



DIRECTORS' REPORT

To

**The Members of
BETA DRUGS LIMITED**

Your Directors take pleasure in presenting the 14th Annual Report of the Company together with the Audited Accounts for the financial year ended on 31st March, 2019. The Management Discussion and Analysis has also been incorporated in this report.

❖ **FINANCIAL SUMMARY/HIGHLIGHTS:**

The brief financial results are as under:

PARTICULARS	STANDALONE		CONSOLIDATED	
	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018
Revenue from Operations	58,04,86,838.99	50,56,67,871.26	65,92,90,672.52	50,56,67,871.26
Other Income	31,57,848.77	24,43,898.26	37,42,886.77	24,43,898.26
Total Revenue	58,36,44,687.76	50,81,11,769.52	66,30,33,559.29	50,81,11,769.52
Less: Other expenses excluding depreciation	48,47,51,050.43	42,12,48,142.91	55,55,53,833.97	42,12,48,142.91
Less: Depreciation & Preliminary expenses written off	2,42,32,093.54	1,85,06,706.56	2,84,15,646.53	1,85,06,706.56
Profit / (loss) before Taxation	7,46,61,543.79	6,83,56,920.05	7,90,64,078.79	6,83,56,920.05
Less : Provision for Taxation				
Current Tax	0	0	15,34,047.90	0
Deferred Tax	-24,79,381.06	7,20,255.20	-28,68,769.87	7,20,255.20
Profit/ (loss) after Taxation	7,71,40,924.85	6,76,36,664.85	8,03,98,800.75	6,76,36,664.85

❖ **DIVIDEND:**

In order to conserve the financial resources for the future requirement of the company, the Board of Directors has not recommended any dividend for the year.

❖ **TRANSFER TO RESERVE:**

Profit of Rs. 7,71,40,924.85 was transferred to surplus a/c.

❖ **REVIEW OF FINANCIAL PERFORMANCE AND STATE OF COMPANY'S AFFAIRS**

During the year, your Company has emerged as one of the fastest growing company in the Oncology product segment which have contributed to significant increase in the profitability of the company.



- **STANDALONE**

During the year, Revenue of the Company increased by 14.86% i.e. from Rs. 5081.11 lakhs to Rs.5836.44 lakhs. Profit before tax increase by 9.22% i.e. from Rs. 683.56 lakhs to Rs.746.61 lakhs. Profit after tax increase by 14.05% to Rs. 771.40 lakhs from Rs. 676.36 lakhs.

- **CONSOLIDATED**

The Consolidated Financial Statements of the Company have been prepared as per Accounting Standard 21 of the Institute of Chartered Accountants of India. The Company's consolidated revenue from operations in the year under review aggregated Rs 6630.33 lakhs on which it made net profit of Rs 803.98 lakhs.

- ❖ **CHANGE IN THE NATURE OF BUSINESS:**

During the year the Company has not changed its business.

- ❖ **MATERIAL CHANGES:**

There are no Material change occurred between the end of the financial year of the company to which the financial statements related and the date of the report, which is affecting the financial position of the company.

- ❖ **LISTING:**

The Equity Shares of the Company are listed on SME Platform of National Stock Exchange of India Limited (NSE Emerge). The Company is regular in payment of Annual Listing Fees. The Company has paid Listing fees up to the year 2019-20.

- ❖ **SUBSIDIARY COMPANIES/JOINT VENTURE COMPANY/ASSOCIATE COMPANY:**

During the year under review Company had incorporate following Subsidiary Companies:-

- ***Beta Ubk International Private Limited***, a newly incorporated subsidiary in Uzbekistan having works & registered office at: 27, Alimkent Street, Yashnobod District, Tashkent City, Uzbekistan **with 60% Shareholding**.
Business: Manufacturing of Oncology Products.
- ***Adley Formulations Private Limited***, a wholly owned subsidiary of Beta Drugs Limited having Registered office at SCO-184, Sector-5, Panchkula-134114 & Works at Kotla, Barotiwala, Distt Soan, Himachal Pradesh **with 100% Shareholding**
Business: Manufacturing & Trading of Oncology Products

A statement containing the salient feature of the financial statement of Subsidiary company under the first proviso to sub-section (3) of section 129 in form AOC - 1 is appended as **Annexure – 6**

The Company is not having any other Joint Venture or Associate Company.



❖ PERFORMANCE OF SUBSIDIARY COMPANIES

- **Beta Ubk International Private Limited** is engaged primarily in **manufacturing of Oncology Products**. Since medicines are under registration yet and the company has no commercial activity till March, 2019 therefore no sales happened so far during the period, April 1, 2018 to March 31, 2019.
- **Adley Formulations Private Limited** is engaged primarily in **Manufacturing & Trading of Oncology Products**. During the period under review, **Adley Formulations Private Limited** achieved a turnover of **Rs 788.03 lakhs** with a profitability of **Rs 32.57 lakhs**.

❖ REASONS FOR REVISION OF FINANCIAL STATEMENT OR REPORT:

During the year, the financial statement or report was not revised. Hence further details are not applicable.

❖ INCREASE IN AUTHORISED SHARE CAPITAL:

During the year under review there is no change in the authorized Share capital of the company.

❖ ALLOTMENT OF SHARES:

During the financial year 2018-19 the Company has not allotted any shares. On **1st May, 2019** company has allotted **6,45,244** Equity Shares of **Rs 10/-** each at a price of **Rs 91/-** each (including **Rs 81/-** as premium) under preferential issue & on **1st July, 2019** company has allotted **3,19,046** Equity Shares of **Rs 10/-** each at a price of **Rs 90/-** each (including **Rs 80/-** as premium) under preferential issue.

❖ DEPOSITORY SYSTEM

As the Members are aware, your Company's shares are trade-able compulsorily in electronic form and your Company has established connectivity with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the depository system, the members are requested to avail the facility of dematerialization of the Company's shares on NSDL & CDSL. The ISIN allotted to the Company's Equity shares is INE351Y01019.

❖ UTILISATION OF IPO PROCEED:

Utilization of proceed by the Company till March, 2019 raised from IPO is detailed below (Figures in lacs)

PARTICULAR	HEAD	AMOUNT
AMOUNT RECEIVED - SHARE CAPITAL AND PREMIUM		1951.60
<u>EXPENSES</u>		
IPO EXPENSES	ISSUE EXPENSES	369.44
TRFD. TO VIJAYA C/C (FOR WORKING CAPITAL)	WORKING CAPITAL	129.20
BALANCE WITH AXIS BANK	UNUTILISED	1.72
BALANCE RBL BANK	-	0.00
BALANCE WITH ICICI BANK	UNUTILISED	73.45
FDR WITH AXIS	-	0.00
FDR WITH SIDBI	CORPORATE EXPENSE	34.00
FDR WITH VIJAYA	-	0.00

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BUILDING	CIVIL CONSTRUCTION	157.80
CORPORATE	CORPORATE EXPENES	90.95
MACHINERY PAYMENT INCLUDING ADVANCE	PURCHASE OF MACHINERY	1067.54
LAND	CIVIL CONSTRUCTION	27.49
	TOTAL	1951.60

There was no deviation/variation in the utilization of the proceeds of the public issue from the objects stated in the prospectus of the issue. The company has utilized the above-mentioned unutilized amount of IPO by 30th June, 2019.

❖ DIRECTORS & KEY MANAGERIAL PERSONNEL:

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Mr. Varun Batra (DIN: 02148383) and Mr. Balwant Singh (DIN: 01089968), Directors of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself to be re-appointed as Directors of the Company.

The Board recommends the re-appointment of Mr. Varun Batra (DIN: 02148383) and Mr. Balwant Singh (DIN: 01089968), as Directors of the Company liable to retire by rotation.

During the year under review, Mr. Nipun Arora (DIN: 05333399) Independent Director of the Company has resigned from the post of Independent Director on 22nd February, 2019. On 1st August, 2019 Mrs Seema Chopra (DIN: 08510586) was appointed as Additional as well as Whole-time Director of the company subject to the approval of shareholders in the ensuing Annual General Meeting whereas Mrs Neeraj Batra (DIN: 02229217) has resigned from the directorship of the company w.e.f. 1st August, 2019.

❖ DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. 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 the end of the financial year and of the profit or loss of the Company for that period;
3. that 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;
4. that the Directors had prepared the annual accounts on a going concern basis; and
5. that 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.
6. that 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.



❖ **FORMAL EVALUATION BY BOARD OF ITS OWN PERFORMANCE:**

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

❖ **NUMBER OF MEETINGS OF BOARD:**

During the FY 2018-19, the Board of Directors met eleven times viz. 20th April, 2018, 8th May, 2018, 17th August, 2018, 6th September, 2018, 26th September, 2018, 26th October, 2018, 12th December, 2018, 4th February, 2019, 1st March, 2019, 23rd March, 2019 & 28th March, 2019.

Name of the Director	Number of Board Meetings Attended
Vijay Kumar Batra	10
Rahul Batra	10
Varun Batra	10
Balwant Singh	11
Neeraj Batra	11
Rohit Parti	11
Nipun Arora	8
Manmohan Khanna	11

Last Annual General Meeting of the company was held on 28th September, 2018.

No Extraordinary General Meeting was held during the FY 2018-19.

❖ **DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received necessary Declaration from each Independent Director/s under section 149(7) of the Companies Act, 2013 that they meets the criteria of Independence laid down in section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

❖ **ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS / SWEAT EQUITY SHARES / EMPLOYEE STOCK OPTION SCHEME:**

During the year, the Company has not issued any equity shares with differential voting rights or sweat equity shares or shares under employee stock option scheme. Hence disclosure regarding the same is not given.



❖ **STATUTORY AUDITORS**

The term of Company's Statutory Auditor **M/s.Kalra Rai & Associates, Chartered Accountants, Chandigarh** having firm registration no.**008859N**, is expiring on conclusion of this 14th Annual General Meeting, Accordingly on the recommendation of the Audit Committee, the Board has proposed the re-appointment of **M/s.Kalra Rai & Associates, Chartered Accountants, Chandigarh (FRN- 008859N)**, for a term of 5 years, i.e. from the conclusion of the 14th Annual General Meeting until the conclusion of the 19th Annual General Meeting subject to approval of members in an ensuing Annual General Meeting.

The Company has also received a confirmation from **M/s.Kalra Rai & Associates, Chartered Accountants, Chandigarh**, to the effect that they are eligible and not disqualified under Section 141 of the Companies Act, 2013 and the Rules framed thereunder, for being appointed as Auditors of the Company. As required under Regulation 33(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

❖ **AUDITORS' REPORT:**

M/s Kalra Rai & Associates, Chartered Accountants, Chandigarh, Firm Registration Number **008859N** have issued their Report (Standalone & Consolidated) for the financial year ended on March 31, 2019 forms part of this Annual Report and the same does not contain any qualification, reservation or adverse remark hence no explanation or comments of the Board is required in this matter. .

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

❖ **COMMENTS ON AUDITOR'S REPORT**

The notes referred to in the Auditor Report are self-explanatory and they do not call for any further explanation as required under section 134 of the Companies Act, 2013.

❖ **COST AUDITOR**

The Board of Directors of your Company has appointed M/s Charu Jindal & Company, Cost Accountants, Dehradun as Cost Auditors to conduct audit of the Cost Records for Financial Year to be ended on March 31, 2020.

❖ **COST RECORDS**

The Central Government has prescribed the maintenance of cost records under section 148(1) of the act, for the goods supplied by the Company. The Company had maintained proper cost records.

❖ **INTERNAL AUDITOR**

The Board of Directors of your Company has appointed M/s Srivastva V.K. & Associates, Chartered Accountants, Chandigarh as Internal Auditors to conduct Internal audit for Financial Year to be ended on March 31, 2020.

❖ **SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Dinesh Bhandari, Company



Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as “Annexure-1”.

❖ **COMPANY REPLY TO THE SECRETARIAL AUDITOR QUALIFICATION**

Sr No.	Qualification	Company Reply
1.	Clause 33(3)(d) of LODR- submission of non consolidated annual audited financial results as at 31.3.2019 to Stock Exchange with respect to one non operative foreign subsidiary viz. Beta UBK International Pvt. Ltd., Consolidation of Annual Audited Financial Statements as at 31.3.2019 not done in respect of non operative foreign subsidiary viz. Beta UBK International Pvt. Ltd. u/s 129,136 and other relevant provisions of Companies Act, 2013, Company has not made compliance of provisions of Section 96(2) with respect to Annual General Meeting held.	Beta Drugs Limited has incorporated subsidiary company named Beta Ubk International Pvt Ltd. in Uzbekistan, Russia in the month of September, 2018. No commercial activity has taken place till March, 2019 which will have financial impact on the consolidated results of Beta Drugs Limited, therefore the company has not consolidated the Financial Statement of that subsidiary company. The results depict the true and correct picture of the consolidated financial results of the company. The company has done the duly compliance of Section 129,136 and other relevant provisions of Companies Act, 2013; the AGM was duly held as per section 96(2) and attended by the shareholder with requisite quorum required under the Companies Act 2013.
2.	It is further drawn to your attention that on account of vacancy caused by resignation of one independent director w.e.f. 22.02.2019 there is shortfall of one independent Director as on 31.3.2019 required u/s 149 of the Companies Act, 2013, but resultant vacancy of independent Director was to be filled either in the immediate next board meeting held by the Company or within period of 3 months from the date of vacancy i.e. upto 31.5.2019, whichever is later. But no such vacancy of independent Director was filled by the Board within above mentioned time covered under FY 2019-20.	Till date company has not found any suitable & competent candidate who act as guide to the company. The company is in process of finding suitable candidate and fill the vacancy at the earliest possible.

❖ **INTERNAL AUDIT CONTROLS AND THEIR ADEQUACY**

The Company has a proper and adequate system of internal controls, commensurate with the size scale and complexity of its operations. This ensures that all transactions are authorized, recorded and reported correctly, and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls.

To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the audit committee of the Board and to the Chairman and Managing Director. The Internal Audit department monitors and evaluate the efficiency and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit



functions, process owner undertake corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

❖ ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has internal Auditors and the Audit Committee constituted are in place to take care of the same. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

❖ AUDIT COMMITTEE:

As required under the provisions of section 177 of the Companies Act, 2013 and Rules made there under the Board of Director at its meeting held on 26th July, 2017 constituted the Audit Committee. The Audit Committee comprises of the following members:

1.	Mr. Rohit Parti	Chairperson
2.	Mr. Vijay Kumar Batra	Member
3.	Mr. Manmohan Khanna	Member
4.	Mr Nipun Arora	Member

On 22nd February, 2019, Mr Nipun Arora (DIN: 05333399) Independent Director of the Company & member of the committee has resigned from the post of Independent Director.

During the year, Audit Committee has met Six times details of the same are as follows:

Sr. No	Date of Meeting	Strength of Committee	No. of Members Present
1.	20 th April, 2018	4	4
2.	8 th May, 2018	4	4
3.	17 th August, 2018	4	4
4.	26 th October, 2018	4	4
5.	4 th February, 2019	4	4
6.	1 st March, 2019	3	3

The term of references of audit committee are to recommend for appointment of statutory auditor, approve related party transactions, examination of financial statements and auditor's report, scrutinize inter corporate loans and investments, evaluation of internal financial control and risk management, review and monitor auditors independence and performance and effectiveness of audit process.

Term of Reference of the Committee

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. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors



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4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's 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;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions;
 - vii. Qualifications in the draft audit report.
 5. Reviewing, with the management, the half yearly 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, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Draft Prospectus/ Prospectus /notice and the report submitted by the monitoring agency monitoring the utilization 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, 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 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 oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.



19. Call for comments of the auditors about internal control systems, scope of audit including the observations of the auditor and review of the financial statements before submission to the Board;
20. 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 & background, etc. of the candidate.
21. To investigate any other matters referred to by the Board of Directors;
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial information and results of operations;
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

❖ NOMINATION & REMUNERATION COMMITTEE:

As required under the provisions of section 178 of the Companies Act, 2013 and Rules made there under the Board of Director at its meeting held on 26th July, 2017 constituted the Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of the following members:

1.	Mr. Rohit Parti	Chairperson
2.	Mr. Vijay Kumar Batra	Member
3.	Mr. Manmohan Khanna	Member
4.	Mr Nipun Arora	Member

On 22nd February, 2019, Mr Nipun Arora (DIN: 05333399) Independent Director of the Company & member of the committee has resigned from the post of Independent Director.

During the year, two meeting of the nomination and remuneration committee was held. Details of the Meeting are as follows:

Sr. No	Date of Meeting	Strength of Committee	No. of Members Present
1.	20 th April, 2018	4	4
2.	17 th August, 2018	4	4

(i) Term of Reference of the Committee

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall 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.
- The Nomination and Remuneration Committee shall, while formulating the policy ensure that:



- (i) 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;
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) remuneration to Directors, Key Managerial Personnel 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:
- Regularly review the Human Resource function of the Company.
 - Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.
 - Make reports to the Board as appropriate.
 - Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
 - Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

(ii) Remuneration Policy:

Website link:-

<http://www.betadrugslimited.com/pdfs/betapolicies/PolicyonRemunerationNominationandBoarDiversity.PDF>

(a) Remuneration to Executive Directors:

The remuneration paid to executive directors of the Company is recommended by the Nomination and Remuneration Committee of the Company and then Board of the Company approve in their duly held meeting. The remuneration of executive directors are decided by considering various criteria like qualification, experience, responsibilities, value addition to the Company and financial position of the Company. Board is taking permission of the members if required at any time for paying remuneration to executive directors.

(b) Remuneration to Non-Executive Directors:

Company is not paying any remuneration to non-executive and independent directors of the Company except sitting fees of Rs 5000/- per meeting.

❖ STAKEHOLDERS RELATIONSHIP COMMITTEE:

As required under the provisions of section 178 of the Companies Act, 2013 and Rules made there under the Board of Director at its meeting held on 26th July, 2017 constituted the Stakeholders Relationship Committee. The Stakeholders Relationship Committee consists of the following members:

1.	Mr. Rohit Parti	Chairperson
2.	Mr. Vijay Kumar Batra	Member
3.	Mr. Manmohan Khanna	Member
4.	Mr Nipun Arora	Member

The Company has not received any complaints during the year. There was no valid request for transfer of shares pending as on 31st March, 2019. Mrs.Rajni Brar, Company Secretary is the Compliance Officer for the above purpose. On 22nd February, 2019, Mr Nipun Arora (DIN: 05333399) Independent Director of the Company & member of the committee has resigned from the post of Independent Director.



During the year, three meeting of the Stakeholders Relationship Committee was held. Details of the Meeting are as follows:

Sr. No	Date of Meeting	Strength of Committee	No. of Members Present
1.	20 th April, 2018	4	4
2.	17 th August, 2018	4	4
3.	4 th February, 2019	4	4

Term of Reference of the Committee

- i. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- ii. Redressal of security holder's/investor's complaints Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- iii. Reviewing on a periodic basis the approval/refusal of transfer or transmission of shares, debentures or any other securities;
- iv. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- v. Reference to statutory and regulatory authorities regarding investor grievances; and
- vi. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- vii. To take note of Dematerialisation and Rematerialisation requests received from the shareholders of the company.
- viii. Any other power specifically assigned by the Board of Directors of the Company

❖ POLICY ON PRESERVATION OF THE DOCUMENTS

The Company has formulated a Policy pursuant to Regulation 9 of the Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") on Preservation of the Documents to ensure safe keeping of the records and safeguard the Documents from getting manhandled, while at the same time avoiding superfluous inventory of Documents.

❖ POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS

The Policy is framed in accordance with the requirements of the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations). The objective of the Policy is to determine materiality of events or information of the Company and to ensure that such information is adequately disseminated in pursuance with the Regulations and to provide an overall governance framework for such determination of materiality.

❖ RISK MANAGEMENT POLICY/PLAN:

It may please be noted that as our Company is not falling in the applicability criteria prescribed as mentioned in the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Hence, the company has not developed and implemented any risk management policy/plan but the Company has adequate internal control systems and procedures to combat the risk.

❖ VIGIL MECHANISM:

It may please be noted that as our Company is not falling in the applicability criteria prescribed as mentioned in the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.



Hence, there is no vigil mechanism in the company.

❖ **CODE OF BUSINESS CONDUCT AND ETHICS:**

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992 read with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the code of Internal Procedures and code for prevention of insider trading ("Code of Conduct"), as approved by the Board from time to time, are in force by the Company. The objective of this Code of Conduct is to protect the interest of shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors, designated employees and other employees.

The Company also adopts the concept of Trading Window Closure, to prevent its Directors, Officers, designated employees and other employees from trading in the securities of Beta Drugs Limited at the time when there is unpublished price sensitive information. The COC is available on the website of the Company www.betadrugslimited.com.

❖ **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The company has a policy and it provides for protection against sexual harassment of woman at work place and for prevention and redressal of such complaints. The Company has zero tolerance on Sexual Harassment at workplace. During the year under review, no complaints were received against the sexual harassment at workplace.

❖ **REMUNERATION POLICY:**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

The Company's shareholders may refer the Company's website for the detailed Nomination & Remuneration Policy of the Company on the appointment and remuneration of Directors including criteria for determining qualifications, positive attributes, independence of a Director; and other matters provided under sub-section (3) of section 178.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically.

The remuneration policy is in consonance with the existing industry practice.

❖ **ANALYSIS OF REMUNERATION:**

The details of remuneration paid to Directors and Key Managerial Personnel is given in extract of Annual Return attached with this report.

Disclosure/details pursuant to provisions of Section 197(12) of the Companies Act 2013 read with Companies (appointment and Remuneration of managerial personnel) Rules, 2014 are given as follows:

1) The percentage increase in Remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2018-19 and ratio of remuneration of each key managerial personnel (KMP) against the performance are as under:-



Sr No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for the Financial Year 2018-19 (In Rs.)	% age Increase in Remuneration for the Financial Year 2018-19	Ratio of Remuneration of each director to the Median Remuneration of Employees
1.	Mr. Vijay Kumar Batra, Chairman cum Managing Director	NIL	NIL	NIL
2.	Mrs. Neeraj Batra, Whole Time Director	32,00,000	33.33%	26.27
3.	Mr. Varun Batra, Whole Time Director	36,00,000	50%	29.55
4.	Mr Balwant Singh, Whole Time Director	16,32,000	12.40%	13.40
5.	Mr. Rahul Batra, Whole Time Director	12,00,000	NIL	9.85
6.	Mr Manmohan Khanna, Independent Director	Only sitting fee of Rs20,000/-	NIL	NIL
7.	Mr. Rohit Parti, Independent Director	Only sitting fee of Rs20,000/	NIL	NIL
8.	Mr. Nipun Arora, Independent Director (resigned w.e.f. 22 nd Feb, 2019)	Only sitting fee of Rs20,000/	NIL	NIL
9.	Mrs Rajni Brar, Company Secretary	5,28,000	38.36%	4.33
10.	Mr Jayant Kumar, CFO	11,04,000	25.11%	9.06

2) The Median Remuneration of Employees of the Company during the financial year 2018-19 was Rs.1,21,816/-

3) There was a decrease of 31.70% in median remuneration of employees during the financial year.

4) The number of permanent employees on the rolls of the Company is 181 for the year ended March 31, 2019.

5) There was an increase of 12.60% in salaries of employees other than the managerial personnel during the financial year 2018-19 .

6) It is affirmed that remuneration paid during the year ended March 31st, 2019 is as per the Remuneration Policy of the Company.

❖ PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

There was no employee drawing remuneration in excess of limits prescribed under section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Disclosure pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 are as per **Annexure - 2**.

❖ REGULATORY ORDERS:

During the year, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.



❖ CSR COMMITTEE:

During the year under company has constitute a CSR Committee comprising following members:

1.	Mr Vijay Kumar Batra	Chairman
2.	Mr Rahul Batra	Member
3.	Mr Rohit Parti	Member

During the year, three meeting of the Corporate Social Responsibility Committee was held. Details of the Meeting are as follows:

Sr. No	Date of Meeting	Strength of Committee	No. of Members Present
1.	4 th May, 2018	3	3
2.	26 th September, 2018	3	3
3.	18 th March, 2019	3	3

The Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy), indicating the activities to be undertaken by the Company, recommending the amount to be spent on CSR activities and monitoring the implementation of the framework of the CSR Policy.

During the year 2018-19, the Company was required to incur CSR expenditure of **Rs 9,64,392** being 2% of the average net profits for the immediately preceding three Financial Years. In compliance with this requirement, the Company has spent **Rs 4,59,668** on eligible projects approved by the Board on the recommendation of the CSR Committee and amount of **Rs 5,04,724** remain unspent for the year under review. Brief particulars of the CSR projects undertaken are given in **Annexure 3**, forming part of the Board's Report.

❖ DETAILS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014.

(A) CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy	The Company accords high priority to conservation of energy. However, there are no specific steps taken in this regard.
(ii)	the steps taken by the company for utilizing alternate sources of energy	The Company is not utilizing alternate sources of energy.
(iii)	the capital investment on energy conservation equipments	NIL

(B) TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	NIL
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	NIL
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning	The Company has not imported any technology during the year. Hence, there are no details to be



	of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	furnished under this clause.
(iv)	the expenditure incurred on Research and Development	There are no expenditure incurred on Research and Development by the Company.

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are given below :

Particulars	Amt. as on 31.3.2019	Amt. as on 31.3.2018
Earnings in Foreign Exchange	4,85,00,674	1,44,15,249.91
Foreign Exchange Outgo	46,31,700	1,08,46,771

❖ **INTERNAL FINANCIAL CONTROL:**

The Company has a well placed, proper and adequate internal financial control system which ensures that all the assets are safeguarded and protected and that the transactions are authorized recorded and reported correctly.

The internal audit covers a wide variety of operational matters and ensures compliance with specific standard with regards to availability and suitability of policies and procedures. During the year no reportable material weakness in the design or operation were observed.

The Directors has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating effectively.

❖ **COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings.

❖ **DEPOSITS:**

The Company has not invited/ accepted any deposits from the public during the year ended March 31, 2019. There were no unclaimed or unpaid deposits as on **March 31, 2019**. No unsecured loan has been received from the Directors of the company.



❖ CORPORATE GOVERNANCE:

It may please be noted that as our Company is not falling in the applicability criteria prescribed as mentioned in the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Hence, the Report on Corporate Governance is not forming part of the Directors' Report.

❖ TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

❖ EXTRACT OF ANNUAL RETURN:

Extract of Annual Return in Form No. MGT-9 as per Section 134 (3) (a) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 and Rule 12 of Companies (Management & Administration) Rules, 2014 is attached as **Annexure-4**, forming part of the Board's Report. The same is also available on the Company's website at www.betadrugslimited.com.

❖ PARTICULARS OF LOANS, INVESTMENTS OR GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The company has not provided any guarantee or provided any security to any person for the loans availed by others. The details regarding the loan and advances, investment if any are provided in the Balance Sheet.

❖ RELATED PARTY TRANSACTIONS:

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso Form No. AOC -2, given below:

Related Party Transactions:

Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the form AOC-2:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

Information Pursuant to *clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014:*

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	-



c)	Duration of the contracts / arrangements /transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions'	-
f)	Date of approval by the Board	-
g)	Amount paid as advances, if any	-
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

2. Details of material contracts or arrangements or transactions at Arm's length basis.

SL. No.1	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Adley Lab Limited
b)	Nature of contracts/Arrangements /transaction	Purchase of Goods
c)	Duration of the contracts/Arrangements /transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Total amount involved during the year is Rs 7,18,82,648.20/-
e)	Date of approval by the Board	14 th March, 2018
f)	Amount paid as advances, if any	-
SL. No.2	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Adley Formulations
b)	Nature of contracts/ arrangements /transaction	i) Sale of Goods-Rs 20,72,137.47 ii) Purchase of Goods-Rs 5,29,257
c)	Duration of the contracts/Arrangements /transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Total amount involved during the year is Rs 26,01,394.47/-
e)	Date of approval by the Board	14 th March, 2018
f)	Amount paid as advances, if any	-
SL.No.3	Particulars	Details
a)	Name (s) of the related party & nature of relationship	BT Associates Pvt Ltd.



b)	Nature of contracts /arrangements /transaction	Payment of Building Rent
c)	Duration of the contracts /arrangements /transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Total amount involved during the year is Rs 34,08,595/-
e)	Date of approval by the Board	14 th March, 2018
f)	Amount paid as advances, if any	-
SL.No.4	Particulars	Details
g)	Name (s) of the related party & nature of relationship	Adley Formulations Pvt Ltd
h)	Nature of contracts /arrangements /transaction	Sale of Goods
i)	Duration of the contracts /arrangements /transaction	-
j)	Salient terms of the contracts or arrangements or transaction including the value, if any	Total amount involved during the year is Rs 10,64,392/-
k)	Date of approval by the Board	31 st August, 2019
l)	Amount paid as advances, if any	-

❖ **MANAGEMENT DISCUSSION AND ANALYSIS:**

As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015, the Management Discussion and Analysis Report is given in **Annexure - 5**.

❖ **APPRECIATION:**

Your Directors wish to place on record their sincere appreciation for significant contribution made by the employees at all the levels through their dedication, hard work and commitment, thereby enabling the Company to boost its performance during the year under report.

Your Directors also take this opportunity to place on record the valuable co-operation and continuous support extended by its valued business associates, Practicing Company Secretary, Auditors, Supplier, Customers, Banks / Financial Institutions, Government authorities and the shareholders for their continuously reposed confidence in the Company and look forward to having the same support in all its future endeavors.

Dated: 31.08.2019

Place: Panchkula

By Order of the Board of Directors

sd/-

Vijay Kumar Batra

Chairman & Managing Director

(DIN: 01083215)