



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL



BSL Limited
ANNUAL REPORT 2017-18



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Arun Churiwal

Chairman & Managing Director

Shri Ravi Jhunjunwala

Director

Shri Nivedan Churiwal

Joint Managing Director

Shri Shekhar Agarwal

Director

Shri Amar Nath Choudhary

Independent Director

Shri Sushil Jhunjunwala

Independent Director

Shri Giriraj Prasad Singhal

Independent Director

Smt. Abhilasha Mimani

Independent Director

BUSINESS HEAD

Shri J. C. Soni

CFO & COMPANY SECRETARY

Shri Praveen Jain

KEY EXECUTIVES

A. K. Mehta Sr. Vice – President (Processing)

M. S. Khiria Vice – President (Export Marketing)

P. Phogat Vice – President (Spinning)

R. K. Katyal Vice – President (Weaving)

Arun Shraff Vice – President (Furnishing)

R. Chaudhary Vice – President (Domestic Marketing)

BANKERS

State Bank of India

IDBI Bank Ltd.

Oriental Bank of Commerce

Punjab National Bank

UCO Bank

Export Import Bank of India

CHARTERED ACCOUNTANTS

M/s SSMS & Associates

Chartered Accountants

Bhilwara

REGISTERED OFFICE

26, Industrial Area, Gandhi Nagar, Bhilwara-311001 (Rajasthan)

CIN: L24302RJ1970PLC002266

Phone: + 91-01482 246801-806, Fax: + 91-1482-246807, 246157

E-mail: accounts@bslsuitings.com, Website: www.bslltd.com

WORKS

Chittorgarh Road, Biliakalan, Mandpam, Bhilwara-311001 (Rajasthan)

WIND ENERGY PLANT

Village Gorera, Jaisalmer – 345001 (Rajasthan)

Village Ola, Jaisalmer – 345001(Rajasthan)

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

(₹ in Crore)

PARTICULARS	2016-17	2017-18
Turnover	442.21	403.20
Exports	200.12	181.94
PBIDT	39.55	32.73
Financial Expenses	14.56	13.95
PBDT	24.99	18.78
Depreciation & Amortisation Expense	15.92	17.03
PBT	9.07	1.75
Taxation	3.15	0.72
PAT	5.92	1.03
PAT (Net of OCI)	5.93	0.14
Gross Block	131.11	149.27
Less : Depreciation	16.37	34.08
Net Block	114.74	115.19
Net Worth	79.03	77.69

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS:

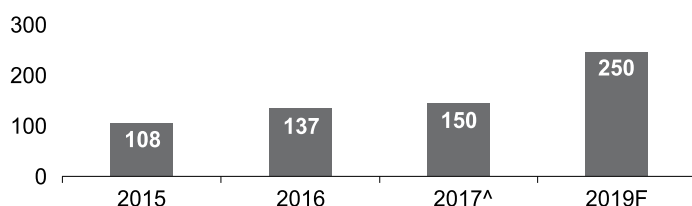
KEY FACTS

Textile plays a major role in the Indian economy, it contributes 14 per cent to industrial production and 4 per cent to GDP with over 45 million people, the industry is one of the largest source of employment generation in the country. The industry accounts for nearly 15 per cent of total exports. Exports of textiles from India reached US\$ 26.91 billion during April – December 2017. The size of India's textile market as of July 2017 was around US\$ 150 billion, which is expected to touch US\$ 250 billion market by 2019, growing at a CAGR of 13.58 per cent between 2009-2019. The central government is planning to finalise and launch the new textile policy shortly. The policy aims to achieve US\$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs.

MARKET SIZE

Khadi products, which are specialty products of India, displayed an increase in sales by 33 % YOY to INR 2,005 crore in 2016-17 and are likely to surpass INR 5,000 of sales in 2018-19, according to Khadi and Village Industries Commission (KVIC). The total cotton cultivation area in India is likely to increase by 7 % to 11.3 million hectares in the year 2017-18, given potentials of improved returns due to increasing prices and enhanced crop yields in the period 2016-17. Indian exports of retail and lifestyle products grew at a CAGR of 10% between 2013 and 2016, accounting to bedding bath, home decor products and textiles. The target set for textile and garment exports was at US\$ 45 billion for the year 2017-18. The domestic textile industry in India is projected to reach US\$ 250 billion by 2019 from US\$ 150 billion in July 2017. Textile and apparel exports from India is expected to increase to US\$ 82 billion by 2021 from US\$ 36.66 billion in FY17.

Textile and apparel industry in India (US\$ billion)

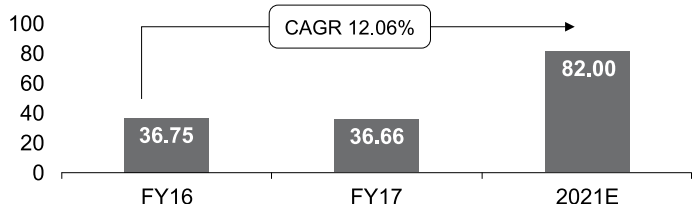


Textile & Apparel industry

CAGR- 12.84%

Factors- Rise in disposable income, promising demographics, a shift in demand to quality & branded apparels are responsible for growth in the industry.

Textiles and apparel exports from India (US\$ billion)

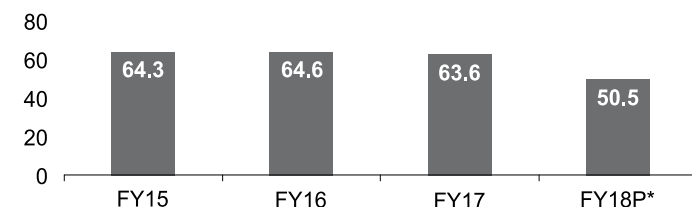


Textile & Apparel Export

CAGR- 12.06%

Factors- Improvement in trade policies, globalisation, better and quality production are a few examples of reasons responsible for increase in exports.

Total cloth production in India (billion square metres)



Total Cloth Production

2017 the cloth production stood at 53.5 up to January.

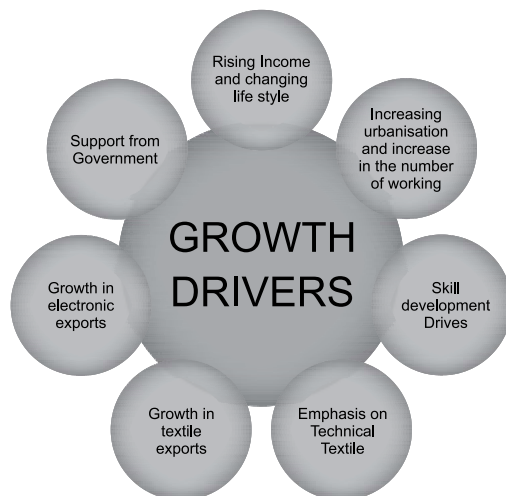
The cloth production is likely to increase given rise in export of textiles and increase in home consumption.

MANAGEMENT DISCUSSION AND ANALYSIS

STRUCTURE OF TEXTILE INDUSTRY

1. **Composite mills** are somewhat large-scale mills that assimilate spinning, weaving and, fabric finishing. They make just about 3 % of output in the textile segment in India. Almost 300 composite mills currently operate in the country, mostly owned by the government and are reported financially non-performing.
2. **Spinning** is the method of transforming cotton or manmade fibre into yarn for the purpose of weaving and knitting. After the deregulation initiated in the middle of 1980s, spinning is considered the most merged and technically proficient sector within the industry. Though, the average size of the plant is small and technology used is not modern, when compared to other modern producers.
3. **Weaving and knitting** is the process that turns cotton, manmade, or blended yarns into woven or knitted fabrics. This is a much-unorganized sector with majority small-scale and labour-intensive enterprises, which make 95% of the sector. There are almost 3.9 million handlooms and 1.8 million power-looms in the country.
4. **Fabric finishing or processing** comprises of dyeing, printing, and other processes used to prepare clothes for the manufacturing of apparels. Many independent, small-scale enterprises operate in this segment. Approximately 2,300 processors are operating in India, including about 2,100 independent units and 200 units that are combines with spinning, weaving, or knitting centers.

OPPORTUNITIES AND THREATS



The Government supports modernization of the industry with a particular focus on closing the gaps in the textile value chain and has taken several measures to create those positive impulses. But there are still some improvements possible. The industry waits for the proposed reforms in labour law, support to develop a skilled work force and programs to bind talents to be able to translate market needs into quality products.

The threats to the Company's product includes severe competition both in domestic and international markets leading to pricing pressures of finished goods, inflation, foreign exchange fluctuation, volatility in input cost, cotton crop, interest rates, power cost etc. Government Policies also play major role in the growth of the Industry.

POLICY SUPPORT HAS BEEN A KEY INGREDIENT TO GROWTH

1. Technology Up-gradation Fund Scheme (TUFS)

Investment was made to promote modernization and up-gradation of the textile industry by providing credit at reduced rates. A subsidy of ` 1,400 crore (US\$ 216.25 million) was released under this scheme in 2017.

Under the Union Budget 2018-19, ` 2,300 (US\$ 355.27 million) crore have been allocated for this scheme.

2. National Textile Policy - 2000

Key areas of focus include technological upgrades, enhancement of productivity, product diversification and financing arrangements

New draft for this policy ensures to employ 35 million by attracting foreign investments. It also focuses on establishing a modern apparel garment manufacturing centre in every North Eastern state for which Government has invested an amount of US\$ 3.27 million.

3. SAATHI Scheme

The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the powerloom sector of India.

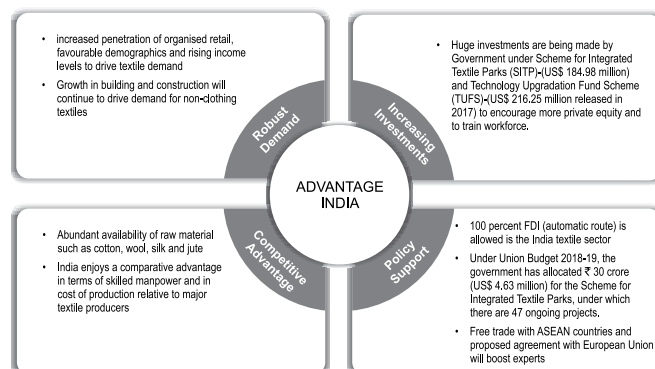
4. Merchandise Exports from India Scheme

The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent.

5. Scheme for Capacity Building in Textiles Sector (SCBTS)

The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of ` 1,300 crore (US\$ 202.9 million) from 2017-18 to 2019-20.

The scheme is aimed at providing a demand driven and placement oriented skilling programme to create jobs in the organized textile sector and to promote skilling and skill up-gradation in the traditional sectors.



Note: SITP - Scheme for Integrated Textile Park; FDI - Foreign Direct Investment, ASEAN - Association of Southeast Asian Nations, E - Estimate; F - Forecasted

Source: PHD Camber of Commerce; Federation of Indian Chambers of Commerce and Industry, Arance Research

PRODUCT WISE PERFORMANCE:

BSL is one of the India's largest vertically integrated textile Companies and leading manufacturers of Poly Viscose, Worsted, Fashion Fabrics and Yarns in India. With over quarter of a century of experience in textile manufacturing, BSL is currently producing over 18 million meters of fabric every year. BSL has earned the National Certificate of Merit for outstanding export performance due to its commitment to quality through technology and human ingenuity. The Company produces a wide range of Polyester Viscose fabrics and premium range of Worsted suitings, including Cashmere, Mohair, Angora and Camelhair blends. For the production of special furnishing fabrics, the Company uses imported Silk material. To improve the operational and financial performance the Company has implemented various energy-saving initiatives and introduced new, high-value fabric collections in the market.

The Product wise performance during the year is as under:

(` in Crore)

Particulars	For the year ended			
	31.03.2018		31.03.2017	
	Qty.	Value	Qty.	Value
a) Fabrics (Lac Mtrs.)	222.88	310.55	218.80	315.82
b) Yarn (MT)	2522	68.97	3478	89.48
c) Fibre (MT)	123	2.10	655	12.37
d) Readymade Garments (No. of Pcs.)	135006	4.45	139341	5.19
e) Wind Power (Lac Units)	20.19	0.79	23.91	0.94
f) Job Work		13.13		14.85
g) Export Incentives		3.21		3.56
Total		403.20		442.21

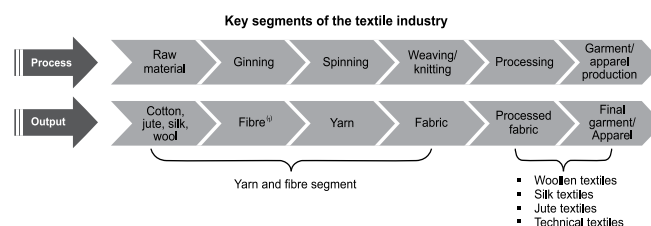
OUTLOOK:

The textiles manufacturing business is a pioneer activity in the Indian manufacturing sector and it has a primordial importance in the economic life of the country, which is still predominantly based on the agro-alimentary sector. Textiles industry is not limited to manufacture and export of garments. The success of Indian textiles lies in effective vertical integrations policies which have helped operators in taming the processes which while lying beyond simple manufacturing exercise do have a serious impact on it, for example, raw material treatment. Thus, cotton, jute, silk or wool and even synthetic material are also produced by this industry to complement and strengthen the garments manufacturing industry. Almost one quarter of the world's spindle activities is hosted in India, again positioning itself just after China. Looming is another important element that accounts for significant activity in this industry; in fact, it takes an impressive 61% share including handlooms.

Indians have well understood the importance of staying one step ahead of developments in the world economic environment. The industry is now preparing itself to take share of opportunities expected to arise out of the market freed from quota restrictions and other trade barriers. Industry operators are increasingly moving towards modernization and expansion as encouraged by the so-designated Textile Upgradation Fund Scheme implemented by Government.

The local textile sector is now at a critical stage where it should prepare itself to rise and grab the opportunities that are available through liberalization of the international market. Manufacturers however, were caught in inadvertence as new players started to creep on the market at a time when most operators had attention on imminent opportunities coming from a quota-free market. Strategies and policies were mainly targeted towards expansion and modernization leaving more space to domestic players. Now it obviously appear that the latter have had ample freedom to strengthen them and they are now more prepared than export-oriented companies.

Being an export-oriented industry, apparel and textile sector has always been an invincible element of the country's trade policy. Aligned with this, industry experts are sincerely hoping that textile industry would be positioned in the lowest tax structure slab.



RISKS AND CONCERNS

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the Company is exposed to are:

1. COMPETITIVE RISK:

The apparel industry is subject to rapidly evolving fashion trends, and we must continuously offer innovative and upgraded products to maintain and grow our existing businesses. Investments in the industries have started picking up with no barriers for entry of new players. Your Company continues to focus on increasing its market share and focusing more on R&D, Quality, Cost and Timely delivery that help create differentiation and provide optimum service to its customers to expose competition risk.

2. FINANCIAL(FUNDING RISK):

Any increase in interest rate can affect the finance cost. The Company's policy is to borrow long term borrowing in Indian Rupee to avoid any rate variation risks. The Company has adopted a prudent and conservative risk mitigation strategy to minimize interest costs.

3. FOREIGN EXCHANGE RISK:

Foreign exchange risks are quantified by identifying contractually committed future currency transactions. The Company's policy is to hedge all long term foreign exchange risk as well as short term exposures within the defined parameters. The long term foreign exchange liability is hedged and hedging reserve is maintained as per requirement of Ind-AS.

4. COMPLIANCE AND CONTROL RISK:

The evolution of the global regulatory environment has resulted into increased regulatory scrutiny that has raised the minimum standards to be maintained by BSL Limited. This signifies the alignment of corporate performance objectives, while ensuring compliance with regulatory requirements. The Company is regularly monitoring and reviews the changes in regulatory framework and also monitoring its compliance mechanism so as to ensure that instances of non-compliance do not occur.

5. RAW MATERIAL PRICE RISK:

The Company is exposed to the risk of raw material prices of Polyester, Viscose, P/V blended yarn, Silk and Wool. The Company hedges this risk by purchasing the required raw material at the time of booking of sales contracts. Also this risk is being managed by way of inventory management and forward booking.

6. HUMAN RESOURCES RISK:

Retaining the existing talent pool and attracting new manpower are major risks. The Company hedges this risk by setting benchmark of the best HR practices and carrying out necessary improvements to attract and retain the best talent. The Company has initiated various measures such as rollout of strategic talent management system, training and integration of learning activities.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has an Internal Audit department with adequate experience and expertise in internal controls, operating system and procedures. In discharging their role and responsibilities, the department is supported by an external audit firm.

The Internal Audit Department reviews the adequacy of internal control system in the Company, its compliance with operating systems and laid down policies and procedures. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen them. The Company has a robust Management Information System, which is an integral part of the control mechanism.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

This part has been discussed in Board's Report.

HUMAN RESOURCE AND INDUSTRIAL RELATION:

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company has a structured induction process and management development programs to upgrade skills of the employees. As at 31st March, 2018, 3053 employees (Staff & Workers) employed in the Company.

The Company's HR practices, systems and people development initiatives are focused on deployment and scouting for the "Best Fit" talent for all key roles. Pay for performance, reward and recognition programmes, job enrichment and lateral movements provide opportunity for growth & development of the talent pool.

The Company is committed to nurturing, enhancing and retaining top talent through superior Learning & Organization Development interventions. Corporate learning and Organization Development is a part of Corporate HR function. It is a critical pillar to support the organization growth and its sustainability over the long run.

CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts. The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

BOARD'S REPORT

To The Members,

The Board of Directors have pleasure to present the 47th Annual Report and Statement of Accounts for the financial year ended 31st March, 2018.

1. Financial Results

(` in Crore)

Particulars	For the year ended	
	31.03.2018	31.03.2017
Turnover – a) Domestic	221.26	242.09
– b) Exports	181.94 403.20	200.12 442.21
Profit before Interest, Depreciation and Tax	32.73	39.55
Less : Financial Expenses	13.95	14.56
Profit before Depreciation and Tax	18.78	24.99
Less : Depreciation & Amortisation	17.03	15.92
Profit before Tax	1.75	9.07
Taxation – Current Tax	0.48	2.35
– Deferred Tax	0.24	0.80
Profit after Tax	1.03	5.92
Other Comprehensive Income (OCI)	(0.89)	0.01
Profit after Tax (Net of OCI)	0.14	5.93

2. Operations

The division wise performance is as under:

(` in Crore)

Particulars	For the year ended			
	31.03.2018		31.03.2017	
	Qty.	Value	Qty.	Value
a) Fabrics (Lac Mtrs.)				
- Domestic	111.67	140.06	106.82	137.04
- Exports	111.21	170.49	111.98	178.78
Total	222.88	310.55	218.80	315.82
b) Yarn (MT)				
- Domestic	2291	61.73	2739	72.75
- Exports	231	7.24	739	16.73
Total	2522	68.97	3478	89.48
c) Fibre (MT)				
-Domestic	123	2.10	655	12.37
d) Readymade Garments (No. of Pcs.)				
- Domestic	97802	3.48	111799	4.14
- Exports	37204	0.97	27542	1.05
Total	135006	4.45	139341	5.19
e) Wind Power				
Generation (Lac Units)	20.19	0.79	23.91	0.94
f) Job Work		13.13		14.85
g) Export Incentives		3.21		3.56
Grand Total		403.20		442.21

3. Exports

The Company's Export turnover during the year was ` 181.94 Crores as against previous year ` 200.12 Crores.

4. Modernization and Expansion

Your Directors in their previous report had informed about modernization & expansion plan of ` 23 Crores for its spinning, weaving and processing division. Your Directors feel pleasure in informing the members that the project has been commissioned during the year resulting in improvement in quality and productivity and better services to customers. The full benefits of this expansion shall be reaped in the current financial year. The Company has installed 4 No. Picanol Rapier Looms during the year. Further, your Company has installed and commissioned Roof Top Solar Power Project of 2.50 MW Capacity at Mandpam, Bhilwara, Rajasthan, during the year under OPEX Model. This shall resulted in saving in power cost per unit.

5. Outlook for Company's Activities

The outlook of Company's activities looks bright as it continues to focus on value addition, improved efficiency, modernization and integrated operations. In Exports, the Company is exploring new markets in Africa, Australia, Europe, USA, Canada and other Latin American countries and increasing the volumes in existing markets. In Domestic Marketing, the Company is focusing on Furnishing/RMG/Institutional segment.

6. Wind power Project

The Company's Wind Power Projects at Jaisalmer had generated 37.71 Lac units during the year, as against 47.55 Lac units last year.

7. Dividend

Your Directors recommend a dividend @ 10% i.e. ` 1 per Equity Share of ` 10/- each for the year ended the 31st March, 2018. This will absorb an amount of ` 124.08 Lacs (inclusive of distribution tax). A proposal for confirmation of the dividend for the year ended 31st March, 2018 will be placed before the shareholders at the ensuing Annual General Meeting.

8. Contribution to Exchequer

Your Company has contributed an amount of ` 19.44 Crores as against previous year ` 13.39 Crores in terms of Taxes & Duties to the Exchequer.

9. National Movements

"A clean India would be the best tribute India could pay to Mahatma Gandhi on his 150 birth anniversary in 2019," Swachh Bharat Mission was launched throughout length and breadth of the country as a national movement. The campaign aims to achieve the vision of a 'Clean India' by 2nd October 2019. One of the focal points of Swachh Bharat is having a Shauchalaya for every household and particularly in schools for their proper health and hygiene of the students. As a part of the CSR, the company has setup complete Shauchalaya facilities in the schools of Tunturi Purulia, and Saraswati Sishu Mandir, Paschim Bhurkundi Paschim Midnapore.

"Mukhya Mantri Jal Swavlamban Abhiyan" has been launched in the State with the vision to ensure effective implementation of water harvesting and water conservation related activities in the rural areas using a holistic approach. The state launch the

BOARD'S REPORT

Abhiyaan with a view to converge various schemes and to bring them on a single platform under one umbrella to conserve the four waters i.e. Rainfall, Runoff, Ground water and Soil moisture upto maximum potential and effective results. Your Company has joined hands with the State Government as a part of its Corporate Social Responsibility. The Company has contributed to the Government Fund during 2017-18.

10. Green energy

The Company on the one hand adhering to ZLD norms at the same time it is focusing on the Green Energy. The Company is having Wind Power capacity of 4.4 MW. It has already installed 2.50 MW roof top Solar Plant at its existing site under OPEX Model. Further during 2018-19, Company plans to add further 2 MW roof top solar plant at its existing site under OPEX Model. Currently the Company is consuming 3.60 Cr. Units P.A. out of which about 25% Power is produced by the company through renewable energy sources. Further Company is planning to install 1.75 MW roof top solar power unit at its site which will produce approximately 25 Lacs units P.A. Thus focus of the company is on Sustainability both in terms of effluent Management and non fossil energy consumption.

11. Vegan Certificate

Your Company has applied for Vegan Certificate for its Products which is expected to be received by this month.

12. Extract of Annual Return as per sec 92 in form MGT 9

The Details forming part of extract of Annual Report in Form No MGT 9 is enclosed in **Annexure I**.

13. Statutory Auditors

M/s SSMS & Associates, Chartered Accountants (FRN: 019351C) were appointed as Statutory Auditors of your Company at the AGM held on September 26, 2017 for a term of five consecutive years i.e. until the conclusion of the 51st AGM. Further, M/s SSMS & Associates have confirmed their independence and eligibility under the provisions of the Act and Listing Regulations. The report of the Statutory Auditors along with notes to Schedules is enclosed to this Report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

14. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed **M/s V. M. & Associates, Company Secretaries, Jaipur**, to undertake the Secretarial Audit of the Company. The details forming part of Secretarial Audit Report for financial year 2017-18 in Form MR -3 is enclosed herewith as per **Annexure II**. There are no reservations, qualifications, adverse remark or disclaimer contained in the Secretarial Audit Report.

15. Internal Auditors

Pursuant to Section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014, the Company has appointed M/s A.L. Chechani & Co., Chartered Accountants as the internal auditors of the Company. The role of internal auditors includes but not limited to review of internal audit

observations and monitoring of implementation of corrective actions required, reviewing of various policies and ensure its proper implementation, reviewing of SOPs and there amendments, if any.

16. Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with Rule 6(2) of the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Textile Divisions every year.

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s N.D. Birla & Co., Cost Accountants, (Firm Registration Number 000028) as Cost Auditor to audit the cost accounts of the Company for the financial year 2017-18. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

17. Directors' Responsibility Statement

To the best of our knowledge and belief and according to the information and explanations obtained, we make the following statements in terms of section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended 31st March, 2018 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Note one of the notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that the internal financial controls were in place and that the internal financial controls were adequate and were operating effectively;
- f. that the system to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

18. Conservation of Energy, Technology Absorption and 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, is annexed herewith as '**Annexure III**'.