

CONCORD DRUGS LIMITED**BOARDS' REPORT**

To the Members,

The Directors have pleasure in presenting before you the 25th Board's Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2020.

1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:

The performance during the period ended 31st March, 2020 has been as under:

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Revenue from Operations	5133.89	4807.72
Other Income	12.01	8.59
Profit/Loss Before Depreciation, finance costs, Exceptional Items and Tax expense	346.41	374.46
Less: Depreciation/Amortisation/Impairment	146.39	171.18
Profit/Loss before finance costs, exceptional items and Tax expense	200.02	203.28
Less: Finance Costs	154.37	159.30
Profit/Loss before Exceptional Items and Finance Costs	45.65	43.98
Add/(Less): Exceptional Items	Nil	Nil
Profit/Loss before tax expense	45.65	43.98
(Less): Tax Expense (Current & deferred)	12.82	3.27
Profit/(Loss) for the year (1)	32.83	40.70
Total Comprehensive Income/(Loss) (2)	Nil	Nil
Total (1+2)	32.83	40.70
Balance carried forward to balance sheet	32.83	40.70
Earnings per share	0.38	0.52

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REVIEW OF OPERATIONS:

During the year, the Company has generated a revenue of Rs. 5133.89 lakhs and achieved a profit of Rs. 32.83 lakhs for the financial year 2019-20 as against the revenue of Rs. 4807.72 Lakhs and net profit of Rs. 40.70 lakhs for the previous year.

IMPACT OF COVID 19

The company has evaluated the impact of Corona Virus (COVID-19) on the operations and future economic activity of the company and based on its review and current indicators and future economic prospects, there is no significant impact on the business of the company or its operations.

However, in the initial days of Lockdown in March, the companies manufacturing activities were impacted to minimal extent as the majority of employees could not reach the factory location due to the restrictions on movement of manpower, unavailability of Transportation.

2. MATERIAL CHANGES AND COMMITMENTS:

There were no material changes and commitments affecting financial position of the company between 31st March and the date of Board's Report. (i.e. 27.06.2020)

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the period under review and the date of Board's Report there was no change in the nature of Business.

4. DIVIDEND:

The Directors have not recommended any dividend for the year.

UNPAID / UNCLAIMED DIVIDEND:

There is no unpaid or unclaimed dividend with the company.

5. RESERVES:

The Company has not carried any amount to the reserves.

6. BOARD MEETINGS:

The Board of Directors duly met 7 (seven) times on 16.04.2019, 14.05.2019, 30.05.2019, 14.08.2019, 15.10.2019, 14.11.2019 and 13.02.2020 and in respect of which meetings, proper notices were given

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and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

7. REVISION OF FINANCIAL STATEMENTS

There was no revision of the financial statements for the year under review.

8. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The company has received declarations from Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

The Independent Directors have also confirmed that they have complied Company's Code of Conduct. In terms of Regulations 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

9. APPOINTMENT / RE-APPOINTMENT / RESIGNATION / RETIREMENT OF DIRECTORS /CEO/ CFO AND KEY MANAGERIAL PERSONNEL.

During the year, Mrs. P. Chandrakala was reappointed as Independent Director subject to the approval by shareholders of the company at the general meeting after considering the recommendations of the Nomination and Remuneration Committee. Mr. Thati Narsimha Reddy and Mr. S. Nagi Reddy were appointed as Managing Director and Wholtime Director respectively for the term of 3 years. Mr. S. Koni Reddy who was liable to rotation has offered himself for the Appointment.

During the year under review, the Company has resigned Ms. Monika Bhutada as Company Secretary and Compliance Officer at the Board meeting held on 16th April 2019. Ms. Jyoti Goyal was appointed as Company Secretary and Compliance Officer at the Board meeting held on 15th October 2019.

10. FAMILIARISATION PROGRAMMES:

The Company familiarises its Independent Directors on their

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appointment as such on the Board with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, etc. through familiarisation programme. The Company also conducts orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on a continuing basis. The familiarisation programme for Independent Directors is disclosed on the Company's website www.concorddrugs.in.

11. COMPOSITION OF AUDIT COMMITTEE:

- I. The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.
- II. The terms of reference of the Audit Committee include a review of the following:
 - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - Discussion with 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 quarterly / half yearly financial information.
 - Reviewing with management the annual financial statements before submission to the Board, focusing on:
 1. Any changes in accounting policies and practices;
 2. Qualification in draft audit report;
 3. Significant adjustments arising out of audit;
 4. The going concern concept;
 5. Compliance with accounting standards;
 6. Compliance with stock exchange and legal requirements concerning

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financial statements and

7. Any related party transactions

- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the 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.
- 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.
- Reviewing compliances as regards the Company's Whistle Blower Policy.
- reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments

III. The previous Annual General Meeting of the Company was held on 30.09.2019 and Chairman of the Audit Committee, attended previous AGM.

IV. The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

During the financial year 2019-20, 4 (four) meetings of the Audit Committee were held on 30.05.2019, 14.08.2019, 14.11.2019, 13.02.2020 respectively.

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The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of meetings held	No. of meeting attended
Ms. P. Chandra Kala	Chairman	NED(I)	4	4
Mr.S. Nagi Reddy	Member	ED	4	4
Mr. P. Venkat Ram Reddy	Member	NED(I)	4	4

NED (I): Non-Executive Independent Director

ED: Executive Director

V. NOMINATION & REMUNERATION COMMITTEE

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee’s qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.
- To carry out evaluation of every Director’s performance.
- 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 formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined

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assessment criteria.

- recommend to the board, all remuneration, in whatever form, payable to senior management.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION AND OTHER DETAILS:

The assessment and appointment of Members to the Board is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. The potential Board Member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015.

In accordance with Section 178(3) of the Companies Act, 2013, and Regulation 19(4) of SEBI (LODR) Regulations, 2015, on the recommendations of the Nomination and Remuneration Committee, the Board adopted a remuneration policy for Directors, Key Management Personnel (KMPs) and Senior Management.

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

The details of remuneration paid to the Executive and Non-Executive Directors for the financial year 2019-20 are given below:

Mr. S. Nagi Reddy, Chairman and Mr. S. Koni Reddy, Executive Director have drawn a remuneration of Rs. 12,00,000 p.a. and Rs. 12,00,000 p.a. for the year ended 31.03.2020 respectively.

None of the Directors is drawing any Commission, Perquisites, Retirement benefits etc.

During the year, the committee met on 16.04.2019, 30.05.2019, 15.10.2019 and 13.02.2020.

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The details of composition of the Committee are given below:

Name	Designation	Category	No. of meetings held	No. of meeting attended
Ms. P. Chandra Kala	Chairman	NED(I)	4	4
Mr.S. Nagi Reddy	Member	ED	4	4
Mr. P. Venkat Ram Reddy	Member	NED(I)	4	4

NED (I): Non-Executive Independent Director

ED: Executive Director

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

2. Terms and References:

2.1 "Director" means a director appointed to the Board of a Company.

1.2 "Nomination and Remuneration Committee means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and reg. 19 of SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015.

2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

3. Policy:

Qualifications and criteria

3.1.1 The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.

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3.1.2 In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:

- General understanding of the company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

3.1.3 The proposed appointee shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the Companies Act, 2013;
- shall Endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws.

3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

3.2 Criteria of Independence

3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or

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relationships are disclosed by a Director.

3.2.2 The criteria of independence shall be in accordance with guidelines as laid down in Companies Act, 2013 and reg. 16(1) (b) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

3.2.3 The Independent Director shall abide by the “Code for Independent Directors” as specified in Schedule IV to the companies Act, 2013.

10.3 Other Directorships/ Committee Memberships

3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as Director of the company. The NR Committee shall take into account the nature of, and the time involved in a Director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

3.3.3 A Director shall not serve an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

3.3.4 A Director shall not be a member in more than 10 committee or act chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder’s relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 shall be excluded.

Remuneration policy for Directors, key managerial personnel and other employees

1. Scope:

1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other

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employees of the company.

2. Terms and Reference:

In this policy the following terms shall have the following meanings:

- 2.1 “Director” means a Director appointed to the Board of the company.
- 2.2 “key managerial personnel” means
- (i) The Chief Executive Office or the managing director or the manager;
 - (ii) The company secretary;
 - (iii) The whole-time director;
 - (iv) The chief finance Officer; and
 - (v) Such other office as may be prescribed under the companies Act, 2013
- 2.3 “Nomination and Remuneration Committee” means the committee constituted by Board in accordance with the provisions of section 178 of the companies Act, 2013 and reg. 19 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

3. Policy:**3.1 Remuneration to Executive Director and Key Managerial Personnel**

3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall approved by the shareholders.

3.1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

3.1.3 The Remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
 - (ii) Perquisites and Allowances
 - (iii) Commission (Applicable in case of Executive Directors)
 - (iv) Retiral benefits
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(v) Annual performance Bonus

3.1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

3.2 Remuneration to Non – Executive Directors

3.2.1 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders as per provisions of the companies act.

3.2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof.

3.3. Remuneration to other employees

3.3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

VI. STAKEHOLDERS RELATIONSHIP COMMITTEE

A.) Composition:

The Details of composition of the Committee are given below:

Name	Designation	Category	No. of meetings held	No. of meeting attended
Ms. P. Chandra Kala	Chairman	NED(I)	1	1
Mr. S. Nagi Reddy	Member	ED	1	1
Mr. P. Venkat Ram Reddy	Member	NED(I)	1	1

NED (I): Non-Executive Independent Director

ED: Executive Director

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B) Powers:

The Committee has been delegated with the following powers:

- To redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of Annual Reports, non-receipt of declared dividend and other allied complaints.
- To approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgement in the case of shares held in physical form.

The Company has designated an exclusive e-mail ID called concorddrugsLtd@gmail.com for complaints/grievances.

VII. RISK MANAGEMENT COMMITTEE

A.) Composition:

The Details of composition of the Committee are given below:

Name	Designation	Category	No. of meetings held	No. of meeting attended
Ms. P. Chandra Kala	Chairman	NED(I)	-	-
Mr. S. Nagi Reddy	Member	ED	-	-
Mr. P. Venkat Ram Reddy	Member	NED(I)	-	-

NED (I): Non-Executive Independent Director

ED: Executive Director

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B) RISK MANAGEMENT POLICY:

The Company follows a comprehensive system of Risk Management. The Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well-structured risk management process.

12. VIGIL MECHANISM/WHISTLE BLOWER POLICY:

Vigil Mechanism Policy has been established by the Company for directors and employees to report genuine concerns pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI(LODR), Regulations 2015. The same has been placed on the website of the Company.

13. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) The Directors had 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;
- (d) The Directors had prepared the annual accounts on a going concern basis; and
- (e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) 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.

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14. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JOINT VENTURES:

The Company does not have any subsidiaries/associates/joint ventures.

15. NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR.

The Company does not have any subsidiaries/associates. During the year neither any Company became its subsidiary nor ceased to be its Subsidiary.

16. INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

The Company is not required to transfer any amount to IEPF pursuant to Section 125 of the Companies Act, 2013 and Rules made thereof.

17. EXTRACT OF ANNUAL RETURN:

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is a part of this Annual Report in enclosed as **Annexure-I**.

18. STATUTORY AUDITORS:

M/s. N G Rao & Associates, Chartered Accountants, were appointed as Statutory Auditors of the company in the 1/2018 Extra ordinary general meeting held on 24th day of August, 2018 to fill the casual vacancy caused by the resignation of M/s. MM Reddy & Co., Chartered Accountants, Hyderabad and who holds office upto the conclusion of 28th Annual General Meeting.

19. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT:

There have been no frauds reported by the auditors' u/s 143(12).

20. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 134(3) (f) & Section 204 of the Companies Act, 2013, the Board has appointed M/s. Vivek Surana & Associates, Practicing Company Secretaries has under taken Secretarial Audit of the Company for financial year ending 31.03.2020.

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The report of the Secretarial Auditor is enclosed herewith vide Annexure-II of this Report.

21. QUALIFICATIONS IN AUDIT REPORTS:

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—

(a) Statutory Auditors Report:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2020 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges and growth in the market expected in the coming years.

(b) Secretarial Audit Report:

The Board has duly reviewed the Secretarial Audit Report for the year ended March 31, 2020 on the Compliances according to the provisions of section 204 of the Companies Act 2013, and the same does not have any reservation, qualifications or adverse remarks except the following:

1. Non filing of Form DIR - 12 with ROC pertaining to the appointment of Independent Directors in the AGM held on 30.09.2019 and
2. Delay in filing of Listing Application with BSE Ltd. BSE has levied penalty for the same.

Reply: Reply: The Company has noted the observations and is in the process of complying the same.

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

The required information as per Sec.134 (3) (m) of the Companies Act 2013 is provided hereunder:

A. Conservation of Energy:

Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

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B. Technology Absorption:

1. Research and Development (R&D): NIL
2. Technology absorption, adoption and innovation: NIL

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings: NIL

Foreign Exchange Outgo: NIL

23. DETAILS RELATING TO DEPOSITS, COVERING THE FOLLOWING:

The Company has not accepted any deposits falling within the meaning of Sec.73, 74 & 76 of the Companies Act, 2013 read with the Rule 8(v) of Companies (Accounts) Rules 2014, during the financial year under review. Further, there are no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

24. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

During the period under review there were no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

25. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

The Board has appointed M/s. PCN & Associates., Chartered Accountants, Hyderabad as Internal Auditors in its meeting held 14.08.2019 for the year 2019-20. Summary of significant Audit observations along with recommendations and its implementations are reviewed by the Audit committee and concerns, if any, are reported to Board.

26. INSURANCE:

The properties and assets of your Company are adequately insured.

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27. RISK MANAGEMENT POLICY:

The Company follows a comprehensive system of Risk Management. The Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well-structured risk management process.

28. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given loans, Guarantees or made any investments covered under section 186 of Companies Act, 2013 during the year under review.

29. CREDIT & GUARANTEE FACILITIES:

The Company is availing Credit and Guarantee Facilities from State Bank of India, Dilsukhnagar Branch.

30. SHARE CAPITAL

The authorised share capital of the Company stands at Rs. 11,00,00,000/- divided into 1,10,00,000 equity shares of Rs.10/- each.

The paid up share capital of the Company stands at Rs. 8,74,37,500 /- divided into 87,43,750 equity shares of Rs.10/- each.

31. COMPOSITION OF CSR COMMITTEE AND CONTENTS OF CSR POLICY:

Since the Company does not have the net worth of Rs. 500 Crore or more, or turnover of Rs. 1000 Crore or more, or a net profit of Rs. 5 Crore or more during the financial year, section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

32. RELATED PARTY TRANSACTIONS:

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. There were no material significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or the Senior Management which may have a potential conflict with the interest of the Company at large.

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All related party transactions were placed before the Audit Committee/Board for approval. Prior approval of the Audit Committee was obtained for the transactions which are foreseen and are in repetitive in nature.

Transactions with the Related Parties as required under Indian Accounting Standard-18 are disclosed in Note 2.4 of the standalone financial statements forming part of this Annual Report

33. POLICIES

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies are available on our website (www.concorddrugs.in). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

34. DISCLOSURE ABOUT COST AUDIT:

The Company is in due compliance with the Companies (Cost Records and Audit) Rules, 2014. M/s KJU & Associates, Cost Accountants is the Cost Auditors of the Company.

35. RATIO OF REMUNERATION TO EACH DIRECTOR:

Under section 197(12) of the Companies Act, 2013, and Rule 5(1)(2) & (3) of the Companies (Appointment & Remuneration) Rules, 2014, the ratio of remuneration of Mr. Nagi Reddy Chairman & Whole-time Director & Mr. Koni Reddy (Director cum CFO) to median employees is 9.09:1 & 9.09:1 time respectively.

36. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

Since the paid-up capital of the Company is less than Rs. 10 Crores and Net worth of the Company is less than Rs. 25 Crores, Corporate Governance as envisaged in SEBI (LODR) Regulations is not applicable.

37. SECRETARIAL STANDARD

The Company is in compliance with the applicable secretarial standards SS1 and SS2

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38. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC):

There is no application filed for corporate insolvency resolution process, by a financial or operational creditor or by the company itself under the IBC before the NCLT

39. EVENT BASED DISCLOSURES

During the year under review, the Company has taken up any of the following activities:

1. Issue of sweat equity share: NA
2. Issue of shares with differential rights: NA
3. Issue of shares under employee's stock option scheme: NA
4. Disclosure on purchase by company or giving of loans by it for purchase of its shares: NA
5. Buy back shares: NA
6. Disclosure about revision: NA
7. Preferential Allotment: However the Company has allotted 882000 equity shares on at par to the promoters and others on preferential Basis on 14.05.2019 on conversion of warrants.

40. NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

41. CEO/ CFO Certification

The Managing Director and CFO certification of the financial statements for the year 2019-20 is annexed in this Annual Report.

42. STATEMENT SHOWING THE NAMES OF THE TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN AND THE NAME OF EVERY EMPLOYEE AS PER RULE 5(2) & (3) OF THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:

A table containing the particulars in accordance with the provisions of

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Section 197(12) of the Act, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure III to this Report.

A statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee is annexed to this Annual report as Annexure IV.

During the year NONE of the employees is drawing a remuneration of Rs.1,02,00,000/- and above per annum or Rs.8,50,000/- and above in aggregate per month, the limits specified under the Section 197(12) of the Companies Act,2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

43. BOARD EVALUATION:

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, performance of the Directors and the working of its Committees. The Board's functioning was evaluated on various aspects, including inter alia degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Evaluation of the Committees performance was based on the criteria like composition, its terms of the reference and effectiveness of committee meetings, etc., Individual Director's performance evaluation is based on their preparedness on the issues to be discussed, meaningful and constructive discussions and their contribution to the Board and Committee meetings. The Chairperson was evaluated mainly on key aspects of his role. These performance exercises were conducted seeking inputs from all the Directors / Committee Members wherever applicable.

The evaluation procedure followed by the company is as mentioned below:

- i) Feedback is sought from each Director about their views on the performance of the Board, covering various criteria such as degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, quality of relationship between the Board and the Management and efficacy of communication with external stakeholders.

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Feedback was also taken from every Director on his assessment of the performance of each of the other Directors.

- ii) The Nomination and Remuneration Committee (NRC) then discusses the above feedback received from all the Directors.
- iii) Based on the inputs received, the Chairman of the NRC also makes a presentation to the Independent Directors at their meeting, summarising the inputs received from the Directors as regards Board performance as a whole and of the Chairman. The performance of the Non-Independent Non-Executive Directors and Board Chairman is also reviewed by them.
- iv) Post the meeting of the Independent Directors, their collective feedback on the performance of the Board (as a whole) is discussed by the Chairman of the NRC with the Chairman of the Board. It is also presented to the Board and a plan for improvement is agreed upon and is pursued.
- v) Every statutorily mandated Committee of the Board conducts a self-assessment of its performance and these assessments are presented to the Board for consideration. Areas on which the Committees of the Board are assessed include degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.
- vi) Feedback is provided to the Directors, as appropriate. Significant highlights, learning and action points arising out of the evaluation are presented to the Board and action plans are drawn up. During the year under report, the recommendations made in the previous year were satisfactorily implemented.

The peer rating on certain parameters, positive attributes and improvement areas for each Board member are also provided to them in a confidential manner. The feedback obtained from the interventions is discussed in detail and, where required, independent and collective action points for improvement are put in place.

44. CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING

The Company has also adopted a code of conduct for prevention of Insider trading. All directors, senior management employees and other employees who are having access to the unpublished price sensitive information of the company are governed by the code. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

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During the year under the review there has been due compliance with the code of conduct for prevention of insider trading. The code of conduct for prevention of insider trading is available in the company's website www.concorddrugs.in

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. The following is the summary of sexual harassment complaints received and disposed during the calendar year.

- No. of complaints at the beginning of the year: Nil
- No. of complaints received: Nil
- No. of complaints disposed off: Nil

46. DETAILS OF PENALTIES IMPOSED BY THE REGULATORY AUTHORITIES

During the year under review, BSE has levied the penalty for delay in filing the application for the listing approval of 8,82,000 equity shares and the company is yet to pay the penalty.

47. INVESTOR EDUCATION AND PROTECTION FUND

No amounts and/or shares were transferred to the Investor Education and Protection Fund during the year under review.

48. DISCLOSURE ON CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE.

No corporate insolvency resolution process was initiated under the provisions of Insolvency and Bankruptcy Code during the year under review.

49. ENVIRONMENTS AND HUMAN RESOURCE DEVELOPMENT:

Your Company always believes in keeping the environment pollution free and is fully committed to its social responsibility. The Company has been

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taking utmost care in complying with all pollution control measures from time to time strictly as per the directions of the Government.

We would like to place on record our appreciation for the efforts made by the management and the keen interest shown by the Employees of your Company in this regard.

50. STATUTORY COMPLIANCE:

The Company has complied with the required provisions relating to statutory compliance with regard to the affairs of the Company in all respects

51. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

The Management Discussion and Analysis Report, pursuant to the SEBI (LODR) Regulation appended as Annexure V for information of the Members.

52. ACKNOWLEDGEMENTS:

The Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of your Company.

The Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders of the Company for their continued support for the growth of the Company.

**For and on behalf of the Board
For Concord Drugs Limited**

Sd/-

**S. Nagi Reddy
Chairman
(DIN: 01764665)**

Sd/-

**T. Narsimha Reddy
Managing Director
(DIN: 07538313)**

**Place: Hyderabad
Date : 27.06.2020**