

**Report on Corporate Governance**  
**(Pursuant to Clause 49 of the Listing Agreement)**

The Board of Directors of the Company gives due support to the principles behind the good Corporate Governance. Given below is a report on Corporate Governance:

**A. Mandatory Requirements**

**1. Company's philosophy on code of Corporate Governance**

The Company believes that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the law coupled with total adherence to highest norms of business ethics. These two main drivers, together with the company's ongoing contributions to the local communities, it operates in through meaningful and relevant Corporate Social Responsibility initiatives add to enhance the stakeholders value.

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

**2. Board of Directors:**

**2.1 Composition of the Board:**

The Board of Directors as at 31<sup>st</sup> March, 2015 comprises of six directors comprises of a, two are Executive and other are non-executive directors. Mr. Atul B Pandit, Active Director of the Company and he conducts the day to day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are senior, competent and highly respected persons from their receptive fields:

<b>Name of the Director</b>	<b>Designation</b>	<b>Category</b>	<b>Total No. of Directorships in public Companies</b>	<b>Total No. of Committee membership</b>	<b>Total no. of Board Chairmanship</b>
Atul Pandit	Managing Director	Executive	0	0	0
Machhar Yogendra	Director	Director/ Executive	0	0	0

Desai Dharmesh	Director	Director/ Non Executive	0	0	0
Harsh Jitendrakumar Shah	Director	Director/ Non Executive	15	0	4
Sujay Jyotindra Mehta	Director	Director/ Non Executive	4	3	0
Manorama Jitendra Shah*	Director	Director/ Non Executive Director	1	0	0

\* Appointed as on 27/03/2015

## 2.2 Responsibilities of the Board

The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the company is vested in the Board of Directors presided over by the Chairman and Managing Director. The Board has delegated some of its powers to the executives of the company. The Board reviews from time to time such delegated powers and their utilization for effective functioning of the Company.

## 2.3 Meeting and Attendance Record of Directors

The meetings of the Board of Directors are held at periodical intervals and are generally at the registered office of the Company, Ahmedabad. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. All material information is incorporated in the notes on agenda for facilitating meaningful and focused discussion at the meeting. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Senior Management persons are often invited to attend the Board Meetings and provide clarifications as and when required.

During the Financial year 2014-2015, 21 Board meeting were held during the year, they are as follows:

05/04/2014	14/04/2014	29/05/2014	09/07/2014	15/07/2014	21/07/2014
14/08/2014	27/08/2014	05/09/2014	07/10/2014	16/10/2014	17/10/2014
13/11/2014	02/01/2015	05/01/2015	07/01/2015	20/01/2015	12/02/2015
14/02/2015	14/03/2015	27/03/2015			

The composition, attendance and other memberships of the Board of Directors of the company is as follows: Attendance of Directors at Meetings of Board of Directors and last AGM:

<b>Name of the Director</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Board meetings attended</b>	<b>Attendance at last AGM</b>
Atul Pandit	Managing Director	Executive	21	Yes
Machhar Yogendra	Director	Director/ Executive	21	Yes
Desai Dharmesh	Director	Director/ Non Executive	21	Yes
Harsh Jitendrakumar Shah	Director	Director/ Non Executive	21	Yes
Sujay Jyotindra Mehta	Director	Director/ Non Executive	21	Yes
Manorama Jitendra Shah	Director	Director/ Non Executive	1	No

#### **Extra Ordinary General Meeting:**

No Extra Ordinary General Meeting was held during the year under review.

Attendance of Directors at Meetings of Board of Directors and last AGM:

Pecuniary relationship or transactions of non-executive Directors:

The non-executive Directors have not entered into any such transactions.

The information as required under Annexure-I A to the Clause 49 of the Listing Agreement is made available to the Board of Directors.

#### **2.4 Details of Directors seeking re-appointment at the ensuing Annual General Meeting**

As per the provisions of the Companies Act, 1956, two third of the directors of a company should be retiring directors, of which one third of such directors are required to retire every year and if eligible, they qualify for re-appointment.

Mr. Yogendra Harilal Machchhar retire by rotation at the ensuing Annual General Meeting and offer him for re-appointment.

**Profile of Mr. Yogendra Harilal Machchhar Director being appointed u/s 152 of the Companies Act, 2013**

Name	Mr. Yogendra Harilal Machchhar
Date of Birth	01/11/1951
Date of Appointment	07/06/1995
No. of shares held in the company	1,72,800
Directorship in other company	Nil

**2.5 Details of Directors who are as Chairman and Directors in other Public Companies**

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 (C) (ii) across all the Companies in which he is a director. The necessary disclosure regarding Directorship and Committee position have been made by the Directors who are on the Board of the Company as on 31<sup>st</sup> March, 2015 and the same is reproduced herein below :

Sr . No .	Name of Director	No of Directorship in other Public Companies	No. of Committees positions held as Chairman on other public Companies	No. of Committees positions held as member in other public Company
1.	Atul Pandit	--	--	--
2.	Yogendra Machhar	--	--	--
3.	Dharmesh Desai	--	--	--
4.	Harsh Shah	15	4	--
5.	Sujay Mehta	4	--	3
6.	Manorama Jitendra Shah	1	--	--

**INDEPENDENT DIRECTORS' MEETING**

During the year under review, the Independent Directors met on March 31, 2015, inter alia, to discuss:

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

All the Independent Directors were present at the Meeting.

#### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

On appointment of an individual as Independent Director, the Company issues a formal Letter of Appointment to the concerned director, setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a formal familiarisation program. The programme also provides awareness of the Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarisation Programme also provides information relating to the financial performance of the Company and budget and control process of the Company.

#### **EVALUATION OF THE BOARD'S PERFORMANCE**

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

#### **CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

In terms of Clause 49 of the Listing Agreement, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The said Code of Conduct has been posted on the website of the Company. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Chairman

& Managing Director of the Company has given a declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code.

### **PREVENTION OF INSIDER TRADING**

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has adopted the said codes and same has been placed at website of the company i.e. [www.tohealpharmachem.com](http://www.tohealpharmachem.com)

### **3. COMMITTEE OF BOARD:**

The Company had four Board Committees. These are

1. Audit Committee
2. Remuneration Committee
3. Sub-Committee (Quarterly Results Review Committee)
4. Share Transfer & Shareholders/Investor Grievance Committee

All the decisions pertaining to the constitution of the Committees, appointment of members and fixing of terms of reference for the Committee is taken by the Board of Directors. Details of the role and composition of these Committees are provided below:

#### **3.1 Audit Committee:**

Composition:

As on 31-03-2015, the Audit Committee comprised of three Directors namely:

Mr. Sujay Jyotindra Mehta	Chairman	Director
Mr. Dharmesh Desai	Member	Director
Mr. Harsh Shah	Member	Director

The Audit Committee of the Board of Directors, Inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The audit committee while reviewing the Annual Financial Accounts ensures compliance of the Accounting Standard (AS) issued by the Institute of Chartered Accountants of India.

#### **TERMS OF REFERENCE:**

The scope of activities of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions;
  - g) Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Explanation (i): The term “related party transactions” shall have the same meaning as provided in Clause 49(VII) of the Listing Agreement.

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meetings held after the Audit Committee for deliberations and the full minutes of the same are placed before the following Board Meeting for records. The Board of Directors, regularly appraised on the recommendations of the Audit Committee, further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit.

Dates of the Audit Committee Meetings are fixed in advance and agenda is circulated to the Directors at least seven days before the meeting.

As required under Clause 49(III) (E) of the Listing Agreement, the Audit Committee had reviewed the following information:



- Management Discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management.
- Management letters/letters of internal controls, weaknesses issued by the Statutory Auditors.
- Internal Auditors Reports relating to internal control weaknesses; and
- The Appointment, removal and terms of remuneration of the internal auditors.

The Audit Committee has the following powers:

- to investigate any activity within its terms of reference.
- to seek any information from any employee.
- to obtain outside legal and professional advice.
- to secure attendance of outsiders with relevant expertise, if it considers it necessary.

The Audit Committee invites such of the executives as it considers appropriate (Particularly the head of the finance function), representatives of the statutory Auditors.

During the year under review, the 4 Audit Committee was held during Financial Year 2014-15. The dates on which the said meetings were held as follows:

29/05/2014                      14/08/2014                      13/11/2014                      14/02/2015

### 3.2 Nomination and Remuneration Committee:

The Remuneration Committee reviewing the overall compensation policy, service agreements and other employments and other employment conditions of Managing / Whole time Directors and Managing Director:

#### Details of Remuneration of Executive / Non-Executive Directors for the financial year ended 31st March, 2015

Name	Executive / Non-Executive	Salary	Bonus	Sitting Fees	Contribution to PF	Perquisites	Total
Atul Pandit	Executive	-	-	-	-	-	-
Machhar Yogendra	Executive	-	-	-	-	-	-
Desai Dharmesh	Non Executive	-	-	-	-	-	-
Harsh Jitendrakumar Shah	Non Executive	-	-	-	-	-	-

Sujay Jyotindra Mehta	Non Executive	-	-	-	-	-	-
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The Composition of remuneration committee are as under;

Mr. Sujay Jyotindra Mehta	Chairman	Director
Mr. Dharmesh Desai	Member	Director
Mr. Harsh Shah	Member	Director

Remuneration Committee constituted for the purpose of considering remuneration of executive and non-executive directors.

Non- Executive Director

The Company has not paid any sitting fees to any of the Directors of the Company.

### **Remuneration Policy**

Payment of remuneration to the Managing/Whole Time Director is governed by the respective Agreements executed between them and the company. These agreements were approved by the Board and the Shareholders. Their Remuneration structure comprises salary, perquisites and allowances.

**Terms of reference of the Committee inter alia, include the following:**

#### **Nomination of Directors / Key Managerial Personnel / Senior Management\***

1. To evaluate and recommend the composition of the Board of Directors;
2. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down by the Committee;
3. Consider and recommend to the Board appointment and removal of directors, other persons in senior management and key managerial personnel (KMP);
4. Determining processes for evaluating the effectiveness of individual directors and the Board as a whole and evaluating the performance of individual Directors;
5. To administer and supervise Employee Stock Options Schemes (ESOS) including framing of policies related to ESOS and reviewing grant of ESOS;
6. Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
7. To review HR Policies and Initiatives.

## **Remuneration of Directors / Key Managerial Personnel / Senior Management\*/ other Employees**

1. Evolve the principles, criteria and basis of Remuneration policy and recommend to the Board a policy relating to the remuneration for all the Directors, KMP, Senior Management and other employees of the Company and to review the same from time to time.
2. The Committee shall, while formulating the policy, ensure the following :
  - a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and the quality required to run the
  - c) Remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

\* Senior Management for the above purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

### **NOMINATION & REMUNERATION POLICY:**

#### **1. Purpose of this Policy:**

The company has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the “Policy”) as required by the provisions of Section 178 of the Companies Act, 2013 (the “Act”) and the provisions of Clause 49.

The purpose of this Policy is to establish and govern the procedure applicable:

- a) To evaluate the performance of the members of the Board.
- b) To ensure that remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Committee should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the

Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

**Definitions:**

**Independent Director** means a director referred to in Section 149(6) of the Act and the Clause 49, as amended from time to time.

**Key Managerial Personnel** (the “KMP”) shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Act.

**Nomination and Remuneration Committee**, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Clause 49.

**Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

**Senior Management** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Clause 49 or the Accounting Standards shall have the meanings assigned to them in these regulations.

**Composition of the Committee:**

**Composition of the Committee:**

The composition of the Committee is / shall be in compliance with the Act, Rules made there under and the Clause 49, as amended from time to time.

4. Role of the Committee:

The Committee shall:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- c) Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;

d) Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;

e) To devise a Policy on Board diversity.

## **5. Criteria for Determining the followings:-**

### **5.1 Qualifications for appointment of Directors (including Independent Directors)**

a) Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service;

b) Their financial or business literacy/skills;

c) Their textile industry experience;

d) Other appropriate qualification/experience to meet the objectives of the Company;

e) As per the applicable provisions of Companies Act, 2013, Rules made thereunder and Clause 49 of Listing Agreement.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

### **5.2 Positive attributes of Directors (including Independent Directors):**

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively and the willingness to address issues proactively;

- Actively update their knowledge and skills with the latest developments in the railway/heavy engineering/infrastructure industry, market conditions and applicable legal provisions;

- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities;

- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company;

- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees;

- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and Clause 49 of the Listing Agreement as amended from time to time.

### **5.3 Independence Standards**

The following would be the independence review procedure and criteria to assist the Committee to evaluate the independence of Directors for recommending to the Board for appointment. A Director is independent if the Board affirmatively determines that the Director does not have a direct or indirect material relationship with the Company, including its affiliates or any member of senior management. “Affiliate” shall mean any company or other entity that controls, is controlled by, or is under common control with the Company.

Also, the candidate shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 2013 read with Rules thereon and the Listing Agreement with the Stock Exchanges. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relating to a director’s independence.

### **Independence Review Procedures**

#### **1. Annual Review**

The director’s independence for the independent director will be determined by the Board on an annual basis upon the declaration made by such Director as per the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Agreement.

#### **2. Individual Director’s Independence Determinations**

If a director nominee is considered for appointment to the Board between Annual General Meetings, a determination of independence, upon the recommendation of the Committee, shall be made by the Board prior to such appointment.

All determinations of independence shall be made on a case-by-case basis for each director after consideration of all the relevant facts and circumstances and the standards set forth herein. The Board reserves the right to determine that any director is not independent even if he or she satisfies the criteria set forth by the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Agreement.

#### **3. Notice of Change of Independent Status**

Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his or her independence at issue.

### **5.4 Criteria for appointment of KMP/Senior Management**

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities;
- To practice and encourage professionalism and transparent working environment;
- To build teams and carry the team members along for achieving the goals/objectives and corporate mission;
- To adhere strictly to code of conduct

### **5.5 Term**

The Term of the Directors including Managing / Wholetime Director / Independent Director shall be governed as per the provisions of the Act and Rules made thereunder and the Clause 49, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Wholetime Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

### **5.6 Evaluation**

The Committee shall carry out evaluation of performance of every Director.

The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

### **5.7 Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the

Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

## **6. Remuneration of Managing / Whole-time Director, KMP and Senior Management**

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole time Director will be governed by the relevant provisions of the Companies Act, 2013 and applicable Rules and Regulations and will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required. Further, the Chairman & Managing Director of the Company is authorised to decide the remuneration of KMP (other

than Managing / Whole time Director) and Senior Management based on the standard market practice and prevailing HR policies of the Company.

### **7. Remuneration to Non-executive / Independent Director**

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Clause 49, as amended from time to time.

### **3.3 Sub-Committee (Quarterly Results Review Committee):**

The Sub-Committee (Quarterly Results Review Committee) comprises as under:

Name	Designation
Harsh Shah	Chairman
Dharmesh Desai	Member
Sujay Mehta	Member

The Committee is responsible for approving quarterly un-audited financial statements and monitoring the performance of the Company. Three meeting were held on the following dates:

29/05/2014                      14/08/2014                      13/11/2014                      14/02/2015

### **3.4 Share Transfer & Shareholders'/Investor Grievance Committee:**

The Share Transfer & Shareholders'/Investor Grievance committee comprises as under:

- 1      Mr. Harsh Shah
- 2      Mr. Sujay Mehta
- 3      Mr. Dharmesh Desai

Mr. Harsh Shah was designated as the Compliance officer of the Company.

The committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. In addition to that, the committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members. The Committee reviewed redressal of investors Grievances pertaining to share transfer, dematerialization of shares, replacement of lost,



mutilated and old share certificates, change of address etc. The committee has also taken steps to strengthening investors relations.

The status of shareholders' complaints received so far/number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31<sup>st</sup> March, 2015) is given below:-

Complaints Status: 01.04.2014 to 31.03.2015

- Number of complaints received so far : 9
- Number of complaints solved : 2
- Number of pending complaints : 7

#### 4. GENERAL BODY MEETING:

a. Location and time where last three AGMs were held:

Year of AGM	Date of the AGM	Time	Place of AGM Held
2014	30/09/2014	12:30 p.m.	5 <sup>th</sup> Floor , Nilkanth Palace, B Block, Opp. Seema Hall, 100 ft. Sanjay Sachin Road, Satellite, Ahmedabad. 380015.
2013	27/09/2013	12:30 p.m.	5 <sup>th</sup> Floor , Nilkanth Palace, B Block, Opp. Seema Hall, 100 ft. Sanjay Sachin Road, Satellite, Ahmedabad. 380015.
2012	28/09/2012	12:30 p.m.	5 <sup>th</sup> Floor , Nilkanth Palace, B Block, Opp. Seema Hall, 100 ft. Sanjay Sachin Road, Satellite, Ahmedabad. 380015.

#### 2014

No special business had been transacted in the said Annual General Meeting.

#### 2013

No special business had been transacted in the said Annual General Meeting.

#### 2012

- Appoint Mr. Jayesh Shah as regular Director of the Company.
- Appoint Mr. Harsh J. Shah as regular Director of the Company.
- Appoint Mr. Sujay J Mehta as regular Director of the Company.

#### 5. DISCLOSURES:

a. Materially significant related party transactions:

The same are appropriately disclosed at the Note No. 26 of Significant Accounting Policies and notes on accounts of the Annual Accounts of the Company.

b. During the last three Years, there were no penalties, strictures imposed by either SEBI or stock Exchange or any statutory authority for non- Compliance of any matter related to the capital market.

#### **6. CEO/CFO Certification:**

(Under Clause 49(V) of Listing Agreement)

We Certify that --

a. We have reviewed the financial statements and the cash flow statement for the year 2014-15 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2014-15 which are fraudulent, illegal or violative of the Company's code of conduct;

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

d. We have indicated to the Auditors and the Audit Committee -

- Significant changes in internal control over the financial reporting during the year 2014-15;
- Significant changes in accounting policies during the year 2014-15 and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

#### **7. MEANS OF COMMUNICATIONS:**

The presentation as to the Company's performance etc., are made to the Institutional Investors/Financial Analysts as and when felt expedient.

The Company's financial results and official news releases are displayed on the Company's website i.e [www.tohealpharmachem.com](http://www.tohealpharmachem.com)

The Management Discussions and Analysis Report forms part of the Directors Report and is given separately

**WHISTLE BLOWER POLICY:**

Recently, the Security & Exchange Board of India has also prescribed the adoption by all listed companies, of a Whistle Blower Policy as a non-mandatory requirement. The company has adopted a Whistle Blower Policy, which affords protection and confidentiality to Whistle blowers.

The Audit Committee Chairman is authorized to receive Protected Disclosures under this Policy. The Audit Committee is also authorized to supervise the conduct of investigations of any disclosures made whistle blowers in accordance with policy.

No personnel have been denied access to the Audit Committee. As of March 31, 2015, no Protected Disclosures have been received under this policy.

**8. GENERAL SHAREHOLDER INFORMATION:**

a. Annual General Meeting: 25th September, 2015  
Date, Time and venue: 11:00 a.m. at the Registered Office of the Company.

b. Financial Year: 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015.

c. Financial Calendar:

- i. 1<sup>st</sup> quarterly results – second week of August, 2015
- ii. 2<sup>nd</sup> quarterly results – second week of November, 2015
- iii. 3<sup>rd</sup> quarterly results – second week of February, 2016.
- iv. 4<sup>th</sup> quarterly results – Last week of May, 2016.

d. Date of Book Closure: 18<sup>th</sup> September, 2015 to 25<sup>th</sup> September, 2015

e. Dividend Payment Date: N.A.

f. Listing of Equity Shares on Stock Exchanges:

BSE Limited Annual listing fees for the financial Year up to 31.03.2015 has been paid.

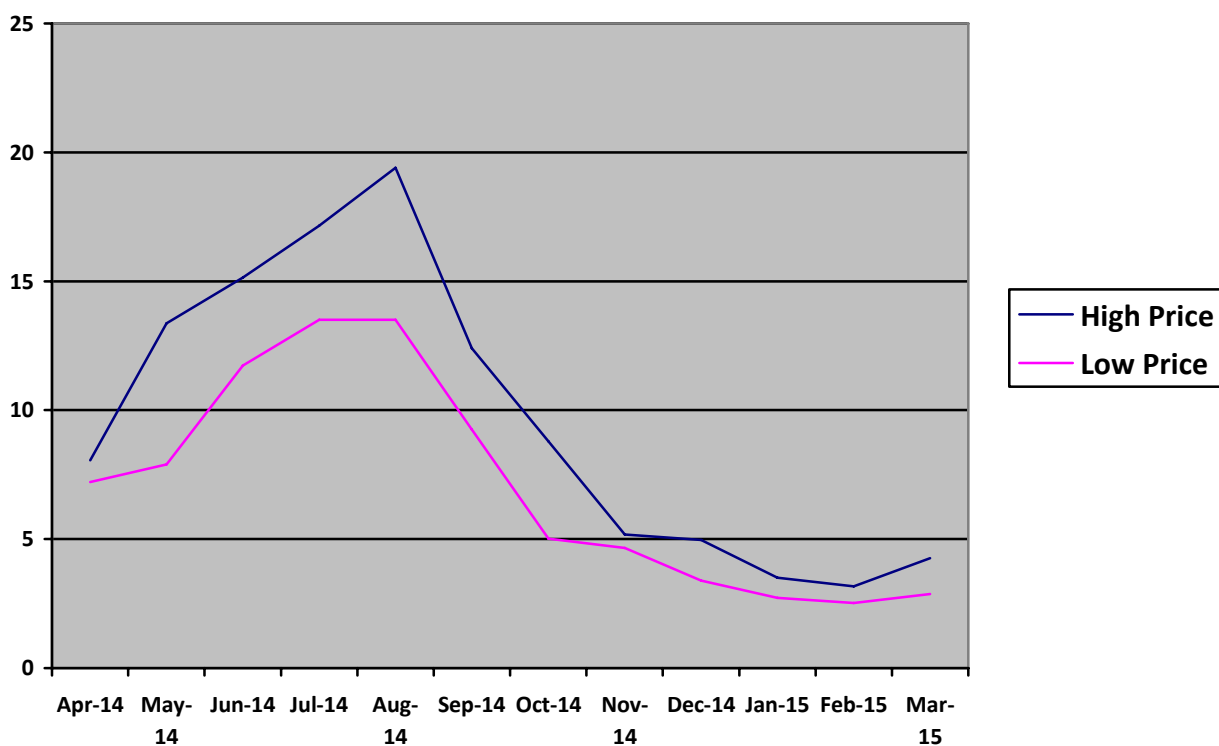
g. Stock Code: BSE 531910

h. Demat ISIN number: **INE312M01016**

I. Market Price of the Companies: High / Low of Monthly Market Price of the Companies Equity Shares traded on BSE during the financial year 2014-2015 is furnished below

<b>Month</b>	<b>High Price</b>	<b>Low Price</b>
April 2014	8.05	7.21
May 2014	13.37	7.89
June 2014	15.15	11.73
July 2014	17.16	13.50
August 2014	19.40	13.05
September 2014	12.40	9.25
October 2014	8.79	5.02
November 2014	5.18	4.65
December 2014	4.97	3.39
January 2015	3.50	2.72
February 2015	3.17	2.52
March 2015	4.26	2.87

j. Performance of the Company's shares in comparison with broad based indices as BSE's Sensex:



k. Registered and Transfer Agent: The Company has appointed Cameo Services, Mumbai as the common agency both in respect of demat shares and physical mode.

l. Share Transfer System: All the transfers are received and processed by the Secretarial Department of the Company and approved by share transfer committee. Share Transfer requests received in physical form The Management discussion and analysis forms part of the Annual Report.

**m. Distribution of Shareholding as on March 31, 2015.**

No of Equity shares held	No. of shareholders	Percentage of Total share holders	No. of Shares held	Percentage of total share held
Upto 5000	208	27.63	586740	1.15
5001 – 10000	411	54.58	3859640	7.60
10001 – 20000	36	4.78	590980	1.16
20001 -- 30000	24	3.19	599270	1.18
30001 --40000	6	0.80	205920	0.41
40001 --50000	13	1.73	620210	1.22
50001--100000	10	1.33	763840	1.50
Above 100000	45	5.98	43578400	85.78
<b>Total</b>	<b>753</b>	<b>100 %</b>	<b>50,80,500</b>	<b>100 %</b>

**n. Shareholding pattern as on 31<sup>st</sup> March, 2015**

Category	No. of share held	% of shareholding
a. Promoters and persons who may be deemed to be acting in concert including promoter/directors group Companies	634100	12.48%
b. Other bodies corporate	1779853	35.03%
c. Indian public	2661447	52.39%
d. HUF	5100	0.10%
<b>Total</b>	<b>50,80,500</b>	<b>100%</b>

Dematerialization of shares: As on 31-03-15 Demat shares accounted for 4.85% (246200 Equity Shares) of total equity.

**o. Outstanding GDR / ADR / Warrants: NA**

**p. Top 10 Shareholders as on 31st March, 2015 (Other than Promoters):**

Sr. No.	Name	No. of Shares	% of Holding
1	DEVHILL FIN & INVEEST PVT LTD	353500	6.96
2	VIDHATA FIN & INVEST (P) LTD	316500	6.23
3	MADHURANI AGARWAL	287600	5.66
4	RAJDEV FIN & INVEST PVT LTD	235900	4.64
5	VIDHYAVINAY FIN & INVEST (P) LTD	202600	3.99
6	VIBHAKT FIN & INVEST PVT LTD	193300	3.8
7	HARDIK K SHAH	173700	3.42
8	WONDERBAR FIN & INVEST PVT LTD	162500	3.2
9	RAJSHAIL FIN & INVEST (P) LTD	153800	3.03
10	VALOUR FIN & INVEST (P) LTD	137600	2.71

**q. Address for Correspondence:**

5<sup>th</sup> Floor, Nilkanth Palace, B Block,  
Opp. Seema Hall, 100ft. Sanjay  
Sachin Road, Satellite, Ahmedabad-  
380015

**Declaration of compliance with the code of conduct**

All the Directors and senior management personal have, respectively, affirmed compliance with the code of conduct as approved and adopted by the Board of Directors.

**By Order of the Board of Directors**

**Place : Ahmedabad**

**Date : 23/05/2015**

**Sd/-  
(Atul Pandit)  
Managing Director  
DIN: 02293998**

**Sd/-  
(Harsh Shah)  
Director  
DIN: 01662085**

**Sd/-  
(Sujoy Mehta)  
Director  
DIN: 02145467**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

We at Toheal Pharmachem Limited Understand your individual trading requirements provide total resource to extend your company's capabilities, meet your goals of a timely entry in to the market, use outsourcing as a strategic move in your product life cycle planning, gain a greater economic edge in a highly competitive market, develop new dosage forms and procedures. Our strength is providing total customer satisfaction by delivering superior quality products through cutting edge technology and the best possible services.

We at Toheal Pharmachem Limited assisted in the development and trading of a wide variety of drugs and dosage forms and potency variations for many prestigious pharmaceuticals companies around the world.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The pharmaceutical industry in India is currently registering a value growth of 13 percent on retail sales level. This growth in the domestic market is mainly driven by increasing purchasing power and better availability within the country. Consumer spending on healthcare went up from 4 per cent of GDP in 1995 to 7 per cent in 2010. The number is expected to rise to 13 per cent of GDP by 2015. Furthermore, internationally operating Indian Companies have seen healthy growth of their exports into Western markets. The growth also has spurred players in the Indian pharmaceutical industry to explore newer avenues of drug research, discovery and development, promising higher capital investments in the near future. There have been several new collaborations with the aim of research and discovery between Indian and non Indian pharmaceutical Companies, some of which are Mergers and Amalgamation. Many Multinational Companies have increased their spending in India to conduct clinical trials and research, either by establishing own Research and Development units or commissioning Contract Research Organizations (CROs). Pharmaceutical research, manufacturing and outsourcing have received an impetus in the country, creating the image of a land of opportunities in the pharmaceutical space.

### **STRENGTH OF THE COMPANY:**

The long-term goal of the Company is to become a pharmaceutical company driven by research. The company also takes all most care to ensure that a safe formulation of medicine being traded by method and process. Prescribe with international specifications. With the prime focus on customer satisfaction, continuous efforts are made to offer solutions that give an extra advantage to the customer.



A strong desire for continuous innovation forms the bedrock of the efforts of this dedicated and talented team. Perseverance & Passion for new ideas are the driving forces, which leverage the efforts to develop new product Solutions, Processes and Applications. A strong harmony between R&D, Production and Marketing team aids in fine tuning production processes to make them more efficient and environment friendly.

Globalization is a thrust area at our end which is evident from our continuous efforts to enhance our International Business, which currently accounts for one third of our business.

The international business, which currently forms one third of the Company's business, hold huge potential and is focused for future growth.

Expertise in latest quality movement and in-depth insight into the Indian and international Pharmaceuticals markets, Toheal have made unrivaled progress. Current growth rate of the company has exceeded with noticeable value. Further the Company has assisted in the development and trading of a wide variety of drugs and dosage forms and potency variations for many prestigious pharmaceuticals companies around the world.

Our endeavour to walk an extra milage by providing our customers with alternate solutions, customized products and packaging has resulted in expanding our business horizons and proximity to the lives of people. We remain focused on developing application related derivatives of existing products as well as newer product solutions.

## **OVERALL REVIEW OF COMPANY**

### **OPPORTUNITIES, THREAT, RISKS AND CONCERNS**

The Indian pharmaceutical industry is growing consistently and is expected to do so also in future. Quality of products will improve, as is evident from the recent publication of the new Indian Pharmacopeias and the activities of the Drugs Controller of India against “irrational combinations” and “counterfeits”. We wish that these initiatives, which will lead to a safer healthcare environment for patients, will be followed up in a transparent and rational way.

For the pharmaceutical industry in India the National Pharmaceuticals Policy still represents a major threat. We regard price monitoring as a better option, balancing affordability and investments into continuous improvements of product quality. Another major concern relates to the recent developments in the post product-patent regime. Unfortunately, for India the patent regime needs to be challenged looking at the limited amounts of patents granted and patents being opposed.

## **FUTURE OUTLOOK:**

As a Pharmaceutical Industry in India the Company wishes to diversify Business Corporation to achieve leadership by exceeding customer expectation in domestic as well as overseas markets. Further to attain financial strength through ever growing profitability to attain excellence while achieving "Supreme customer satisfaction" to attain the global recognition for the corporation and to focus on customer's need and fulfill their expectations. Further the Company will provide services and products of the most superior quality and seek consistent improvement innovation and excellence in our performance. To create working environments this helps committed people to achieve their fullest potential. Provide them ample opportunity to grow.

## **SEGMENT WISE PERFORMANCE**

The Company is operating only in one sector i.e. trading of pharmaceutical drugs and therefore the segment reporting and performance standard is not applicable to the Company.

## **INTERNAL CONTROL**

The Internal Control systems including the policies, procedures and guidelines of the Company are adequate and commensurate to the extent and nature of its operations. The controls are reviewed for effectiveness by the internal auditors and the audit committee too. Any deviations are brought to the notice of the Audit Committee periodically and corrective steps are recommended and implemented.

## **FINANCIAL PERFORMANCE**

The Company is passing through the restructuring process and trying to come out of all difficulties by improving its turnover.

**By Order of the Board of Directors**

**Place : Ahmedabad**

**Date : 23/05/2015**

**Sd/-  
(Atul Pandit)  
Managing Director  
DIN: 02293998**

**Sd/-  
(Harsh Shah)  
Director  
DIN: 01662085**

**Sd/-  
(Sujay Mehta)  
Director  
DIN: 02145467**

## CERTIFICATE ON FINANCIAL STATEMENTS

To,  
The Members,  
TOHEAL PHARMACHEM LIMITED

We, have hereby certify that:

1. We have reviewed the financial statements and the cash flow statements of Relish Pharmaceuticals Limited for the financial year 2014-15 and to the best of our knowledge and belief, we state that:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of the Company's affairs for the period presented in this report and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - a. significant changes in internal control over financing reporting during the year;
  - b. significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
  - c. that there were no Instances of significant fraud that involves management or other employees who have a significant role in the Company's internal control system over financial reporting.

**By Order of the Board**  
**`For Toheal Pharmachem Limited**  
**Sd/-**  
**Atul Pandit**  
**Managing Director**  
**DIN: 02293998**

**Place: Ahmedabad**  
**Date: 23/05/2015**

## Compliance Certificate

To,  
The Members,  
**TOHEAL PHARMACHEM LIMITED,**  
5<sup>th</sup> Floor, Nilkanth Palace, B Block,  
Opp. Seema Hall, 100ft. Sanjay Sachin Road,  
Satellite, Ahmedabad-380015

We have examined the compliance of Corporate Governance by TOHEAL PHARMACHEM LIMITED for the year ended on 31<sup>st</sup> March, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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 above mentioned Listing Agreement.

We state that no investor grievance(s) is/ are pending for a period exceeding for one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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 P. Dalal & Company,  
Chartered Accountants**

**Place: Ahmedabad  
Date: 23/05/2015**

**Sd/-  
P. S. Dalal  
(Proprietor)  
M. No. 37983**