



37th
Annual Report

2016-17



**BANARAS BEADS
LIMITED**

AN EXPORT HOUSE RECOGNISED BY GOVERNMENT OF INDIA
AN ISO CERTIFIED COMPANY



BOARD OF DIRECTORS

Ashok Kumar Gupta	: Chairman & Managing Director
Siddharth Gupta	: CEO & Managing Director
Shalini Chandra	: Executive Director
Ashok Kumar Kapoor	: Independent and Non-executive Director
Praveen Singh	: Independent and Non-executive Director
Tanmay Deva	: Independent and Non-executive Director

Company Secretary & Compliance Officer

R.K. Singh

KEY MANAGERIAL PERSONNEL

Ashok Kumar Gupta	: Chairman & Managing Director
Siddharth Gupta	: CEO & Managing Director
Shalini Chandra	: Executive Director
R.K. Singh	: Company Secretary
Jai Singh	: Chief Financial Officer

REGISTERED OFFICE

A-1, & A-5, Industrial Estate
Varanasi -221 106 U.P.
Tel.# : 0542-2370161 - 2370164
Fax.# : 0542-2370165 / 2370214
E-mail info@banarasbead.com
Website: www.banarasbead.com

E-MAIL & WEBSITE FOR INVESTOR

E-mail : investor@bblinvestor.com
Website : www.bblinvestor.com

CORPORATE IDENTITY NUMBER (CIN)

L01131UP1980PLC004984

AUDITORS

Kamal Kishore & Co.
Chartered Accountants,
Firm No. 007424C
Varanasi

E-VOTING SCRUTINIZER

Ajay Jaiswal
Practicing Company Secretary
N-10/58-J-32, LANE NO.4,
SRIRAM NAGAR COLONY
NEAR MANDUADIH RLY STATION
VARANASI-221010 UP

UNITS

A-1, A-5 Industrial Estate, Varanasi
Tandia, G.T. Road, Varanasi

BANKERS

Yes Bank Ltd.
Bank of Baroda
Axis Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENTS

Mas Services Limited

T-34, 2nd Floor, Okhla Industrial Area,
Phase - II,
New Delhi - 110 020
Ph: - 26387281/82/83 Fax:- 26387384

email:- info@masserv.com
website : www.masserv.com

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NOTICE

NOTICE is hereby given that 37th Annual General Meeting of the Members of Banaras Beads Limited will be held at Registered Office of the Company at A-1, Industrial Estate, Varanasi - 221106 on Thursday the 28th September, 2017 at 3.00 P.M. to transact the following **Ordinary Business**:

Item No. 1 - Adoption of Financial Statement

To receive, consider and adopt the financial statement of the Company for the year ended March 31, 2017 including the audited Balance Sheet as at March 31, 2017 the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (the Board) and Auditors thereon.

Item No. 2 – Declaration of dividend for F.Y. 2016-17

To Declare Dividend of Rs. 1/- on per Equity Share for the year 2016-17.

Item No. 3 – Re-appointment of Director

To appoint a director in place of Smt. Shalini Chandra (DIN: 01036394), who retires by rotation and being eligible, offers himself for re-appointment as director.

Explanation- Smt. Shalini Chandra (DIN: 01036394) Executive Director of the company is subject to retirement by rotation based on terms of her appointment on 01.03.2015. She would need to be re-appointed as Whole Time Director and if her appointment is approved, she will continue as Executive Director of the company till 28th February 2020.

Therefore, shareholders are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

RESOLVED THAT pursuant to the provisions of Section 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the approval of the members of the Company be and is hereby accorded to the re-appointment of Smt. Shalini Chandra (DIN: 01036394) as an Executive Director, to the extent that she is required to retire by rotation and to continue as Executive Director of the company.

Item No. 4 –Appointment of Statutory Auditors.

To appoint the auditors of the Company, and to fix their remuneration.

Explanation: The Companies Act, 2013 ('the Act') was notified effective April 1, 2014. Section 139 of the Act lays down the criteria for appointment and mandatory rotation of statutory auditors, Pursuant to Section 139 of the Act and the Rules made there under, it is mandatory rotate the statutory auditors on completion of two terms of five consecutive years. The Rules also lay down the transitional period that can be served by the existing auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same company. The incumbent auditors, M/s Kamal Kishore & Company, Chartered Accountants, Varanasi (Firm Registration No. 007424C) have served the Company for over 15 years before the act was notified and will be completing the maximum number of transitional period (three years) at the ensuing 37th AGM.

The audit committee of the Company has proposed and on May 11, 2017, the Board has recommended the appointment of M/s G D Dubey & Associates, Chartered Accountants (Firm Registration number 009836C) as the statutory auditors of the Company. M/s G D Dubey & Associates will hold office for a period of five consecutive years from the conclusion of the 37th Annual General Meeting of the Company till the conclusion of the 42nd Annual General Meeting to be held in the year 2022. The first year of audit will be of the financial statements for the year ending March 31, 2018, which will include the audit of the quarterly financial statements for the year.

Therefore, shareholders are requested to consider and if thought fit to pass the following resolution as ordinary resolution:

RESOLVED THAT, pursuant to Sections 139 and 142 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, as amended from time to time, pursuant to the proposals of the audit committee of the Board and recommendation of the Board, M/s G D Dubey & Associates, Chartered Accountants (Firm registration number 009836C) be and is hereby appointed as the statutory auditors of the Company, to hold office for a period of five consecutive years commencing from the conclusion of 37th Annual General Meeting, subject to ratification every year in Annual General Meeting, on a remuneration that may be determinate by the audit committee and Board in consultation with the auditors.

By Order of the Board of Directors
For **BANARAS BEADS LIMITED**,

Sd/-

(R.K.SINGH)
Company Secretary

Place : VARANASI
Date : 25.05.2017

NOTES:

1. **MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form duly completed and signed must be deposited with the Company at its Registered Office not later than forty-eight hours before the time of commencement of the meeting.

2. **The Register of Members and Share Transfer Books of the Company will be closed from Friday, the 22nd September, 2017 to Thursday 28th September, 2017 (both days inclusive).**

3. Members / Proxies should bring copy of Annual Report and their attendance slip duly filled & signed at the meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slips and proxy form for attending the Meeting.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The INE number of the company is 655B01011. The members holding shares in physical form are requested to dematerialise their holdings through a recognized Depository participant, by forwarding their request to the REGISTRAR-

M/s Mas Services Limited (RTA of Banaras Beads Limited)

T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020

Ph:- 26387281/82/83 Fax:- 26387384

Email:- info@masserv.com, website: www.masserv.com.

7. **Members are requested to make all query /correspondence directly with above Registrar of the company for transfer, transmission of shares, duplicate issue of share certificates, record in change of address and for other purposes.**
8. Subject to the provisions of the Act, dividend as recommended by the Board, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, to those members whose names appear on the Register of Members as on 21st September, 2017. The dividend is Rs. 1/- per equity share.
9. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their **mobile number, bank details** including New Bank account, National Electronic Clearing Service (NECS), Electronic Clearing Services (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to their **Depository Participant** only and not to the Company's Registrars and Transfer Agents, M/s Mas Services Limited. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and Transfer Agent to provide efficient and better services.
10. If members not update their active **bank details** including New Bank account and other detail to their **Depository Participant then their dividend amount cannot be sent in their bank account through NECS directly and as per SEBI circular no. CIR/MRD/DP/10/2013 dt. 21.03.2013, if NECS failed then physical payment instrument to be issued to the investor and on the face of the same bank account detail to be mentioned (Including de-activated/closed bank account if any). To avoid such un-necessary problem or get dividend timely, you must update your bank account with depository.**
11. The members holding shares in physical form are requested to send their change of address, **Intimate his mobile number** and other detail to the above RTA of the company or at Registered office of the company / **E-mail- investor@bblinvestor.com OR rksingh@banarasbead.com**.
12. As per provisions of Investor Education and Protection Fund of Companies (Declaration and payment of dividend) Rules 2014, the Company will upload information regarding unpaid and unclaimed amounts lying with company to the MCA and Company website. The Company has uploaded the details of unpaid and unclaimed amounts of dividends lying with the Company for F.Y. 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 (upto last AGM) and for F.Y. 2016-17 will be uploaded after AGM with company's website and Ministry of Corporate Affairs website.
13. Members wishing to claim their unpaid Interim and Final dividends for F.Y. 2011-2012, Interim Dividend 2012-2013, Dividend 2013-14 Dividend 2014-15 interim dividend 2015-16 and interim dividend 2016-17 are requested to correspond with Company Secretary of the Company, at the Company's registered office or RTA. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Acts, 1956), be transferred to the Investor Education and Protection Fund.
14. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update their e-mail addresses, in respect of shares held in dematerialized form **with their respective Depository Participants** and in respect of shares held in physical form **with above RTA directly to enable** company to send communication / documents via e-mail.
15. Copies of the Annual Report 2017 along with Notice of the 37th AGM, instructions for e-voting, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant (s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

14. E-VOTING –

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is providing facility to its members to exercise their vote at the Annual General Meeting through e-voting services provided by NSDL, on all resolutions set forth in this Notice.

The e-voting facility will be available during the following voting period:

Commencement of e-voting
September 25, 2017 at 09.00 a.m. IST
CUT OF DATE FOR REMOTE E-VOTING

End of e-voting
September 27, 2017 at 5.00 p.m. IST
21/09/2017

The instructions for members for voting electronically are as under:-

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):

1. Open the attached PDF file "**e-Voting.pdf**" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>

3. Click on "Shareholder - Login".
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
7. Select "EVEN" of (**Banaras Beads Limited**). Members can cast their vote online from **September 25, 2017 (09:00 am)** till **September 27, 2017 (5:00 pm)**.

Note: e-Voting shall not be allowed beyond said time.

8. Now you are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail (workroc@gmail.com) with a copy marked to evoting@nsdl.co.in.

Please note the following:

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date 21st September, 2017 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith

- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

- i. Initial password is provided in the enclosed attendance slip: EVEN (E-Voting Event Number), user ID and password.
- ii. Please follow all steps from Sl. No. (1) to Sl. No. (10) above, to cast vote.

Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20th August, 2017, can obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA, info@masserv.com

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

C. Other information:

- o Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- o Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- o It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- o Please note that if you have opened 3-in-1 account with ICICI Group i.e. bank account and demat account with ICICI Bank Limited and trading account with ICICI Securities Limited, you can access e-Voting website of NSDL through their website viz.; www.icicidirect.com for the purpose of casting your votes electronically by using your existing user ID and password used for accessing the website www.icicidirect.com. Please note that in case you are not able to login through the ICICI direct website, you can also access the e-Voting system of NSDL by using your existing user ID and password for the e-voting system of NSDL.
- The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.banarasbead.com and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the 37th AGM of the Company on September 28, 2017 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

By Order of the Board of Directors
For **BANARAS BEADS LIMITED**,

Sd/-
(**R.K.SINGH**)
Company Secretary

Place : VARANASI
Date : 25.05.2017



Additional information of directors recommended for appointment/re-appointment as required under Regulation 36 (3) of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015.

Name	:	Smt. Shalini Chandra
Fathers name	:	Shri Shashi Kant Dixit
Date of Birth	:	13.11.1975
Nationality	:	Indian
Qualifications	:	Post Graduate.
Date of appointment on the board	:	Appointed as Executive director in the company on 01.03.2015 under the Companies Act 2013 for the period 01.03.2015 to 28.02.2020.
Permanent Account No.	:	ADQPC6317F
Director Identification No.	:	01036394
List of directorship held in other Company(s)	:	i) M/s Omini Marketing Private Ltd. ii) Industrial Automobiles & Fuels Limited
Number of shares held in the company	:	5300
Chairperson of Board committees	:	NIL
Disclosure of relationships between directors	:	NIL
inter-se Member of board committee	:	NIL

EXPERIENCE:

Smt. Shalini Chandra is Post Graduate (P.G.D.B.A) from MIT School of Management of Pune and having more than ten years experience of Marketing, Finance and Management.



DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present the **37th Annual Reports** together with the Audited Accounts of the Company for the year ended on 31st March' 2017.

FINANCIAL RESULTS:

	2016-2017	2015-2016
	(Rs. in lacs)	(Rs. in lacs)
Revenue from Operations	2732.46	2474.28
Net Profit Before Taxation	281.06	625.82
Net Profit after taxation	166.89	431.54
Balance of Profit & Loss Account B/F	1166.99	950.98
<u>APPROPRIATIONS:</u>		
Transfer to General Reserve	15.00	15.00
Dividend Payable (@ 1.0 per Share) Previous Year @Rs. 2.5 per share.	66.36	165.91
Tax on Dividend	13.51	33.98
Taxes of earlier Years	22.82	0.64
Balance of Profit & Loss Account C/F	1216.19	1166.99

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 134(5) of the Companies Act, 2013, the Directors hereby state and confirm -

- (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.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2016-17.

OPERATION:

During the year turnover of your Company slightly increased in the comparison of previous year.

DIVIDENDS:

Based on the Company's performance during the year 2016-17, the Board of Directors decided to recommend dividend of Rs.1/- (i.e. 10%) per share amounting to Rs. 7987201 (inclusive of tax of Rs. 1350979). The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

TRANSFER TO RESERVES:

The Board of the directors has proposed to transfer Rs. 15.00 Lakhs to the General Reserve out of the amount available for appropriations and an amount of Rs 49.20 lakhs is proposed to be retained in the Profit and Loss Account after provision of proposed dividend and taxes there on and taxes of earlier year.

SETTLEMENT OF MANAGEMENT DISPUTES:

As already reported that the Special Leave Petition vide no. 25165-25166/2007 filed by Shri Ajit Kumar Gupta and others against Hon'ble CLB order in the matter of C.P. No. 14/99 is still pending before Hon'ble Supreme Court for appropriate order. However one of the Respondent Mr. Prashant Gupta had filed an application before Hon'ble Supreme Court against Respondent No.1 (Company) Respondent No. 2 (Mr. Ashok Kumar Gupta) to transfer of 472540 shares in his favour by deleting joint holder's name of which Mr. Ashok Kumar Gupta is joint holder and release payment of all due dividend for F.Y. 2014-15 and 2015-16 to him. The matter was heard by Hon'ble Court on 08.05.2017 and Hon'ble Court directed to make payment of accrued dividend to Mr. Prashant Gupta and Court also stated to take this SLP on number for hearing. As matter of facts the company had paid said dividend to Mr. Prashant Gupta by demand draft during the F.Y. 2014-15 and 2016-17 but due to mismatch/closing of bank account by Mr. Prashant Gupta the same were not encashed. The Company is in process to comply order of Hon'ble Supreme Court.

However in view of Hon'ble Supreme Court order Mr. Raj Kumar Gupta illegally stating himself as Executive Director and CEO of the Company, using letter head of Company and sending fake and baseless letters to the Company. The Board has rejected all such illegal and baseless letters of Mr. Raj Kumar Gupta.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) is presented in a separate section forming part of the Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Pursuant to the provisions of section 149 of the Act, Mr. Ashok Kumar Kapoor, Mr. Praveen Anand Singh, and Mr. Tanmay Deva were appointed as independent directors at the annual general meeting of the Company held on August 13, 2015. They have submitted a declaration that each of them meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Smt. Shalini Chandra retires by rotation and being eligible has offered herself for re-appointment. If re-appointed, she will continue as Executive Director of the company till 28th February 2020.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

Pursuant to the provisions of section 203 of the Act, the key managerial personnel of the Company are Mr. Ashok Kumar Gupta, Chairman & Managing Director, Mr. Siddharth Gupta, Chief Executive Officer and Managing Director, Smt. Shalini Chandra, Executive Director, Mr. Jai Singh, Chief Financial Officer and Mr. R.K. Singh, Company Secretary. There has been no change in the key managerial personnel during the year.

BOARD EVALUATION:

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

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. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of this report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The details in respect of internal financial control and their adequacy are included in the management discussion & analysis, which forms part of this report.

AUDIT COMMITTEE

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

APPOINTMENT OF AUDITORS AND AUDITOR REPORT:

M/s Kamal Kishore & Company, Chartered Accountants, the statutory auditors of the Company, hold office till the conclusion of the 37th Annual General Meeting of the Company. The Board has recommended the appointment of M/s G D Dubey & Associates, Chartered Accountants as the statutory auditors of the Company in their place, for a term of five consecutive years, from the conclusion of the 37th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of the 42nd Annual General Meeting to be held in the year 2022, subject to ratification every year in Annual General Meeting, for approval of shareholders of the Company, based on the recommendation of the Audit Committee.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any disqualification, reservation or adverse remark.

SECRETARIAL AUDITOR:

The Board has appointed Mr. P. N. Gupta, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31st March 2017 is annexed herewith marked as **Annexure –I** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

RISK MANAGEMENT

The board of directors of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

EXTRACT OF ANNUAL RETURN

The extract of Annual Returns [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014] as on the financial year ended on 31.03.2017 is attached as **Annexure- II** with this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information as per Section 134 (3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are furnished as under:

a) Conservation of Energy :

The operations of the Company involve low energy consumption. The solar power plant of 150 KVA is properly working and saving grid electricity. Other adequate measures are being taken to conserve the energy.

b) Technological Absorption:

The Company has imported machines from China and Czech Republic to upgrade its technological inputs for its products. However presently company has no collaboration arrangement with any foreign organization.

c) Foreign Exchange Earning and Outgo:

The actual foreign exchange earnings (inflow) of the Company during the financial year has been Rs 1974.95 lakhs from Exports of Glass Beads, Hand knotted Carpets, Handicrafts and other items. The actual foreign Exchange Outflow during the year has been Rs. 169.79 lakhs for the import of materials, foreign traveling expenses and other sales promotional activities.

CORPORATE GOVERNANCE:

Corporate Governance Report, Management Discussion and Analysis statement and Business Responsibility Report and a certificate from the Auditors confirming compliance are annexed herewith to this report.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

NUMBER OF MEETING OF BOARD

Four Board Meetings were held during the F.Y. on 26th May' 2016, 28th July, 2016, 27th October, 2016, 24th January, 2017.

STATEMENT OF DECLARATION GIVEN BY INDEPENDENT DIRECTORS U/S 149 (6).

All the Independent Directors have given their declaration as per Section 149(7) that they meet the criteria of independence as provided in section 149(6) of the Companies Act 2013.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION-

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on 31.03.2017, the board consists of 6 members, three of whom are executive or whole-time directors including one woman and three are independent directors.

The policy of the company on directors appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of section 178 of the Companies Act, 2013. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

FIXED DEPOSITS FROM PUBLIC:

The Company have not accepted any fixed deposits and as such, no amount of principal interest was outstanding as of the balance sheet date.

PARTICULARS OF EMPLOYEES AS PER RULE 5(2) OF CHAPTER XIII, THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 –

The company did not have any employee covered by the provisions of Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

FINANCE

The Company has taken limit from Yes Bank of Rs. 1500.00 lakhs and the amount of loan outstanding as on 31.3.2017 was Rs.109.61 lakhs.

DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186 (4) OF THE COMPANIES ACT, 2013.

Loans given and Investments made are given under the respective heads of the Balance Sheet.

No Corporate Guarantees given by the Company in respect of loans as at 31st March, 2017.

DISCLOSURE REQUIREMENTS

As per SEBI Listing Regulations, the Corporate Governance Report with the Auditors' Certificate thereon, and the Management Discussion and Analysis are attached, which form part of this report.

As per Regulation 34 of the SEBI Listing Regulations, a Business Responsibility Report is attached and is a part of this annual report.

As per Regulation 43A of the SEBI Listing Regulations, the Dividend Distribution Policy is disclosed in the Corporate Governance Report and on the website of the Company.

TRANSACTIONS WITH RELATED PARTIES.

None of the transactions with related parties falls under the scope of section 188(1) of the Act. Information on transactions with related parties pursuant to section 134(3) (h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure III** in Form AOC-2 and the same forms part of this report.

Particulars of contract U/s 188

Transactions, i.e. the Company's transactions that are of material nature, with its Promoters, Directors and the management, their relatives or subsidiaries, among others that may have potential conflict with the Company's interests at large.

During the period under review, the Company had not entered into any material transaction with any of its related parties that may have potential conflict with the Company's interests at large. None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 27 of Financial Statements, forming part of the Annual Report.

All related party transactions are negotiated on an arm's length basis, and are intended to further the Company's interests.

CORPORATE SOCIAL RESPONSIBILITY.

The Provision of Section 135 of Companies Act 2013 concerning with Corporate Social Responsibility is applicable during the F.Y. 2016-17. The Company has constituted Corporate Social Responsibility Committee of following members to make CSR policy and advising expenditure for CSR.

- | | |
|-----------------------------|-----------------------------------|
| 1. Shri Ashok Kumar Kapoor | - Chairman (Independent Director) |
| 2. Shri Ashok Kumar Gupta | - Member |
| 3. Smt. Shalini Chandra | - Member |
| 4. Shri Tanmay Deva | - Member (Independent Director) |
| 5. Shri Praveen Anand Singh | - Member (Independent Director) |

The company is in process of taking social improvement projects and applicable amount will be utilised during the financial year 2017-18.

EVALUATION REPORT ON CAPITAL

The Provision of Evaluation on Capital is not applicable to the Company. Besides that the Board met time to time and appraised performance of the Company. The ways and means were made to increase the business and growth of the Company.

INCREASE IN PAID-UP CAPITAL-

During the year one shareholders calls in arrears amount Rs.500 have been realised. After giving effect of said receipt, the paid-up capital changed/ increased to Rs. 66138220 from Rs. 66137720. The balance calls in arrears are @ Rs. 5 per share on 44800 shares amounting Rs. 224000/-

MATERIAL CHANGES :

No material changes were made during the year which affects the financial and commitments of the Company.

INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.