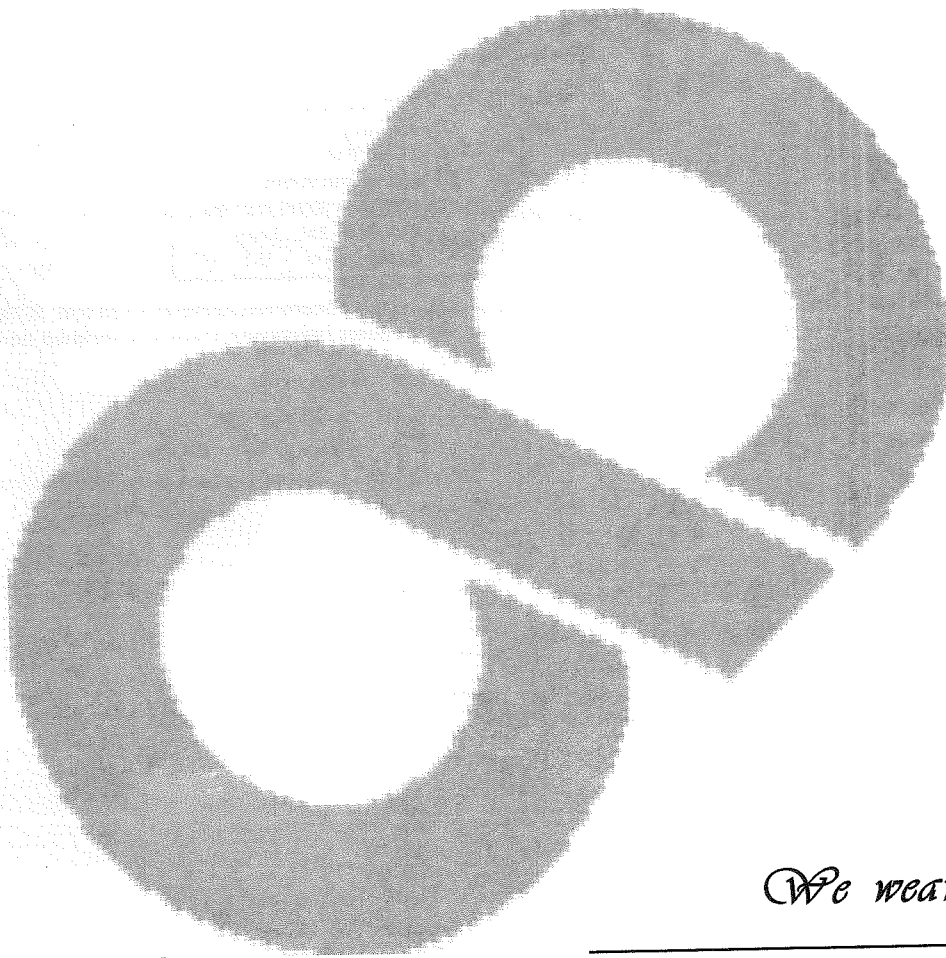




Arex Industries Limited

27TH ANNUAL REPORT 2015-2016



We weave brands

Board of Directors

Shri Dinesh A Bilgi (DIN:00096099)
Shri Neel D Bilgi (DIN:00096180)
Shri Chirag D Bilgi (DIN:02094970)
Shri Pragnesh K Shah (DIN:00228223)
Shri Laxman C Tilani (DIN:00532516)
Shri Vasant R Shah (DIN:00371634)
Shri Balkrishna I Makwana (DIN:00287931)
Shri Dinesh H Pande (DIN:03147549)
Smt Harsha H Parikh (DIN:06931405)

Managing Director & CFO
Managing Director
Managing Director
Whole-time Director
Director
Director
Independent Director
Independent Director
Independent Director

Company Secretary & Compliance Officer

Smt Kairavi Bilgi
(ACS 21519)

Bankers

State Bank of India

Auditors

M/s C R SHAREDALAL & Co
Chartered Accountants
Ahmedabad
Firm Regn No.109943W

Registrars and Transfer Agent

Link Intime India Pvt Ltd
Unit No.303, 3rd Floor, Shopper's Plaza V
Opp Municipal Market, Off C G Road,
Ahmedabad-380009, Gujarat
Tel: 079 2646519
Email: ahmedabad@linkintime.co.in
Web Site: www.linkintime.co.in

Registered Office & Plant

612, G. I. D. C. Estate
Chhatral, Tal.: Kalol
Dist : Gandhinagar - 382 729

27th ANNUAL GENERAL MEETING

Date : 27th September, 2016
Day : Tuesday
Time : 12.30 P.M.
Place : The Grand Amrit
Mehsana Kalol Highway,
Chhatral, Tal.: Kalol,
Gandhinagar - 382 729

Notice of the 27th Annual General Meeting of the Company to be held on Tuesday, 27th day of September, 2016 at 12:30 p.m. at The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar - 382 729 to transact the business mentioned therein is enclosed herewith. Shareholders are requested to bring their copy of the Annual Report while attending the Meeting.

NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of members of the Company, will be held on Tuesday, 27th day of September, 2016 at 12.30 p.m. at The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited financial statements for the year ended on 31st March, 2016 and the reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Chirag D Bilgi (DIN:02094970), Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Laxman C Tilani (DIN:00532516), Director who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 139, 141 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s C R Sharedalal & Co., Chartered Accountants of Ahmedabad having Firm Registration No. 109943W, retiring Auditors, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (for the financial year 2016-17) until the conclusion of the 28th Annual General Meeting of the Company on a remuneration to be determined by the Board of Directors plus reimbursement of service tax and out of pocket expenses on actual basis."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Special Resolution**:

"RESOLVED THAT in partial modification of the special resolution passed by the members of the Company in their 25th Annual General Meeting held on 11th September, 2014 and pursuant to the provisions of Section 94 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company, be and is hereby accorded to keep the Register Members and Index of Members and copies of all Annual Returns under Section 92 of the Companies Act, 2013 together with the copies of certificates and documents as may be required, at the office of the new Registrar and Share Transfer Agent of the Company i.e. M/s Link Intime India Pvt Ltd, Unit No.303, 3rd Floor, Shopper's Plaza V, Opp Municipal Market, Off C G Road, Ahmedabad 380009, Gujarat or its any other offices or place within the city of Ahmedabad, with effect from 16th August, 2016, instead of keeping the registers and records at the Registered Office of the Company."

"RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to instruct Registrar and Share Transfer Agent of the Company i.e. M/s Link Intime India (India) Pvt Ltd to carry out the duties for better compliances and to enter into such agreements and deeds, for appointment of suitable Registrars and Share Transfers and to keep the registers and other records at any other place or places accordingly and to do all such acts, deeds, matters and things as may be deemed necessary for the purpose."

By Order of the Board

Regd Office:

612, GIDC Estate
Chhatral, Tal : Kalol
Dist : Gandhinagar-382 729
Date : 12th August, 2016

Dinesh A Bilgi
Mg Director/CFO
DIN:00096099

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. Proxies in order to be effective, should be stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies and other bodies corporate must be supported by appropriate resolution/authorities.
2. The Share Transfer Books and the Register of Members of the Company shall remain closed from **Tuesday, 20th September, 2016 to Tuesday, 27th September, 2016** (both days inclusive) for determining the names of members eligible for dividend, if declared at the meeting.

The Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those Members whose names appear in the Register of Members of the Company as on 27th September, 2016, in respect of shares held in Physical form and in respect of shares held in the electronic form, to those "Deemed Members" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services Ltd (NSDL) and the Central Depository Services (India) Ltd (CDSL) at the end of business hours on **Monday, 19th September, 2016.**

4. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of special business is annexed hereto.
5. Members desirous of any information or clarification on accounts are requested to write to the Company at least 10 days in advance of the meeting.
6. As per the provisions of Section 124 & 125 of the Companies Act, 2013 corresponding to 205A & 205C of the Companies Act, 1956 and the Rules made thereunder, the Company has to transfer the dividend amount remaining unpaid and/or unclaimed for a period of seven years along with relevant shares (if applicable), to the Investor Education and Protection Fund (IEPF) and once the amount of unpaid/unclaimed dividend is transferred to the IEPF, such dividend can not be claimed from the Government or the Company. Therefore, you are hereby advised to claim your dividend entitlement at the earliest. For your kind information, the particulars of declaration of dividend(s) by the Company and due date of transfer of unpaid dividend to IEPF are as under:

Financial Year	Date of Declaration Dividend (%)		Dividend Type	Amount (Rs) per share	Tentative date of Transfer to IEPF
2008-09	31.08.2009	9	Final Dividend	0.90	30.09.2016
2009-10	23.09.2010	9	Final Dividend	0.90	22.10.2017
2010-11	17.09.2011	9	Final Dividend	0.90	16.10.2018
2011-12	18.09.2012	9	Final Dividend	0.90	17.10.2019
2012-13	29.08.2013	9	Final Dividend	0.90	30.09.2020
2013-14	11.09.2014	9	Final Dividend	0.90	10.10.2021
2014-15	19.09.2015	9	Final Dividend	0.90	18.10.2022

7. As per the provisions of Section 205C of the Companies Act, 1956 and the Rules made thereunder, the Company has transferred whole of the unpaid and/or unclaimed Final dividend amount for the year 2007-08 to the Investor Education and Protection Fund (IEPF) on 14.10.2015. Pursuant to the provisions of Investors Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has also uploaded the details of unpaid and unclaimed amounts lying with the Company as on 19th September, 2015 (date of last AGM).
8. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, advised to submit PAN details to their respective Depository Participant (DP) and the members holdings shares in physical form can submit PAN details to the Company or its Registrar, M/s Link Intime India Pvt Ltd.
9. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar, M/s Link Intime (India) Pvt Ltd, for consolidation into a single folio.
10. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/document including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measure, members who have not registered their email addresses, so far, are requested to register their email addresses, in respect of electronic holding with the Depository through their concerned Depository Participants.
11. Members are requested to notify immediately any change in their addresses to the Company at its Registered Office or its Registrar & Share Transfer Agent M/s Link Intime India Pvt Ltd, Unit No.303, 3rd Floor, Shopper's Plaza V, Opp. Municipal Market, Off. C G Road, Ahmedabad 380009. Telephones: 079 – 26465179, Email: ahmedabad@linkintime.co.in.
12. Electronic copy of the Annual Report for Financial Year 2015-16 and the Notice convening 27th Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting alongwith Attendance Slip and Proxy Form are being sent to all members whose email IDs are registered with the Registrars and Share Transfer Agent/Depository Participants for communication purposes unless any member has requested for a hard copy of the said documents. For members who have not registered their email address, physical copies of the Annual Report for Financial Year 2015-16 is being dispatched in the permitted mode and also placed on Company's website: www.arex.co.in.
13. Kindly note that the members can opt only one mode for voting, i.e. either by Physical Ballot or e-voting. In case of voting by both modes, voting through electronic mode shall prevail.
14. The results shall be declared on or after the AGM of the Company. The results declared along with Scrutinizer's Report shall be placed on the Company's Website www.arex.co.in and on the website of the CDSL within two(2) days of passing of the resolutions at the AGM of the Company and will also be forwarded to BSE Ltd, Mumbai.
15. **Voting through electronic means:**
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Company is pleased to offer e-voting facility to all its members the facility of 'remote e-voting' (e-voting from a place other than the venue of the AGM) to exercise their right to vote on the resolutions proposed at the 27th Annual General Meeting (AGM). The business may be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).

The facility for voting, either through ballot/polling paper shall also be available at the venue of 27th AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

The Company has appointed Shri Narendra B Shah, practicing Company Secretary of Ahmedabad as a Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

A. In case of members receiving e-mail:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **Saturday, 24th September, 2016 (10.00 am) and ends on Monday, 26th September, 2016 (5.00 pm)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on **Monday, 19th September, 2016**, being the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the sticker affixed on the cover. In case of non-receipt, the same can be obtained by the Shareholder from the RTA OR the Company.

Dividend Bank Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

Details OR

Date of Birth (DOB) • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the <AREX INDUSTRIES LIMITED> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Information on Directors retiring by rotation seeking re-appointment at this Annual General Meeting as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Item No.3

Shri Chirag D Bilgi (DIN:02094970) aged about 33 years (DOB 17.3.1983) is a BBA (Marketing). He joined the Company as Executive Officer of the Company since 1st July, 2007. The Board of Directors considered his contribution and valuable services and promoted to the post of Executive Director effective from 1st August, 2010. He was further promoted to the post of Vice Chairman and Joint Managing Director with effect from 1st June, 2013. The Board of Director further considered his expertise, contribution and dedicated services and upon recommendation of the Nomination and Remuneration Committee, appointed him as Managing Director (Production and Technical) with effect from 1st August, 2014. Shri Chirag Bilgi is a relative of Shri Dinesh A Bilgi and Shri Neel D Bilgi (KMPs). He does not hold directorship in other Companies. He holds 166650 equity shares in the capital of the Company.

None of the Directors or Key Managerial Personnel, except Shri Chirag D Bilgi, Shri Dinesh A Bilgi and Shri Neel D Bilgi (KMPs) is concerned or interested in the above resolution.

Item No.4

Shri Laxman C Tilani (DIN:00532516) aged about 64 years is under Graduate having vast experience in marketing and other areas in woven, printed fabrics and label industries. He has been a Director of the Company since 14th December, 1990. He was member of Audit Committee and the Shareholders Grievance Committee. He has provided valuable services to the Company. He does not hold directorship in other Companies. He holds 78500 equity shares in the capital of the Company.

None of the Directors Key Managerial Personnel, except Shri Laxman Tilani, is interested or concerned in the resolution.

Item No. 6

As required under the provisions of Section 94 of the Companies Act, 2013, certain documents such as Register of Members, Index of Members, copies of Annual Returns, Certificates and other records are required to be kept at the registered office of the Company. However, these documents and registers can be kept at any other place within the city, town or village in which the registered office is situated or any other place in India in which more than one-tenth of the total members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the Company. Accordingly, the members had approved to keep the documents and records with M/s Sharepro Services (India) Pvt Ltd, as Registrar & Transfer Agent having its office at 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad 380006. However, the Securities and Exchange Board of India has issued ex-parte interim order bearing No. WTM/RKS/MIRSD2/41/2016 dtd 22/3/2016 against the Company's then existing RTA, i.e. Sharepro Services (India) Pvt Ltd, Mumbai refraining from its RTA activities and directing the concerned Companies to change their RTA. Therefore, the Company has entered into necessary agreements and appointed M/s Link Intime India Pvt Ltd, Mumbai as its new RTA with effect from 16th August, 2016 to carry out the share transfers, transmission, dividend and other related activities. The Board of Directors also seeks your approval once again for change of place for keeping such documents and Registers or Agents due to change of the Registrars.

Accordingly, the approval of the members is sought by way of special resolution in terms of Section 94(1) of the Companies Act, 2013 for keeping documents and registers including Register of Members at places other than the Registered Office. A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Gujarat, Ahmedabad as required under the aforesaid provisions. The Directors recommend the said special resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise in these special resolution.

Regd Office:

612, GIDC Estate
Chhatral, Tal : Kalol
Dist : Gandhinagar-382 729
Date : 12th August, 2016

By Order of the Board

Dinesh A Bilgi
Mg Director/CFO
DIN:00096099

DIRECTORS' REPORT

The Members,
Your Directors are pleased to present this Twenty Seventh Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2016.

FINANCIAL RESULTS

	(Amount in Rupees)	
	31.03.2016	31.03.2015
Revenue from Operations (Net of Excise Duty)	321553204	330365500
Profit before Depreciation & Amortisation Expenses and Finance Cost	77686528	78932669
Less: Finance Cost	7183316	7653810
Depreciation & Amortisation Expenses	25389633	31343450
Profit before Tax	45113579	39935409
Tax Expenses- Current Taxation	15900000	16200000
Deferred Tax	530000	(3270000)
Add/(Less): MAT Credit Entitlement	29192	133850
(Excess)/Short Provision of tax of earlier years	28654387	26871559
Profit for the year	12452843	101931974
Surplus brought forward from previous year	153182730	128803533
Profit available for Appropriation	11876100	3562830
Proposed Dividend	2417695	712360
Tax on Proposed Dividend	138888935	124528343
Balance Carried to Balance Sheet		

OPERATION

The year under review was a challenging business environment. The performance of the Company continued to be satisfactory despite adverse market conditions. The Company continued to explore overseas market opportunities and received good response. The exports amounted to Rs.1,93,16,394/- i.e. increase of 48% over the previous year's exports. There was heavy fluctuation in foreign exchange rates resulting into a loss of Rs.93,855/-. The raw material prices, fuel charges and other overheads were also increased during the year. However, the Company has earned profit of Rs.4,51,13,579/- i.e. increase of about 13% over the previous year's profit before taxes.

The Company's expansion project with modern, upgraded, high tech machineries and other supporting systems is under implementation and likely to be completed during the current year. The Company also proposes to explore opportunities under 'Make in India' projects and Amended Technology Upgradation Schemes (ATUFS). The Company is also planning for further strategic expansion with a total outlay of Rs.30 Crore.

DIVIDEND

Your Directors are pleased to recommend dividend at 30% (i.e. Re.3/- per share) out of the current profits / surplus in the profit and loss Account, subject to approval of the members in their ensuing Annual General Meeting. The final dividend, if declared, will absorb an outflow of Rs.1,18,76,100/- towards dividend amount and Rs.24,17,695/- towards dividend distribution tax. The requisite provision for dividend has been made in the accounts for the year ended 31st March, 2016. Further, your Directors do not propose any amount to carry to the general reserves.

FINANCE

The Company continued to avail financial assistance to finance its present and proposed expansions.

PUBLIC DEPOSITS

The Company has not accepted any deposit within the meaning of the provisions of Section 2(31) and 73 to 76 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014. There is no deposit outstanding as on the commencement of the said Act.

INSURANCE

All the assets of the Company including buildings, plant and machineries and stocks are adequately insured.

INDEPENDENT DIRECTORS

As per the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have confirmed and declared that they are not disqualified to act as independent directors and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors. One separate meeting of the Independent Directors was held on 18.5.2015.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and the date of this Report.

BOARD EVALUATION

Pursuant to the provisions of Section 134 of the Companies Act, 2013, a structured questionnaire was prepared after taking into account various aspects like- company performance, contribution of individual directors, composition of Board and committees, performance of duties, culture, obligations, risk management etc. for evaluation process. The Board noted that all directors have understood the opportunities and risks to the Company's strategy with good balance between the core values of the Company and the interest of the stakeholders. The Board also evaluated performance of the various committees and concluded with satisfaction. The Board expressed their satisfaction for the above evaluation process.

CHANGES IN NATURE OF BUSINESS

There is no change in the nature of business of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(3)(c) of the Companies Act, 2013, the Directors hereby state that:

- i) in the preparation of annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have 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 31st March, 2016 and of the profits of the Company for the year ended on that date;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.
- v) the directors had laid down internal controls to be followed and such internal 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.

ORDERS BY REGULATORS, COURTS OR TRIBUNALS

No significant and/or material orders were passed by any Regulator, Court or Tribunal impacting the going concern status and the Company's operations in future.

COMPANY'S POLICIES**Code of Conduct**

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the code of conduct applicable to the Directors and employees of the Company. The Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

Risk Management Policy

The Company has formulated risk management policy so as to identify, evaluate, monitor and minimize identifiable business risks in the organization.

Vigil Mechanism/Whistle Blower Policy

The Company adopted Whistle Blower Policy to deal with matters pertaining to fraud, mismanagement etc.

Other Policies

Company's Policies on Remuneration, Materiality of Related Party Transactions, Board diversity, Preservation of documents, Corporate Social Responsibility (CSR) are finalized in accordance with applicable laws.

Donation

The Company has voluntarily donated Rs.4,50,000/- to Shri Hombuja Jain Math, Karnakata, Rs.2,00,000/- to Hare Krishna Movement, Ahmedabad (Charitable Trust) and Rs.21,500/- for miscellaneous charitable activities.

INTERNAL FINANCIAL CONTROLS

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has been taking steps for optimum utilisation of power and fuel. The information as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is given by way of Annexure 'A' forming part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) & CORPORATE GOVERNANCE

Good Governance underpins the success and integrity of the organization, institutions and markets. The Company's philosophy is based on trusteeship, transparency and accountability. Our business fosters a culture of ethical behaviour and disclosures which build a trust of our stakeholders. The Code of Conduct, ethics and Code of Conduct for Prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business practices, integrity, and compliances of both voluntary and statutory requirements. The Company has complied with conditions of Corporate Governance in line with the Clause 49 of the Listing Agreement entered into with BSE Ltd, Mumbai and also applicable regulations of the new Listing Regulations

entered into with the BSE Ltd, Mumbai under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), effective from December, 2015. Corporate Governance provisions as specified in Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the aforesaid LODR are not applicable at present. However, a detailed note on Management Discussion and Analysis is given as an Annexure 'C' to this Report.

EXTRACT OF ANNUAL RETURN

As required under the provisions of Section 92 (3) of the Companies Act, 2013, an extract of Annual Return in Form MGT-9 is given by way of an Annexure 'D' forming part of this Report.

PARTICULARS OF EMPLOYEES

There was no employee covered under the purview of Section 134(3)(q) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Information required under the provisions of Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given by way of an Annexure 'E' to this Report.

BOARD OF DIRECTORS

a. Composition

The Board consists of nine Directors, of whom four are Executive Directors, two are non-executive non-independent Directors and three are independent Directors including one Woman Director having no material pecuniary relationship or transactions with the Company. None of the Directors on the Board is a member of more than ten committees and Chairman of more than five committees across all Companies in which they are directors.

Shri Chirag D Bilgi (DIN:02094970) and Shri Laxman C Tilani (DIN:00532516) are due to retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for re-appointments. They have also offered themselves for re-appointments.

b. Independent Directors

The Non Executive Independent Directors fulfill the conditions of the independence specified in Section 149(6) of the Companies Act, 2013 and the Rules made thereunder. Separate meeting of the Independent Directors was held on 18.5.2015 whereat all the IDs were present.

c. Board Procedure

Notice for the Meeting of the Board of Directors are served to all the Directors alongwith agendas and brief notes for their consideration and deliberations at the meeting. The Board usually meets once every quarter to reviewing and taking on record of the quarterly performance of the financial results of the Company alongwith limited review report submitted by the Auditors of the Company. The Board of Directors met five times on 19.5.2015, 24.6.2015, 10.8.2015, 7.11.2015 and 12.2.2016. The gap between any two meetings did not exceed 120 days.

d. Code of Conduct

The Board Members and Senior Management team of the Company follow the Code of Conduct formulated and implemented by the Company. The code of conduct emphasizes the Company's commitment to compliances with the highest standards of legal and ethical behaviour.

e. Conflict of interest

Each Director informs the Company on an annual basis about the Board and Committee position he occupies in other Companies and also notifies changes therein during the year. Members of the Board while discharging their duties avoid conflict of interest in the decision making process and also restricts themselves from discussion or voting in transactions in which they have concern or interest.

f. Insider Trading Code

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

COMMITTEES OF THE BOARD

a. Audit Committee

The Audit Committee reviews and recommends or suggests appropriate actions, financial results, related party transactions, appointment of auditors, internal controls etc from time to time. The Audit Committee comprised of (1) Shri Balkrishna I Makwana (2) Shri Dinesh H Pande (3) Shri Laxman C Tilani and (4) Smt Harsha H Parikh. The Committee was reconstituted with effect from 12th February, 2016 which comprises (1) Shri Balkrishna I Makwana (2) Shri Dinesh H Pande and (3) Shri Laxman C Tilani. Shri Balkrishna I Makwana is the Chairman of the Committee. The Committee met 4 times on 19.5.2015, 10.8.2015, 7.11.2015 and 12.2.2016 during the year.

b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted and entrusted with the powers of determining remuneration packages of the Directors and Senior Executives of the Company, keeping in mind the qualifications, experience, expertise and industry trends. (1) Shri Balkrishna I Makwana, (2) Shri Dinesh H Pande, and (3) Shri Vasant R Shah are the members of the Nomination and Remuneration Committee. Shri Balkrishna I Makwana is the Chairman of the Committee. The Committee meets as and when required.

REMUNERATION POLICY**1. Remuneration to Non Executive Directors:**

The Non Executive Directors are paid remuneration by way of sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the year was Rs. 1.50 Lacs during the FY 2015-16. Non executive Independent Directors do not have material pecuniary relationship or transactions with the Company.

2. Remuneration to Executive Directors:

The appointment and remuneration of Executive Directors including Managing Directors and Whole Time Directors is governed by the recommendation of the Remuneration and Nomination Committee and resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective agreements executed between them and the Company. The remuneration package of Managing Directors and Whole Time Director comprises of salary, perquisites, allowances, incentives, bonus, contribution to provident fund and other retirement benefits as approved by the shareholders at the general meeting. The details of remuneration to Directors are given in the Annual Accounts for the year ended on 31st March, 2016.

3. Performance Evaluation

The Board has carried out annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of Committees of the Board. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functions such as adequacy of composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Managing Director and Non- Independent Directors was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

c. Stakeholders Grievance Committee

The Stakeholders Grievance Committee comprises of (1) Shri Dinesh H Pande, (2) Shri Balkrishna I Makwana (3) Shri Laxman C Tilani and (4) Smt Harsha H Parikh, for addressing the grievances of the investors. The Committee was reconstituted comprising (1) Shri Dinesh H Pande, (2) Shri Dinesh A Bilgi and (3) Shri Chirag D Bilgi wef 12th February, 2016. Shri Dinesh H Pande is the Chairman of the Committee. The Committee meets as and when required and looks after shareholders complaints and matters relating to transfer of shares, transmission, non-receipt of annual report, non-receipt of dividend, credit of shares to demat account etc. During the year under review, the Company had received 2 complaints from the shareholders, which were resolved. The Complaints are normally resolved within the stipulated period under the Listing Regulations. The requests for revalidation of dividend warrants and issue of duplicate share certificates or duplicate dividend warrants etc are normally attended after completion of necessary formalities and procedure. Smt Kairavi Bilgi has been appointed as the Compliance Officer of the Company. The Committee meets as and when required. During the year, the Company (1) received: 2 complaints, (2) resolved: 2 Complaints and there is no compliant pending as on 31st March, 2016.

d. Corporate Social Responsibility Committee

The Company has constituted Corporate Social Responsibility Committee (CSR) which comprises (1) Smt Harsha H Parikh, (2) Shri Dinesh H Pande, and (3) Shri Balkrishna I Makwana. Smt Harsha Parikh is the Chairman of the CSR Committee. The CSR Policy has been formulated but the committee has concluded that the provisions relating to CSR activities do not apply to the Company at present.

LISTING WITH BSE LTD

The Equity Shares of the Company are listed at the BSE Ltd, Mumbai under Stock Code No. **526851** and ISIN No. is **INE480H01011**. The Company has entered into fresh agreement with BSE Ltd under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from December, 2015.

However, the Company continues to raise objections to the BSE Ltd for the exorbitant hikes, i.e increase of 1233% in annual listing fees over the fees paid for 2013-14 and increase of the same every year since 2014-15 (i.e. Rs.15000 to Rs.1 lac in 2014-15 and from Rs.1 lac to Rs.2 lacs in 2015-16). Therefore, the Annual Listing Fees for the year 2015-16 and year 2016-17 to the BSE Ltd, Mumbai are yet not paid. The Company has paid custodial charges to National Securities Depository Ltd and Central Depository Services (India) Ltd for the year 2016-17.

CHANGE OF REGISTRAR AND SHARE TRANSFER AGENT (RTA)

The Securities and Exchange Board of India has issued ex-parte interim order bearing No. WTM/RKS/MIRSD2/41/2016 dtd 22/3/2016 against the Company's then existing RTA, i.e. Sharepro Services (India) Pvt Ltd, Mumbai refraining from its RTA activities and directing the concerned Companies to change their RTA. Therefore, the Company has entered into necessary agreements and appointed M/s Link Intime India Pvt Ltd, Mumbai as its new RTA with effect from 16th August, 2016 to carry out the share transfers, transmission, dividend and other related activities.

RELATED PARTY TRANSACTIONS

All the transactions entered with related party during the year under review were on arm's length basis and in the ordinary course of business and approved by the Audit Committee. Hence these transactions are outside the purview of the provisions of Section 188 of the Companies Act, 2013. However, details of such transactions i.e. purchases, lease, services, etc., are given in the Notes to the Financial Statements for the year ended on 31st March, 2016 and therefore details in Form AOC-2 are not given.