

## DIRECTORS' REPORT

The Members,  
Sakar Healthcare Limited,

Your Directors have pleasure in presenting the 14<sup>TH</sup> ANNUAL REPORT together with the Audited Financial Statements for the Financial Year 2017-18 ended 31<sup>st</sup> March, 2018.

### 1. FINANCIAL RESULTS AND OPERATIONS:

Particulars	2017-18	2016-17
Sales and other Income	5360.90	4490.49
Profit before Interest and Depreciation	1312.01	1089.76
Less: Interest	258.51	268.53
Profit before Depreciation	1053.50	821.23
Less: Depreciation	440.92	338.94
Less: Exceptional Item	1.66	0.17
Profit before Taxation	610.92	482.12
Less: Provision for Taxation - Current	150.00	80.00
Less: Provision for Taxation - Deferred	52.79	55.85
Less: Provision for Taxation - Previous year	26.66	8.44
Profit for the year	381.47	337.83
Add: Balance Brought Forward	1109.79	958.23
Less : Utilisation of Revenue Reserve for DTL	-	186.27
Balance carried to Balance Sheet	1491.26	1109.79

(Rs. in lakh)

There are no material changes and commitment affecting the financial position of the Company which have occurred between 1<sup>st</sup> April, 2018 and date of this report.

During the year under review, the Company achieved turnover of Rs. 5360.90 lakh compared to Rs. 4490.49 lakh during 2016-17. The Company earned profit before interest, depreciation and tax of Rs. 1312.01 lakh during 2017-18 compared to Rs. 1089.76 lakh during 2016-17. After providing for interest, depreciation and taxes, the net profit for the year under review stood at Rs. 381.47 lakh as compared to Rs. 337.83 lakh during 2016-17. The EPS for the year under review stood at Rs. 3.12 compared to Rs. 3.08 for the year 2016-17.

### 2. DIVIDEND:

With view to conserve the financial resources for the future requirement of the Company, the Board of Directors has not recommended any dividend for the year.

### 3. LISTING:

The Equity Shares of the Company are listed on SME Emerge Platform of National Stock Exchange of India Limited w.e.f. 14<sup>th</sup> October, 2016. As per the prevailing Migration Policy from SME Platform to NSE Main Board, the Company should have been listed on SME Platform for a period of atleast 2 years. This would be subject to the approval of the Shareholders by way of Postal Ballot. The Company would approach NSE and Shareholders for Migration at appropriate time.

The Company is regular in payment of Annual Listing Fees. The Company has paid Listing fees up to the year 2018-19.

### 4. INCREASE IN AUTHORISED SHARE CAPITAL:

The Authorised Equity Share Capital of the Company has been increased from Rs. 12.00 crores to Rs. 15.00 crores divided into 1,50,00,000 Equity Shares of Rs.10/- each upon passing of resolution in the Extra Ordinary General Meeting held on 31<sup>st</sup> August, 2017.

### 5. ALLOTMENT OF 12,50,000 EQUITY SHARES OF RS. 10/- EACH UPON CONVERSION OF UNSECURED LOAN INTO EQUITY SHARES OF THE COMPANY:

The Company, after complying necessary provisions under the Companies Act, 2013, SEBI & Listing Regulations

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and obtaining necessary approvals of Shareholders, has allotted 12,50,000 Equity Shares of Rs. 10/- each at a premium of Rs. 50/- per Equity Share to Promoters on 4<sup>th</sup> November, 2017 upon conversion of unsecured Loan of Rs. 7.50 Crores into Equity Shares of the Company.

### **6. CHANGE IN THE LANDMARK LOCATION OF THE REGISTERED OFFICE OF THE COMPANY:**

The Company, with a view to reflect the exact location of the Company, modified the particulars of the address of the Registered Office of the Company by deleting the words 'Near M. N. Desai Petrol Pump' w.e.f. 9<sup>th</sup> December, 2017.

The address of the Registered Office of the Company be now read as under:

Block No. 10/13, Village: Changodar, Sarkhej-Bavla Highway, Tal: Sanand, Dist: Ahmedabad – 382 213

### **7. ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY:**

The Company through its Extra Ordinary General Meeting held on 20<sup>th</sup> March, 2018 has altered the Articles of Association of the Company by inserting a specific Article empowering the Company to issue Equity Warrants.

### **8. ALLOTMENT OF 27,50,000 EQUITY WARRANTS OF RS. 10/- EACH CONVERTIBLE INTO 27,50,000 EQUITY SHARES OF RS. 10/- EACH TO PROMOTER & NON - PROMOTER ON PREFERENTIAL BASIS:**

The Company, upon receiving necessary approval of Shareholders in the Extra Ordinary General Meeting held on 20<sup>th</sup> March, 2018, allotted 27,50,000 Equity Warrants of Rs. 10/- each on 28<sup>th</sup> March, 2018 (convertible into 27,50,000 Equity Shares) for cash at premium of Rs. 55/- per Equity Warrant i.e. totalling to Rs. 65/- per Equity Warrant aggregating to Rs. 17.88 Crores to Promoters & Non-Promoter of the Company on Preferential basis in accordance with the provisions of the Companies Act, 2013 and SEBI Regulations.

### **9. DEMATERIALISATION OF EQUITY SHARES:**

All the Equity Shares of the Company are in dematerialised form with either of the depository viz. NSDL and CDSL. The ISIN allotted to the Company is INE732S01012.

### **10. DIRECTORS & KEY MANAGERIAL PERSONNEL:**

10.1 One of your Directors viz. Mr. Aarsh S. Shah retires by rotation in terms of the Articles of Association of the Company. However, being eligible offers himself for reappointment.

10.2 The Board of Directors duly met 8 times during the financial year under review.

10.3 The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 (the Act) that they meet with the criteria of their independence laid down in Section 149(6) of the Act.

10.4 Formal Annual Evaluation:

The Nomination and Remuneration Committee adopted a formal mechanism for evaluating the performance of the Board of Directors as well as that of its Committees and individual Directors, including Chairman of the Board, Key Managerial Personnel/ Senior Management etc. The exercise was carried out through an evaluation process covering aspects such as composition of the Board, experience, competencies, governance issues etc.

10.5 DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134 of the Companies Act, 2013, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that 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 31<sup>st</sup> March, 2018 being end of the financial year 2017-18 and of the profit of the Company for the year;
- (iii) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had 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 operating effectively.
- (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.

**11. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY:**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

**12. MANAGERIAL REMUNERATION:**

Sr. No.	Name of the Director & Designation	Remuneration for the year 2017-18	% increase over last year	Parameters	Median of Employees Remuneration	Ratio	Commission received from Holding/ Subsidiary
1	Sanjay S. Shah Managing Director	1235000	-	Higher responsibility and time involvement	259200	20.99 times	-
2	Rita S. Shah Executive Director	650000	-		259200	39.88 times	-
3	Aarsh S. Shah Joint Managing Director	1170000	-		259200	22.15 times	-

The Board of Directors has framed a Remuneration Policy that assures the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management to enhance the quality required to run the Company successfully. The Relationship of remuneration to performance is clear and meets appropriate performance benchmarks. All the Board Members and Senior Management personnel have affirmed time to time implementation of the said Remuneration policy.

**13. KEY MANAGERIAL PERSONNEL:**

13.1 % INCREASE IN REMUNERATION OF DIRECTORS AND KMP:

Sr. No.	Name of the Director & KMP	Designation	Percentage (%) Increase (If any)
1.	Sanjay S. Shah	Managing Director	-
2.	Ritaben S. Shah	Wholetime Director	-
3.	Aarsh S. Shah	Joint Managing Director	-
4.	Jhonny G. Kudilil	CFO	13.13
5.	Pratixa Seju (upto 21-02-2018)	Company Secretary	-
6.	Hema Advani (from 21-02-2018)	Company Secretary	-

13.2 COMPARISON BETWEEN REMUNERATION OF KMP & PERFORMANCE OF THE COMPANY:

As per the Remuneration Policy and based on the Recommendation of Nomination & Remuneration Committee the Relationship of remuneration to KMP & performance of Company is clear and meets appropriate performance benchmarks.

**14. PERSONNEL AND H. R. D.:**

14.1 INDUSTRIAL RELATIONS:

The industrial relations continued to remain cordial and peaceful and your Company continued to give ever increasing importance to training at all levels and other aspects of H. R. D.

The number of Employees of the Company are 239. The relationship between average increase in remuneration and Company's performance is as per the appropriate performance benchmarks and reflects short and long term performance objectives appropriate to the working of the Company and its goals.

14.2 PARTICULARS OF EMPLOYEES:

There is no Employee drawing remuneration requiring disclosure under Rule 5(2) of Companies Appointment & Remuneration of Managerial personnel) Rules, 2014.

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### **15. PARTICULARS OF LOANS, GUARANTEES, INVESTMENT & SECURITIES PROVIDED:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 respectively are given in the notes to the Financial Statements attached to the Auditors' Report.

### **16. RELATED PARTY TRANSACTION AND DETAILS OF LOANS, GUARANTEES, INVESTMENT & SECURITIES PROVIDED:**

Details of Related Party Transactions and Details of Loans, Guarantees and Investments covered under the provisions of Section 188 and 186 of the Companies Act, 2013 respectively are given in the notes to the Financial Statements attached to the Auditors' Report.

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transactions with related parties which could be considered as material in accordance with the policy of the Company on materiality of related party transactions.

### **17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information required under Section 134(3)(m) of the Companies Act, 2013 and rule 8(3) of Companies (Accounts) Rules, 2014, relating to the conservation of Energy and Technology Absorption forms part of this report and is given by way of **Annexure- A**.

### **18. CORPORATE GOVERNANCE AND MDA:**

Report on Corporate Governance, Management Discussion and Analysis (MDA) and a certificate regarding compliance with the conditions of Corporate Governance are appended to the Annual Report as **Annexure - B**.

### **19. SECRETARIAL AUDIT REPORT:**

Your Company has obtained Secretarial Audit Report as required under Section 204(1) of the Companies Act, 2013 from M/s. Kashyap R. Mehta & Associates, Company Secretaries, Ahmedabad. The said Report is attached with this Report as **Annexure – C**.

There are no remarks / qualification in the Secretarial Audit Report, hence no explanation has been offered.

### **20. EXTRACT OF ANNUAL RETURN:**

The extract of Annual Return in Form – MGT-9 has been attached herewith as **Annexure – D**.

### **21. AUDIT COMMITTEE/ NOMINATION AND REMUNERATION COMMITTEE/ STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The details of various committees and their functions are part of Corporate Governance Report.

### **22. GENERAL:**

#### **22.1 STATUTORY AUDITORS:**

At the 11<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2015 M/s. A. L. Thakkar & Co., Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company to hold office till the conclusion of Annual General Meeting to be held in the year 2020.

The remarks of Auditor are self explanatory and have been explained in Notes on Accounts.

#### **22.2 INSURANCE:**

The Company's properties including building, plant and machinery, stocks, stores etc. continue to be adequately insured against risks such as fire, riot, strike, civil commotion, malicious damages, machinery breakdown etc.

#### **22.3 DEPOSITS:**

The Company has not accepted during the year under review any Deposits and there were no overdue deposits.

#### **22.4 RISKS MANAGEMENT POLICY:**

The Company has a risk management policy, which from time to time, is reviewed by the Audit Committee of Directors as well as by the Board of Directors. The Policy is reviewed quarterly by assessing the threats and opportunities that will impact the objectives set for the Company as a whole. The Policy is designed to provide

the categorization of risk into threat and its cause, impact, treatment and control measures. As part of the Risk Management policy, the relevant parameters for protection of environment, safety of operations and health of people at work are monitored regularly with reference to statutory regulations and guidelines defined by the Company.

**22.5 SUBSIDIARIES/ ASSOCIATES/ JVS:**

The Company does not have any Subsidiaries/ Associates Companies / JVs.

**22.6 CODE OF CONDUCT:**

The Board of Directors has laid down a Code of Conduct applicable to the Board of Directors and Senior Management. All the Board Members and Senior Management personnel have affirmed compliance with the code of conduct.

**22.7 SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

There has been no significant and material orders passed by any regulators or courts or tribunals, impacting the going concern status of the Company and its future operations.

**22.8 ENVIRONMENT AND SAFETY:**

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

**22.9 DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & 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. During the year under review, the Company did not receive any complaint.

**22.10 GRATUITY:**

The Company has entered in to an agreement with Life Insurance Corporation of India for covering its Gratuity Liability and has thus provided for the same. A Gratuity Trust Fund has been created with Life Insurance Corporation of India.

**22.11 INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS:**

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

**23. DISCLOSURE OF ACCOUNTING TREATMENT:**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**24. DISCLOSURES:**

The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company.

**25. FINANCE:**

25.1 The Company has availed financial assistance in form of Term Loans and Working Capital from State Bank of India.

25.2 The Company's Income tax Assessment has been completed upto the Assessment Year 2016-17.

**26. ACKNOWLEDGEMENT:**

Your Directors express their sincere gratitude for the assistance and co operation extended by Banks, Government Authorities, Shareholders, Suppliers and Customers.

Your Directors also wish to place on record their appreciation of the contribution made by the employees at their levels towards achievements of the Company's goals.

Registered Office  
Block No. 10/13, Village: Changodar,  
Sarkhej- Bavla Highway,  
Tal: Sanand, Dist: Ahmedabad -382 213  
Date : 20<sup>th</sup> July, 2018

**For and on behalf of the Board,**

**Sanjay S. Shah**  
Chairman & Managing Director

**Aarsh S. Shah**  
Jt. Managing Director