

Directors Report

Your Directors are pleased to present the 24th Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2018.

FINANCIAL RESULTS

(Rs in Lacs)

Sr. No	PARTICULARS	YEAR ENDED	
		31.03.2018	31.03.2017
1.	Sales	19165.08	16986.85
2.	Profit before Interest & Depreciation	4131.47	2944.09
3.	Interest	1030.96	965.71
4.	Depreciation	95.07	303.04
5.	Profit Before Tax & Extra-ordinary items	3005.45	1675.34
6.	Tax Provision (Net of Deferred Tax)	63.60	47.10
7.	Profit After Tax	2941.85	1628.25
8.	Extra-Ordinary Items	0	0
9.	Profit available for Appropriation	2941.85	1628.25
10	Balance carried to Balance Sheet	2941.85	1628.25

FINANCIAL HIGHLIGHTS AND OPERATIONS

Income from operations during the financial year ended 31st March 2018 was at Rs 19165.08 Lacs as against Rs 16972.56 Lacs representing an increase of approximately 12.83% over the previous year. Profit after Tax for the year under review amounted to Rs 2941.85 Lacs as against Rs 1628.25 Lacs in the previous year representing an increase of 80.68 %. The increase in profits during the year under review was on account of enhanced sales, improved product mix and operational efficiencies.

RESEARCH & DEVELOPMENT & NEW PRODUCTS

Research and Product Development programs at the NBIL have constantly undergone major scientific up-gradation over the last few years. Advance breeding strategies, with novel genetic resources, gene pyramiding with molecular-aided gene tracking systems, and extensive testing of genetic stocks, breeding lines and hybrids derived thereof, are generating a range of pre-determined designer products.

Our recently launched products in the Farmers' fields represent the new breed and benchmark of hybrid seeds. They are endowed with significant genetic enhancement for yield potential, as well as Climate Resilient capability.

NBIL continues to provide substantial financial allocations to further strengthen its Research & Development programs. The competitive environment in the area of hybrid seeds is rapidly growing. Therefore, it is no longer enough to offer high yielding hybrid varieties to the Indian

Farmers. It is now becoming a mandatory requirement that such hybrids carry additional built-in value through seed embedded technologies/genes providing durable protection against specific diseases, pests and vagaries of nature (floods/drought/heat stress etc.)

Technological up-gradation remains a continual process at the NBIL. In cotton, in addition to stacking GM traits for bollworm protection, we are on the constant lookout for novel germplasm resources for imparting/enhancing resistance/ tolerance against some of the notorious sucking pests, as also dehydration-stress (drought). Big Boll size (for reduced labor and ease in picking) and excellent re-flushing abilities are the additional novelties our new Bt-Cotton products (for Central and South Zone) are almost invariably carrying.

To summarize, your company is constantly endeavoring to invest time, energy and money in Research and Development efforts to create high yield products to benefit the farming community at large.

INTERNATIONAL COLLABORATIONS:

Nath Bio-Genes, jointly with its sister concern Global Transgenes Ltd., had signed agreement for R & D collaboration and commercialization thereof, of Fusion-Bt. Cotton technology in Philippines. Due processes of trans-boundary regulations, in accordance to the provisions of the Cartagena Protocol, have been followed strictly for transfer of Fusion-Bt. Embedded cotton seeds.

PhilFIDA (Fibre Crops Development Authority, under Govt of The Philippines) is directly coordinating with NBIL-GTL of India, in view of our track record and scientific competence in pursuing the Fusion-Bt Technology approval process in India.

QUALIFIED INSTITUTIONAL PLACEMENT

Your company made a QIP, by issuing further equity, in January 2018 to qualified institutions. The total QIP size was INR 136.50 Crores. The basic agenda of the fund usage was to repay all long-term loans of the company and to strengthen the working capital requirement. We plan to utilize the infused capital for better growth of the company.

MANAGEMENT DISCUSSION & ANALYSIS

A detailed report on the management discussion and analysis is provided as a separate section in this Annual Report.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally.

The Report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and rules made thereunder is enclosed.

The Requisite Certificate from the Auditors of the Company, Ashok R Majethia, Chartered Accountants, conforming compliance to the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Report

DIVIDEND

Given the growth requirements of the business, the Directors have not recommended any dividend for the financial year 2017-18.

DEPOSITS

Your company has not accepted any fixed deposits during the year under review.

RISK MANAGEMENT

The company has a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

DIRECTORS & KEY MANAGERIAL PERSON

Mr. Satish Kagliwal was appointed as the Managing Director of the Company from 1st August 2013 for a period of 5 years and accordingly his term of office is valid up to 31st July 2018. Since his current tenure is coming to an end, he is being re-appointed as Managing Director of the Company for another period of FIVE years, pursuant to the Companies Act.

Mrs. Sweta Kagliwal, Director retires by rotation and being eligible offers herself for re-appointment. Pursuant Section 152 of the Companies Act 2013, Details of Directors retiring by rotation is provided as part of the Notice of the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors.

AUDITORS

At the Annual General Meeting held on 24th August 2017, M/s Ashok R Majethia, Chartered Accountants, were appointed as the Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2022.

INTERNAL AUDITORS

The Board of Directors of the Company has appointed a professional firm of M/s. Manpreet Khurana & Co., Chartered Accountants to conduct internal audit of the Company for the financial year ended 31 March 2018.

INDIAN ACCOUNTING STANDARDS - IFRS CONVERGE STANDARDS

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 had notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of the said notification, your Company has adopted Indian Accounting Standards with effect from 01st April, 2017 with the comparatives for the period ending 31st March, 2016. The implementation of Indian Accounting Standards (IAS) is a major change process for which the Company had set up a dedicated team and the conversion has been achieved within the deputed time frame.

INTERNAL FINANCIAL CONTROLS

The internal financial controls (IFC) framework at Nath Bio-Genes (India) Ltd encompasses internal controls over financial reporting (ICOFR) as well as operational controls that have been put in place across all key business processes of the Company. The achievement of the Company's business objectives and such controls do enable the Company to adapt to changing and operating environment, to mitigate risks to acceptable levels and to support sound decision making and good governance. Details in respect of adequacy of internal financial controls with reference to the financial statements are briefly iterated below:

- a. The Company maintains all its major records in ERP System.
- b. The Company has appointed internal auditors to examine the internal controls, whether the workflow of the organization is being done through the approved policies of the Company. In every quarter, during the approval of financial statements, internal auditors present the internal audit report and the management comments on the internal audit observations; and
- c. The Board of Directors of the Company has adopted various policies such as related party transactions policy, whistle blower policy, policy to determine material subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for 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.

AUDITORS' REPORT

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

TRANSACTIONS WITH RELATED PARTIES

Information on transactions with related parties pursuant to section 134(3) (h) of the act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure IV in Form AOC 2 and the same forms part of this report.

SECRETARIAL AUDIT

M/s Neha P Agrawal, Practising Company Secretary has been appointed as the secretarial Auditor of the Company for the financial year 2018-19 as required under Section 204 of the Companies Act 2013 and Rules thereunder. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith marked as Annexure V to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

COMMITTEES OF THE BOARD

Currently the Board has six committees: The Audit Committee, the stakeholders' relationship committee, the nomination & remuneration committee, the corporate social responsibility committee, risk Management Committee, & whistle blower committee.

A detailed note on the Board and its committees is provided under the Corporate Governance Report section in this Annual Report. The Composition of the Committees and compliances, as per the applicable provisions of the Act and Rules are as follows:

Name of the Committee	Composition of the Committee	Highlights of Duties, responsibilities and activities
Audit Committee	K. G Iyer-Chairman Omprakash Sharma, Satish Kagliwal	<ul style="list-style-type: none"> ▪ All recommendations made by the Audit Committee during the year were accepted by the Board. ▪ In accordance with the requirements of the Listing Agreement, The Company has formulated policies on related party transactions.
Stakeholders' Relationship Committee	K. G Iyer-Chairman Omprakash Sharma, Satish Kagliwal	<ul style="list-style-type: none"> ▪ The Committee reviews and ensures redressal of investor grievances. ▪ The Committee noted that all the grievances of the investors have been resolved during the year.
Nomination and Remuneration Committee	K.G Iyer-Chairperson Omprakash Sharma, Nandkishor Kagiwal	<ul style="list-style-type: none"> ▪ To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees. ▪ To carry out evaluation of every Director's performance.
Corporate Social Responsibility Committee	Nandkishor Kagliwal- Chairperson Omprakash Sharma K. G. Iyer	<ul style="list-style-type: none"> ▪ The Board has laid out the Company's policy on CSR and the CSR activities of the Company are carried out as per instructions of the committee. ▪ The Financial Data pertaining to the Company's CSR activities for

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

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement (Please refer to Note 4, 5, 12 and 34 to the standalone financial statement).

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3) (c) of the Companies Act, 2013, the Board of Directors hereby confirms that,

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- ii. It has in the selection of the accounting policies, consulted the Statutory Auditors and has applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31st March 2018 and of the profits of the company for that period.
- iii. It has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, to the best of its knowledge and ability. There are however, inherent limitations, which should be recognized while relying on any system of internal control and records.
- iv. It has prepared the annual accounts on a going concern basis.
- v. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operation efficiently.
- vi. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure VI to this Report.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is annexed herewith as Annexure VII to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the company secretary.

INSURANCE

All the insurable interest of the company, including Inventories, Buildings, Machinery etc, is adequately insured.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Company and were on arm's length basis. There were no materially significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Bank. All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval for normal banking transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the normal banking transactions which cannot be foreseen and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

The policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company and the link for the same is <https://www.nathbiogenes.com> related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, form AOC-2 is applicable to the Company.

ACKNOWLEDGEMENT

The employees of NATH BIO-GENES (INDIA) LIMITED continue to work with great dedication and commitment. The Board desires to place on record its appreciation to all the employees of the company during the year under review.

The Board also acknowledges the support given by Banks, Financial Institutions and Government Authorities.

For and on behalf of the Board of Directors

30th May 2018
Registered Office:
Nath House,
Nath Road,
Aurangabad-431005

Chairman	Managing Director
Nandkishor Kagliwal	Satish Kagliwal
DIN: 01691691	DIN: 00119601