

APEX
BUILDSYS
Turnkey Solution



**23rd Annual Report of Apex Buildsys Limited
(formerly known as Era Buildsys Limited)
2014-15**

ANNUAL REPORT 2014-2015

Contents

| | |
|----|------------------------------------|
| 01 | Corporate Information |
| 02 | Directors' Report & Annexures |
| 23 | Corporate Governance Report |
| 38 | Management Discussion and Analysis |
| 41 | Independent Auditors' Report |
| 45 | Financials |
| 65 | Consolidated Auditors' Report |
| 69 | Consolidated Financials |
| 89 | Forward Looking Statement |

CORPORATE INFORMATION

Amit Bharana

Whole Time Director

H S Bharana

Director

Mast Ram

Director

Sushil Kumar Gupta

Chief Financial Officer

Gaurav Rajoriya

Company Secretary

Registered Office:

B-39, Ground Floor,
Friends Colony (West),
New Delhi - 110065

Head Office:

C-56/41, Sector 62,
Noida - 201 301 (U.P.)

Auditors:

P C Bindal & Co.
Chartered Accountants

Bankers:**State Bank of India**

CAG Branch, Tolstoy Marg, New Delhi (Lead Bank)

State Bank of Patiala

Commercial Branch, Janpath Road, New Delhi

State Bank of Mysore

East of Kailash, New Delhi

Bank of Bahrain & Kuwait

Nehru Place, New Delhi

ICICI Bank Limited

Pragati Vihar, New Delhi

J & K Bank Limited

Lajpat Nagar, New Delhi

Registrar & Share Transfer Agent:

Beetal Financial & Computer Services Private Ltd.,
99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi 110062

Investors Help:

e-mail: investors@eragroup.in



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 23rd Annual Report along with the Audited Accounts for the year ended 31st March, 2015.

FINANCIAL RESULTS

The financial results for the year under review are summarized below for your consideration:

| Particulars | (₹ in Lacs) | |
|----------------------------------|--|--|
| | Year Ended 31 st March, 2015 | Year Ended 31 st March, 2014 |
| Total Income | 18387.59 | 31,252.95 |
| Profit before Depreciation & Tax | 1459.62 | 5333.74 |
| Less : Depreciation | 1397.5 | 4145.05 |
| Profit/Loss before tax | (9115.49) | 33.78 |
| Less : Tax Expenses | | |
| Current Tax | - | 1.51 |
| Deferred Tax | (1582.97) | 5.24 |
| Add: Mat Credit Entitlement | - | 1.51 |
| Profit /Loss after Tax | (7532.52) | 28.54 |

REVIEW OF OPERATIONS

The turnover (revenue from operations) of the Company for the year ended 31st March, 2015 is ₹ 18,335.74 lacs as against ₹ 31119.21 lacs in the previous year. The net loss amounts to ₹ 7532.52 lacs. No material changes have occurred since the date of the Balance sheet and this report, which has any adverse effect on the working of the company.

INDUSTRY SCENARIO

PEB sector in India has been going through a very difficult phase over the last three years and due which the Company wasn't able to perform well during the fiscal, and posted a net loss of ₹ 7532.52 lacs for the financial year 2014-15.

India's Media and Entertainment industry is expected to grow steadily over the next five years. The industry revenues are likely to exceed US\$ 32.7 billion by 2019 from US\$ 17.0 billion in 2014, growing at compound annual growth rate (CAGR) of 14.0 per cent between 2015 and 2020.

The management is optimistic about the good performance of the Company in near future.

PUBLIC DEPOSITS

Your Company has not accepted any public deposits under section 73-76 of the Companies Act, 2013. There are no unclaimed or unpaid deposits lying outstanding as at 31st March, 2015.

MATERIAL CHANGES

No Material changes occurred subsequent to the close of the financial year 2014-15 to which the balance sheet relates till the date of this report.

DIVIDEND

Due to loss in the financial year ending 31st March, 2015 your directors do not recommend any dividend for the year. Your Board is optimistic for early recovery and growth of your Company.

SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 400,000,000 (Forty Crores Only) divided into 200,000,000 (Twenty Crore Only) Equity Shares of ₹ 2/- (Rupees Two) each.

The Issued, Subscribed and fully paid up Capital of the is ` 13,71,85,912 (Thirteen Crore Seventy One Lacs Eighty Five Thousand Nine Hundred Twelve Only) divided into 6,85,92,956 (Six Crore Eighty Five Lac Ninety Two Thousand Nine Hundred Fifty Six Only) Equity Shares of ` 2/- (Rupees Two) each.

RESERVES

During the financial year, as on 31st March, 2015 the total reserves of the Company stood at ` 14,460.95. For detailed breakup of reserves see Note no. 3 of Balance Sheet annexed herewith.

CHANGE OF NAME

The Company has changed its name from "Era Buildsys Limited" to "Apex Buildsys Limited" with effect from 25th August, 2014. The change of name was approved by the members through Postal Ballot in the Meeting of the Company held on 11th of August, 2014.

DIRECTORS

Mr. Amit Bharana, Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. The Board recommends his appointment as Director at the ensuing Annual General Meeting.

Mr. Hem Singh Bharana and Mr. Shiv Dayal Kapoor resigned from the directorship of the Company w.e.f. 14th August, 2014 and 22.03.2015 respectively. Also, Mr. Sushil Kumar Gupta has been appointed as Chief Financial Officer of the Company with effect from 30th of May, 2014.

Further, Mr. Hem Singh Bharana (again) and Ms. Chetna Kumar were appointed as an Additional Director of the Company w.e.f. 10th March, 2015. They hold the office up to the conclusion of this Annual General Meeting. Their appointment as a Director of the Company is proposed at the ensuing Annual General Meeting of the Company.

As on 31 March, 2015 Mr. Amit Bharana, Ms. Chetna Kumar, S D Sharma and Mr. Hem Singh Bharana were the Directors of the Company.

Brief resumes of these directors proposed to be appointed/ re-appointed and other relevant information have been furnished in the Notice convening the Annual General Meeting. Appropriate resolutions for their appointment / re-appointment are being placed for approval of the members at the Annual General Meeting.

As per the provisions of the Companies Act, 2013, Independent Directors are eligible to hold office for a term up to five consecutive years and are eligible for re-appointment for the second term on passing special resolutions by the Company. During their tenure, they will not be liable to retire by rotation. The Company has received from all the Independent Directors consents for their appointment and declarations confirming that they meet the criteria of independence as envisaged under the Companies Act, 2013 and Listing Agreement.

Brief resumes of these directors proposed to be appointed/ re-appointed and other relevant information have been furnished in the Notice convening the Annual General Meeting. Appropriate resolutions for their appointment / re-appointment are being placed for approval of the members at the Annual General Meeting.

MEETINGS

During the year under review, Five Board Meetings were convened and held on 30/05/2014, 14/08/2014, 12/11/2014, 14/02/2015 & 10/03/2015. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

DECLARATION BY AN INDEPENDENT DIRECTOR(S) AND RE- APPOINTMENT, IF ANY

A declaration by an Independent Director(s) that he/they meet the criteria of independence as provided in sub-section (d) of Section 149 of the Companies Act, 2013 shall be enclosed as **Annexure V**.

An independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment for next five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

NOMINATION AND 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 Remuneration Policy is stated in the Corporate Governance Report.

MANAGERIAL REMUNERATION:

A) Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

| S No. | PARTICULARS | REMARKS |
|-------|---|--|
| 1. | The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year | Mr. Amit. Bharana (Whole Time Director) – 17.56 Other Directors do not draw any remuneration from the company except by way of sitting fee. |
| 2. | The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year | 13% increment in salary of company secretary |
| 3. | The percentage increase in the median remuneration of employees in the financial year | 5% |
| 4. | The number of permanent employees on the rolls of company | 307 |
| 5. | The explanation on the relationship between average increase in remuneration and company performance | To provide market competitive increments while simultaneously driving a performance culture and further to match inflation and to keep them motivated. |
| 6. | Comparison of the remuneration of the Key Managerial Personnel against the performance of the company | The KMP's working in the company are drawing remuneration at market competitive rates. Keeping in mind the Company performance the key managerial personnel were not paid variable salaries. |
| 7. | Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year | Table 1 |
| 8. | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Employees in middle & lower grades were given an average salary increase of 5% to match inflation and to keep them motivated. |
| 9. | Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company | NA |
| 10. | The key parameters for any variable component of remuneration availed by the directors | NA |
| 11. | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year | There is no employee in the Company who is receiving higher remuneration than Managing Director of the Company. |
| 12. | Affirmation that the remuneration is as per the remuneration policy of the company. | YES |

Table No. 1

| | | | |
|------------------------------|-----------|-----------|----------|
| Close Price (in `) | 31-Mar-14 | 31-Mar-15 | % Change |
| NSE | 14.35 | 4.95 | -65.51 |
| Close Price (in `) | 31-Mar-14 | 31-Mar-15 | % Change |
| BSE | 11.48 | 8.61 | -75 |
| Market Cap (in `) | 31-Mar-14 | 31-Mar-15 | % Change |
| BSE | 787447135 | 590585351 | -75 |
| IPO vs March 31, 2015 (in `) | IPO | 31-Mar-15 | % Change |
| Price (adjusted)* | 2 | 8.61 | 430.5 |
| Price / Earning | 31-Mar-14 | 31-Mar-15 | % Change |
| BSE | 0.042 | N.A. | N.A. |

* Price of share offered in IPO, which was ` 10 of face value of ` 10 has been adjusted to present face value of share i.e. five shares of ` 2 each.

| PARTICULARS | DETAILS |
|---|---------|
| B) Details of the every employee of the Company as required pursuant to 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 | NONE |
| C) Any director who is in receipt of any commission from the company and who is a Managing Director or Whole-time Director of the Company shall receive any remuneration or commission from any Holding Company or Subsidiary Company of such Company subject to its disclosure by the Company in the Board's Report. | NIL |

D) The following disclosures are mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the financial statement:—

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;

| Particulars | Mr. Amit Bharana (Whole Time Director) |
|--|---|
| Basic Salary | 1552748.92 |
| allowance and Contribution to PF and Other Funds | 2432538.00 |
| Total | 39,85,287.00 |

(ii) Details of fixed component and performance linked incentives along with the performance criteria; NA

(iii) Service contracts, notice period, severance fees; NA

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable. NA

CAPITAL FORMATION & REDUCTION OF CAPITAL

During the year under purview your Company neither enhanced the share capital of the Company nor reduced the same.

INTRODUCTION AND APPLICABILITY OF NEW COMPANIES ACT, 2013

The Ministry of Corporate affairs vide its Notification dated: 26th March, 2014 has notified the commencement of New Companies Act, 2013, w.e.f. 1st April, 2014.

Your Company is fully compliant with the Companies Act, 2013 and rules and regulations therein as applicable on the Company.

AUDITORS

As per the provision of Section 141 of the Companies Act, 2013 read with rule 6 of the Companies (Audit & Auditors) Rules, 2014. M/s. P.C. Bindal & Co., the retiring auditors of the company can be further appointed as statutory auditors for another term of 2 (Two) consecutive years i.e., till the conclusion of 25th Annual General Meeting to be held in the year 2017. The Company has obtained necessary certificate under section 141 of the Companies Act, 2013 from the auditor conveying their eligibility for the above appointment. The Audit Committee and the Board reviewed their eligibility criteria, as laid down under section 141 of the Companies Act, 2013 and recommended their appointment as auditors for the above said period.

SECRETARIAL AUDITOR

As per provisions of Section 204 of the Act, the Board of Directors of the company has appointed M/s. SKP & Co., Practicing Company Secretaries (C.P. No.: 6575), as Secretarial Auditors of the Company for the purpose of auditing the Secretarial activities of the Company for the financial year 2014-15. The Secretarial audit report issued by the said auditors in form MR-3 has been annexed to this report as 'Annexure VI'.

With respect to the observations made in the Secretarial Audit Report, the proper steps are being taken by the Management so as to comply with the provisions.

INTERNAL AUDITOR, INTERNAL AUDIT & CONTROLS

The Company has implemented proper internal audit mechanism and the internal audit is being done by the internal auditing department of the Company and the Audit Committee is regularly being apprised of the findings of the Internal Audit Department.

The observation made by secretarial auditor on internal audit mechanism of the Company is self-explanatory and doesn't require any further explanation.

AUDIT COMMITTEE

During the financial year the Audit Committee consists of following members namely Mr. S. D. Sharma, Ms. Chetna Kumar and Mr. Amit Bharana out of which two are independent Directors. Mr. S. D. Sharma was the Chairman of Audit Committee. All members of the Audit Committee possess sufficient knowledge and experience in the field of Finance and Accounts. The Committee composition is in accordance with the provisions of Companies Act and Listing Agreement.

AUDITORS' REPORT

The Auditors' Report does not contain any adverse remark or qualification hence the same do not call for further information or explanation. The observations and comments given by the Auditors read together with notes to accounts are self-explanatory; hence do not call for any further comments under provisions of the Companies Act, 2013.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that –

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF EMPLOYEES

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement of particulars of employees is annexed as **Annexure II**.

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, as amended from time to time is as per below mentioned details.

CONSERVATION OF ENERGY:

The Company lays great emphasis on savings in the cost of energy consumption. Achieving reduction in the per unit consumption of energy is an ongoing exercise in the Company; this includes periodical check-ups, preventive maintenance and calibration of all electrical instruments & machineries. Effective measures have been taken to minimize the loss of energy as far as possible.

The detail regarding present energy consumption including captive generation is furnished as below:

| I. Power & Fuel Consumption | | | |
|--|---|------------|----------|
| 1. | Electricity Purchased | 2013-14 | 2014-15 |
| | Unit | 1,820,785 | 1599918 |
| | Total Amount | 13,058,109 | 13183616 |
| | Rate/Unit (₹) | 7.17 | 8.24 |
| 2. | Own Generation through Diesel Generator | | |
| | Unit | 163,629 | 148363 |
| | Units per lit. of Diesel Oil | 2,242,967 | 2094882 |
| | Cost/Unit | 13.71 | 14.12 |
| II. Consumption per unit of Production | | | |
| | | 2013-14 | 2014-15 |
| | Production (MTs) | 12697.94 | 9271.02 |
| | Electricity (Unit/MT) | 143.39 | 172.57 |
| | Electricity (₹ / Mt) | 1,028.36 | 1422.02 |
| | Diesel (Unit/Mt) | 12.89 | 16.00 |
| | Diesel (₹ /MT) | 176.64 | 225.96 |

Technology Absorption:

Your Company deploys latest updated technologies such as Highway Girders, Pipe Racks to the level of 2800 mm height of beam manufacturing with automatic welding, CNC punching & shearing, CNC sheet profiling and Multi torch flame cutting. This technology implemented by the company is best available in the world in the field of Pre-engineered Buildings.

The foreign exchange earning/outgo during the year are as under:

(₹ in Lacs)

| Particulars | Current Year | Previous Year |
|--------------------------|--------------|---------------|
| Foreign Exchange Earning | Nil | Nil |
| Foreign Exchange Outgo | 12.18 | 1.20 |

SUBSIDIARY COMPANY

M/s Silverline Cinemas Private Limited is the only Wholly Owned Subsidiary of the Company. Copies of the Balance Sheet, Profit & Loss Account and Reports of the Auditors' and Directors' of the Subsidiary Company have not been attached as per the consent granted by the Board of Directors of the Company in terms of general exemption granted by the Ministry of

Corporate Affairs, Government of India. However as per the terms of general exemption, a statement containing brief financial details of the subsidiary company for the year ended 31st March, 2015 is included in the Annual Report. ('Annexure IV') As required under the Listing agreement with the Stock Exchange, the Company has prepared the Consolidated Financial Statements of the Company and its subsidiary as per the Accounting Standard (AS) 21, Consolidated Financial Statements which form part of the Annual Report and Accounts.

The Annual Accounts of the subsidiary company and the related detailed information shall be made available to shareholders of the Company seeking such information. The Annual Accounts of the subsidiary company are also kept for inspection by any shareholder at the registered office of your Company.

Particulars of loans, guarantees or investments under section 186

Details of Loans:

| Sl. No. | Date of making loan | Details of Borrower | Amount | Purpose for which the loan is to be utilized by the recipient | Time period for which it is given | Date of BR | Date of SR (if reqd) | Rate of Interest | Security |
|---------|---------------------|---------------------|--------|---|-----------------------------------|------------|----------------------|------------------|----------|
| NA | | | | | | | | | |

Details of Investments:-

| | | 31st Mar., 2015 | |
|---|--|-----------------|-------------|
| | | No. of Share | (` in Lacs) |
| Investments in Government Securities | | | 0.38 |
| Investment (Long Term, Fully Paid Up) | | | |
| A. Quoted Shares | | | |
| Castrol India Ltd | | 60 | 0.05 |
| Choksi Tube Company Ltd. | | 200 | 0.08 |
| Indo Bosch Gems and Jewellery Ltd. | | 100 | 0.04 |
| Indo French Biotech Enterprises Ltd. | | 1000 | 0.48 |
| ITC LTD (Face Value ` 1/-) | | 750 | 1.02 |
| Jindal Stainless Ltd. | | 220 | 0.27 |
| Jindal Steel & Power Ltd. (Face Value ` 1/-) | | 2400 | 0.18 |
| Nagarjuna Fertilizers & Chemicals Ltd. (Face Value ` 1/-) | | 110 | 0.03 |
| Nagarjuna Oil Refinery Ltd. | | 100 | - |
| Nahar Industrial Enterprises Ltd. | | 120 | 0.26 |
| Nalwa Sons Investments Ltd. | | 16 | - |
| NEPC India Ltd. | | 520 | 0.60 |
| NEPC Tea Garden Ltd. | | 6 | 0.00 |
| Paam Pharmaceuticals (Delhi) Limited | | 500 | 0.37 |
| Pasupati Spinning and Weaving Mills Ltd. | | 80 | 0.25 |
| Ready Food Ltd. | | 1800 | 0.48 |
| Rohini Strips Ltd. | | 400 | 0.11 |
| Saraswati Industrial Syndicate Ltd. | | 100 | 0.36 |
| Skyline NEPC Ltd. | | 600 | 0.31 |
| Surlux Diagnostic Ltd. | | 1000 | 0.35 |
| Vikas Hybride Ltd. | | 200 | 0.14 |
| Western Paques (I) Ltd. | | 100 | 0.25 |
| Whirlpool of India Ltd. | | 125 | 0.30 |
| Total | | | 5.92 |
| B. Unquoted | | | |
| 1. Debentures (Non Trade) | | | 0.07 |
| 2. Others | | | - |
| 3. Subsidiary (Trade) | | | 81.86 |