate of the paid-up capital of the Company and its free reserves and to secure the re-payment upto Rs.100 Crores thereof. In furtherance of the same, the Board recommends passing of the Special Resolution set out in Item No. 7 of the Notice.

The Board of Directors of your Company have approved this item in the Board Meeting held on June 18, 2018 and have recommended the Resolution as set out in the accompanying Notice for the approval of members of the Company as a Special Resolution.

None of the Directors or Key Managerial Personnel or their relatives are interested in the resolution, other than their Shareholding in the Company.

**By Order of the Board  
For Fredun Pharmaceuticals Limited**  
Sd/-  
**Fredun Medhora**  
**DIN: 01745348**  
**(Managing Director)**

**Place:** Mumbai

**Date:** June 18, 2018

**REGISTERED OFFICE:**

26, Manoj Industrial Premises,  
G.D. Ambekar Marg, Wadala,  
Mumbai - 400 031

**Annexure A**

**Details of Directors seeking Appointment / Reappointment at the 31st AGM of the  
Company to be held on September 27, 2018**

**(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements)  
Regulations, 2015 and Secretarial Standards – 2 on General Meetings)**

NAME	Dr. (Mrs.) Daulat Medhora	Mr. Nariman Medhora
Date of Birth	16/03/1945	05/11/1937
Date of Appointment	08/06/1987	30/09/2015
Qualification / expertise in specific functional areas	Masters in Chemistry Ph. D in Chemistry	B.Sc from Gujarat University He has wide experience in Plant checking, R.M.stores, Inventory Control and Purchase Department
Brief Profile	<p>She is a Promoter Director of the Company &amp; holds a Ph.D in Chemistry from UDCT. She was awarded Lady Tata Scholarship for her R &amp; D work. She started her career as an R&amp;D Manager in a leading Company and was approved as an expert staff in Fine Chemicals by FDA where she developed manufacturing processes of a number of drugs and drug intermediaries.</p> <p>In 1994 she along with her husband Mr. N. B. Medhora set up an Export Oriented Pharmaceutical Unit employing about 150 persons in the backward areas of Palghar in the name of Fredun Pharmaceuticals Ltd.</p> <p>She is a Lifetime member of Indian Pharmaceuticals Association from the year 2001 was awarded with Rashtriya Ratan Award by Global Economic Council, New Delhi. In November 2008 she was also</p>	<p>Mr. N. B. Medhora is one of the Promoter Directors of Fredun Pharmaceuticals Ltd., till October 2014 after which he has assumed the post of a Mentor to guide the Company forward with his extensive experience. He completed his B.sc from Gujarat University &amp; joined Asbestos Magnesia and Friction Materials (AMFM), a wholly owned subsidiary of Turner &amp; Neuvel a UK based Company in 1958 as an Inspector in Quality Control Department. In the year 1962 he joined M/s. Sarabhai Chemicals Ltd., at Baroda a leading Pharmaceutical Company in the capacity of a chemist in their Quality Control Department. During his tenure in Sarabhai Chemicals Ltd. he gained a wide experience in various departments like Plant checking, R.M. stores, Inventory Control and Purchase Department. In 1973 he was promoted as an Export - Import incharge. Thus he has an immense knowledge about the Pharma Industry Besides this, it has also helped him in developing the necessary contacts with importers in</p>



	<p>awarded Bharat Nav Nirman Ratan Award by All India Business Development Association, New Delhi.</p>	<p>Asian &amp; African countries. He left Sarabhai Chemicals Ltd. in 1988 to start his own concern to manufacture Pharmaceutical Formulations. He also started a Proprietary Company M/s. Fredna Enterprises in 1990. This concern is involved in the manufacturing of a specialty product Micro-Crystalline Hydroxyapatite Compound used as an organic calcium supplement. It has acquired Industrial galas / Plots in Palghar for the manufacturing of this product.</p>
Directorship held in other Companies	NILL	NILL
Membership of committees across Companies	NILL	NILL
Shares held as on 31/03//2018	13,40,710 Equity shares	3,74,300 Equity shares
Relationship Between the Directors	Dr. (Mrs.) Daulat Medhora is wife of Mr. Nariman Medhora and Mother of Mr. Fredun Medhora	Mr. Nariman Medhora is husband of Dr. (Mrs.) Daulat Medhora and Father of Mr. Fredun Medhora





# DIRECTORS REPORT

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

**Dear Members,**

Your Directors are pleased to present the 31st Annual Report of your Company with the Audited Accounts for the year ended March 31, 2018.

## 1. Financial Results

(Rs. In Lakhs)

Particulars	For the financial year ended 31.03.2018	For the financial year ended 31.03.2017
Income from Business Operations	5,806.73	5,669.62
Other Income	164.35	191.38
<b>Total Income</b>	<b>5,971.08</b>	<b>5,861.00</b>
Profit / Loss before Interest, Depreciation and Taxes	586.42	526.05
Finance Cost	193.75	187.48
Depreciation / Amortization	128.50	113.58
<b>Profit / Loss Before tax</b>	<b>264.17</b>	<b>224.99</b>
Exceptional Income / Expenses	-	-
Prior Period adjustments	00	2.39
Profit / Loss before Tax	264.17	222.59
Income Tax	89.08	79.85
<b>Profit / Loss after Tax</b>	<b>175.09</b>	<b>142.74</b>

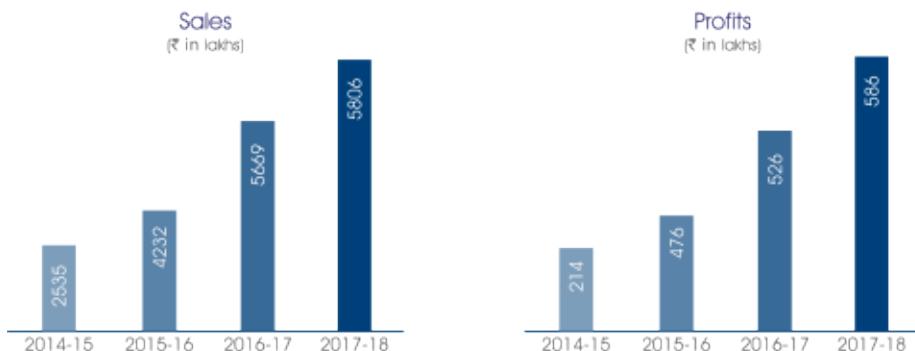
## 2. Financial Performance:

Your Company earned a total income of Rs. 5,971.08 lakhs compared to the income of Rs. 5,861 lakhs for the previous year and the net profit of Rs. 175.09 lakhs compared to the net profit of Rs 142.74 lakhs for the previous year i.e., there was 22.66 % hike in the income of the Company.

The turnover of the Company has increased as compared to the previous year on account of increase in business activities and addition of high speed tabletting machines and blister packing machines.

The aggressive steps taken by your Directors to modernize the infrastructure of the manufacturing unit at Palghar with the modern and updated machinery has substantially

increased the existing manufacturing capacity. The addition of two different departments to manufacture ointments, creams, gels and pellets of different APIs are nearing completion. This "Business Assessment" will define the scale of success in the near future. The focus of the Management is to maintain a balance between the changing customer needs / want of customers with the increase in the profits and wealth maximization of the Company.



### **3. State of Affairs of the Company:**

Fredun Pharmaceuticals Limited is one of the Pharmaceuticals Finished Products Manufacturing Company in India, with an increasing global presence, catering to more than 20 countries globally, mainly to Sri Lanka, Malaysia, Uganda, Philippines, Kenya, Tanzania, Nigeria, Cambodia, Myanmar, Mozambique. The Company is committed to increase its productivity and profits.

### **4. Dividend:**

The Board of Directors have recommended a Dividend of 6 % on the ordinary Equity Shares of the Company payable to those shareholders of the Company whose names appear in the Register of Members as on the Book Closure date.

### **5. Share Capital:**

The paid-up Share Capital of the Company as on March 31, 2017 was Rs. 4,85,24,000 consisting of 23,52,400 Equity Shares of Rs. 10 each and 2,50,000 Preference Shares of Rs.100/- each. The Equity Shares of the Company are listed on the BSE Limited since March 21, 2016.

During the F.Y. ended on March 31, 2018; there was an increase in the Capital structure of the Company. The Company had issued 5,72,735 Equity Shares of Rs. 10/- each under the Preferential Guidelines of Securities and Exchange Board of India (Issue of Capital and

Disclosure Requirements) Regulations, 2009 at Rs. 150/- each including premium of Rs. 140/- each to the Eligible Investors. The details of the Issue is available on the website of the Company via the EGM notice dated July 7, 2018 read with the Postal Ballot notice dated September 22, 2018.

Further, your Company had issued 4,99,999 Equity Shares of Rs. 10/- each under the Preferential Guidelines of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 at Rs. 150/- each including premium of Rs. 140/- each to the Eligible Investors & Promoters. The details of the Issue is available on the website of the Company via the Postal Ballot notice dated September 22, 2018.

Apart from this, considering the Business expansion and requirements of funds the Company had further proposed to issue 6,20,000 Equity Shares of Rs. 10/- each under the Preferential Guidelines of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 at Rs. 225/- each including premium of Rs. 215/- each to the Eligible Investors, Promoters and Directors of the Company. The details of the Issue is available on the website of the Company via the Postal Ballot notice dated May 24, 2018.

#### **6. Transfer to Reserves:**

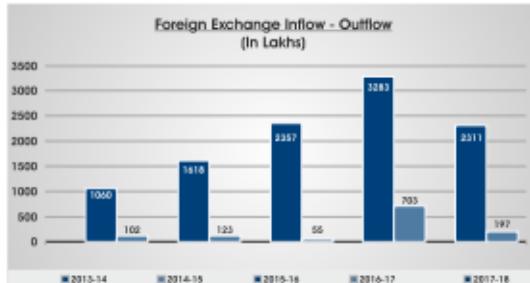
The Company proposes to transfer an amount of Rs. 1,871.54 Lakhs to reserves for its future growth and diversification.

#### **7. Foreign Exchange Earnings and Outgo:**

Foreign Exchange Earnings: Export of Goods – Rs. 2,311.22/- Lakhs

Foreign Exchange Outgo: - Rs. 197.53/- Lakhs

In compliance with the Reserve Bank of India guidelines, the Company proactively manages Foreign Exchange Risk to protect value of exposures, if any, with an objective to manage financial statement volatility. Currently, the Company has in place appropriate risk hedging strategy for its Imports and Exports. Foreign Exchange exposures are periodically reviewed and if necessary, hedged while avoiding trading and speculative positions. The Board periodically reviews Foreign Exchange Exposure, if any and hedges are undertaken by the Company.



#### **8. Board Meetings and Committee Meetings:**

- Twelve (12) Board meetings were held during the year. The details of the Board meetings and the attendance of the Directors are provided in the Corporate Governance Report annexed herewith.
- Four (4) Audit Committee Meetings were held during the year. The details of the Audit Committee Meetings and the attendance of the Directors are provided in the Corporate Governance Report annexed herewith.
- One (1) Nomination & Remuneration Committee Meeting was held during the year. The details of the Committee Meeting and the attendance of the Directors are provided in the Corporate Governance Report annexed herewith.
- One (1) Independent Directors' Committee Meeting was held during the year. The details of the Committee Meeting and the attendance of the Directors are provided in the Corporate Governance Report annexed herewith.
- One (1) Stakeholders Relationship Committee Meeting was held during the year. The details of the Committee Meeting and the attendance of the Directors are provided in the Corporate Governance Report annexed herewith.

#### **9. Directors and Key Managerial Personnel:**

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees.

#### **10. Director Retiring by Rotation:**

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Dr. (Mrs.) Daulat Medhora (DIN: 01745277) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment. Her re-appointment is being placed for your approval at the ensuing Annual General Meeting. The Members of the Company may refer to the accompanying Notice of the Annual General Meeting of the Company, for the brief Resume of Dr. (Mrs.) Daulat Medhora.

#### **11. Declaration by Independent Directors:**

The Company had received declaration from all the Independent Directors under Section 149(7) of the Companies Act, 2013 in the first Board Meeting of the Financial Year 2018-19 held on May 24, 2018; stating that they meet the criteria of Independence as laid down in Section 149(6) of the Act.

#### **12. Annual Evaluation of Board Performance and Performance of its Committees and of Individual Directors:**

Pursuant to the provisions of the Act, the Board of Directors had carried out an Annual

Evaluation of its own performance, Board Committees and Individual Directors.

The performance of the Board was evaluated after seeking inputs from all the Directors on the basis of criteria such as the Board Composition and structure effectiveness of Board process, participation in the long-term strategic planning, information, functioning etc.

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

The Board reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the Individual Director to the Board and Committee Meetings, preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairperson was also evaluated on the key aspects of her role by other Board members.

A separate meeting of Independent Directors was convened in the month of June 2017, to discuss the following aspects:

- i. Review the performance of Non-Independent Directors and the Board as a whole;
- ii. Review the performance of the Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors;
- iii. Assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All Independent Directors were present at the Meeting and discussed the above and expressed their satisfaction.

### **13. Directors' Responsibility Statement:**

Pursuant to Section 134(3)(c) of the Companies Act, 2013; your Directors hereby confirm that:

- I. In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures;
- II. Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- III. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the

Assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Annual Accounts had been prepared on a going concern basis;

v. The Internal Financial Controls had been laid down, to be followed by the Company and the such internal financial controls are adequate and were operating effectively; and

vi. In order to ensure compliance with the provisions of all applicable laws, proper systems has been devised and that such systems were adequate and operating effectively.

#### **14. Particulars of Employees:**

None of the employees of the Company fall under the limits laid down in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

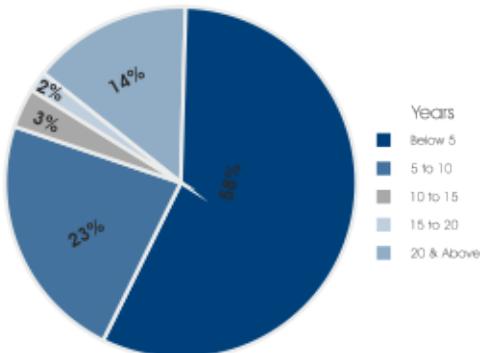
#### **15. Extract of Annual Return:**

Pursuant to the provisions of Section 92 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014; the extracts of Annual Return in Form MGT-9 is annexed as '**Annexure A**' to this Report.

#### **16. Training and Human Resource Management:**

For any organisation, the biggest challenge is maintaining consistency in performance of their star performers. Most of the Companies focus on retaining the star performers. Your Company continues to put concerted efforts in recruiting quality people, who align with the culture of the organization. Development and training programs are undertaken regularly, so that they can become potential successors of their seniors. Morale of our employees continued to be high. Focus is also being given to areas like employees' growth and satisfaction along with employees' relations during the year. The relationship between management and employees continues to be one of mutual respect, appreciation and cordial.

**Current Employees Tenure with the Company In years**



**17. Subsidiary Company, Associate Company and Joint Venture Company:**

Your Company does not have any Subsidiaries or Associates or Joint Venture Companies.

**18. Deposits:**

Your Company has not accepted any deposits from public.

**19. Particulars of Loans, Guarantees and Investments:**

During the year, your Company has not given any new loans or made any investments and has not provided any guarantees except those which are already mentioned in the audited accounts of the Company.

**20. Statutory Auditors:**

M/s. Savla & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the 31st Annual General Meeting. Being eligible for re-appointment have offered themselves for re-appointment for another fresh term period.

The Board places on record its deep appreciation of the valuable contributions made by M/s. Savla & Associates, Statutory Auditors of the Company and been satisfied with the services have proposed to re-appoint them as the Statutory Auditors of the Company for another fresh term period.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Savla & Associates, in their Report dated June 18, 2018; on the Financial Statements of the Company for F.Y. 2017-18.

M/s. Savla & Associates has given a written consent to the Company for the re-appointment as the Statutory Auditors. M/s. Savla & Associates has also given a certificate that they satisfy the criteria prescribed in Section 141 of the Companies Act, 2013 and their re-appointment, if made, shall be in accordance with the conditions laid down under the Act and Rules.

In accordance with the provisions of Section 139 (2) of the Companies Act, 2013 which provides for rotation of Auditors and considering the certificate as provided by M/s. Savla & Associates under Section 141 of the Companies Act, 2013; the Audit Committee and the Board at their respective meetings, have unanimously recommended to the Shareholders appointment of M/s. Savla & Associates, Chartered Accountants (Firm Registration Number - 109361W) as the Statutory Auditors of the Company to hold office for next 5 (five) consecutive years from the conclusion of the 31st Annual General Meeting scheduled to be held on Thursday, September 27, 2018 till the conclusion of the 36th Annual General Meeting to be held in the year 2023.

**21. Particulars of Contracts or Arrangements with Related Parties:**

There were no materially significant related party transactions made by the Company during the year that would fall under the scope of Section 188 of the Companies Act, 2013. Disclosure in form AOC-2 in terms of Section 134(3)(h) of the Companies Act, 2013 is annexed as '**Annexure B**'.

The policy on materiality of information / documents and dealing with it is been approved by the Board and the same is also available on the website of the Company at [www.fredungroup.com](http://www.fredungroup.com)

**22. Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; the Board of Directors had appointed M/s. Rajendra and Co., Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the F.Y. ended March 31, 2018. The Secretarial Audit Report is annexed as '**Annexure C**'.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Rajendra and Co., Practicing Company Secretaries, in their Secretarial Audit Report dated June 16, 2018 on the Secretarial and other related records of the Company for F.Y. 2017-18.

**23. Cost Audit Report:**

The Cost Auditors are in the process of completing the Cost Audit for the Financial Year 2017-18 and it will be completed before the due date.

**24. Details of Significant Material Orders:**

No significant and material orders were passed by the Regulatory Authorities or the Courts or Tribunals that may have an impact on the going concern status and Company's Operations in foreseeable future.

**25. Internal financial control system and their adequacy:**

Company has established Internal Financial Control over financial reporting in current financial year 2017-18.

**26. Corporate Social Responsibility:**

Your Company does not fall under the criteria of Corporate Social Responsibility as laid down under Section 135 of the Companies Act, 2013.

**27. Vigil Mechanism / Whistle Blower Policy:**

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors, employees and its stakeholders to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The policy provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access to the Chairman of the Audit Committee.

**28. Conservation of Energy, Technology, Absorption:**

The Company is continuously complying with the Pollution Control Regulations as are applicable in the state of Maharashtra.

Unlike other Industries where R & D investment is a small portion of the total sales, it approaches about 10-20% in the Pharma Industry and hence the Industry has to pay an enormous sum for a new drug patent. To make such innovator products available to the poor, generic drugs are allowed to be manufactured and marketed where the innovators patent is not applicable. Your Company has set up a complete R & D Department to develop such new formulations with proper process and analytical method validations. A consistent attempt is made to improve the existing manufacturing processes and economise the cost of production.

As regulatory standards in APIs increase, techniques to achieve solubilisation of sparingly soluble drugs is a top priority for the drug manufacturer. Technologies that offer functional solutions to improve bioavailability, productivity and controlled release formulations will be in demand. Your Company is now working on solutions to improve the bioavailability, maintain solid stable dispersions and inhibit APIs crystallizations of insoluble APIs. Emphasis is also put on delivery options to facilitate controlled release tablets to optimize performance of the medicines.

Your Company has been successful in exporting recently out of patent costly molecules as their generic versions. Since the opportunities are huge, your Company is in the process of registering such more pharmaceutical formulations and increase the exports. Companies with vision, values and focus will only succeed and hence the management has decided to spend more on R&D with strong commitment and will to achieve this goal.

The Company also conducts In-House Energy Audit at regular intervals with proper monitoring and maintenance of all the machines.

**29. Compliance with provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company is committed to uphold and maintain the dignity of Women Employees and an Internal Complaints Committee has been formed for each location of the Company

under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

No case of Sexual harassment was reported to the Internal Complaints Committee during the year under review.

### **30. Particulars of Directors / Key Managerial Personnel / Employees:**

Details pertaining to remuneration as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; the details of remuneration of Directors, Key Managerial Personnel and the employees and the percentile change in the remuneration; as required under the Rules are furnished hereunder.

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of this report.

#### **(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2017-18:**

Name	Designation	Total Remuneration (in Rs.)	Ratio of Remuneration of Director to the Median Remuneration of Employees
Dr. (Mrs.) Daulat Medhora	Chairperson & Jt. Managing Director	12,00,000	5.27:1
Mr. Fredun Medhora	Managing Director	24,00,000	10.54:1
Mr. Nariman Medhora	Executive Director	13,20,000	5.80:1

The Independent – Non-Executive Directors of the Company are only getting sitting fees.

#### **(ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the Financial Year 2017-18:**

Name	Designation	Total Remuneration (in Rs.)	% increase / (decrease) in remuneration in the Financial Year
Dr. (Mrs.) Daulat Medhora	Chairperson & Jt. Managing Director	12,00,000	NIL
Mr. Fredun Medhora	Managing Director	24,00,000	NIL
Mr. Nariman Medhora	Executive Director	13,20,000	NIL

The Independent – Non-Executive Directors of the Company are only getting sitting fees.

**(iii) The percentage increase in the median remuneration of employees in the Financial Year:**

The percentage increase in the median remuneration of employees in the Financial Year 2017-18 is 24%

**Explanation:** For calculation of median remuneration, the employee count taken for the Financial Year 2017-18 and 2016-17, comprise employees (excluding workmen) who have served for the whole of the respective Financial Years.

**(iv)The number of Permanent Employees on the rolls of the Company:**

There were 174 permanent employees as on March 31, 2018. (Inclusive of workmen)

**(v) Average percentile increase already made in the salaries of the 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 any exceptional circumstances for increase in the managerial remuneration:**

Average Percentile Increase for other than managerial personnel: **20.39**

Average Percentile Increase for Managerial Personnel: **NIL**

The average increase in the salaries of employees excluding Managerial Personnel during Financial Year 2017-18 was 20.39%. The increase in the remuneration of employees was based on Company's Performance and their Individual Performance.

**(vi) Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is affirmed that the remuneration paid during the period under review is as per the remuneration policy of the Company.

**31. Acknowledgement:**

The Board of Directors place on record their sincere thanks to its bankers, business associates, consultant, and various Government Authorities for their continued support extended to your Company during the year under review. The Directors gratefully acknowledge the support and confidence reposed by the shareholders of the Company.

By Order of the Board  
For Fredun Pharmaceuticals Limited

Sd/-

Dr. (Mrs.) Daulat Medhora

DIN: 01745277

(Chairperson cum Jt. Managing Director)

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Place: Mumbai

Date: June 18, 2018





# ANNEXURE TO DIRECTORS' REPORT

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

Annexure - A

Form No. MGT 9

## EXTRACT OF ANNUAL RETURN

{Pursuant to Section 92 (3) of Act and Rule 12 (1) of the Company  
(Management & Administration) Rules, 2014}

### I. REGISTRATION & OTHER DETAILS:

1.	CIN	L24239MH1987PLC043662
2.	Registration Date	06/08/1987
3.	Name of the Company	FREDUN PHARMACEUTICALS LIMITED
4.	Category/Sub-Category	Company limited by Shares / Indian Non-Government Company
5.	Address of the Registered Office and Contact Details	26 Manoj Industrial Premises, G.D. Ambedkar Marg, Wadala Mumbai-400 031
6.	Whether Listed Company	Yes
7.	Name, Address & Contact details of Registrar & Transfer Agent, If Any.	<b>Purva Sharegistry (India) Pvt. Ltd</b> Unit no.9, Shlyshakti Ind.Estt. J.R.Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E) Mumbai – 400 011 <b>Contact Person:</b> Mr. Vinayak Karande <b>Tel. No.:</b> 022 23018261 / 6761 Email: <a href="mailto:purvashr@gmail.com">purvashr@gmail.com</a> ; <a href="mailto:busicomp@vsnl.com">busicomp@vsnl.com</a>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY: (All the Business activities contributing 10% or more of the total turnover of the Company shall be stated)

Sr. No.	Name & Description of main products / services	NIC code of the Product/service	% to the total turnover of the Company
1.	Manufacture of allopathic pharmaceuticals preparations	21002	98

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

Sr. No.	Name & Address of the Company	CIN / GLN	Holding/Subsidiary/A ssociate	% of Shares held	Applicable Section
1.	N.A.	N.A.	N.A.	N.A.	N.A.

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

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 1, 2017				No. of Shares held at the end of the year i.e. March 31, 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
(1)	<b>Indian</b>									
a)	Individual /HUF	1751110	0	1751110	74.44	1751110	100000	1851110	54.04	(20.4)
b)	Central Government	0	0	0	0	0	0	0	0	0
c)	State Government	0	0	0	0	0	0	0	0	0
d)	Bodies Corporate	0	0	0	0	0	0	0	0	0
	Banks / FI	0	0	0	0	0	0	0	0	0
	Any other	0	0	0	0	0	0	0	0	0
	<b>Sub-total (A)(1)</b>	<b>1751110</b>	<b>0</b>	<b>1751110</b>	<b>74.44</b>	<b>1751110</b>	<b>100000</b>	<b>1851110</b>	<b>54.04</b>	<b>(20.4)</b>
(2)	<b>Foreign</b>									
a)	NRI-Individual	0	0	0	0	0	0	0	0	0
b)	Other-Individual	0	0	0	0	0	0	0	0	0
c)	Bodies Corporate	0	0	0	0	0	0	0	0	0
d)	Banks / FI	0	0	0	0	0	0	0	0	0
e)	Any other	0	0	0	0	0	0	0	0	0
	<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>1751110</b>	<b>0</b>	<b>1751110</b>	<b>74.44</b>	<b>1751110</b>	<b>100000</b>	<b>1851110</b>	<b>54.04</b>	<b>(20.4)</b>
<b>B.</b>	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
a)	Mutual Funds	0	0	0	0	0	0	0	0	0
b)	Banks / FI	75000	0	75000	3.19	75000	0	75000	2.19	(1.00)
c)	Central Government	0	0	0	0	0	0	0	0	0
d)	State Government	0	0	0	0	0	0	0	0	0
e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
f)	Foreign	0	0	0	0	0	0	0	0	0

	Venture Capital Funds								
g)	Insurance Companies	0	0	0	0	0	0	0	0
h)	FII	0	0	0	0	0	67000	67000	1.96
i)	Foreign Portfolio Investor	0	0	0	0	0	0	0	0
ii)	Others (Specify)	0	0	0	0	0	0	0	0
	<b>Sub-total (B)(1)</b>	<b>75000</b>	<b>0</b>	<b>75000</b>	<b>3.19</b>	<b>75000</b>	<b>67000</b>	<b>142000</b>	<b>4.15</b>
(2)	<b>Non-Institutions</b>								
a)	Bodies Corporate								
i)	Indian	0	15000	15000	0.64	0	63000	63000	1.84
ii)	Overseas	0	0	0	0	0	0	0	0
b)	Individuals								
	i) Individual Shareholder holding nominal Share capital upto Rs. 2 Lakh	100522	180370	280892	11.94	124423	245605	370028	10.80
	ii) Individual Shareholders holding nominal Share capital in excess of Rs. 2 Lakh	169364	0	169364	7.20	164377	773999	938376	27.40
c)	Others (Specify)								
i)	Clearing Members	1004	0	1004	0.04	590	0	590	0.02
ii)	Hindu	60030	0	60030	2.55	60030	0	60030	1.75
iii)	Undivided Family								[0.8]
	<b>Sub-total (B)(2):-</b>	<b>330920</b>	<b>195370</b>	<b>526290</b>	<b>22.37</b>	<b>349420</b>	<b>1082604</b>	<b>1432024</b>	<b>41.81</b>
	<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>405920</b>	<b>195370</b>	<b>601290</b>	<b>25.56</b>	<b>424420</b>	<b>1149604</b>	<b>1574024</b>	<b>45.96</b>
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0
	<b>Grand Total (A+B+C)</b>	<b>2157030</b>	<b>195370</b>	<b>2352400</b>	<b>100</b>	<b>2175530</b>	<b>1249604</b>	<b>3425134</b>	<b>100</b>
									<b>00</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholders Name	No. of Shares held at the beginning of the year i.e. April 1, 2017			No. of Shares held at the end of the year i.e. March 31, 2018			% Change in Share holding during the year
		No. of Share	% of total Shares of the Company	% of Shares Pledge/ encumbered to total Shares	No. of Share	% of total Shares of the Company	% of Shares Pledge/ encumbered to total Shares	
1.	Dr. (Mrs.) Daulat Medhora	13,21,310	56.17	Nil	13,40,710	39.14	Nil	(17.03)
2.	Mr. Nariman Medhora	3,42,100	14.54	Nil	3,74,300	10.93	Nil	(3.61)
3.	Mr. Fredun Medhora	87,700	3.73	Nil	1,36,100	3.97	Nil	0.24
	<b>Total</b>	<b>17,51,110</b>	<b>74.44</b>	Nil	<b>18,51,110</b>	<b>54.04</b>	Nil	<b>(20.4)</b>

**(iii) Change in Promoter's Shareholding**

Sr. No.	Shareholders Name	Shareholding at the Beginning of the year i.e. April 1, 2017		Cumulative Shareholding during the year i.e. March 31, 2018	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	<b>Dr. (Mrs.) Daulat Medhora</b>				
	At the beginning of the year	13,21,310	56.17	13,21,310	56.17
	Allotment of shares on 16.01.2018	-	-	19,400	0.57
	At the end of the year	13,21,310	56.17	13,40,710	39.14
2.	<b>Mr. Nariman Medhora</b>				
	At the beginning of the year	3,42,100	14.54	3,42,100	14.54
	Allotment of shares on 16.01.2018	-	-	32,200	0.94
	At the end of the year	3,42,100	14.54	3,74,300	10.93
3.	<b>Mr. Fredun Medhora</b>				
	At the beginning of the year	87,700	3.73	87,700	3.73
	Allotment of shares on 16.01.2018	-	-	48,400	1.41
	At the end of the year	87,700	3.73	1,36,100	3.97
	<b>Total</b>	<b>17,51,110</b>	<b>74.44</b>	<b>18,51,110</b>	<b>54.04</b>

**Note:**

- The Company had issued 5,72,735 Equity shares of the Company of Face Value Rs. 10/- each on Preferential Basis to the Eligible Investors at Rs. 150/- each including premium of Rs 140/- each. The allotment of these shares were done on September 1, 2017.



2. Further the Company had issued 4,99,999 Equity shares of the Company of Face Value Rs. 10/- each on Preferential Basis to the Eligible Investors and Promoters at Rs. 150/- each including premium of Rs 140/- each. The allotment of these shares were done on January 16, 2018.
3. Keeping in view the expansion of the business activities, your Company had proposed in its Meeting held on May 24, 2018 to issue 6,20,000 Equity shares of the Company of Face Value Rs. 10/- each on Preferential Basis to the Eligible Investors and Promoters at Rs. 225/- each including premium of Rs 215/- each.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs / ADRs)**

Sr. No.	Shareholders Name	Shareholding at the Beginning of the year i.e. April 1, 2017		Cumulative Shareholding during the year i.e. March 31, 2018	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	<b>MR. NIKHIL VORA*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	233333	6.81
	At the end of the year	-	-	<b>233333</b>	<b>6.81</b>
2.	<b>BANK OF INDIA #</b>				
	At the beginning of the year	75000	3.19	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-
	At the end of the year	-	-	<b>75000</b>	<b>2.19</b>
3.	<b>INDIA MAX INVESTMENT FUND LTD*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	67000	1.96
	At the end of the year	-	-	<b>67000</b>	<b>1.96</b>
4.	<b>SUDHABEN MANHARLAL DOSHI #</b>				
	At the beginning of the year	62000	2.63	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-
	At the end of the year	-	-	<b>62000</b>	<b>1.81</b>
5.	<b>SS SEEMA*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	60000	1.75
	At the end of the year	-	-	<b>60000</b>	<b>1.75</b>

<b>6.</b>	<b>A GOTHAMCHAND*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	40000	1.17
	At the end of the year	-	-	<b>40000</b>	<b>1.17</b>
<b>7.</b>	<b>K R KARTHIKEYAN*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	40000	1.17
	At the end of the year	-	-	<b>40000</b>	<b>1.17</b>
<b>8.</b>	<b>AUTOLEC INTERNATIONAL P LTD.*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	35000	1.02
	At the end of the year	-	-	<b>35000</b>	<b>1.02</b>
<b>9.</b>	<b>A. VIMALCHAND*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	33333	0.97
	At the end of the year	-	-	<b>33333</b>	<b>0.97</b>
<b>10.</b>	<b>V. RAJKUMARI*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	33333	0.97
	At the end of the year	-	-	<b>33333</b>	<b>0.97</b>
<b>11.</b>	<b>F.L. DADABHOY*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	30000	0.88
	At the end of the year	-	-	<b>30000</b>	<b>0.88</b>
<b>12.</b>	<b>C. SARAVANAN*</b>				
	At the beginning of the year	0	0	-	-
	Shares allotted on issuance of Preferential shares of the Company on January 16, 2018	-	-	27000	0.79
	At the end of the year	-	-	<b>27000</b>	<b>0.79</b>
<b>13.</b>	<b>GUNAVANTH KUMAR HUF #</b>				
	At the beginning of the year	20020	0.85	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-
	At the end of the year	-	-	<b>20020</b>	<b>0.58</b>
<b>14.</b>	<b>GOTHAMCHAND A HUF #</b>				
	At the beginning of the year	20000	0.85	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-
	At the end of the year	-	-	<b>20000</b>	<b>0.58</b>

<b>15.</b>	<b>G PRAKASH CHAND BAID HUF #</b>					
	At the beginning of the year	20000	0.85	-	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-	-
	At the end of the year	-	-	<b>20000</b>	<b>0.58</b>	
<b>16.</b>	<b>P ANITHA #</b>					
	At the beginning of the year	20000	0.85	-	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-	-
	At the end of the year	-	-	<b>20000</b>	<b>0.58</b>	
<b>17.</b>	<b>SURIN C SHAH #</b>					
	At the beginning of the year	20000	0.85	-	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-	-
	At the end of the year	-	-	<b>20000</b>	<b>0.58</b>	
<b>18.</b>	<b>GUNAVANTH KUMAR G VAJD #</b>					
	At the beginning of the year	20000	0.85	-	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-	-
	At the end of the year	-	-	<b>20000</b>	<b>0.58</b>	
<b>19.</b>	<b>MIHIR SHAH #</b>					
	At the beginning of the year	16000	0.68	-	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-	-
	At the end of the year	-	-	<b>16000</b>	<b>0.47</b>	
<b>20.</b>	<b>TAPATI BHASKAR MEHTA #</b>					
	At the beginning of the year	15964	0.68	-	-	-
	Decrease in shareholding % due to increase in the Share Capital of the Company on issuance of Equity shares during the year 2017-18	-	-	-	-	-
	At the end of the year	-	-	<b>15964</b>	<b>0.47</b>	

\* Not in the list of Top 10 Shareholders as on April 1, 2017. The same has been reflected above since the Shareholders were one of the Top 10 Shareholders as on March 31, 2018.

# Ceased to be in the list of Top 10 Shareholders as on March 31, 2018. The same has been reflected above since the Shareholders were one of the Top 10 Shareholders as on April 1, 2017.

## (v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholders Name	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>DIRECTORS</b>					
1.	<b>Dr. (Mrs.) Daulat Medhora</b>				
	At the beginning of the year	13,21,310	56.17	13,21,310	56.17
	Allotment of shares on 16.01.2018	19,400		19,400	
	Sold shares during the year	Nil	Nil	Nil	Nil
	At the end of the year	<b>13,40,710</b>	<b>39.14</b>	<b>13,40,710</b>	<b>39.14</b>
2.	<b>Mr. Nariman Medhora</b>				
	At the beginning of the year	3,42,100	14.54	3,42,100	14.54
	Allotment of shares on 16.01.2018	32,200		32,200	
	Sold shares during the year	Nil	Nil	Nil	Nil
	At the end of the year	<b>3,74,300</b>	<b>10.93</b>	<b>3,74,300</b>	<b>10.93</b>
3.	<b>Mr. Fredun Medhora</b>				
	At the beginning of the year	87,700	3.73	87,700	3.73
	Allotment of shares on 16.01.2018	48,400		48,400	
	Sold shares during the year	Nil	Nil	Nil	Nil
	At the end of the year	<b>1,36,100</b>	<b>3.97</b>	<b>1,36,100</b>	<b>3.97</b>
4.	<b>Dr. Aspi Rimalwala</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Purchase shares during the year	Nil	Nil	Nil	Nil
	Sold shares during the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
5.	<b>Dr. C. K. Shah</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Purchase shares during the year	Nil	Nil	Nil	Nil
	Sold shares during the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
6.	<b>Dr. Rohinton Kangla</b>				
	At the beginning of the year	500	0.02	500	0.01
	Purchase shares during the year	Nil	Nil	Nil	Nil
	Sold shares during the year	Nil	Nil	Nil	Nil
	At the end of the year	500	0.02	500	0.01
<b>KEY MANAGERIAL PERSONNEL – N.A.</b>					

**V. INDEBTEDNESS:**

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

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	129092396.76	54923819.16	3244985.00	187261200.92
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>129092396.76</b>	<b>54923819.16</b>	<b>3244985.00</b>	<b>187261200.92</b>
<b>Charge in Indebtedness during the financial year</b>				
• Additions	0.00	0.00	2300054.00	2300054.00
• Reduction	20165070.04	38196005.85	0.00	58361075.89
<b>Net Change</b>	<b>(20165070.04)</b>	<b>(38196005.85)</b>	<b>2300054.00</b>	<b>(56061021.89)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	108927326.72	16727813.31	5545039.00	131200179.03
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>108927326.72</b>	<b>16727813.31</b>	<b>5545039.00</b>	<b>131200179.03</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sr. No.	Particulars of Remuneration	Daulat Medhora	Fredun Medhora	Nariman Medhora
1.	<u>Gross salary</u> a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 b. Value of perquisites u/s 17(2) Income-tax Act, 1961 c. Profits in lieu of salary u/s 17(3) Income tax Act, 1961	12,00,000	24,00,000	13,20,000
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
<b>Total</b>			<b>49,20,000</b>	
Ceiling as per the Act – 10% of Net Profits				

### B. Remuneration to other Directors

Particulars of Remuneration	Name of Directors		
	Aspi Rimalwala	Chandrakant Shah	Rohinton Kanga
Non-executive Independent Directors			
• Fees for attending Board / Committee meetings	3000 per meeting	3000 per meeting	3000 per meeting
• Others, if any	Nil	Nil	Nil

### C. Remuneration to Key Managerial Personnel Other than MD / Manager / WTD – N.A.

### D. Penalties / Punishment / Compounding of Offences

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

The Company came out with the issue of 5,72,735 Equity shares on Preferential Basis to the Eligible Investors at an offer price of Rs. 150/- each including the premium of Rs. 140/- each under Chapter VII of the Preferential Guidelines of SEBI. The approval of the Shareholders was obtained by the Company via an Extra Ordinary General Meeting held on July 7, 2017 and In principal approval of BSE was received on August 31, 2017.

As per the letter dated August 31, 2017 - issued by BSE for the In principal approval, it was clearly mentioned by BSE as mentioned below:

**"As per the undertaking dated 20.07.2017 submitted by the Company, the Company is required to disclose details of post percentage shareholding and ultimate beneficiary of the Non-Promoter allottees and get the same ratified by the shareholders either through postal ballot or in general meeting before seeking listing approval for the shares so allotted so as to be in compliance with Regulation 73(1)(e) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009."**

Considering this the Company ratified the shareholders' resolution through Postal Ballot process results of which were declared on October 30, 2017 and Company filed the listing application on November 27, 2017. BSE objected, to this stating therein the reasons that there is a delay of 68 days and the Company has to pay the penalty of Rs. 13,62,353/- plus 18% GST, and unless the penalty is paid the listing will not take place for 5,72,735 Equity shares.

Taking into consideration the general interest of genuine investors, the Company approached SEBI, but SEBI also did not provide solution and hence the Company had no other alternative but to pay the penalty of total RS.16,07,577/-



**ANNEXURE B**

**FORM AOC – 2**

**[Pursuant to clause (h) of sub-Section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014]**

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain Arm's Length Transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

No such transactions were entered during the financial year 2017-18.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

The contracts or arrangements or transactions entered with the related parties during the financial year 2017-18 under review, were not material and the same were disclosed in the notes to accounts forming part of the Financial Statements for the year ended March 31, 2018.

By Order of the Board  
For Fredun Pharmaceuticals Limited  
Sd/-  
Fredun Medhora  
DIN: 01745348  
(Managing Director)

**Place:** Mumbai

**Date:** June 18, 2018



# SECRETARIAL AUDIT REPORT

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## ANNEXURE C

### FORM MR-3

#### **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**FREDUN PHARMACEUTICALS LIMITED**

I/We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Fredun Pharmaceuticals Limited** bearing **CIN: L24239MH1987PLC043662** (hereinafter called 'the Company').

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 ('Audit Period') generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended 31st March 2018 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable)

- 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time – Preferential Issue under Chapter VII of the said Regulation;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not applicable to the Company during the audit period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable to the Company during the audit period;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable to the Company during the audit period;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company during the audit period;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the Company during the audit period; and
  - (i) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- (vi) Other laws applicable specifically to the Company namely:
  - 1. Bombay Shops and Establishments Act.
  - 2. The Factories Act, 1948 and rules and regulations there under.
  - 3. Income Tax Act, 1961 relating to Tax Deducted at source.
  - 5. The Employees Provident Fund Act.
  - 6. The Payment of Wages Act, 1936.
  - 7. The Minimum Wages Act, 1948.
  - 8. The Payment of Bonus Act, 1965.

9. Goods and Service Tax, Act.
10. Land Revenue Laws of the Respective state.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

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

We 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 notice was 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.
- Decisions at the Board Meetings were taken unanimously.

We 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, guidelines, etc.

We further report that during the audit period the Company has passed the following Special Resolutions / event which are having bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

- Resolutions passed at the 30th Annual General meeting held on 28th September 2017:
  - i. Appointment of Mr. Fredun Medhora as the Managing Director for a period of 3 years;
  - ii. Appointment of Dr. (Mrs.) Daulat Medhora as the Whole Time Director designated as the Joint Managing Director for a period of 3 years.
- The Shareholders had passed necessary resolutions via Postal Ballot the results of which were declared on June 27, 2017 –
  - I. To accord consent of the Preference shareholders to vary the rights attached to the 8% Cumulative Redeemable Preference Shares of Rs. 100/- each.

- The Shareholders had passed necessary resolutions at an Extra Ordinary General Meeting held on July 7, 2017 for the following -
  - i. Issuance of 5,72,735 Equity Shares of Rs. 10/- each at Rs. 150/- each including premium of Rs. 140/- each on Preferential basis to the Eligible Investors.
- The Shareholders had passed necessary resolutions via Postal Ballot the results of which were declared on October 30, 2017 –
  - i. Ratification of issuance of 5,72,735 Equity Shares issued pursuant to the Shareholder's consent received in an Extraordinary General Meeting held on the 7th of July 2017;
  - ii. Approval for the variation of Rights in respect of the Preference Shareholders;
  - iii. To Issue 1,66,666 Equity Shares of Rs. 10/- each on Preferential basis to the Preference Shareholders at Rs. 150/- each including the premium of Rs. 140/- each;
  - iv. To Issue 2,33,333 Equity Shares of Rs. 10/- each on Preferential basis to the Eligible Investors at Rs. 150/- each including the premium of Rs. 140/- each;
  - v. To issue 1,00,000 Equity Shares of Rs. 10/- each on Preferential basis to the Promoters at Rs. 150/- each including the premium of Rs. 140/- each.

**For Rajendra And Co.  
Company Secretaries**

**CS. Rajendra R. Vaze  
FCS No.: 4247 CP No 1975**

**Place: Mumbai  
Date: June 18, 2018**

**Note:** This report is to be read with my **Annexure 'C1'** of even date which is annexed and forms an integral part of this report.

## **ANNEXURE C1**

To,  
The Members,  
FREDUN PHARMACEUTICALS LIMITED

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

**• Management Responsibility:**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

**• Auditors Responsibility:**

1. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

3. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc

**• Disclaimer:**

1. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

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

**For Rajendra And Co.,  
Company Secretaries**

**CS Rajendra R. Vaze  
FCS No.: 4247 FCS No 1975**

**Place: Mumbai**

**Date: June 18, 2018**



# MANAGEMENT DISCUSSION & ANALYSIS

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

Pursuant to Regulation 34(2) read with Schedule V of SEBI Listing Regulations, 2015, the Management Discussion and Analysis is reported below:

## **1. Business Highlights:**

A few years back the Pharma industry grew well with sustained profitability. But at the end of 2016 and right through 2017 the industry grappled with two challenges – Demonetization and GST. The working capital issue was a major problem. The distributors reduced their inventories and Companies slowed down their productions. A month prior to GST, stock offtake came to a standstill. Even more than 3 months after GST normal inventory cycle could not be restored. Most Companies lost almost 2 months of sales due to GST.

The Companies still are facing challenges on both export and domestic fronts. Since January 2016 the index for Listed Generic Companies dropped by 57%. Wholesalers have started teaming up with retailers in joint ventures that allow the partnership to act as one unit. In a nutshell, the pace of growth for Global Pharma will be protracted.

Focus of Pharmaceutical Companies for profits would be on increased R & D on speciality drugs, niche molecules and controlled - release substances. Concentrating on one therapeutic segment like women's health or in any chosen domain of their expertise would help any Company's growth.

In the post GST scenario supply chain efficiencies would improve and 2018 would be the harbinger of this change.

## **2. Business Outlook:**

To Increase volumes of the product portfolio, your Company has been systematically investing in its productive infrastructure by installing high speed tabletting and blister packing machines. The Company has made well planned investments to increase capacity in existing infrastructure and create new manufacturing departments to manufacture ointments, creams and gels and also pellets manufacturing department of different APIs.

## **3. Challenges:**

The Regulatory Authorities are following more stringent compliance norms for approving Pharmaceutical products. This is a positive development, but it also creates greater challenges for the manufacturer. The market conditions are getting seriously competitive and healthcare costs everywhere continue to rise. The Indian manufacturers will have to synchronize Indian manufacturing standards with the ones adopted globally to help Indian manufactured products gain a steady stand in the International Market.



#### **4. Key Growth Segments:**

Fredun Pharmaceuticals Ltd.'s growth was largely driven by new product launches in the ARV drugs segment and validating some Psychotropic products and registering the same for export market. The Company expects to maintain robust growth due to strong acceptance of our newly launched ARV products. The Company has also launched a herbal galactagogue and a few dietary supplements for veterinary use in the local market as well as registering the same in different countries for exports. The cash flow generated by your Company will be deployed in creating additional Infrastructure, to produce ointments, creams and gels department and also pellets manufacturing department.

#### **5. Human Resource Management at Fredun Pharmaceuticals Ltd.:**

The Company has a positive outlook for the next year. The Company continues to put concerted efforts in recruiting quality people who align with the culture of the organisation and lower the work stress. Development programs remain the key focus areas for the Company. This will increase the productivity and support the Company's business plan especially in its key Emerging Markets. The Company has installed the ERP System having GST operating systems to modernize and develop the business with complete transparency and efficiency.

# CORPORATE GOVERNANCE REPORT

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

The Company has over the years followed the best Governance practices and maintaining a culture within the organization which promotes an overall development and not just a materialistic approach. Corporate Governance broadly refers to the mechanisms, relations, and processes by which a Company is controlled and directed and involves balancing the interests of the stakeholders of the Company. The Company endeavours to ensure that highest standards of ethical and responsible conduct are met throughout the organization.

In India, Corporate Governance Standards for Listed Companies are regulated by Regulation 17 to Regulation 27 read with Schedule V and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**SEBI Listing Regulations, 2015**").

The Company had listed its Equity Shares on March 21, 2016 and executed Listing Agreement with the BSE Limited.

As per Regulation 15(2) of the Listing Regulation, 2015; the compliance with the Corporate Governance provisions as specified in regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply, in respect of -

(a) the listed entity having paid up Equity Share Capital not exceeding rupees ten crore and net worth not exceeding rupees twenty-five crore, as on the last day of the previous financial year.

Your Company has the Authorized Share Capital of Rs. 10 crores out of which the Paid-up Share Capital of the Company is Rs. 3,42,51,340/- divided into 34,25,134 Equity Shares of Rs. 10/- each and a Net-worth of Rs. 2216.27 lakhs.

In lines with the above stated provision the above-mentioned Regulations are not applicable to the Company. But with an intention of applying good Corporate Governance practices in the affairs of the Company, we have adopted every aspect of the Corporate Governance Norms in our business activities, as mandated under the SEBI Listing Regulations, 2015.

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

"To be able to do the right thing in the right way, in each case and at every moment, one must be in the right consciousness."

- Sri Aurobindo

The Company has infused the philosophy of Corporate Governance into all its activities. The core values of the Company's Governance process include Independence, Integrity, Accountability, Transparency, Responsibility and Fairness in dealing with customers, dealers,

employees, lenders, government and other stakeholders including Shareholders.

The Company's Governance framework is based on the following principles:

- Optimum combination of Executive & Non-Executive Directors and size of the Board;
- Timely disclosure of material information to the stakeholders;
- Availability of information to the Members of Board & Board Committees to enable them to discharge their fiduciary duties;
- Ethical business conduct.

## **2. THE BOARD OF DIRECTORS**

The Board of Directors, along with its committees, provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

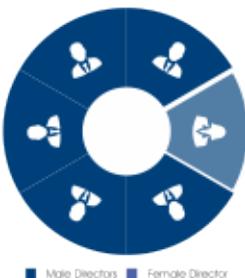
The Board currently comprises of six Directors of which three Directors are the Executive Directors. The other three Directors are Non-Executive Independent Directors, commensurate with the size of the Company, complexity and nature of various underlying businesses. The Board of your Company consists of persons having professional background, varied experience, knowledge and commitment to discharge their responsibilities and duties.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of any non-compliances.

### **i. Composition of the Board:**

The Chairperson of the Board is an Executive Director, and as such 50% of the Board Comprises of Independent Directors. All the Independent Directors have confirmed that they meet 'Independence' criteria as per Regulation 16 (1) (b) of the SEBI Listing Regulations read with Section 149 (6) of the Act.

None of the Independent Directors of the Company are related to each other. The appointment of Executive Directors including the tenure and terms of remuneration has already been approved by the members.



## ii. Meetings of the Board:

During Financial Year ("F.Y.") 2017-18, the Board met 12 times on the following dates:

Name of the director	No. of Board meeting held, and attended, during tenure												% of attendance
	1	2	3	4	5	6	7	8	9	10	11	12	
Dr. (Mrs.) Daulat Medhora	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	100
Mr. Fredun Medhora	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	58
Mr. Nariman Medhora	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	100
Dr. Aspi Ralimatwala	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	75
Dr. C. K. Shah	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	75
Dr. Rohinton Kanga	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	92

▼ Attended in person    ▼ Absent

Meeting on 05/05/2017, 30/05/2017, 20/06/2017, 14/07/2017, 08/08/2017, 11/08/2017, 01/09/2017, 22/09/2017, 13/11/2017, 16/01/2018, 12/02/2018 & 28/03/2018

The maximum time gap between any two consecutive meetings did not exceed four months. The necessary quorum was present for all the meetings. The notice and detailed agenda along with the relevant notes and other material information were sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board.

## iii. Scheduling and Selection of Agenda Items for Board Meetings:

All departments of the Company schedule their work plans in advance, particularly with regard to matters requiring consideration at the Board/Committee meetings. All such matters are communicated to the Managing Director in advance so that the same could be included in the Agenda for the Board/Committee meetings.

## iv. Attendance and Directorships held:

Information about the Directors of the Company, their attendance at the 30th Annual General Meeting of the Company held during the year and the Number of Directorships in other Companies and Committee position in other Public Limited / Private Limited Companies as on March 31, 2018, are detailed below:

Sr. No.	Name of the Director	Date of Joining the Board	Category	Attendance at the AGM held on September 28, 2017	Directorship in other Indian Public / Private Limited Companies Chairman / Member *	No. of other Board Committees in which Chairman / Member **	Relationship with Directors
1.	Dr. (Mrs.) Daulat Medhora	June 08, 1987	Chairperson & Jt. Managing Director	Not attended	NIL	NIL	Wife of Mr. Nariman Medhora & Mother of Mr. Fredun Medhora

2.	Mr. Fredun Medhora	September 15, 2006	Managing Director	Attended	NIL	NIL	Son of Mr. Nariman Medhora & Dr. (Mrs.) Daulat Medhora
3.	Mr. Nariman Medhora	September 30, 2015	Whole Time Director	Attended	NIL	NIL	Husband of Dr. (Mrs.) Daulat Medhora & Father of Mr. Fredun Medhora
4.	Dr. Aspi Raimtawala	September 30, 2015	Non-Executive Independent Director	Attended	NIL	NIL	None
5.	Dr. C.K. Shah	September 30, 2015	Non-Executive Independent Director	Not attended	NIL	NIL	None
6.	Dr. Rohinton Kanga	September 30, 2015	Non-Executive Independent Director	Attended	NIL	NIL	None

\* Excludes Directorships in Indian private limited Companies, foreign Companies, Companies under Section 8 of the Companies Act, 2013

\*\* Represents memberships / chairmanships of Audit Committee & Stakeholders Relationship Committee.

- Chairmanship / Membership of Committee includes Audit Committee and Stakeholders' Relationships Committee of Indian Public Limited Companies excluding Fredun Pharmaceuticals Limited.
- None of the Directors on the Company's Board hold the Directorship in more than ten Public Companies. Further none of them is a member of more than ten committees and chairman of more than five committees across all the public Companies in which he/she is a Director as per regulation 26(1) of Securities and Exchange Board of India (Listing Obligation Disclosure Requirement) Regulation, 2015. All the Directors have made necessary disclosures regarding committee position held by them in other Companies.

#### V. Number of Shares and other Convertible Instruments held by Non- Executive Directors:

Dr. Rohinton Kanga holds 500 Equity Shares of the Company as on March 31, 2018. Apart from him no other Non-Executive Directors hold any Shares of the Company. The Company has not issued any convertible instruments during the financial year ended March 31, 2018.



### **3. SEPARATE MEETING OF INDEPENDENT DIRECTORS**

During the year 2017-18, as per the requirement of Schedule IV of the Companies Act, 2013 and SEBI Listing Regulations, 2015 a separate meeting of Independent Directors was held on June 20, 2017 without the presence of the Non-Independent Directors and the Members of the Management. The Meeting was conducted in an informal manner to enable the Independent Directors to discuss and review the performance of the Chairperson of the Company and for assessing the quality, quantity and timeliness of flow of information between the Company's Management and the Board.

### **4. COMMITTEES OF BOARD**

The Company has 3 (Three) Board Level Committees to focus on critical functions of the Company and also for smooth and efficient business operations. viz., Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee. The Committees meet at regular intervals for deciding various matters and providing directions and authorizations to the management for its implementation. Minutes of the proceedings of each committee meeting are circulated to the members of that Committee for their comments and thereafter, confirmed and signed by the Chairperson of the respective Committee. The Board also takes note of minutes of the meetings of the Committees duly approved by their respective Chairman and the material recommendations / decisions of the Committees are placed before the Board for approval / information.

Details on role and composition of these Committees, including number of meeting held during FY 2017-18 and the related attendance are provided below:

#### **A. Audit Committee:**

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013, read with Regulation 18 of SEBI Listing Regulations, 2015. The Audit Committee invites such of the Executives, as it considers appropriate, representatives of the Statutory Auditors to attend the meeting.

During FY 2017-18, the Audit Committee met 4 times, on May 30, 2017; August 11, 2017; November 13, 2017 and February 12, 2018. The requisite quorum was present at the meeting. The Chairperson of the Committee was not present at the last Annual General Meeting of the Company held on September 28, 2017. However, the other members of the Committee were present to address the queries of the shareholders.

Sr. No.	Name of Director	Position	Category	No. of Audit Committee Meetings attended
1.	Dr. C. K. Shah	Chairman	Non-Executive Independent Director	3 out of 4
2.	Dr. Rohinton Kanga	Member	Non-Executive Independent Director	4 out of 4
3.	Mr. Fredun Mehdora	Member	Managing Director	2 out of 4

**The role of the Audit Committee includes the following:**

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed;
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services;
- Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Reviewing the financial statements and draft audit report, including the quarterly/half yearly financial information;
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
- Any changes in accounting policies and practices;
- major accounting entries based on exercise of judgment by management;
- Qualifications in draft audit report;
- Significant adjustments arising out of audit;
- The going concern assumption;
- Compliance with accounting standards;
- Compliance with stock exchange and legal requirements concerning financial statements;
- Any Related Party Transactions as per Accounting Standard 18;
- Reviewing the Company's financial and risk management policies;
- Disclosure of contingent liabilities;
- Reviewing with the management external and internal auditors, and the adequacy of internal control systems;
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, Shareholders (in case of non-payment of declared dividends) and creditors.

**B. Nomination and Remuneration Committee ("NRC"):**

The NRC of the Company is constituted in line with the provisions of Section 178 of the Companies Act, 2013, read with Regulation 19 of the SEBI Listing Regulations. The terms of reference of the NRC includes various matters in conformity with the statutory guidelines including the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director;
- To formulate criteria for evaluation of performance of Independent Directors and the Board of Directors;

- The remuneration / compensation / commission etc. to Directors will be determined by the Committee and shall be recommended to the Board for approval;
- Recommend to the Board a policy for selection and appointment of Directors, Key Managerial Personnel and other senior management positions;
- Formulate and review criteria for evaluation of performance of Independent Directors;
- Succession planning for replacing Key Executives and overseeing;
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve and / or enforced by any statutory notification, amendment or modification, as may be applicable.

During Financial Year 2017-18, the NRC met only once on May 5, 2017. The requisite quorum was present at the meeting. The Chairman of the NRC was present at the last Annual General Meeting of the Company held on September 28, 2017.

Sr. No.	Name of Director	Position	Category	No. of NRC Meetings attended
1.	Dr. Rohinton Kanga	Chairman	Non-Executive Independent Director	1 out of 1
2.	Dr. Aspi Ralmalwala	Member	Non-Executive Independent Director	1 out of 1
3.	Dr. C. K. Shah	Member	Non-Executive Independent Director	1 out of 1

### **Performance Evaluation of Independent Directors**

The Performance Evaluation criteria for Independent Directors are determined by the NRC. An indicative list of factors that may be evaluated include participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgment.

### **C. Stakeholders Relationship Committee ("SRC"):**

The SRC of the Company is constituted in line with the provisions of Section 178(2) of the Companies Act, 2013, read with Regulation 20 of the SEBI Listing Regulations.

#### **The terms of reference of the SRC, inter-alia, includes the following:**

- The Stakeholders Relationship Committee of the Board is empowered to oversee the redressal of Investors Complaint(s), Share transfers, Non-Receipt of Annual Report, Dividend payment, Issue of Duplicate Share Certificates, Transmission (with and without legal representation) of Shares and other miscellaneous complaints;
- Reviewing of Investors Complaints and take necessary steps for redressal thereof;
- To perform all functions relating to the interest of the stakeholders of the Company as may be required by the provisions of the Companies Act, 2013 and the rules made thereunder.

During Financial Year 2017-18, the SRC met only once on May 5, 2017. The requisite quorum was present at the meeting.

Sr. No.	Name of Director	Position	Category	No. of SRC Meetings attended
1.	Dr. C. K. Shah	Chairman	Non-Executive Independent Director	1 out of 1
2.	Dr. Rohinton Kanga	Member	Non-Executive Independent Director	1 out of 1
3.	Dr. [Mrs.] Daulat Medhora	Member	Jt. Managing Director	1 out of 1

#### Details of Shareholders' Complaints Received, Solved and Pending during FY 2017-18

Number of complaints received so far	NIL
Number of complaints not solved to the satisfaction of Shareholders	NIL
Number of pending complaints	NIL

#### 5. GENERAL BODY MEETING

The details of the Shareholder's Meeting(s) held during the preceding 3 Financial Years:

Sr. No.	Type of Meeting	Date & Time	Location	Details of Special Resolution passed
1.	Extra Ordinary General Meeting	Friday, July 07, 2017 at 10:30 A.M.	Damle Sabhagrah, Mumbai Marathi Granthsangrahalay, 172 Mumbai Marathi Granthsangrahalay Marg, Nalgaon, Mumbai -400 014	<ul style="list-style-type: none"> <li>To Issue 5,72,735 Equity Shares on Preferential Basis to Eligible Investors at Rs. 150/- each including premium of Rs. 140/- each</li> </ul>
2.	30 <sup>th</sup> Annual General Meeting	Thursday, September 28, 2017 at 9:30 A.M.	Ramee Guest Line, Hotel-Dadar Plot No.3, Kohinoor Road, Dadar Mumbai – 400014.	<ul style="list-style-type: none"> <li>To Increase the Authorised Share Capital from Rs. 6 crores to Rs. 10 crores</li> <li>Appointment of Mr. Fredun Medhora (DIN No 01745348) as the Managing Director of the Company</li> <li>Appointment of Dr. [Mrs] D N Medhora (DIN No 01745277) as the Whole Time Director designated as Joint Managing Director of the Company</li> </ul>
3.	29 <sup>th</sup> Annual General Meeting	Tuesday, September 27, 2016 at 11:00 A.M.	Ramee Guest Line, Hotel-Dadar Plot No. 3, Kohinoor Road, Dadar Mumbai-400014.	<ul style="list-style-type: none"> <li>To approve Related Party Transaction u/s 188 of the Companies Act, 2013</li> </ul>
4.	28th Annual General Meeting	Wednesday, September 30, 2015 at 3:00 P.M.	Mumbai Marathi Granthsangrahalay, 172 Mumbai Marathi Granthsangrahalay Marg, Nalgaon, Mumbai -400 014	<ul style="list-style-type: none"> <li>To adopt New Articles</li> <li>Appointment of Dr. C. K. Shah as a Non-Executive Independent Director of the Company.</li> <li>Appointment of Dr. Aspi Rimalwala as a Non-Executive Independent Director of the Company.</li> <li>Appointment of Dr. Rohinton Kanga as a Non-Executive Independent Director of the Company.</li> <li>Appointment of Mr. Nariman Medhora as an Executive Director of the Company.</li> </ul>

## **6. POSTAL BALLOT**

I. During the year under review, viz. in the month of September 2017; the Company had conducted Postal Ballot in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

The Company had provided its Members with an E-voting facility through Central Depository Services (India) Ltd ("CDSL") in accordance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI Listing Regulations, 2015; in order to enable them to exercise their voting rights by way of electronic means on the resolution(s) proposed to be passed through Postal Ballot.

Mr. Rajendra R. Vaze, Proprietor of M/s Rajendra & Co., Practicing Company Secretaries, Mumbai, was appointed as a Scrutinizer for scrutinizing voting (both physical and e-voting) in a fair and transparent manner for the Postal Ballot conducted by the Company during the year.

The details of the resolution(s) passed by way of Postal Ballot in respect of the Special Resolution passed are mentioned hereunder:

Date of declaration of the result of Postal Ballot	Type of Resolution passed	Particulars of Resolution
October 30, 2017	Special Resolution	To Ratify the Equity Shares issued pursuant to the Shareholder's consent received in an Extraordinary General Meeting held on the 7th of July 2017.
October 30, 2017	Special Resolution	To Approve the variation of Rights in respect of the Preference Shareholders.
October 30, 2017	Special Resolution	To Issue Equity Shares on Preferential basis to the Preference Shareholders.
October 30, 2017	Special Resolution	To Issue Equity Shares on Preferential basis to Eligible Investors.
October 30, 2017	Special Resolution	To Issue Equity Shares on Preferential basis to Promoters.

All the above resolutions were passed via the requisite majority. The voting results are available on the website of the Company at [www.fredungroup.com](http://www.fredungroup.com) and also on the website of BSE at [www.bseindia.com](http://www.bseindia.com)

II. During the year under review; the Company had conducted Board Meeting on March 28, 2018 for the approval of the Postal Ballot Notice.

The details of the resolution(s) passed by way of Postal Ballot in respect of the Special Resolution passed are mentioned hereunder:



Date of declaration of the result of Postal Ballot	Type of Resolution passed	Particulars of Resolution
May 7, 2018	Special Resolution	To Ratify the Equity Shares issued pursuant to the Shareholders' consent received in an Extraordinary General Meeting held on July 07, 2017 as per the In-principal Approval received from BSE.

The information of the same were disseminated to the BSE Limited as per the timeline provided in the Companies Act, 2013 & SEBI (Listing Regulations), 2015. Details of the same are put on the website of the Company at [www.fredungroup.com](http://www.fredungroup.com) and also on the website of BSE at [www.bseindia.com](http://www.bseindia.com)

## 7. MANAGING DIRECTOR / WHOLE TIME DIRECTOR

Mr. Fredun Medhora was appointed as the Managing Director of the Company by the shareholders of the Company at 30th Annual General Meeting of the Company held on September 28, 2017 for the period of three years i.e. upto October 14, 2020.

Mr. Nariman Medhora was appointed as the Whole Time Director of the Company by the shareholders of the Company at an Extra Ordinary General Meeting held on July 10, 2015 for the period of three years i.e. upto May 4, 2017. With the approval of the shareholders he is being proposed to be re-appointed as the Whole Time Director of the Company at the 31st Annual General Meeting for a period of 3 (three) years i.e., upto June 2021.

Dr. (Mrs.) D.N. Medhora was appointed as the Joint Managing Director of the Company by the shareholders of the Company at the 30th Annual General Meeting of the Company held on September 28, 2017 for the period of three years i.e. upto December 31, 2020.

As per their terms of appointment the remuneration Comprises of a salary and other benefits of Rs. 24,00,000/- (Rupees Twenty-Four Lakhs) per annum as salary with Medical Expenses of Rs. 60,000/- per annum and Leave Travel concession of Rs. 60,000/- per annum to Mr. Fredun Medhora and Rs. 13,20,000/- (Rupees Thirteen Lakhs Twenty thousand only) per annum as salary with Medical Expenses of Rs. 80,000/- per annum and Leave Travel concession of Rs. 80,000/- per annum to Mr. Nariman Medhora and Rs. 12,00,000/- (Rupees Twelve Lakhs) per annum as salary with Medical Expenses of Rs. 20,000/- per annum and Leave Travel concession of Rs. 25,000/- per annum to Dr. (Mrs) D.N. Medhora with authority to the Board or to a committee thereof to fix the remuneration within the maximum permissible limit.

Service of the Managing Director and the Whole Time Directors may be terminated by either party giving the other party two months' notice or the Company paying two months' salary in lieu thereof. There are no separate provisions for the payment of severance fees.



## 8. MEANS OF COMMUNICATION

The quarterly / half yearly and annual results of the Company	Published in National English newspaper as well as newspaper published in vernacular language of the region where the Registered Office of the Company is situated, namely the Free Press Journal and Navshakti.
All the Shareholders' information	Such information is made available on the Company's website at <a href="http://www.fredungroup.com">www.fredungroup.com</a> wherein there is a separate dedicated Section named as 'Investor Relations'
The Quarterly Results, Shareholding Pattern, Quarterly Compliances and all other Corporate communication during the year ended March 31, 2018	Filed electronically with BSE through BSE Listing Centre & also placed on the website of the Company at <a href="http://www.fredungroup.com">www.fredungroup.com</a>
All material Information including declaration of Financial Results; Press Releases, Presentations made to Institutional Analyst or Investors etc.	<p>The Company has promptly reported to the Stock Exchange(s) where Shares of the Company are listed, viz. BSE Limited ("BSE").</p> <p>Such information is also simultaneously displayed on the Company's website at <a href="http://www.fredungroup.com">www.fredungroup.com</a></p>

### Certain rights that a shareholder in the Company enjoys:

- To transfer the shares.
- To receive the Share Certificates upon transfer within the stipulated period prescribed in the Act.
- To receive Notice of General Meetings, Annual Report, the Balance Sheet and Profit and Loss Account and the Auditor's Report.
- To appoint proxy to attend and vote at the General Meetings.
- To attend and speak in person, at General Meetings.
- To vote at the General Meeting on show of hands wherein every shareholder has one vote. In case of vote on poll, the number of votes of a shareholder is proportionate to the number of Equity Shares held by him.
- To demand poll along with other Shareholder(s) who collectively holding shares on which an aggregate sum of not less than five lakh rupees or are not less than 1/10th of the total voting power in respect of any resolution.
- To requisite an Extraordinary General Meeting of the Company by shareholders who collectively hold not less than 1/10th of the total paid-up capital of the Company.
- To move amendments to resolutions proposed at Meetings.
- To receive Dividend and other Corporate benefits like Rights, Bonus Shares etc. as and when declared / announced.
- To inspect various Registers of the Company.
- To inspect the Minutes Books of General Meetings & to receive copies thereof after complying with the procedure prescribed under the Companies Act, 2013.



- To appoint or remove Director(s) and Auditor(s) and thus participate in the management through them.
- To proceed against the Company by way of Civil or Criminal Proceedings.
- To apply for the Winding-up of the Company.
- To receive the residual proceeds upon Winding-up of the Company.

## 9. GENERAL SHAREHOLDER INFORMATION

### a) Annual General Meeting ("AGM") for the Financial Year 2017-18:

<b>Day and Date</b>	Thursday, September 27, 2018
<b>Time</b>	09: 00 A.M.
<b>Venue</b>	Hotel Avon Ruby - 87, Naigaum Cross Road, Near Dadar Railway Station, Dadar East, Mumbai - 400014
<b>Financial Year</b>	The financial year of the Company is April to March.
<b>Board Meeting for consideration of accounts</b>	June 18, 2018
<b>Dividend Rate</b>	6% on the Face value
<b>Book Closure Dates</b>	September 21, 2018 to September 27, 2018
<b>Last date for receipt of proxy forms</b>	September 25, 2018

### b) Stock Exchanges where the securities of the Company are listed:

Name of the Stock Exchange	Scrip Code	Listing date
<b>BSE Limited</b> <b>Address:</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001.	539730	March 21, 2016

Annual Listing Fees for the FY 2017-18 has been paid to the BSE Limited on April 10, 2017.

### Names of Depositories in India for dematerialisation of Equity Shares - ISIN NO. INE194R01017.

Sr. No	Particulars
1.	National Securities Depository Limited (NSDL) ISIN No. INE194R01017
2.	Central Depositories Services (India) Limited (CDSL) ISIN No. INE194R01017

### c) Include dividend details

Your Company had declared dividend of 6% for the Financial Year 2016-17 on the Face value of Rs. 10/- each on the shares of the Company in the Annual General Meeting held on September 28, 2017.

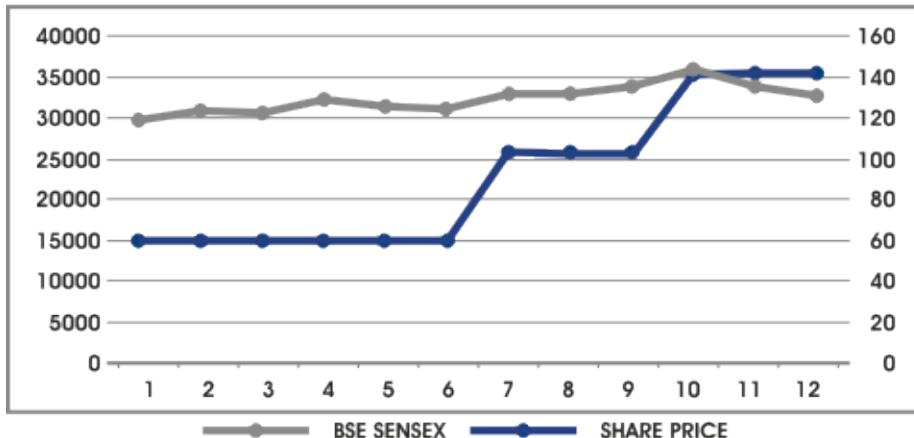
As per the provisions of the Companies Act, 2013 and rules made thereunder your Company had paid the dividend as per the records of the shareholders available with the Company by / on or before January 1, 2018. The amount laying in the Dividend account as unclaimed / unpaid dividend was transferred to Unpaid Dividend Account of the Company and the list of

the shareholders (whose dividend is pending) with all the information thereon is made available on the website of the Company at [www.fredungroup.com](http://www.fredungroup.com)

- d) Market price data-monthly high-low of the closing price on the BSE during the period from April 2017 to March 2018 is given below:

Month	High Price	Low Price
April 2017	61	61
May 2017	61	61
June 2017	61	61
July 2017	61	61
August 2017	61	61
September 2017	61	61
October 2017	104.3	64.05
November 2017	104.3	104.3
December 2017	104.3	104.3
January 2018	142.	110
February 2018	142.7	142.7
March 2018	142.7	142.7

- e) Performance in comparison of Share price of the Company with BSE Sensex is as follows



- f) Registrar to an Issue and Share Transfer Agents

For acknowledgement of transfer deeds and any other documents or for any Grievances / Complaints, kindly contact at the following address:

**Mr. Vinayak Karande**

Purva Shareregistry (India) Pvt. Ltd.,  
9, Shiv Shakti Ind. Estate, J R Boricha Marg,

Off N. M. Joshi Marg, Near Lodha Excelus,  
 Lower Parel (E), Mumbai - 400 011  
 Tel No.: 2301 8261 /2301 6761  
 Fax No: 2301 251  
 E-mail: [buslcomp@vsnl.com](mailto:buslcomp@vsnl.com)

#### **g) Share Transfer System**

The Company's Shares which are in Demat form are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, Purva Shareregistry (India) Pvt. Ltd., and approved by the Stakeholders Relationship Committee of the Company or authorized officials of the Company. The Share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Purva Shareregistry (India) Pvt. Limited.

#### **h) Distribution of Shareholding and Shareholding Pattern as on March 31, 2018**

##### **I. Distribution of Shareholding**

Shareholding of Nominal Value	No. of Shareholders	% of Total no. of Shareholders	Amount (in Rs.)	% to Total Capital
1-5000	373	66.37	633400	1.85
5001-10000	99	17.62	921030	2.69
10001-20000	19	3.38	335900	0.98
20001-30000	5	0.89	142000	0.14
30001-40000	4	0.71	135680	0.40
40001-50000	8	1.42	373700	1.09
50000-100000	13	2.31	1164570	3.40
100001 and above	41	7.30	30545060	89.18
<b>Total</b>	<b>562</b>	<b>100</b>	<b>34251340</b>	<b>100</b>

##### **II. Shareholding Pattern as on March 31, 2018**

Category of Shareholders	Number of Shares	Percentage Holding
Promoters and Promoter Group	18,51,110	54.04
Bodies Corporate	63,000	1.84
Banks and Financial Institutions	75,000	2.19
NRI	Nil	Nil
Foreign Institutional Investor	67,000	1.96
HUF	60,030	1.75
Others-Resident Individuals	13,08,404	38.20
Others-Clearing Members	590	0.02

### **III. Directors Share Holding**

Sr. No.	Name of the Directors	Number of Shares held
1.	Dr. (Mrs.) Daulat Medhora	13,40,710
2.	Mr. Nariman Medhora	3,74,300
3.	Mr. Fredun Medhora	1,36,100
4.	Dr. Aspi Ralimatwala	Nil
5.	Dr. Chandrakant K. Shah	Nil
6.	Dr. Rohinton Kanga	500
	<b>Total</b>	<b>18,51,610</b>

#### **i) Dematerialization of Shares**

As on March 31, 2018, 21,75,530 Shares (approx. 63.52 %) of the total Equity Share Capital of the Company are held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

#### **j) Outstanding GDRS / ADRS / Warrants / Convertible Instruments as on March 31, 2018**

The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.

#### **k) Plant Location**

The Company has the following manufacturing and Operating sites:

##### **Palghar**

14, 15, 16 Zorabian Industrial Complex,  
Vervoir, Palghar (East) - 401 404,  
Maharashtra State, INDIA.

#### **l) Address for Correspondence**

Mr. Fredun Medhora, Compliance Officer  
26, Manoj Industrial Premises,  
G. D. Ambekar Marg, Wadala,  
Mumbai - 400 031, INDIA.  
Tel. No. +91 22 4031 8111  
Email id.: [business@fredungroup.com](mailto:business@fredungroup.com)  
website: [www.fredunroup.com](http://www.fredunroup.com)

### **10. ISSUE OF EQUITY SHARES**

During the financial year 2017 - 18 the Company had issued the Equity Shares of Rs. 10/- each under Preferential Basis at Rs. 150/- each to the Eligible Investors and Promoters the details of which are listed below:

- a) The Company issued and allotted 5,72,735 Equity shares of Rs. 10/- each at Rs. 150/- each to the eligible Investors. The allotment of the said shares was done on September 68

1, 2017. Such shares were allotted to the Eligible Investors

- b) The Company further issued and allotted 4,99,999 Equity Shares of Rs. 10/- each at Rs. 150/- each to the eligible Investors & Promoters. The allotment of the said shares was done on January 16, 2018.

Out of 4,99,999 Equity Shares 1,00,000 Equity Shares were issued to Promoters against the loan amount given by the Promoters to the Company; 2,33,333 Equity Shares were issued to Eligible Investors & balance 2,66,666 Equity Shares were issued in lieu of Redemption of 8% Preference Shares of the Company.

The Listing approval for both the issues was received by the Company on May 31, 2018 & June 12, 2018 respectively.

#### **11. STATUS OF THE COMPLIANCE IN RESPECT OF NON-MANDATORY REQUIREMENTS**

- a. Chairperson of the Board: The Executive Chairperson does not maintain any separate office for the Company.
- b. Remuneration Committee: Details are given under the heading "Remuneration Committee".
- c. Shareholder's Right: Details are given under the heading "Means of communication".

#### **12. Audit Qualifications:**

During the year under review, there was no qualification in the Auditor's Report on the Company's financial statements.

#### **13. REONCILIATION AUDIT**

A qualified Practicing Company Secretary carried out Reconciliation Audit to reconcile the total admitted Equity Share Capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the Total Issued and Listed Equity Share Capital. The Secretarial Audit Report confirms that the Total Issued / Paid-Up Capital is in agreement with the total number of Shares in physical form and the total number of Dematerialised Shares held with NSDL and CDSL.

#### **14. SECRETARIAL AUDIT**

Mr. Rajendra R. Vaze (FCS No. 4247 CP No. 1975) Practicing Company Secretary have conducted the Secretarial Audit of the Company for the Financial Year 2017 - 2018. Their Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act, 2013 and the rules made there under, Listing Agreements with the stock Exchange, Listing Regulations, applicable SEBI Regulations and other Laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

## **15. GENERAL INFORMATION FOR MEMBERS**

The Company is registered with the Registrar of Companies Mumbai, Maharashtra. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is **L24239MH1987PLC043662**.

## **16. OTHER DISCLOSURE**

### **• Materially Significant Related Party Transactions**

There are no transactions of material nature other than reported under "Related Party Disclosures" that have been entered into by the Company with the Promoters, Directors, their relatives and the Management and in any Company in which they are interested and that may have potential conflict with the interest of the Company.

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion, nor do they vote on such matters.

The Company has formulated a policy on dealing with Related Party Transactions. The policy is available on the website of the Company [www.fredungroup.com](http://www.fredungroup.com)

### **• Vigil Mechanism**

The Company has a duly adopted Whistle Blower Policy and established a vigil mechanism in line with the provisions of SEBI Listing Regulations, 2015 and Companies Act, 2013, which aims to provide a mechanism to the employees and directors of the Company to report instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

It is affirmed that no personnel of the Company have been denied access to the Chairman of the Audit Committee during the Financial Year 2017-18.

### **• Compliance Status**

All mandatory requirements as per sub-para (2) to (10) of Part C of Schedule V of the SEBI Listing Regulations, 2015 have been complied with by the Company.

### **• Compliance Certificate**

The Secretarial Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulation and the same forms part of this report.

# CORPORATE GOVERNANCE CERTIFICATE

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## CERTIFICATE OF COMPLIANCE FROM PRACTICING COMPANY SECRETARY

To the Members of Fredun Pharmaceuticals Limited,

1. We have examined the compliance of the conditions of Corporate Governance by Fredun Pharmaceuticals Limited for the year March 31, 2018 as stipulated in relevant Clauses of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "SEBI Listing Regulations, 2015").
2. The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Rajendra And Co.  
Company Secretaries

CS. Rajendra R. Vaze  
FCS 4247; CP 1975

Place: Mumbai  
Dated: June 18, 2018



# INDEPENDENT AUDITOR'S REPORT

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## TO THE MEMBERS OF, FREDUN PHARMACEUTICALS LIMITED

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

We have audited the accompanying financial statements of **FREDUN PHARMACEUTICALS LTD.**, which comprise of the Balance Sheet as at **March 31, 2018**, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the act for safeguarding assets of the Company and for preventing and detecting frauds and other irregularities; the 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.

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

Our responsibility is to express an opinion on these financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit/Loss and its Cash Flow for the year ended on that date.

### **Report on 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 I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 5 above and as required by Section 143 (3) of the Act, we report, to the extent applicable, that;
  - (i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid



financial statements.

(ii) In our opinion, proper books of accounts, as required by law have been kept by the company, so far as it appears from our examination of such books.

(iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.

(iv) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the mandatory Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, so far as appears from our examination of such books.

(v) On the basis of written representations received from the directors as on 31st March, 2016, and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified from being appointed as director under sub section (2) of Section 164 of the Companies Act, 2013.

(vi) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure II**".

(vii) With respect to the matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. There are no pending litigations on the financial position of the Company

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by Company

(viii) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read with the notes thereon give the information required by the Companies Act, 2013 in manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-

(a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2018.

(b) In the case of Profit & Loss Account, of the Profits of the company for the year ended on that date.

(c) In the case of Cash Flow Statement of the company for the year ended on that date.

- (d) a statement of changes in equity, if applicable; and
- (e) any explanatory note annexed to, or forming part of, any document

**For SAVLA & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Place: Mumbai  
Date: 18/06/2018

DEEPAK G. SAVLA  
(PARTNER)  
Membership No.: 043901

## **Annexure I to Auditors Report**

The Annexure as referred in paragraph 1 under 'Report on Legal and Regulatory Requirements' of our Independent Auditors Report to the members of the Company on the financial statements, for the year ended 31 March 2018, we report that:

(I) Fixed Assets

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification
- (c) The title deeds of the immovable properties are partially held by the Company and partially mortgage. Details of the same are attached herewith marked as 'Annexure III'

(II) Inventories

- (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable
- (b) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(III) Loans Granted

The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon

- (IV) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- (V) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of directives issued by Reserve Bank of India and the provisions of Section 73 to 76 of the Companies Act, 2013 or any other relevant provisions of Companies Act and the Rules framed there under. Hence the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

- (vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- (vii) Statutory Dues
- (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it.
- (b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax, which has not been deposited on account of any dispute.
- (viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (ix) The moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which they were raised.
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore the provisions of clause 4 (xii) of the Companies (Auditors Reports) Order, 2013 are not applicable to the Company.
- (xiii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements etc., as required by the

- applicable accounting standards;
- (xiv) Based on our audit procedures and on the information and explanations given by the management, the company has made preferential allotment of shares during the year under review. The requirements of Section 42 are complied with and the funds have been used for the purpose for which they were raised.

<b>Date of allotment</b>	<b>No of Equity shares issued</b>
<b>01/09/2017</b>	<b>5,72,735</b>
<b>16/01/2018</b>	<b>4,99,999</b>

- (xv) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For SAVLA & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**Place:** Mumbai  
Date: 18/06/2018

**DEEPAK G. SAVLA**  
(PARTNER)  
Membership No.: 043901



## **Annexure II to the Auditors Report**

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

We have audited the internal financial controls over financial reporting of FREDUN PHARMACEUTICALS LTD. ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing

the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations 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 Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial



reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SAVLA & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**Place: Mumbai**  
Date: 18/06/2018

**DEEPAK G. SAVLA**  
(PARTNER)  
Membership No.: 043901

### Annexure III to the Auditors Report

#### **Details of Fixed Assets mortgaged against Loan**

Sr. no.	Asset Description	Name of Chargeholder	Value of charge as on 31/03/2018
1	VWD Detector	Reliance Capital Ltd	25,39,520
2	Impeller Lifting Pneumatic Lid Lift	Reliance Capital Ltd	20,91,708
3	<u>Movable property</u> Fluid Bed Dryer Balancing Equipments Air Cool Condensing Unit Air Handling Unit Air Cool Condensing Unit	Reliance Capital Ltd	37,79,168
4	Fluid Bed Dryer/ Coating Machine	Reliance Capital Ltd	6,17,633
5	Lab scale rapid mixer granulator/ fluid bed dryer	Reliance Capital Ltd	9,02,957
6	<u>Movable property</u> Automatic Capsule Filling Machine AF90T Blister Packing Machine EPI 2500, Dealer	Reliance Capital Ltd	46,98,170 11,53,307
7	120 kg GMP Fluid Bed Dryer	Reliance Capital Ltd	13,70,522
8	Movable property, Floating charge, Book debts, current & movable assets	Indusind Bank	3,89,55,021 72,47,740

**For SAVLA & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**Place: Mumbai**

Date: 18/06/2018

**DEEPAK G. SAVLA  
(PARTNER)**  
Membership No.: 043901



# BALANCE SHEET

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

**FREDUN PHARMACEUTICALS LTD**

CIN: L24239MH1987PLC043662

## Balance Sheet as at 31<sup>st</sup> March 2018

	Note	2017-18 (Rs.)	2016-17 (Rs.)
<b>Equity and Liabilities</b>			
Shareholders' funds			
Share Capital	1	3,44,72,846.00	4,87,45,500.00
Reserves & Surplus	2	18,71,54,222.55	2,38,54,648.93
Non-current liabilities			
Long-term borrowings	3	2,73,64,240.33	7,23,91,207.16
Deferred tax liabilities (Net)		80,89,594.00	84,81,570.00
Long-term provisions	4	51,49,184.00	4,06,03,018.33
Current Liabilities			
Short-term borrowings	5	7,24,93,363.61	7,58,23,959.58
Trade payables	6	38,92,08,981.63	22,82,73,523.85
Other current liabilities	7	3,76,64,040.55	7,74,62,596.91
Short-term provisions	8	3,10,52,396.18	53,04,18,781.97
		<b>79,26,48,868.85</b>	<b>56,09,77,559.19</b>
<b>Assets</b>			
Non-current assets			
Fixed Assets	9	27,43,21,666.32	20,50,37,672.25
Non-current Investments	10	2,600.00	2,600.00
Loans and advances (long-term)	11	35,22,792.00	35,01,360.00
Other non-current assets		0.00	0.00
Current assets			
Inventories	12	18,42,53,829.86	6,93,65,633.31
Trade receivables	13	15,25,92,438.22	20,38,02,572.41
Cash and cash equivalents	14	1,45,32,880.87	75,04,741.37
Loans and advances (short-term)	15	7,69,43,990.93	1,02,40,103.28
Other Current Assets	16	8,64,78,670.65	51,48,01,810.53
		<b>79,26,48,868.85</b>	<b>56,09,77,559.19</b>

See accompanying Notes to Financial Statements

As per our report of even date

**For SAVLA & ASSOCIATES**

Chartered Accountants

**For FREDUN PHARMACEUTICALS LIMITED**

**DEEPAK GANGJI SAVLA**

Partner, M.No.:043901

Firm reg No. 109361W

Date: 18-JUNE-2018

Place: Mumbai

**Nariman Bamansha**

**Medhora**

Director

DIN: 02060357

Date: 18-JUNE-2018

Place: Mumbai

**Fredun Nariman**

**Medhora**

Managing Director

DIN: 01745348

# PROFIT & LOSS STATEMENT

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

**FREDUN PHARMACEUTICALS LTD**

CIN: L24239MH1987PLC043662

## Profit & Loss Statement for the year ended 31<sup>st</sup> March 2018

	Note	2017-18 (Rs.)	2016-17 (Rs.)
Revenue from operations	17	58,06,72,643.75	56,69,62,168
Other Income	18	1,64,35,748.09	1,91,38,035
		<b>59,71,08,391.84</b>	<b>58,61,00,203.38</b>
<b>Expenses:</b>			
Cost of materials consumed	19	42,97,70,400.47	34,19,52,585.84
Change in Inventory	20	-3,46,66,813.89	2,98,35,473.62
Depreciation	9	1,28,50,105.54	1,13,57,735.29
Manufacturing & Service Cost	21	2,67,61,650.40	4,29,85,022.00
Employee Benefit Expenses	22	5,18,76,100.59	4,91,82,369.34
Finance Cost	23	1,93,74,713.05	1,87,48,298.43
Other Expenses <sup>1</sup>	24	6,47,24,832.76	6,95,40,507.68
Prior Period Items	25	0.00	2,38,939.25
		<b>57,06,90,988.92</b>	<b>56,38,40,931.45</b>
Profit before Tax		<b>2,64,17,402.92</b>	<b>2,22,59,271.93</b>
<b>Tax expense</b>			
Current tax		93,00,000.00	64,00,000.00
Deferred tax		-3,91,976.00	15,85,170.00
Profit for the period		<b>1,75,09,378.92</b>	<b>1,42,74,101.93</b>

See accompanying Notes to Financial Statements

As per our report of even date

**For SAVLA & ASSOCIATES**  
Chartered Accountants

**For FREDUN PHARMACEUTICALS LIMITED**

**DEEPAK GANGJI SAVLA**  
Partner, M.No.:043901  
Firm reg No. 109361W  
Date: 18-JUNE-2018  
Place: Mumbai

Nariman Barnansha  
**Medhora**  
Director  
DIN: 02060357  
Date: 18-JUNE-2018  
Place: Mumbai

**Fredun Nariman**  
**Medhora**  
Managing Director  
DIN: 01745348

# CASH FLOW STATEMENT

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

<b>FREDUN PHARMACEUTICALS LTD.</b>			
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018</b>			
		(RS. IN LAKHS)	(RS. IN LAKHS)
		F.Y. 2017-2018	F.Y. 2016-2017
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>			
NET PROFIT AFTER TAXATION	2	175.09	142.74
ADJUSTMENTS FOR:-			
DEPRECIATION	9	128.50	113.58
INTEREST PAID		156.78	152.81
INTEREST RECEIVED		(4.01)	(2.68)
CREDITORS WRITTEN BACK		(10.47)	
		270.80	-
		445.89	406.45
ADJUSTMENT TO OPERATING PROFIT			
DEFERRED TAX LIABILITY		(3.91)	15.85
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		441.98	422.30
EFFECTS OF CHANGES IN WORKING CAPITAL ITEMS			
INCREASE / DECREASE IN :-			
INVENTORY	12	(1,148.88)	333.39
TRADE RECEIVABLES	13	512.10	(897.86)
LOANS & ADVANCES	15	(667.03)	(72.30)
OTHER CURRENT ASSETS	16	(249.56)	(123.86)
TRADE PAYABLES	6	1,609.35	655.37
OTHER CURRENT LIABILITIES	7	(397.98)	56.63
SHORT TERM PROVISION	8	79.19	69.47
RESERVES & SURPLUS	2	(43.93)	(37.73)
SHARE PREMIUM (RESERVES & SURPLUS)	2	1,501.83	1,195.09
		1,637.08	-
			(16.89)
INCREASE / DECREASE IN :-			
LONG TERM LOANS & ADVANCES	11	(0.21)	(3.82)
LONG TERM PROVISIONS	4	23.37	(15.06)
		23.16	(18.88)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		1,660.23	386.53
OTHER NON CURRENT ASSETS		-	10.68
<b>NET ADJUSTED CASH FLOW FROM OPERATING ACTIVITIES</b>		1,660.23	397.21
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
PURCHASE OF FIXED ASSETS	9	(127.98)	(291.78)
CAPITAL WORK IN PROGRESS	9	(693.36)	(421.61)
		(821.34)	(713.39)
		838.89	(316.18)

<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
INCREASE / DECREASE IN ISSUE OF SHARE CAPITAL	1	(142.73)	225.00	
INCREASE / DECREASE IN LONG TERM BORROWINGS	3	(450.27)	104.62	
INCREASE / DECREASE IN SHORT TERM BORROWINGS	5	(33.31)	72.89	
INTEREST RECEIVED		4.01	2.68	
INTEREST PAID		(156.78)	(152.81)	
CREDITORS WRITTEN BACK		10.47	-	
			(768.61)	252.38
<b>NET INCREASE / DECREASE IN CASH</b>			70.28	(63.80)
OPENING CASH & BANK BALANCE			75.05	138.85
<b>CLOSING CASH &amp; BANK BALANCE</b>			145.33	75.05

**Note:-**

1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 on "Cash Flow Statement".
2. Cash & cash equivalents consist of cash, cheques and stamps on hand and with collecting agents and balances with scheduled and other banks on current and deposit accounts.
3. Direct taxes paid are treated as arising from operating activities and not bifurcated between investing and financing activities.
4. Figures in Negative sign indicate cash outflow.
5. Previous year figures have been regrouped & recast, wherever necessary, to conform to the current year's classification.
6. The notes referred to in the Balance Sheet and Profit & Loss A/c. form an integral part of the Cash Flow Statement.
7. Reserves & Surplus Includes Provision for Dividend ( Equity & Preference ) and Provision for Dividend Tax



# NOTES TO FINANCIAL STATEMENTS

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## FREDUN PHARMACEUTICALS LTD

CIN: L24239MH1987PLC043662

### Notes to Equity and Liabilities as at 31<sup>st</sup> March 2018

Note	2017-18 Dr (Rs.)	2017-18 Cr (Rs.)	2016-17 Dr (Rs.)	2016-17 Cr (Rs.)
<b>1 Share Capital</b>				
Authorised		6,00,00,000.00		3,00,00,000.00
Equity Share Capital (Paidup)		3,42,51,346.00		2,35,24,000.00
Forfeited Equity Shares Capital		2,21,500.00		2,21,500.00
Preference share capital (8% Cumulative)		0.00		2,50,00,000.00
		3,44,72,846.00	-	4,87,45,500.00
<b>2 Reserves &amp; Surplus</b>				
Profit and Loss Account		2,76,27,589.93		1,33,53,488.00
Provision for Preference Dividend	32,61,520.54		16,67,000.00	
Provision for Equity Dividend	34,66,520.76		14,11,440.00	
Provision for Dividend Tax	14,37,559.00		6,94,501.00	
Securities Premium		15,01,82,854.00		
Profit for the period		1,75,09,378.92		1,42,74,101.93
	81,65,600.30	19,53,19,822.85	37,72,941.00	2,76,27,589.93
Balance Carried to B/S		18,71,54,222.55		2,38,54,648.93
<b>3 Long-term borrowings</b>				
Unsecured Loans				
Bajaj Finserv		4,44,053.00		0.00
Capital First Limited		0.00		8,36,333.96
Edelweiss Retail Finance Limited		-2,53,127.00		11,68,745.00
Deutsche Bank		17,99,763.93		0.00
Aditya Birla Finance		0.00		8,85,762.00
Fredun Healthcare P.L.		0.00		75,00,000.00
Kotak Mahindra Bank Limited		1,89,994.00		0.00
Religare Finwest Limited		0.00		0.00
Magma Fincorp Ltd		0.00		6,78,386.64
Tata Capital Limited		0.00		12,17,683.00
Shriram City Union Finance Limited		0.00		15,41,698.00
The Sharmao Vitthal Coop Bank-CA-35		0.00		21,03,696.25
Deutsche Bank		0.00		34,73,533.36
Kotak Mahindra Bank Limited		0.00		9,45,965.00
IndusInd Bank		0.00		18,19,634.00
Loans from related parties		13,38,381.91		1,33,95,956.91
HDFC Bank Skoda Car Loan		4,20,227.82		13,62,040.07
HDFC Bank Edelavour Car Loan		3,77,303.99		14,38,901.63
ICICI Bank LtdCar Loan- LAMUM00029772362		29,559.00		99,620.00
IndusInd Bank Limited Term Loan 103606		10,94,600.05		17,82,307.63
IndusInd Bank Limited Term Loan 103607		13,16,156.24		25,25,979.74
IndusInd Bank Limited Term Loan 103608		16,07,409.45		22,25,152.51
IndusInd Bank Limited Term Loan 103609		36,52,320.75		48,94,686.32
IndusInd Bank Limited Term Loan 103610		42,82,886.07		56,60,525.78
IndusInd Bank Limited Term Loan 103611		45,93,729.61		59,95,114.48
IndusInd Bank Limited Working Capital Term Loan		62,58,117.45		88,77,974.16
Reliance Capital Limited RLSRMUM		0.00		10,38,374.10
Reliance Capital Limited RLSRMUM000326201		2,12,865.06		0.00
Reliance Capital Ltd RLSRMUM000291296		0.00		9,23,136.62
	2,73,64,240.33	-	7,23,91,207.16	

<b>4 Long-term provisions</b>			
Provision For Gratuity	50,38,286.00		25,57,464.00
Provision for Leave Salary	1,10,898.00		2,54,052.00
	51,49,184.00	-	28,11,516.00
<b>5 Short-term borrowings</b>			
Indusind Bank Limited (PCFCR)	4,64,92,289.28		5,65,27,358.52
Indusind Bank Limited Cash/Credit 650014054254	1,78,06,169.89		1,62,67,801.46
Indusind Bank Limited CA A/c 25250000100075895	49,62,207.05		29,63,385.00
SVC ( C/A No.104604180000035)	32,32,697.39		65,414.60
Indusind Bank Limited PSDL	7,24,93,363.61	-	7,58,23,959.58
<b>6 Trade payables</b>			
Sundry Creditors	38,92,08,981.63		22,82,73,523.85
<b>7 Other current liabilities</b>			
Current Maturity of Long Term Borrowings	2,65,06,594.04		3,58,01,049.18
Liability for capital goods	0.00		1,63,64,163.79
Advance from customers	1,01,69,550.13		1,80,14,146.00
Central Excise / Cenvat Refund Payable			
KGN Pharmaceuticals Central Excise	0.00		1,03,241.00
Zim Laboratories Limited Excise / Cenvat	0.00		19,27,138.00
USV Limited Excise/Modvat	0.00		52,49,807.00
Payable towards credit card			
AEBC CREDIT CARD	14,277.01		2,592.17
AEBC CREDIT CARD-376538004171000	3,07,522.41		0.00
AXIS BANK CARD-5593410000066103	78,822.52		0.00
Citi Bank Credit Card	5,10,398.70		0.00
Indusind Bank Credit Card Card4147521223312001	0.00		459.77
SBI Credit Card	76,875.74		0.00
	3,76,64,040.55	-	7,74,62,596.91
<b>8 Short-term provisions</b>			
Provision for Statutory Liabilities			
Provision for Income tax	1,28,65,038.00		78,01,938.00
TDS on rent	9,90,125.00		51,500.00
TDS on Contractors	1,21,254.00		68,631.00
TDS on Interest	23,833.00		2,14,270.00
TDS on Professional Services	9,74,162.00		8,30,964.50
TDS on Salary	165.00		14,400.00
TDS on Commission	2,66,114.00		5,602.00
	0.00		50,486.00
Provision for Dividend			
Provision For Proposed Dividend (Preference)	16,67,000.00		0.00
Provision For Proposed Dividend (Preference) (17-18)	15,94,520.54		0.00
Provision for Proposed Dividend ( Equity )	46,896.00		2,87,341.00
Provision for Dividend Distribution Tax	2,87,341.00		7,15,760.00
Provision for Dividend Distribution Tax ( 17- 18)	4,18,414.00		0.00

Provision for Proposed Dividend (Preference 1617)	0.00		16,67,000.00
Provision for Dividend Distribution Tax ( Preference )	7,15,760.00		0.00
Provision for Dividend Distribution Tax ( Preference ) (17-18)	3,24,644.00		0.00
Provision for Proposed Dividend (Equity 17-18)	20,55,080.76		14,11,440.00
Provision for proposed div Equity	0.00		46,896.00
Provision for Employee Related Liabilities			
Salary Payable	36,91,919.00		6,87,189.00
Bonus Payable	20,44,293.00		18,82,065.00
Wages Payable			31,57,412.00
P.F.Employees Contribution Payable	2,08,730.00		1,87,393.00
P.F.Employers Contribution payable			1,95,136.00
ESIC Employers Contribution Payable	68,479.00		0.00
Bankers Loan to Employees	90,904.00		78,386.00
Other Short Term Provisions			
GST RCM Payable	5,02,675.00		0.00
Provision for o/s Expenses	13,69,548.88		20,15,015.26
P.F.Administration Charges Payable	0.00		25,492.00
Directors' Remuneration Payable	0.00		3,69,000.00
Electricity Payable	0.00		13,19,200.00
Profession Fees Payable	7,25,500.00		50,500.00
	3,10,52,396.18	-	2,31,33,036.76



# FIXED ASSETS

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

**FREDUN PHARMACEUTICALS LTD**

CIN: L24239MH1987PLC043662

## Note. 9-Fixed Assets

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 17	Additions	Deductions	As at 31 Mar 18	Upto 31 Mar 17	Deductions For the Year	Upto 31 Mar 18	As at 31 Mar 18	As at 31 Mar 17
Freehold Building	5635279.00	0.00	0.00	5235279.00	0.00	0.00	0.00	5235279.00	5235279.00
Plant & Machinery	55352124.82	348548.00	0.00	55680672.82	14854397.43	0.00	1877254.12	61725651.54	36955021.28
Electrical Installation	999991242.30	1077754.00	0.00	110008996.30	37091230.23	0.00	4067699.48	411158929.92	66910066.38
Lab Glassware	2717586.06	0.00	0.00	2717586.06	5692368.73	0.00	2612655.16	85090231.89	18670562.17
Furniture	4856197.93	80000.00	0.00	4936197.93	1295730.87	0.00	378590.30	167442.17	3261776.76
Motor Car	14261229.17	1337878.00	0.00	15599107.17	4850873.64	0.00	1265644.18	6116737.82	9482369.36
Office Premises	9885928.00	0.00	0.00	9885928.00	1665749.54	0.00	1060918.12	2728667.76	7159260.24
Computer	9782046.00	0.00	0.00	9782046.00	2129227.63	0.00	405078.78	2534306.41	7652818.37
Factory Equipment	782568.00	110567.00	0.00	893125.00	427956.90	0.00	552690.45	3276472.98	5684846.75
Electrical Fitings	3074786.19	278300.00	0.00	3350861.19	1103286.14	0.00	108236.09	536192.98	356932.02
Office equipment	584612.00	0	0	584612.00	317739.82	0.00	59122.39	376862.21	1121537.40
Computer Software	2345215.65	0.00	0.00	2345215.65	1925217.92	0.00	167611.18	2092829.10	252386.55
Electronic Devices	0.00	564910.00	0.00	564910.00	0.00	0.00	49843.63	515056.37	0.00
WIP	42161499.19	69336154.00	0.00	111497653.19	0.00	0.00	0.00	111497653.19	42161499.19
Total	279316234.03	82134101.00	0.00	36144935.03	74277563.17	0.00	12850105.54	87127668.71	274321666.32
									205037670.86

For and on behalf of the Board of Directors

**Nariman Baransha Medhora**  
Director  
DIN: 02060357

Date: 18-JUNE-2018  
Place: Mumbai

**Notes to Assets as at 31<sup>st</sup> March 2018**

Note	2017-18 Dr (Rs.)	2017-18 Cr (Rs.)	Previous Yr.(Dr)	Previous Yr.(Cr)
<b>10 Non-current Investments</b>				
The SVC Bank Equity Shares	2,600.00		2,600.00	
<b>11 Loans and advances (long-term)</b>				
Other Security Deposits				
Other Deposits	35,22,792.00		21,09,860.00	
Unsecured, Considered good	0.00		11,35,125.00	
Other Long Term Loans and advances				
Advance for capital items	0.00		2,56,375.00	
	35,22,792.00		35,01,360.00	-
<b>12 Inventories</b>				
Closing Stock Finished Goods	81,05,209.20		70,35,849.00	
Closing Stock Packing Materials	4,64,77,041.62		1,76,43,332.00	
Closing Stock Raw Materials	7,63,52,931.04		2,60,23,841.00	
Closing Stock Stores	10,58,583.00		0.00	
Closing Stock MEIS License	10,12,307.00		0.00	
Closing Stock Work In Progress	5,12,47,758.00		1,86,62,611.31	
	18,42,53,829.86		6,93,65,633.31	-
<b>13 Trade receivables</b>				
Over 6 months	4,57,06,628.23		6,01,89,090.11	
Others	10,68,85,809.99		14,36,13,482.30	
(Provision of doubtful debts Rs - 1,98,53,648.26/- has not been provided in FY - 2017-2018. However, same is provided in May, 2018)				
Sundry Debtors	15,25,92,438.22		20,38,02,572.41	
<b>14 Cash and cash equivalents</b>				
Balances with Banks				
In Current Accounts	10,66,368.14		9,04,062.21	
In Deposit Account	56,60,608.01		58,24,608.01	
In Other Accounts	0.00		2,48,079.43	
Cash in Hand	78,05,904.72		5,27,991.72	
	1,45,32,880.87		75,04,741.37	-
<b>15 Loans and advances (short-term)</b>				
Given to Suppliers				
Advance to Creditors	7,50,51,359.82		94,55,821.78	
Advance to Creditors for Expense	9,34,762.50		0.00	
Given to Employees				
Advances to Employees	3,01,519.50		3,22,198.50	
Other Short Term Loans & Advances				
Pharma Export Promotion Council (reimbursement)	1,06,358.00		1,06,358.00	
Synthiko Formulation Pvt Ltd Excise				
Reliance Capital Ltd. Loan No.RLSRMUM326128	1,94,266.11		0.00	
Reliance Capital Limited Loan No.312312 Margin Money	3,55,725.00		3,55,725.00	
	7,69,43,990.93		1,02,40,103.28	-

<b>16 Other Current Assets</b>			
Payment of Taxes			
TDS	3,58,236.00		3,58,236.00
Advance Tax			
Interest Accrued on Investments			
Interest Receivable	4,23,908.51		1,97,812.00
Recoverable from government agencies			
Balance with Central Excise Department	0.00		1,62,09,670.85
Central Excise Refund Receivable	0.00		1,72,48,852.00
VAT Refund	1,30,39,316.95		1,89,93,714.91
GST Refund	6,42,28,489.08		0.00
GST RCM Receivable	5,02,675.00		0.00
ESIC Employee's Contribution	60,236.00		0.00
Employee's Professional Tax	7,075.00		0.00
Export Incentives Receivables			
Duty Drawback receivables	21,10,762.18		53,10,403.70
Central Excise P.L.A.	1,21,241.00		0.00
Central Excise Refund Receivable	7,45,361.00		0.00
Prepaid Expenses			
Axis Bank Travel (Prepaid) Card 4628609200130211	0.00		1,65,518.36
Prepaid Expenses	2,73,486.01		2,73,486.01
Prepaid Insurance	81,361.00		81,361.00
Provision for Proposed Dividend (Equity) (16-17)	2,99,707.17		0.00
Standard Chartered Bank Credit Card	5,000.00		5,000.00
ICICI BANK (TRAVEL) PREPAID CARD	3,35,273.43		0.00
AEBC Credit Card -376934567511007	819.22		0.00
Axis Bank 5593410000066103	0.00		7,218.23
Axis Bank Card 4628609200130211	2,07,674.36		0.00
IndusInd Bank Credit Card Card524480102189800	179.69		179.69
Kotak Mahindra Credit Card No 4147671600861839	1,299.79		193.79
Axis Bank AED (Prepaid) Card 47313600003560731	10,290.00		10,290.00
Axis Bank Credit Card	7,218.23		
TDS receivables	36,53,761.03		26,55,638.03
Short Term Loans			
The National Small Industries Corporation Ltd.	5,302.00		5,302.00
Add to Purchase			
	8,64,78,670.65		6,15,22,876.57
			-



**FREDUN PHARMACEUTICALS LTD**

CIN: L24239MH1987PLC043662

**Notes to P&L Statement as on 31<sup>st</sup> March 2018**

Note	2017-18 Dr (Rs.)	2017-18 Cr (Rs.)	2016-17 Dr (Rs.)	2016-17 Cr (Rs.)
17 Revenue from operations				
Sale of Products	55,66,71,356.43		53,60,57,272.06	
Sale of Services	2,40,01,288.32		3,09,04,896.00	
	58,06,72,643.75		-	56,69,62,168.06
18 Other income				
Discount Received	56,000.00		0.00	
Dividend [Income]	300.00		300.00	
Duty Draw back	34,71,888.48		46,56,437.00	
Interest A/c Income	4,00,716.93		2,67,879.38	
Misc. Other Income	6,270.97		75,42,540.82	
Sundry Income	53,908.13		0.00	
Rent	0.00		24,000.00	
Sundry Credit Balance W/Off	10,46,750.00		0.00	
MEIS Licence Sale	1,02,24,746.19		46,99,394.00	
Sale of Motor Car	0.00		12,44,444.00	
Sample & Product Development	0.00		30,000.00	
Foreign Exchange Gain/ Loss A/c	11,76,167.39		6,73,040.12	
	1,64,35,748.09		-	1,91,38,035.32
19 Cost of materials consumed				
Cost of Materials Consumed	42,97,70,400.47		34,19,52,585.84	
Purchases	42,97,70,400.47		34,19,52,585.84	-
20 Closing Stock.				
Closing Stock	-3,46,66,813.89		2,98,35,473.62	
21 Manufacturing & Service Cost				
Clearing & Forwarding Exp Inward	1,50,954.00		3,98,370.00	
Electricity Expenses Factory	1,50,56,556.50		1,57,92,205.00	
Factory Expenses	43,02,988.00		54,52,813.00	
Fire Safety Expenses	42,380.00		28,390.00	
Freight Inward	1,29,970.00		2,22,931.00	
Garden Maintenance Expenses	0.00		5,13,437.00	
Lab Chemical Expenses	4,90,543.67		6,49,260.46	
Labour Charges Expenses	10,56,287.00		15,78,350.00	
Light Diesel Oil Purchase	3,37,000.00		1,54,900.00	
Rent Plant & Machinery	32,86,273.49		81,93,711.00	
Repairs & Maintenance Expenses	8,61,073.20		86,05,514.54	
Testing & Analytical Expenses	3,01,828.00		4,50,843.00	
Transport Expenses Inward	7,36,699.04		5,73,897.00	
Loading & Unloading Expenses	2,250.00		1,57,700.00	
Blocks & Designing (At Work)	6,847.50		2,12,700.00	
	2,67,61,650.40		4,29,85,022.00	-
22 Employee Benefit Expenses				
Gratuity	24,88,948.00		3,55,453.00	
Labour Welfare Fund Employers Contribution	0.00		11,736.00	
Bonus Expense	20,64,164.00			
Medical Expenses	2,94,168.78		3,54,813.00	
P F Administration Charges	1,09,613.00		1,40,687.00	
ESIC	7,06,275.00		3,42,132.00	
P F Employees Contribution	21,07,175.00		20,88,570.00	
P F Employees Contribution	0.00		60,644.00	
Salary Wages and Bonus	4,33,61,032.00		4,40,76,162.00	
Staff Welfare	7,44,724.81		17,52,172.34	
	5,18,76,100.59		4,91,82,369.34	-



<b>23 Finance Cost</b>			
Bank Charges	26,27,330.94		28,06,348.91
Bank Interest	1,06,39,516.17		93,38,712.86
Interest Expenses	50,38,285.06		59,42,506.87
Other Finance Charges	10,69,580.88		6,60,729.79
	1,93,74,713.06		1,87,48,298.43
<b>24 Other Expenses</b>			
Custom Duty A/c	0.00		5,85,595.00
Octroi Duty	0.00		7,367.00
VAT	0.00		0.00
Central Sales Tax on Purchase	0.00		9,46,750.67
A.G.M. Expenses	0.00		54,353.10
Agency Expenses	7,900.00		2,66,350.00
Air Freight	5,76,071.00		0.00
Books & Periodicals	0.00		1,07,702.00
Computer Software Expenses	1,17,409.94		1,17,325.00
Computer Expenses	6,87,601.92		2,97,019.00
Conveyance Expenses	3,75,069.00		2,71,801.18
Courier charges	5,89,868.40		10,10,791.68
Directors Sitting Fees	69,000.00		33,000.00
Credit Card Charges	18,316.14		11,607.53
Donation Expenses	56,001.00		54,501.00
ECGC Expenses	6,34,593.00		8,26,120.00
Electricity Expenses/office	5,68,837.00		4,03,109.00
Electrical Fitting Exp.	66,170.00		0.00
Electrical Tools & Spares	4,68,392.40		0.00
Excise not claimed/Woff	20,02,254.67		0.00
Export Documentation Charges	18,929.00		0.00
GST Late Filing Fees	15,400.00		0.00
Hire Charges	3,56,386.15		1,76,091.53
Interest on Listing Fees	22,000.00		0.00
Interest on TDS	21,985.00		0.00
L.C. Discount Charges	32,387.00		0.00
Listing Fees	836.00		0.00
Machinery Spares & Tools	80,000.00		0.00
Membership & Subscription	2,10,160.50		3,16,320.00
Miscellaneous Expenses	85,960.10		2.54
Miscellaneous Expenses W/off	0.00		18.72
Maharashtra Labour Welfare Fund	11,549.00		0.00
Motor Car Expenses	2,72,244.39		4,79,626.42
Newspaper & Magazines	32,024.00		19,705.00
Printing & Stationery Expenses	18,93,432.00		15,56,539.39
Product Development Charges	16,97,650.65		0.00
Profession Tax [Employers]	0.00		2,500.00
Professional Fees	1,14,09,627.00		1,11,02,462.72
Audit fees	7,50,000.00		0.00
ROC Expenses	0.00		7,500.00
Rates , Taxes And Fees	20,00,341.60		36,24,779.50
Rent Expenses	24,12,900.00		27,65,000.00
Security Charges Expenses	14,24,644.00		15,84,072.00
Sample expenses	2,06,314.00		0.00
Telephone expenses	13,09,446.18		14,49,583.59
Travelling Expenses	30,23,688.53		32,61,267.47

Office Expenses	2,21,388.50	2,41,876.64	
Service Tax (not claimed)	0.00	46,584.00	
Audit fees	0.00	3,90,000.00	
Advertisement Expenses	1,89,925.00	1,34,051.00	
Business promotion expenses	9,36,274.50	1,06,500.00	
Product Seminar Charges	30,02,784.00	77,47,188.95	
M. R Fees	15,22,279.00	13,21,137.56	
Insurance Charges	15,11,623.00	9,35,011.50	
Commission expenses	1,15,50,542.48	1,20,75,848.36	
Sales Promotion expenses	0.00	12,74,890.32	
Sample expenses	0.00	3,18,175.00	
Transport Expenses Outward	0.00	16,32,872.00	
Clearing & Forwarding Exp. Outward	17,74,066.26	17,98,603.45	
Freight Outward expenses	98,93,607.95	77,32,346.11	
Dividend Expenses	0.00	8,500.00	
Entertainment Expe	1,07,939.46	53,687.00	
Krishi Kalyan Cess	34,042.07	1,33,704.10	
Loss on sale of Fixed Assets	0.00	8,43,087.00	
Penalties	0.00	500.00	
Product Registration	3,59,220.00	12,35,589.00	
Swachha Bharat	34,042.07	1,69,731.65	
Other Charges	61,708.90	1,763.00	
	6,47,24,832.76	6,95,40,507.68	-
<b>25 Prior Period Items</b>			
Prior Period Expenses	0.00	2,38,939.25	





## Notes to financial statements for the year ended 31/03/2018

### **SIGNIFICANT ACCOUNTING POLICY**

#### **Basis of Accounting :**

The accounts of the Company are prepared under the historical cost convention and in accordance with the applicable accounting standards except where otherwise stated. For recognition of Income & Expenditure generally Mercantile system of accounting is followed.

#### **Revenue Recognition :**

Sales are exclusive of duty, packing and forwarding charges and sales tax, Revenue from sales of goods are recognised upon passage of title to customer which generally coincides with their delivery.

#### **Use of Estimates :**

The presentation of Financial Statements in conformity with generally accepted accounting principles required management to make estimates & assumption that affects the reported amount of assets & liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialised.

#### **Fixed Assets :**

Fixed Assets are shown at cost less depreciation.

#### **Depreciation :**

Consequent to the enactment of the Companies Act 2013 and its applicability for accounting period commencing on or after April 2014, the Company reviewed its method of providing for depreciation on its tangible fixed assets and also reassessed the useful lives of such assets. Accordingly the method of providing depreciation has been changed from Written down value method to the straight line method to depreciate all class of tangible assets.

#### **Foreign Currency Transaction :**

- i) Monetary assets and liabilities related to foreign currency transactions and outstanding at the close of the year are expressed in Indian Rupees at the rate of exchange prevailing on the date of Balance Sheet.
- ii) Transactions in foreign currency are recorded in the books of accounts in Indian Rupees at the rate of exchange prevailing on the date of transaction.

**Contingent Liabilities & Commitments :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**Tax on Income :**

Deferred Tax is recognised subject to the consideration of prudence on timing differences, being the differences between taxable income & accounting income that originates in one period & are capable of reversal in one or more subsequent periods.

**Retirement Benefits :**

Provident Fund is administered through Regional Provident Fund Commissioner. The accruing liability gratuity is calculated according to actuarial valuation and fully provided upto 31st March, 2018. However encashment of Leave to staff is accounted on cash basis.

**For Savla & Associates**

Chartered Accountants

**For FREDUN PHARMACEUTICALS LIMITED**

Deepak G. Savla

NARIMAN MEDHORA

FREDUN NARIMAN MEDHORA

Mem No. 043901

DIRECTOR

DIRECTOR

Place : Mumbai

Place : Mumbai

Date : 18/06/2018

Date : 18/06/2018



**Notes to financial statements for the year ended 31/03/2018**

1. The Company's Board of Directors are responsible for the preparation of these financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. In the opinion of Board of Directors the provision for depreciation and all known liabilities are adequate and are not in excess of the amounts considered reasonably necessary.
3. Balance of some of the trade receivables, trade payables, loans and advances are subject to confirmation.
4. The liability of VAT and set off have been accounted for on the basis of working prepared by the Company.
5. In accordance with the requirement for disclosure of amounts due to SSI units, as per "Micro, Small and Medium Enterprises Development Act, 2006" the Company has not compiled the list of its sundry creditors who satisfy this criterion.
6. Information given in accordance with Accounting Standard-18 on Related Party Disclosures issued by ICAI :

**Names of the Related Parties :**

**Key Management Personnel :**

- i) Mr. N.B.Medhora
- ii) Mrs. Dr. Daulat N.Medhora
- iii) Mr. Fredun N. Medhora

**Business Organisation controlled by Key Management Personnel or their relatives :**

- i) Fredna Enterprises
- ii) Fredun Healthcare Pvt. Ltd.

**Following are the transactions entered into with the related parties :**

Director Remuneration to Mr. N.B. Medhora (Managing Director)

Director Remuneration to Dr. D.N. Medhora (Joint Managing Director)

Director Remuneration to Mr. Fredun N. Medhora (Director)

Rent paid to Mr. Nariman Medhora for utilising a godown of his proprietary firm Rs. 1,15,20,000/-

Purchases made from Fredna Enterprises Rs. 1,27,500/-

Purchases made from Fredun Healthcare Pvt. Ltd. Rs. 11,40,25,205/-

Sales made to Fredun Healthcare Pvt. Ltd. Rs. 2,53,41,455/-

7. The payment made towards Credit Cards expenses are in the name of Directors.
8. The trade receivables of Rs - 1,98,53,648.26/- of Moonlink Pharmaceuticals Ltd is termed as doubtful for the recovery during year and claim has been lodged to ECGC and provision for doubtful debt has not been provided during year. The management representation for the same has been taken and same debt has been provided as bad in the month of May, 2018.
9. Information given in accordance with the requirements of Accounting Standard 17 on Segment Reporting :

The Company is operating in only one segment i.e. Pharmaceutical Formulations

The Geographical segment is considered as secondary segment.

#### **Geographical Segments :**

The Company primarily operates in India & therefore the geographicals segment is dividend into Indian and Overseas markets :

Sales in India : Rs.34,95,50,246.68/-

Overseas Sales: Rs.23,11,22,397.07/-

10. With regards to the Term Loans taken from Shamrao Vithal Co-op Bank Ltd., the bank itself debits the installment amounts periodically. And thus delay in Payment of installment is only due to the bank debiting the installments amount late and not due to company's lag.

11. Previous year's figures are regrouped & rearranged wherever necessary.

**For Savla & Associates**

**Chartered Accountants**

**For FREDUN PHARMACEUTICALS LIMITED**

**Deepak G. Savla**

**Mem No. 043901**

**NARIMAN MEDHORA**

**DIRECTOR**

**FREDUN NARIMAN MEDHORA**

**DIRECTOR**

**Place : Mumbai**

**Date : 18/06/2018**

**Place : Mumbai**

**Date : 18/06/2018**



## Notes to financial statements for the year ended 31/03/2018

### Reconciliation of Shares Outstanding at the beginning and at the end of the year

<b>Equity Shares</b>	<b>31/03/2018</b>		<b>31/03/2017</b>	
	<b>No of Shares</b>	<b>Amount</b>	<b>No of Shares</b>	<b>Amount</b>
At the beginning of the year	23,52,400	2,35,24,000	23,52,400	2,35,24,000
Addition during the year	10,72,734	1,07,27,340	-	-
Deductions during the year	-	-	-	-
Outstanding at the end of the year	34,25,134	3,42,51,340	23,52,400	2,35,24,000
<b>Preference Shares</b>	<b>31/03/2018</b>		<b>31/03/2017</b>	
	<b>No of Shares</b>	<b>Amount</b>	<b>No of Shares</b>	<b>Amount</b>
At the beginning of the year	-	-	25,000	25,00,000
Addition during the year	-	-	-	-
Deductions during the year	-	-	-	-
Outstanding at the end of the year	-	-	25,000	25,00,000

### Rights, Preference & Restrictions attached to each class of Share Capital

#### I. Equity Shares

The Company has only one class of Equity Share having a par value of Rs. 10/- each. Each holder of the Equity share is entitled to one vote per share. Dividend of 6% has been declared for the financial year 2017-2018.

In the event of liquidation of the Company the holders of the Equity Shares are entitled to receive the remaining assets of the Company after distribution of preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the share holder. Of joint holders, the vote of senior who votes in person or by proxy shall be accepted. For this purpose, seniority shall be determined by the order in which names of share holder stand in register of members.

#### II. 8% Cumulative Redeemable Preference Shares

Dividend - 8% of Face Value

Preference Shares are been redeemed during the financial year 2017-2018

### Details of shareholders holding more than 5% shares in the Company

<b>Name of the Shareholder</b>	<b>31/03/2018</b>		<b>31/03/2017</b>	
	<b>No of Shares</b>	<b>% of Holding</b>	<b>No of Shares</b>	<b>% of Holding</b>
Daulat N. Medhora	13,40,710	39.14	13,21,310	56.17
Nariman B. Medhora	3,74,300	10.93	3,42,100	14.54
Fredun N. Medhora	1,36,100	3.97	87,700	3.73
Nikhil Vora	2,33,333	6.81		
<b>EARNING PER SHARE (EPS)</b>			<b>31/03/2018</b>	<b>31/03/2017</b>
a. Net Profit / Loss attributable to Equity Shareholders (Basic)			5.11	6.39
b. Details of No. of Shares used for Basic Earning Per Share			34,25,134	23,52,400
c. Net Profit/ Loss attributable to Equity Shareholders (Diluted)				
d. Details of No. of Shares used for Diluted Earning Per Share				
Face Value per Shares				

**Notes to financial statements for the year ended 31/03/2018****VALUE OF IMPORTS (on CIF Basis)**

<b>Particulars</b>	<b>31/03/2018</b>	<b>31/03/2017</b>
Raw Materials	4,00,26,595	3,73,51,157
Packing Materials	-	-
Traded Goods	-	-
Stores, Spares and Components	-	-
Capital Goods	-	30,21,300

**PAYMENTS TO AUDITORS**

<b>Particulars</b>	<b>31/03/2018</b>	<b>31/03/2017</b>
Audit Fees	6,50,000.00	3,00,000.00
Other Consultancy	50,000.00	40,000.00
Certification Fees	50,000.00	50,000.00
	<u>7,50,000.00</u>	<u>3,90,000.00</u>

**EARNINGS IN FOREIGN EXCHANGE**

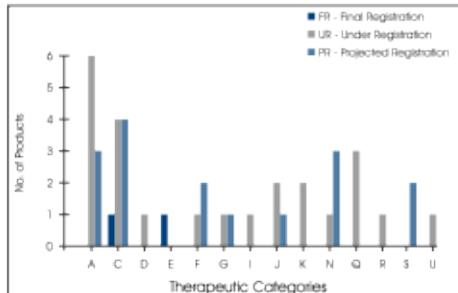
<b>Particulars</b>	<b>31/03/2018</b>	<b>31/03/2017</b>
FOB Value of Manufactured Goods Exported	22,06,99,172.91	31,80,75,373.00
FOB Value of Traded Goods Exported		
Revenue received from Services		
Interest income received		
Dividend Income received		
Insurance and freight on exports	1,04,23,224.16	1,02,84,508.00
Profit in foreign currency on Sale of Asset		
Royalty, Knowhow, Professional & consultancy fees		
Other Income received in foreign currency		
Total earnings in Foreign Exchange	<u>23,11,22,397.07</u>	<u>32,83,59,881.00</u>

**EXPENDITURE IN FOREIGN CURRENCY**

<b>Particulars</b>	<b>31/03/2018</b>	<b>31/03/2017</b>
Expenditure incurred in Foreign Exchange	-	-
Interest charges in foreign currency	74,48,972.25	62,05,681.54
Commission, Brokerage and Discount charges	-	-
Professional Charges	-	5,05,069.72
Bank and Finance charges	-	-
Logistic charges	-	-
Foreign Tax	-	-
Royalty charges	-	-
Sales, Marketing and Advertising exps	39,37,082.69	1,00,73,838.08
Meeting Exps	-	-
Research and development exps	-	-
Intangible Asset Charges	-	-
Membership and Subscription exps	1,64,551.50	12,21,341.00
Insurance charges	-	-
Telecommunication exps	-	-
Other expenditure in foreign currency	82,02,913.63	1,19,49,399.88
Total Exps in foreign currency	-	-
Net earning in Foreign Currency	-	-
Capital Expenditure in Foreign Currency	-	-
	<u>1,97,53,520.07</u>	<u>2,99,55,330.22</u>

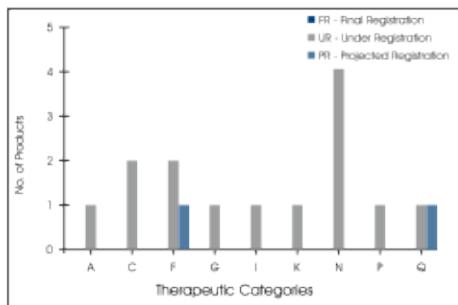
# PRODUCT REGISTRATIONS

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018



## Category

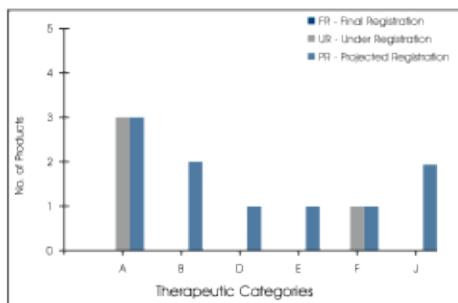
	FR	UR	PR
A - ANTI-BACTERIAL	-	6	3
C - ANTI-DIABETIC	1	4	4
D - ANTHELMINTIC	-	1	-
E - ANTIHISTAMINES / ANTIALLERGIC	1	-	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	1	2
G - ANALGESICS / NSAID	-	1	1
I - ANTICOAGULANTS	-	1	-
J - ANTI INFLAMMATORY	-	2	1
K - ANTIHYPERTENSIVES	-	2	-
N - ANTICONVULSANTS / ANTI-EPILEPTIC	-	1	3
Q - CARDIOVASCULAR	-	3	-
R - LAXATIVE	-	1	-
S - IMPOTENCE DRUGS	-	-	2
U - APPETITE STIMULANT WITH MULTIVITAMINS/ MULTIVITAMINS AND MULTIMINERALS	-	1	-
TOTAL	2	24	16



## Category

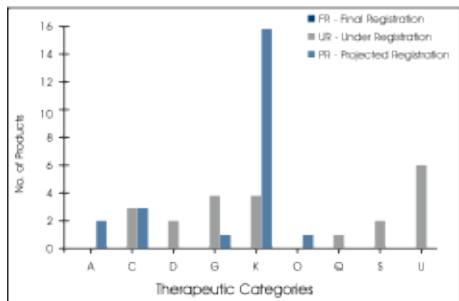
	FR	UR	PR
A - ANTI-BACTERIAL	-	1	-
C - ANTI-DIABETIC	-	2	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	2	1
G - ANALGESICS / NSAID	-	1	-
I - ANTICOAGULANTS	-	1	-
K - ANTIHYPERTENSIVES	-	1	-
N - ANTICONVULSANTS / ANTI-EPILEPTIC	-	4	-
P - DIURETIC	-	1	-
Q - CARDIOVASCULAR	-	1	1
TOTAL	-	14	2

**CENTRAL AMERICA**  
(Nicaragua, Honduras, Guatemala, Dominican Republic,  
Guyana & El Salvador)



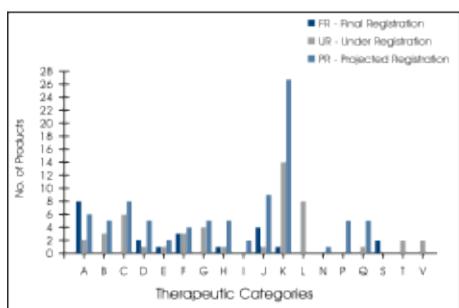
## Category

	FR	UR	PR
A - ANTI-BACTERIAL	-	3	3
B - ANTI-MALARIAL	-	-	2
D - ANTHELMINTIC	-	-	1
E - ANTIHISTAMINES / ANTIALLERGIC	-	-	1
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	1	1
J - ANTI INFLAMMATORY	-	-	2
TOTAL	-	4	10



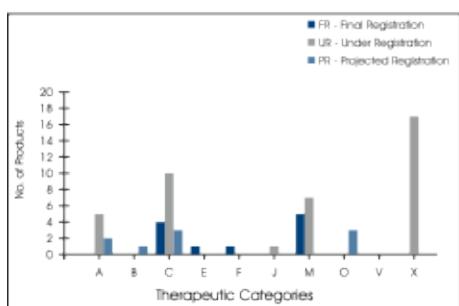
**GHANA**

Category	FR	UR	PR
A - ANTI-BACTERIAL	-	-	2
C - ANTI-DIABETIC	-	3	3
D - ANTHELMINTIC	-	2	-
G - ANALGESICS / NSAID	-	4	1
K - ANTIHYPERTENSIVES	-	4	16
O - ANTIDIARRHOEAL	-	-	1
Q - CARDIOVASCULAR	-	1	-
S - IMPOTENCE DRUGS	-	2	-
U - APPETITE STIMULANT WITH MULTIVITAMINS/ MULTIVITAMINS AND MULTIMINERALS	-	6	-
TOTAL		22	23



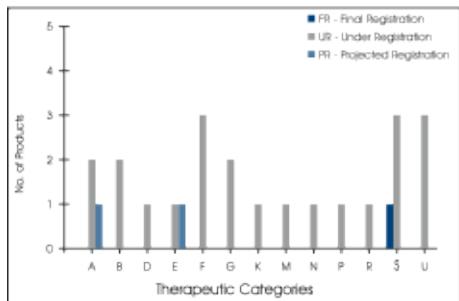
**KENYA**

Category	FR	UR	PR
A - ANTI-BACTERIAL	8	2	6
B - ANTI-MALARIAL	-	3	5
C - ANTI-DIABETIC	-	6	8
D - ANTHELMINTIC	2	1	5
E - ANTIHISTAMINES / ANTIALLERGIC	1	1	2
F - ANTACID / ANTIULCER / ANTI-EMETIC	3	3	4
G - ANALGESICS / NSAID	-	4	5
H - ANTFUNGAL	1	1	5
I - ANTICOAGULANTS	-	-	2
J - ANTI INFLAMMATORY	4	1	9
K - ANTIHYPERTENSIVES	1	14	27
L - ANTMALARIAL	-	8	-
N - ANTICONVULSANTS / ANTI-EPILEPTIC	-	-	1
P - DIURETIC	-	-	6
Q - CARDIOVASCULAR	-	1	6
S - IMPOTENCE DRUGS	2	-	-
T - ANTI OBESITY	-	2	-
V - BONE MODULATING DRUGS	-	2	-
TOTAL	22	49	91



**MYANMAR**

Category	FR	UR	PR
A - ANTI-BACTERIAL	-	5	2
B - ANTI-MALARIAL	-	-	1
C - ANTI-DIABETIC	4	10	3
E - ANTIHISTAMINES / ANTIALLERGIC	1	-	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	1	-	-
J - ANTI INFLAMMATORY	-	1	-
M - ANTI-RETROVIRAL / ANTI HIV	5	7	-
O - ANTIDIARRHOEAL	-	-	3
V - BONE MODULATING DRUGS	-	-	-
X - PSYCHOTROPICS / ANTI - PSYCHOTICS	-	17	-
TOTAL	11	40	9

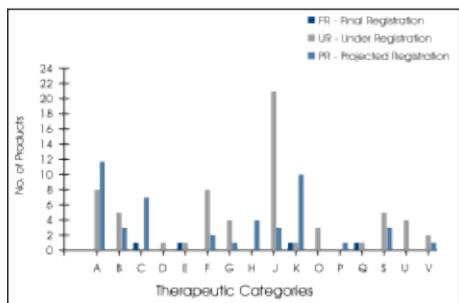


MOZAMBIQUE

#### Category

	FR	UR	PR
A - ANTI-BACTERIAL	-	2	1
B - ANTI-MALARIAL	-	2	-
D - ANTHELMINTIC	-	1	-
E - ANTIHISTAMINES / ANTIALLERGIC	-	1	1
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	3	-
G - ANALGESICS / NSAID	-	2	-
K - ANTIHYPERTENSIVES	-	1	-
M - ANTI-RETROVIRAL / ANTI HIV	-	1	-
N - ANTICONVULSANTS / ANTI-EPILEPTIC	-	1	-
P - DIURETIC	-	1	-
R - LAXATIVE	-	1	-
S - IMPOTENCE DRUGS	1	3	-
U - APPETITE STIMULANT WITH MULTIVITAMINS / MULTIVITAMINS AND MULTIMINERALS	-	3	-

TOTAL 1 22 2

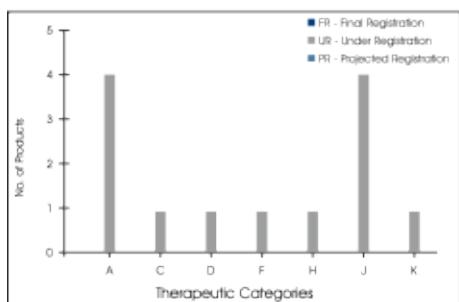


NIGERIA

#### Category

	FR	UR	PR
A - ANTI-BACTERIAL	-	8	12
B - ANTI-MALARIAL	-	5	3
C - ANTI-DIABETIC	1	-	7
D - ANTHELMINTIC	-	1	-
E - ANTIHISTAMINES / ANTIALLERGIC	1	1	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	8	2
G - ANALGESICS / NSAID	-	4	1
H - ANTFUNGAL	-	-	4
J - ANTI INFLAMATORY	-	21	3
K - ANTIHYPERTENSIVES	1	1	10
O - ANTIDIARRHOEAL	-	3	-
P - DIURETIC	-	-	1
Q - CARDIOVASCULAR	1	1	-
S - IMPOTENCE DRUGS	-	5	3
U - APPETITE STIMULANT WITH MULTIVITAMINS / MULTIVITAMINS AND MULTIMINERALS	-	4	-
V - BONE MODULATING DRUGS	-	2	1

TOTAL 4 64 47

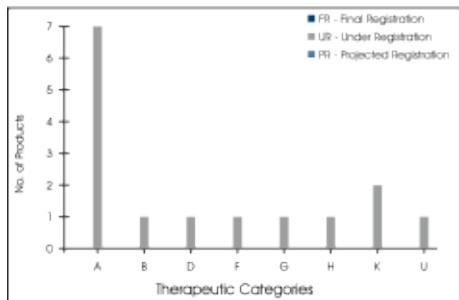


PHILIPPINES

#### Category

	FR	UR	PR
A - ANTI-BACTERIAL	-	4	-
C - ANTI-DIABETIC	-	2	-
D - ANTHELMINTIC	-	-	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	1	-
H - ANTFUNGAL	-	1	-
J - ANTI INFLAMATORY	-	8	-
K - ANTIHYPERTENSIVES	-	4	-

TOTAL - 13 -

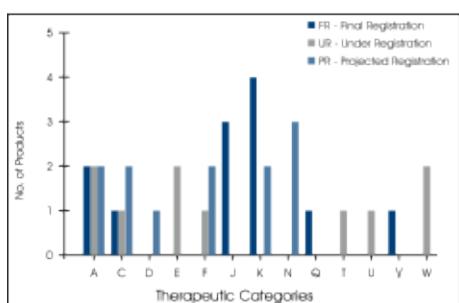


#### Category

A - ANTI-BACTERIAL	7	-
B - ANTI-MALARIAL	-	1
D - ANTHELMINTIC	-	1
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	1
G - ANALGESICS / NSAID	-	1
H - ANTI FUNGAL	-	1
K - ANTIHYPERTENSIVES	-	2
U - APPETITE STIMULANT WITH MULTIVITAMINS/ MULTIVITAMINS AND MULTIMINERALS	-	1

	FR	UR	PR
TOTAL	-	15	-

#### RWANDA

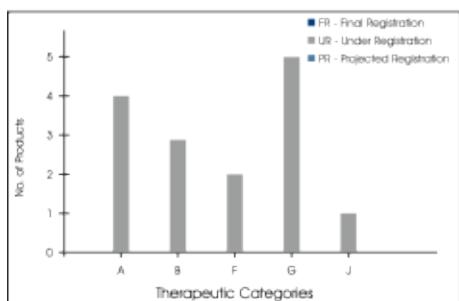


#### Category

A - ANTI-BACTERIAL	2	2	2
C - ANTI-DIABETIC	1	1	2
D - ANTHELMINTIC	-	-	1
E - ANTIHISTAMINES / ANTIALLERGIC	-	2	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	1	2
J - ANTI INFLAMMATORY	3	-	-
K - ANTIHYPERTENSIVES	4	-	2
N - ANTONVULSANTS / ANTI-EPILEPTIC	-	-	3
Q - CARDIOVASCULAR	1	-	-
T - ANTI OBESITY	-	1	-
U - APPETITE STIMULANT WITH MULTIVITAMINS/ MULTIVITAMINS AND MULTIMINERALS	-	1	-
V - BONE MODULATING DRUGS	1	-	-
W - PROSTATIC HYPERPLASIA (BPH)	-	2	-

	FR	UR	PR
TOTAL	12	10	12

#### SRILANKA

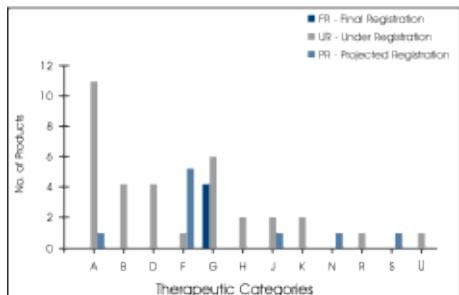


#### Category

A - ANTI-BACTERIAL	-	4	-
B - ANTI-MALARIAL	-	3	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	2	-
G - ANALGESICS / NSAID	-	5	-
J - ANTI INFLAMMATORY	-	1	-

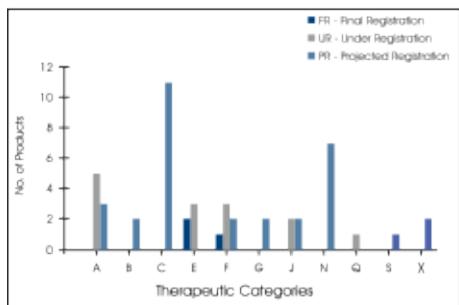
	FR	UR	PR
TOTAL	-	15	-

#### SUDAN



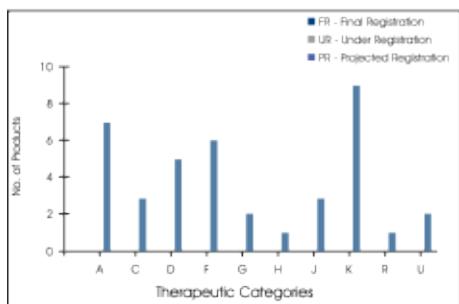
UGANDA

Category	FR	UR	PR
A - ANTI-BACTERIAL	-	11	1
B - ANTI-MALARIAL	-	4	-
D - ANTHELMINTIC	-	4	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	1	5
G - ANALGESICS / NSAID	4	6	-
H - ANTI FUNGAL	-	2	-
J - ANTI INFLAMMATORY	-	2	1
K - ANTIHYPERTENSIVES	-	2	-
N - ANTI CONVULSANTS / ANTI-EPILEPTIC	-	-	1
R - LAXATIVE	-	1	-
S - IMPOTENCE DRUGS	-	-	1
U - APPETITE STIMULANT WITH MULTIVITAMINS/ MULTIVITAMINS AND MULTIMINERALS	-	1	-
TOTAL	4	34	9



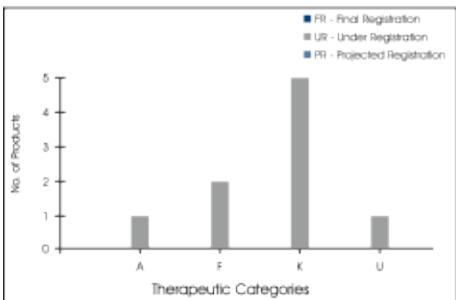
VIETNAM

Category	FR	UR	PR
A - ANTI-BACTERIAL	-	5	3
B - ANTI-MALARIAL	-	-	2
C - ANTI-DIABETIC	-	-	11
E - ANTIHISTAMINES / ANTIALLERGIC	2	3	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	1	3	2
G - ANALGESICS / NSAID	-	-	2
J - ANTI INFLAMMATORY	-	2	2
N - ANTI CONVULSANTS / ANTI-EPILEPTIC	-	-	7
Q - CARDIOVASCULAR	-	1	-
S - IMPOTENCE DRUGS	-	-	1
X - PSYCHOTROPICS / ANTI - PSYCHOTICS	-	-	2
TOTAL	3	14	32



YEMEN

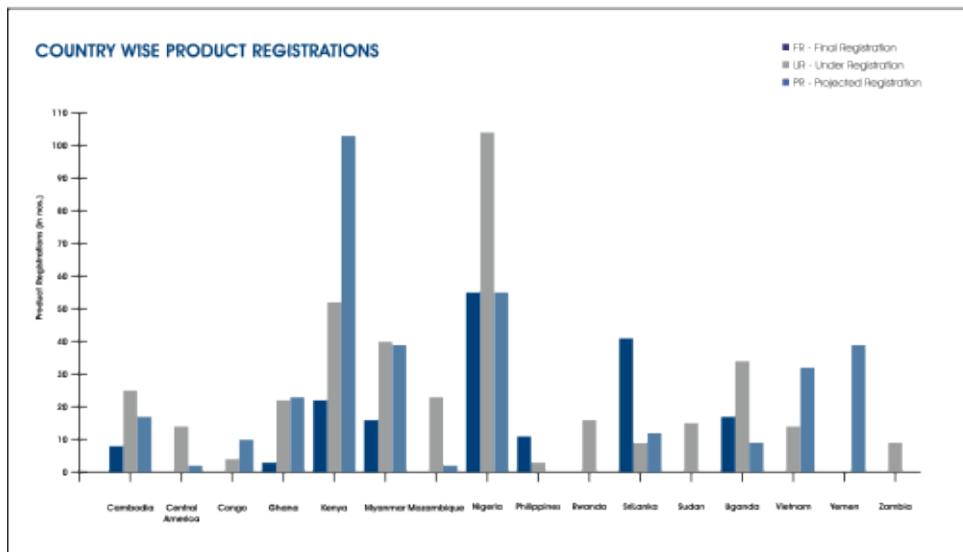
Category	FR	UR	PR
A - ANTI-BACTERIAL	-	-	7
C - ANTI-DIABETIC	-	-	3
D - ANTHELMINTIC	-	-	5
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	-	6
G - ANALGESICS / NSAID	-	-	2
H - ANTI FUNGAL	-	-	1
J - ANTI INFLAMMATORY	-	-	3
K - ANTIHYPERTENSIVES	-	-	9
R - LAXATIVE	-	-	1
U - APPETITE STIMULANT WITH MULTIVITAMINS/ MULTIVITAMINS AND MULTIMINERALS	-	-	2
TOTAL	-	-	39



**ZAMBIA**

#### Category

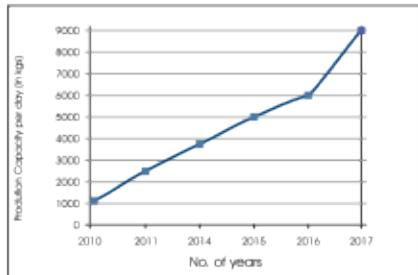
A - ANTI-BACTERIAL	-	1	-
F - ANTACID / ANTIULCER / ANTI-EMETIC	-	2	-
K - ANTIHYPERTENSIVES	-	5	-
U - APPETITE STIMULANT WITH MULTIVITAMINS/ MULTIVITAMINS AND MULTIMINERALS	-	1	-
<b>TOTAL</b>	<b>-</b>	<b>9</b>	<b>-</b>



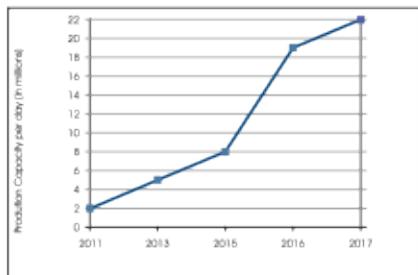
**NOTE:** FR/UR Registration includes New Registration and Renewals.

# PRODUCTION CAPACITY

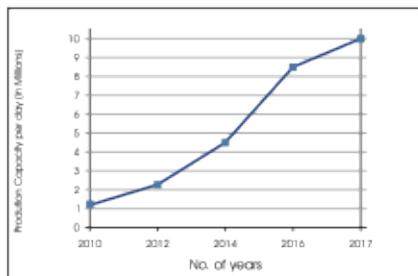
Fredun Pharmaceuticals Ltd. Annual Report 2017-2018



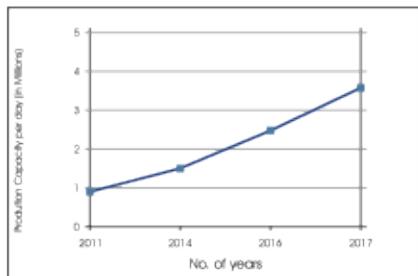
TABLETS (GRANULATION)



TABLETS (COMPRESSION)



TABLETS (COATING)



CAPSULES

## Granulation Capacity per day (in kgs)

Years	Capacity (in kgs)
2010	1250
2011	2500
2014	3750
2015	5000
2016	6000
2017	9000

## Compression Capacity per day (in Millions)

Years	Capacity (in millions)
2011	2
2013	4.5
2015	8
2016	19
2017	22

## Coating Capacity per day (in Millions)

Years	Capacity (in millions)
2010	1.2
2012	2.3
2014	4.5
2016	8.5
2017	10

## Capsules Capacity per day (in Millions)

Years	Capacity (in millions)
2011	0.9
2014	1.5
2016	2.5
2017	3.5



# PROXY FORM

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## FREDUN PHARMACEUTICALS LTD

CIN: L24239MH1987PLC043662

### Registered Office:

26 Manoj Industrial Premises,  
G D Ambekar Marg, Wadala,  
Mumbai-400 031 Maharashtra  
Phone:022-4031811

Email: [buse ness@fredungroup.com](mailto:buse ness@fredungroup.com)  
Website: [www.fredungroup.com](http://www.fredungroup.com)

### PROXY FORM

MGT-11

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of  
the Companies (Management and Administration) Rules, 2014]

**31st Annual General Meeting, Thursday, September 27, 2018 at 09:00 A.M.**

Name of Shareholder / Proxyholder / Authorized Representative	
Registered Address	
E-mail ID	
DP ID & Client ID / Registered Folio	

I / We, being the shareholder(s) of \_\_\_\_\_ shares of the above-named Company,  
hereby appoint:

1.	Name	
	Address	
	E-mail ID	
	Signature	

Or failing him;

2.	Name	
	Address	
	E-mail ID	
	Signature	

Or failing him;

3.	Name	
	Address	
	E-mail ID	
	Signature	

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the **31st Annual General Meeting** of the Company, to be held on Thursday, September 27, 2018 at 09:00 A.M. Hotel Avon Ruby - 87, Naigaum Cross Road, Near Dadar Railway Station, Dadar East, Mumbai - 400014 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018.
2.	To declare a Dividend on Equity Shares of the Company for the Financial Year ended March 31, 2018.
3.	To appoint a Director in place of Dr. (Mrs.) Daulat Medhora (DIN No.: 01745277) who retires by rotation and being eligible has offered herself for re-appointment.
4.	To Appoint the Auditors M/s. Savla & Associates, Chartered Accountants, (Firm Registration No. 109361W) as the Statutory Auditors of the Company
5.	To Reappoint Mr. Nariman Medhora (DIN: 02060357), as Whole-time Director of the Company.
6.	To transact with Related Parties under Section 188 of the Companies Act, 2013.
7.	To increase the Borrowing Limit u/s 180(1)(c) of the Companies Act, 2013 upto Rs.100 Crores

Signed this 18th day of June 2018.

Signature of Shareholder: \_\_\_\_\_

Signature of Proxy Holder: \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Rs. 1/-

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



# ATTENDANCE SLIP

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## FREDUN PHARMACEUTICALS LTD

CIN: L24239MH1987PLC043662

**Registered Office:**

26 Manoj Industrial Premises,  
G D Ambekar Marg, Wadala,  
Mumbai-400 031 Maharashtra  
Phone:022-4031811

Email: [buseness@fredungroup.com](mailto:buseness@fredungroup.com)  
Website: [www.fredungroup.com](http://www.fredungroup.com)

**ATTENDANCE SLIP**

**31st Annual General Meeting, Thursday, September 27, 2018 at 09:00 A.M.**

DP ID & Client ID / Registered Folio	
Name of Shareholder / Proxyholder / Authorized Representative	
Name of Joint Member(s), if any	
No. of Shares held	

I certify that I am a registered shareholder / proxy for the registered Shareholder of the Company and hereby record my presence at the 31st Annual General Meeting of the Company on Thursday, September 27, 2018 at 09:00 A.M. Hotel Avon Ruby - 87, Naigaum Cross Road, Near Dadar Railway Station, Dadar East, Mumbai – 400 014.

**Member's / Proxy's Signature**

**Note:**

1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the MEETING VENUE.
2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.
3. The e-voting facility is available at the link [www.cdsindia.com](http://www.cdsindia.com). The electronic voting particulars are set out as follows:

EVSN (Remote E-Voting Event Number)	USER ID	PASSWORD/PIN

# EMAIL UPDATION LETTER

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018

## FREDUN PHARMACEUTICALS LTD

CIN: L24239MH1987PLC043662

### Registered Office:

26 Manoj Industrial Premises,  
G D Ambekar Marg, Wadala,  
Mumbai-400 031 Maharashtra  
Phone:022-4031811

Email: [buseness@fredungroup.com](mailto:buseness@fredungroup.com)  
Website: [www.fredungroup.com](http://www.fredungroup.com)

### EMAIL UPDATION LETTER

Dear Shareholders,

The Company is in the process of updating its records of the shareholders in order to reduce the physical documentation as far as possible.

With new BSE Listing Agreement, it is mandatory for all the investors including transferors to complete their KYC information. Hence, we intend to update your PAN No., Phone No. & mail id in our records. We would also like to update your current signature records in our system.

To achieve this, we solicit your co-operation in providing the following details to us:

1. If you are holding the shares in Dematerialized form, you may update all your records with your Depository Participant (DP).
2. If you are holding shares in physical form, you may provide the following:

Folio No. :

Pan No. :

E-mail ID :

Telephone No. :

Name & Signature :

i.

ii.

iii.

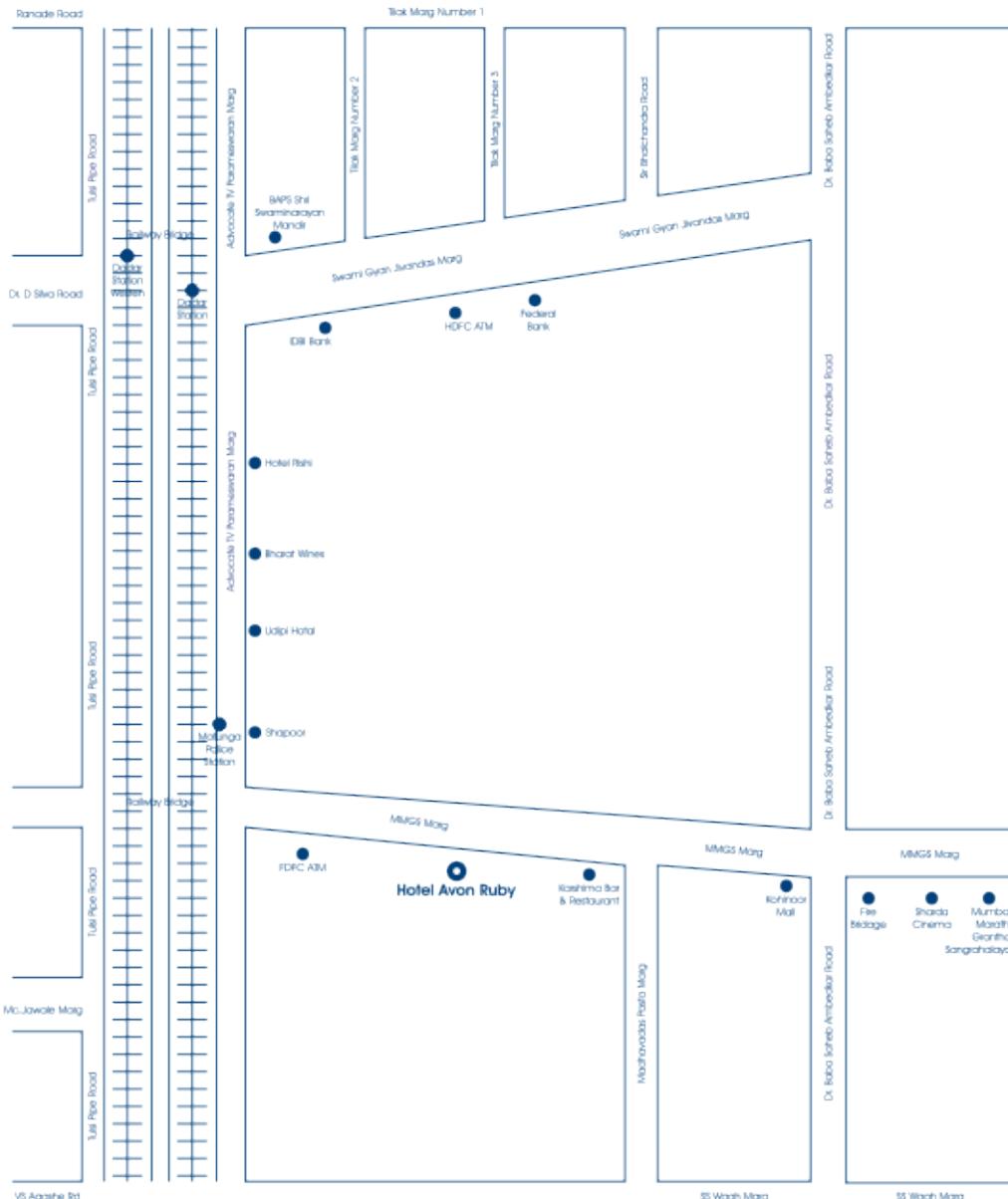
Thanking You,

**For Fredun Pharmaceuticals Limited**  
**Fredun Medhora**  
**Managing Director & Compliance Officer**



# VENUE MAP

Fredun Pharmaceuticals Ltd. Annual Report 2017-2018



BOOK-POST

If undelivered please return to:  
**FREDUN PHARMACEUTICALS LIMITED**  
Manoj Industrial Premises, G.D. Ambekar Marg,  
Wadala, Mumbai - 400 031. (INDIA)  
[business@fredungroup.com](mailto:business@fredungroup.com)  
[www.fredungroup.com](http://www.fredungroup.com)