



**2017-2018**

**79th Annual Report**

***"Striding Towards a New Future"***



## Corporate Directory

### BOARD OF DIRECTORS

Dr. Shashi Chand Jain  
Chairman Emeritus

Shri. Pramod Kumar Jain  
Chairman and Managing Director

Shri. Bakul Jain  
Managing Director

Shri. Vivek Jain  
Managing Director

Shri Mudit Jain  
Managing Director

Shri Pradip Madhavji  
Ms. Sujata Rangnekar  
Shri Krishnamoorthy Krishnan  
Shri Salil Kapoor

### BANKERS

Punjab National Bank  
State Bank of India  
City Union Bank Ltd.

### AUDITORS

Chhajer & Doshi  
Chartered Accountants, Mumbai

**REGISTERED OFFICE**  
Dhrangadhra – 363 315, Gujarat.

### HEAD OFFICE

“Nirmal” 3<sup>rd</sup> Floor,  
Nariman Point,  
Mumbai – 400 021.

### BRANCH OFFICE

Indra Palace, 1<sup>st</sup> Floor,  
H-Block, Connaught Circus,  
New Delhi - 110 001.

### WORKS

**Soda Ash Division** : Dhrangadhra – 363 315,  
Gujarat

**Caustic Soda Division** : Arumuganeri P.O.,  
**PVC Division** Sahapuram – 628 202,  
**CPVC Division** Tamil Nadu.  
**SIOP Division**

**Salt Works :** : Kuda, Gujarat.  
: Arumuganeri P.O.,  
Sahapuram – 628 202,  
Tamil Nadu.

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**79<sup>TH</sup>**  
**Annual Report**  
**2017 - 2018**

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## Directors' Report

### TO THE MEMBERS

Your Directors present their 79<sup>th</sup> Annual Report and Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2018 -

#### 1. Financial Results

	31-03-2018 (₹ in lacs)	31-03-2017 (₹ in lacs)
Net Sales	121340.71	130491.45
Gross Profit	3870.76	9294.21
Less : Provisions		
Depreciation	8779.94	6792.91
Profit Before Tax/(Loss)	<b>(4909.18)</b>	<b>2501.30</b>
Tax: Current Period	-	485.00
Previous Period	-	15.00
MAT Credit available for set off / Utilized	-	(475.00)
	-	<b>25.00</b>
Profit/(Loss) After Current Tax & Tax Adjustments	(4909.18)	2476.30
Deferred Tax	(2889.02)	461.57
Profit after Tax/(Loss)	(2020.16)	2014.73
Add: Balance brought forward	15686.14	13671.41
Profit available for Appropriation	<b>13665.98</b>	<b>15686.14</b>
Appropriations:		
General Reserves	-	-
Proposed Dividend	-	-
Dividend Distribution Tax	-	-
Balance carried forward	<b>13665.98</b>	<b>15686.14</b>

#### 2. Dividend:

Due to loss during the year on the operations of the company your directors have not recommended any dividend for the year on the equity shares of the Company.

#### 3. Operations:

The sales for the year are ₹ 121340.71 lacs compared to ₹ 130491.45 lacs in the previous year. The profit for the year (before depreciation) was ₹ 3870.76 lacs against a profit of ₹ 9294.21 lacs in the previous year. The loss before tax amounted to ₹ (4909.18) lacs as against profit of ₹ 2501.30 lacs in the previous year. The loss after provision of current tax / taxes for the year is ₹ (4909.18) lacs against a profit of ₹ 2476.30 lacs for previous year and loss after deferred tax was ₹ (2020.16) lacs against profit of ₹ 2014.73 lacs for previous year.

#### 4. Exports:

The Company's exports were of ₹ 15291.84 lacs as compared to ₹ 16558.91 lacs in the previous year. This decrease in Export Turnover is on account of lower export sale of Synthetic Rutile.

#### 5. Division wise Performance:

##### a) PVC Division:

The turnover of the division was ₹ 54558.22 lacs as compared to ₹ 65917.92 lacs in the previous year, a decrease of 17% the turnover of this division is lower compared to previous year, this is due to lower production during first three quarter of the years because of water scarcity being faced at company's Shupuram Unit, in Southern Tamilnadu, which has faced draught during first three quarters of the year, this has affected

the working of this division. The demand for PVC continues to show positive growth. The Government has identified irrigation, power and infrastructure, as thrust areas and increased activity in these sectors are likely to boost demand of PVC Resin.

**b) Caustic Soda Division:**

The turnover of the division was ₹ 40904.17 lacs as compared to ₹ 41807.78 lacs in the previous year, an decrease of 2% in the turnover during the year. This is due to lower production during first three quarter of the years because of water scarcity being faced at company's Shupuram Unit, in Southern Tamilnadu, which has faced draught during first three quarters of the year, this has affected the working of this division.

**c) Soda Ash Division:**

The turnover of the division was ₹ 20736.67 lacs as compared to ₹ 19635.00 lacs, an increase of 6% during the year. The turnover of this division has been mainly due to higher production and sales during the year. The demand for the product of this segment is consistent. Also looking to the demand and supply position in coming years and no major new capacities coming up in near future the working of this division is expected to be stable.

**d) Synthetic Iron Oxide Pigment:**

The turnover of the division was ₹ 2595.82 lacs as compared to ₹ 3058.99 lacs in the previous year. The product manufactured in this division has taken quite a long time to stabilize. Also this being specialty chemical the validation process was slow and longer. The company is confident of gradually ramping up the capacity and meet product variants as required by the customers. Also as explained above company's Sahupuram plant which is located in South Tamilnadu, which has faced severe draught during the year due to which the activities of this division had been affected.

The product of the company has been accepted both in the international as well as domestic market and company is developing wider customer base for this product in both the markets. This product is also helping the company to use waste coming out from its Synthetic Rutile (BI) plant to manufacture value added commercial product.

**e) C-PVC Division:**

The turnover of the division was ₹ 2189.12 lacs. This being the first year of operation of this plant the product being specialty chemical, has a longer approval process. The product has been well accepted by the customers and current year the plant has started working at its capacity. Also as explained above company's Sahupuram plant which is located in South Tamilnadu where this plant is also located has experienced water crisis situation during the first three quarters of the year.

- 5.1 There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2017-18 and the date of this Report.

## **6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **6.1 Industry Structure and Developments:**

- 6.1.1 Caustic Soda is an Alkaline used in sector like Soap, Detergent, Paper and Chemicals (alumina sector). The demand for caustic soda is driven by the upturn in the production growth in these sectors. The installed capacity of caustic soda is about 36.70 lakhs tonnes out of which 50% of the capacities are in the Western part of India, 25% in Southern India.
- 6.1.2 Soda Ash is mainly used in industries such as Detergents, Dye intermediaries, Sodium Silicate, Ore Refining, Glass Industry, Pesticides, Paper, Pharmaceuticals and Mining Industries. Sodium Bicarbonate which is manufactured by Soda Ash Industries is being used in Bakeries and also by Chemical and Pharmaceuticals Industries. The total installed capacity in Soda Ash Industries is 33.61 lakhs MT. All these capacities are concentrated in Western part of India due to availability of required raw material i.e. Salt, Lime Stone and Coal/Lignite. The demand for Soda Ash is increasing by 5% annually mainly due to demand from Detergent and Glass sector.



### **6.1.3 PolyVinyl Chloride (PVC)**

PolyVinyl Chloride (PVC) is the most commonly used thermoplastic. PVC is produced from Vinyl Chloride Monomer (VCM), which is obtained from Ethylene Dichloride (EDC), a derivative of ethylene and chlorine. PVC is used in variety of items, such as Pipes and Fittings, Wires and Cables, Calendered Sheets, Blow Molded Bottles, Profiles, Footwear, Roofing, Automotive Parts, Table Clothes, Shower Curtains and Furniture. In India the per capita consumption of PVC is significantly less as compared with developed countries.

Total domestic installed capacity of PVC Industry is 1.35 Mill. TPA. The domestic demand of PVC is about 2.90 Mill. TPA. The shortfall 1.55 Mill. TPA in supply is met by imports. The market for PVC is expanding by 5 to 6% p.a. and hence, there is scope for increasing capacities.

### **6.1.4 CPVC**

Chlorinated Polyvinyl Chloride (CPVC) is a specialty Polymer having characteristics such as high glass transition temperature, high heat deflection temperature, outstanding flame and smoke properties and chemical inertness. CPVC due to these properties find application in the Hot water plumbing Sanitary pipe, Industrial Pipes and fire-retardant systems.

CPVC is manufactured by chlorinating Polyvinyl Chloride. Polyvinyl Chloride normally contains 56-57% chlorine and when chlorinated further to 66-67%, it is called Chlorinated Polyvinyl Chloride. DCW's CPVC is produced under technical licenses from Arkema, France, (Presently KEMONE) it is a most clean technology with zero effluent discharge.

CPVC market is estimated to 125000 MT/year and growing at the CAGR of 15%. At present DCW is the only domestic producer having capacity of 12000 MT/year and rest of the demand is met by the imports.

### **6.1.5 Synthetic Iron Oxide Pigment (SIOP)**

SIOP are widely used in Coating, Construction, Plastic and Paper Industries as a coloring matter. As a specialty pigment, the demand for this product is increasing due to growth in Infrastructure and Housing, Commercial Projects. Apart from catering to the domestic demand, the pigment are being exported to countries viz. U.S.A., Europe, Africa, Japan and to other Asian Countries.

## **6.2 Opportunities and Threats**

The domestic demand for all the products manufactured by the Company is growing which gives opportunity to expand its production capacities and take benefits of the expanding market. Company's Caustic Soda, Synthetic Rutile and PVC Units are near to Tuticorin Port in Tamil nadu and this gives opportunity to the Company to easily export its products. Company has opportunity to go for backward/forward integration in the products it manufactures which can make the Company more competitive.

The low cost imports coming in to the country can be a threat in future. However, Company's efforts over the years have made it a low cost producer and hence the Company is capable of facing international competition.

## **6.3 Segment-wise or product-wise performance.**

### **6.3.1 Caustic Soda Division:**

The Company continues to be a major player in South India with a market share of approximately 20%. The demand for caustic soda is expected to grow at a steady rate, due to increased demand from alumina manufacturers. The Company has captive use of HCL & Chlorine which helps to maintain Caustic Production at full level.

### **6.3.2 Soda Ash Division:**

The Soda Ash Industry continues to grow at a compounded rate of 4% - 5% per annum and this trend is expected to continue. Anti-dumping duty imposed on import of Soda Ash from countries of Iran, Pakistan, China, Ukraine, Kenya, Turkey, Russia, European Union and the US by Govt. of India will protect the industry against dumping of Soda Ash from these countries.

### 6.3.3 PVC Division:

The Company, one of the country's five producers of PVC resin, has maintained its market share of nearly 7%. Anti-dumping duty imposed on PVC resin imports from China, USA, Mexico, European Union, Indonesia will protect the domestic industry against dumping of PVC resin from these countries. Automation cum De-bottlenecking program implemented in this unit will help the Company in reducing cost and increasing production of this division.

### 6.3.4 Synthetic Iron Oxide Pigment Division:

With starting of Synthetics Iron Oxide Pigment (SIOP) Division, the company entered into specialty chemical business. The plant was under stabilisation stage and has since started production. This plant has been established with company's patented technology and technological help from Huntsman pigments (formerly Rockwood Pigments). This plant will consume leach liquor generated from Synthetic Rutilke plant and will help in reducing pollution. This division once fully operational will give more stability to the bottom line.

### 6.3.5 C-PVC:

The new C-PVC Plant which was commissioned and has since stabilized is a specialty chemical and your company is first in India to manufacture C-PVC domestically. At present entire C-PVC demand is being met by way of imports. This plant will help the country to conserve foreign exchange and also will help the country to move towards Make in India. This product being specialty chemical it needs to pass acceptability tests by the user industry. The product has since stabilized and company will be able to achieve full production in this plant by second half of the year.

## 6.4 OUTLOOK :

The Company has diversified operations with five business segments viz. PVC, CPVC, Chlor- Alkali, SIOP & Soda Ash. It is thus reasonably protected from the vagaries of individual business cycles of these products. By the commencement of commercial production at company's new Synthetic Iron Oxide Pigment plant and C-PVC plant, the company has entered into specialty chemical segment and this will give more stability to the bottom line of the company in coming years.

## 6.5 Risks and concerns

The Company's performance depends upon number of factors viz., fluctuations in the exchange rates of Rupee with major International currencies, change in raw-material prices, change in duty structure on the raw material imported and Company's various products, change in Government policies in the sectors in which company operates etc.

## 6.6 Internal Control systems and their adequacy

Company has adequate internal control system commensurating with the nature of its business and size of its operations. Internal Audit is conducted on a regular basis by a reputed firm of Chartered Accountants. The reports of the internal audit along with comments from the management are placed for review before Audit Committee.

## 6.7 Financial Performance with respect to Operative Performance

The Gross Revenue of the Company for the year was ₹ 1213.40 crores against the gross revenue of ₹ 1304.91 crores of the previous year. The Profit Before Tax was ₹ (49.09) crores compared to ₹ 25.01 crores of the previous year. Water shortage at Shahupuram Works due to near draught condition in Tamilnadu and consequent lower production has caused decrease in revenue and loss to the Company.

## 6.8 Material Developments in Human Resources/Industrial Relation front, including number of people employed.

Company continues to give at most importance to human resources development and keeps relations cordial. Number of permanent employees have been mentioned hereinafter.

## 7 Cautionary Note:

Statement in this report describing the company's objectives, projections, estimates, expectation and prediction may be "forward looking statements". Actual results could differ materially from those expressed or implied due to variations in prices of raw materials and realization of finished goods, changes in government regulation, tax regimes, economic developments and other incidental factors.

## 8. Directors & Key Managerial Personnel

### A. Retirement by rotation

In accordance with the provisions of Section 152(6) Mr. Bakul Jain (DIN No.00380256) retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment. The Board recommends his re-appointment

### B. Independent Directors

Shri Sodhsal Singh Dev of Dhrangadhra (Din N. 00682550) expired on 17th September, 2017. Shri D. Ganapathy (Din No. 02707898) resigned from the Board by his letter dated 04/05/2018 due to ill health and personal commitments. The Board has put on record the valuable contributions made by the aforesaid Directors during their tenure.

Shri Pradip Madhavji (Din No.00272161) have been appointed as an Additional Director w.e.f 13/11/2017 and he is also an Independent Director. Shri Kirshnamoorthy Krishnan (Din No. 008129657) has been appointed as an Additional Director w.e.f 22/05/2018 and he is also an Independent Director.

The above Additional Directors hold office till the conclusion of the forthcoming Annual General Meeting and the Company has received notices from members of their intentions to propose Shri Pradip Madhavji and Shri Krishnamoorthy Krishnan as Independent Directors for a period of 5(five) years.

The Independent Directors have submitted the declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub-section (6) and there has been no change in the circumstances which may affect their status as independent directors during the year.

### C. Performance Evaluation -

In compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Performance evaluation of the Board was carried out during the year under review and a structured questionnaire was prepared covering various aspects of the Board's functioning such as participation, adequate preparation, contribution to strategy and other areas, quality of decision making, high quality of debate with robust and probing discussions etc. The Nomination and Remuneration Committee evaluated the performance of the Directors. Independent Directors at a separate meeting held by them have evaluated the performance of the non-Independent Directors and also evaluated the performance of the chairman taking into consideration the views of Managing Directors. The Board of Directors have also evaluated the performance of its Committees and each of the Independent Directors.

Mr P.K. Jain, Chairman & Managing Director, Mr Bakul Jain, Mr Mudit Jain, Mr Vivek Jain, Managing Directors and Mr Vimal Jain, Chief Financial Officer and Ms. Jigna Karnick, Company Secretary are Key Managerial Personnel under Section 203 of the Companies Act, 2013.

## 9. Particulars of employees

- 9.1 The information required under Section 197 of the Companies Act, 2013 and Rule 5 (2) of Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report as **Annexure 'A'**.
- 9.2 Information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are given below:
  - a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year\*

Managing Directors	Ratio to median remuneration
Shri P.K. Jain	4.03
Shri Bakul Jain	4.03
Shri Mudit Jain	4.03
Shri Vivek Jain	4.03

\* Managing Directors, to strengthen the finances of the Company, as a gesture of goodwill, waived their salary for the period 1/6/2017 to 31/3/2018. Therefore the remuneration paid to them for the months of April and May, 2017 have been considered for the ratio mentioned above.

\* Non Executive and Independent Directors have not been included as they were not paid any commission and the sitting fees paid to them have not been considered as remuneration.

- b. The percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial Year.

There was no increase in the Remuneration of Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary in the Financial Year.

- c. The percentage increase in the median remuneration of employees in the financial year : 40.90%
- d. The number of permanent employees on the rolls of Company : 1790
- e. 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:

The average increase in remuneration is 40.90% for employees other than Managerial Personnel and there was no increase in the Managerial remuneration.

- f. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirm that the remuneration is as per the remuneration policy of the Company.

#### **10. Statutory Auditors**

M/s. Chhajed & Doshi, Chartered Accountants (Firm Registration No. 101794W) have been appointed by the shareholders in their Annual General Meeting held on 28/09/2017 as the statutory auditors of the company for a period of 5(five) years i.e. to hold till the conclusion of the 83<sup>rd</sup> Annual General Meeting.

#### **11. Cost Auditor And Cost Audit Report**

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules 2014 the Board of Directors on the recommendation of the Audit Committee appointed M/s. N.D. Birla & Co., Ahmadabad and M/s. R. Nanabhoy & Co., Mumbai for conducting cost audit of the company's Soda Ash and Caustic Soda divisions respectively for the financial year 2017-18. They have conducted Cost Audit for the financial year 2017-18 of the respective divisions and will be filing Cost Audit Report with the Central Govt. The remuneration payable to Cost Auditors is required to be determined by the Shareholders at the Annual General Meeting. They have also been appointed to do the cost audit of the said respective divisions for the year 2018-19:

#### **12. Secretarial Auditor and Secretarial Audit Report.**

M/s. S. K. Jain & Co., (Proprietor Dr. S. K. Jain) Practicing Company Secretary was appointed to conduct Secretarial Audit of the Company for financial year 2017-18 as required under section 204 of the Companies Act, 2013 and the rules thereunder. The Secretarial Audit report for financial year 2017-18 forms part of the annual report as "Annexure B" to the Boards Report. The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

#### **13. Conservation of Energy, Technology and Foreign Exchange.**

Information on conservation of energy, technology absorption, foreign exchange earnings and out go, required to be given pursuant to provision of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 is annexed here to marked "Annexure C" and forms part of this report.

#### **14. Public Deposits**

The Company has not accepted renewed any amount falling within the purview of provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.



## 15. Committees of the Board.

The Board has constituted the following mandatory committees viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Internal Compliance Committee. The terms of reference of these committees are as required under the provisions of the respective Acts /SEBI (Listing obligations and Disclosure Requirements) 2015 and as determined by the Board. Meeting of each of these committees are convened by the respective Chairman of the Committees and minutes of the meetings of these committees are placed at the Board Meetings. The details of these committees are stated in this Report / Annexures to this Report.

### 16.1 Corporate Social Responsibility (CSR) Committee

Pursuant to Section 135 of the Companies Act, 2013 and the relevant rules, the Board has constituted the Corporate Social Responsibility (CSR) Committee under the Chairmanship of Shri P. K. Jain, Chairman of the Board . The other members of the Committee are Shri Krishnamoorthy Krishnan, an Independent Director and Mr. Bakul Jain, Managing Director. A detailed CSR Policy has also been framed which is placed on the company's website. Other details for the CSR activities as required under Section 135 of the Companies Act 2013 are given in the CSR Report at "Annexure D".

### 16.2 Internal Compliance Committee.

In terms of the provisions of the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013., the Company has formed Internal Compliance Committees at its Head Office at Mumbai, and its Works at Sahapuram, Tamilnadu and Dhrangadhra, Gujarat. The Board also has approved a policy for prevention of Sexual Harassment at Work place. There were no Complaints filed till date under the said policy.

### 16.3 Audit Committee.

Audit Committee comprises 3 Independent Directors and Ms. Sujata Rangnekar is the Chairperson of the Committee and other members of the Committee are Shri Pradip Madhavji and Shri Krishnamoorthy Krishnan and they possess sound knowledge on accounts, audit, finance, taxation, Internal Control etc. The details of the composition of the Audit Committee are given in the Corporate Governance Report .

The Company Secretary of the Company acts as Secretary of the Committee.

During the year there are no instances where the Board had not accepted the recommendation of Audit Committee.

### 16.4 Nomination & Remuneration Committee & Policy

The Company has duly constituted Nomination & Remuneration Committee to align with the requirements prescribed under the provisions of the Companies Act, 2013 and SEBI (Listing obligations and Disclosure Requirements) Regulation 2015.

The details of the Composition of the Nomination & Remuneration Committee are given in the Corporate Governance Report.

The Board has framed a policy for selection and appointment of Directors, Senior Management and their Remuneration. The policy provides for determining qualification, positive attributes, and independence of a Director.

## 17. Extract of the Annual Return

Pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March 2018 made under the provisions of Section 92 (3) of the Act in Form MGT-9 is annexed herewith as **Annexure "E"**.

## 18. Details in respect of adequacy of internal financial controls with reference to the financial statements.

A strong internal control culture is pervasive in the company. The Company has implemented a robust and comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources. The internal audit department

continuously monitors efficiency of internal controls with objective of providing to the audit committee and the board of directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organizations risk management, controls and governance processes.

Your Company operates in SAP, ERP environment and has its accounting records stored in an electronic form and backed up periodically. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of account. Your Company has automated processes to ensure accurate and timely updation of various master data in the underlying ERP system.

## **19. Related Party Transactions:**

All the related party transactions are entered on arms length basis and are in compliance with the applicable provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015. All related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the audit committee on a quarterly basis specifying the nature value and terms and conditions of the transactions.

The Related Party Transactions Policy as approved by the Board is uploaded at the Company's website.

The details of transaction with Related Party are provided in the accompanying financial statements.

Shri Ashish Jain, Sr. President, Shri Saatvik Jain, Smt. Paulomi Jain and Smt. Malti Bhindi, Presidents who are related to Managing Directors of the Company and hence related parties under Section 2(76)(i) of the Companies Act, 2013 are being re-appointed for a further period of 5 years from the expiry of their present tenure and resolutions for their re-appointment will be included in the notice convening the forth coming Annual General Meeting. They were earlier appointed in the above positions by the shareholders at their 75th Annual General Meeting held on August 13, 2014 and has been discharging their duties since then. Considering the contributions made by them during their present tenure, it is in the interest of the Company that they be re-appointed in the said positions and therefore the Board has recommended their re-appointment.

## **20. Particulars of loans, guarantees and investments.**

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

## **21. Corporate Governance Report**

The report on Corporate Governance is annexed to this report as **Annexure "F"**.

## **22. Directors' Responsibility Statement**

In terms of section 134 (3) (c) of the Companies Act, 2013, your Directors have:

- (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.