

HERMES LABORATORIES PRIVATE LIMITED

CIN: U24231KA2001PTC029380

Regd. Off: C – 31 & 32, B – 10, 2nd Cross, KSSIDC Industrial Estate,
Veerapura Post, Doddaballapur- 562163, Karnataka, India

Website: <http://www.hermeslab.in/>

E-mail: spmahale@yahoo.com Tel No. +91 80 27630143

DIRECTORS' REPORT

To,

The Members

Your directors have pleasure in presenting the 20th Annual Report on the business and operations of the company together with the audited financial statements for the year ended 31stMarch, 2021.

PART I: DISCLOSURES

1. COMPANY SPECIFIC INFORMATION

1.1. Financial Summary and highlights

Particulars	Current Financial year 2020-21	Previous Financial year 2019-20
Revenue from Operations	17,67,17,710.00	14,73,43,731.00
Other Income	1,98,995.80	84,469.00
Total	17,69,16,705.80	14,74,28,200.00
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	82,52,352.30	76,09,535.17
Less: Depreciation/ Amortisation/ Impairment	11,10,235.74	11,16,954.46
Profit /loss before Finance Costs, Exceptional items and Tax Expense	71,42,116.56	64,92,580.71
Less: Finance Costs	20,82,030.09	24,13,981.72
Profit /loss before Exceptional items and Tax Expense	50,60,086.47	40,78,598.99
Add/(less): Exceptional items	-	-
Profit /loss before Tax Expense	50,60,086.47	40,78,598.99
Less: Tax Expense (Current & Deferred)	13,67,761.79	10,79,323.78
Profit/loss after Tax	36,92,324.68	29,99,275.21
Balance of profit /loss for earlier years	1,65,57,441.89	1,50,88,570.36
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Reserves	1,74,050.00	-
Less: Proposed Dividend	-	15,18,000.00
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Less: Income Tax	13,67,761.79	12,403.68
Balance carried forward	1,87,07,955	1,65,57,441.89

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The revenue from the operations during the year was increased to Rs. 17,67,17,710/- as compared to Rs. 14,73,43,731/- in the previous year. Accordingly, the profit of the Company was increased to Rs. 36,92,324.68/- as compared to net loss of Rs. 29,99,275/- in the previous year.

The Board is striving to find out the ways to put much better performance and has taken necessary measures to further improve the performance of the Company.

1.2. Amount, if any, which the Board proposes to carry to any reserves

The Board of Directors of your company, has decided to transfer Rs. 1,74,050/- to the Reserves for the year under review.

1.3. Dividend

The Board of Directors of your company after considering holistically the relevant circumstances has decided that it would be prudent, not to recommend any Dividend for the year under review.

1.4. Major events occurred during the year

1.4.1. State of the company's affairs

The company is engaged in the business of chemists, drugs, importers, manufacturers of and dealing in pharmaceutical. The company is in its growth stage and has been continuously aiming for growth in its business. The directors have taken steps to improve the performance of the company.

Other details include as follows: -

Change in status of the company	No change
Key business developments	There were no major developments in the business.
Change in the financial year	The company follows financial year beginning April 1st and ending with March 31st . Hence there is no change in the financial year
Capital expenditure programmes	During the year company has spent Rs 32,05,688.08/- for purchase of Computers and Plant and Machinery.
Details and status of acquisition, merger, expansion, modernization and diversification;	The company has not acquired any other entity nor has been acquired by new entity. Company has not carried out any expansion or modernization activities.
Developments, acquisition and assignment of material Intellectual Property Rights	No Intellectual property rights have been acquired till date

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Any other material event having an impact on the affairs of the company	No material events have taken place during the year under review.
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1.4.2. Change in nature of the business

There is no change in the nature of business.

1.4.3. Material changes and commitments, if any, affecting the financial position of the company, having occurred since the end of the Year and till the date of the Report

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

1.5. Details of revision of financial statement or the Report

There were no instances of revision of financial statements or the boards' report either voluntarily or pursuant to order of judicial authorities

2. GENERAL INFORMATION

2.1. Overview of the industry and important changes in the industry

Your business operates in the pharmaceutical industry. Performance of the industry in general has been exceptionally well. Your company strives to contribute to the growth of the industry and economy as a whole despite of constant challenges posed by the constantly changing market environment.

2.2. External environment and economic outlook

The company has done well so far and continues to strives to overcome the challenges posed by ever changing external environment. Your directors predict a profitable year ahead.

2.3. Induction of strategic and financial partners during the year

The company has not inducted strategic and financial partners during the year.

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3. CAPITAL AND DEBT STRUCTURE:

A) Changes in the capital structure: No

B) Reclassification or sub-division of the authorised share capital: No

C) Reduction of share capital or buy back of shares: No

D) Change in the capital structure resulting from restructuring: No

E) Change in voting rights: No

3.1. Issue of Shares or other convertible Securities: No

3.2. Issue of Equity shares with differential rights: No

3.3. Issue of Sweat Equity Shares: No

3.4. Details of Employee Stock Options: No

3.5. Shares held in trust for the benefit of employees where the voting rights are not exercised directly by the employees: No

3.6. Issue of debentures, bonds or any non-convertible securities: No

3.7. Issue of warrants: No

There was no issue of debt instruments by the company during the period under review.

4. INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Investor Education and Protection Fund are not applicable to your company.

5. MANAGEMENT

5.1. Directors and Key Managerial Personnel

During the period under review and until the date of this report, there were no changes in composition of Board of Directors of the Company.

The composition of board of directors of the Company as on the date of this report is as under:

Sl. No.	Name of the Director	Designation
1.	Suryakant Puttu Mahale	Director
2.	Velayutham Sivasubbu	Director

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5.2. Board Meetings

The board met 9 times during the year on the following dates:

1. 01-Apr-2020
2. 24-Jun-2020
3. 10-Jul-2020
4. 12-Oct-2020
5. 23-Nov-2020
6. 30-Nov-2020
7. 22-Dec-2020
8. 10-Feb-2021
9. 25-Mar-2021

5.3. Directors' Responsibility Statement

As required U/s 134 (5) of the Companies Act, 2013 (the Act), the Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- b) Appropriate accounting policies have been selected and applied consistently and the directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as on March 31, 2021 and the profit and loss account of your company for the period ended March 31, 2021;
- c) Proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your company and for preventing and detecting frauds and other irregularities;
- d) The annual accounts have been prepared for the period ending 31st March, 2021 on a going concern basis;
- e) 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.

5.4. Internal Financial Controls

The company has a system of Internal Control, which we believe is commensurate with its size and nature of business with regard to purchase of inventory and fixed assets; and for the sale of goods and services; expenses and the financial reporting process.

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As part of Internal Controls, the Company follows a formal approval system of internal control, which covers Purchase of Fixed assets (irrespective of value), all Expenses (excluding routine expenses like phone bills). Under this approval is mandatory for all important matters even those without financial impact

5.5. Frauds reported by the Auditor

There were no instances of fraud reported by the Auditor.

5.6. A statement on declaration given by Independent directors under section 149(6) of the Act:

The provisions relating to appointment of Independent director is not applicable to your company and hence the disclosure under this head does not arise.

6. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

6.1. Report on performance and financial position of the subsidiaries, associates and joint ventures

Since the company does not have any subsidiary, associate or joint ventures the same is not applicable to your company

6.2. Companies which have become or ceased to be subsidiaries, associates and joint ventures

Since the company does not have any subsidiary, associate or joint ventures the same is not applicable to your company.

7. DETAILS OF DEPOSITS

The Company did not accept any deposits in terms of Section 73 of the Act, read with the Companies (Acceptance of Deposit) Rules, 2014. No amounts were outstanding which were classified as 'Deposits' under the applicable provisions of Act and hence, the requirement for furnishing of details of deposits is not applicable.

8. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees given or any investments made by the company during the year under review.

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Sl. No.	Particulars	Amount (in Rs.)
1.	Secured loans:	Nil
2.	Unsecured loans:	Nil
3.	Current/non-current investments:	Nil
4.	Guarantees:	Nil
5.	Security extended:	Nil

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the 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.

The same has been given in AOC-2 which has been annexed to the board report marked as **Annexure-I**

10. ANNUAL RETURN:

The link to access the Annual return is

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Constitution of CSR Committee, formulation of policy is not applicable to your company.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE

EARNINGS AND OUTGO

(A) Conservation of energy:

i. The steps taken or impact on conservation of energy;	Doing more with less – Your Company believes in conservation of energy and resources to help create a better tomorrow. The Company has undertaken various energy efficient practices that have reduced the growth in carbon di-oxide (CO ₂) emissions and strengthened the Company's commitment towards becoming an environment friendly organisation.
ii. The steps taken by the company for utilizing alternate sources of energy	Significant measures are taken to reduce energy consumption by using energy efficient equipment.
iii. The capital investment on energy conservation equipment	During year under review, the Company had not made any investment on the energy conservation equipment, as the same were not warranted.

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(B) Technology Absorption -Nil

- i. The efforts made towards technology absorption
- ii. The benefits derived like product improvement, cost reduction, product development or import substitution
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

(a)	the details of technology imported	:	NIL
(b)	the year of import;	:	NIL
(c)	whether the technology been fully absorbed	:	NIL
(d)	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	:	NIL

- iv. The expenditure incurred on Research and Development:

The Company at present does not carry any in-house Research & Development.

(C) Foreign exchange earnings and outgo-

The details of foreign exchange earnings and expenditure during the year are as under.

Foreign Exchange Inflow: Rs. NIL

Foreign Exchange Outflow: Rs 1,05,43,500

13. RISK MANAGEMENT

Considering the size, nature and the complexity of the environment in which the company is operating, your Board wish to state that the company has effective Risk management framework to identify and evaluate business risks and opportunities. Monthly meetings are held internally to review operations of the Company, indent the current risks and addressing the measures to overcome from the same. The management also takes a mid to long term view of the market and potential risks on an annual basis at the minimum.

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14. SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

There were no significant or material orders passed.

15. AUDITORS

M/s Umesh and Ravichander, Chartered Accountants (FRN: 014729S) continues to be the statutory auditor of the Company for the FY 20-21 and is supposed to hold office till the conclusion of 24th Annual general meeting.

16. EXPLANATIONS IN RESPONSE TO AUDITORS' QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARK OR DISCLAIMER MADE:

There are no qualifications, reservations, adverse remarks or disclaimer made in the auditor's report.

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

No application is filed under IBC against the company.

18. FAILURE TO IMPLEMENT ANY CORPORATE ACTION

The company did not undertake corporate actions such as buy-back of securities, payment of dividend declared, merger and demerger and split of securities.

19. OTHER DISCLOSURES

A) **Key initiatives with respect to Stakeholder relationship, Customer relationship, Environment, Sustainability, Health and Safety-** The company had a maintained good relationship with the stakeholders like Customers, Employees, Statutory Authorities Etc.

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- B) **Reasons for delay in holding Annual general meeting-** There was no delay in conducting previous AGM. The due date of AGM for FY 2019-20 was extended to 31st December, 2020, by ROC, Bangalore vide its order dated 08th September, 2020 in view of difficulties caused because of pandemic and the Company held its 19th AGM accordingly.
- C) **Whether cost records are required to be maintained by the company pursuant to an order of the Central Government and accordingly such records and accounts are maintained-** Not applicable to your company

20. DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a Policy to address Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to address complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The following is a summary of sexual harassment complaints received and disposed off during the financial year ending March 31, 2020:

Number of complaints received: NIL

Number of complaints disposed-off: NA

21. COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

For and on behalf of the Board of Directors

Suryakant Puttu Mahale

Director

DIN-02188671

Place: Bangalore

Date: **25-Oct-2021**

Velayutham Sivasubbu

Director

DIN-05252477