

## **ANNUAL REPORT 2015 - 2016**

### **BOARD OF DIRECTORS**

Mr. Swetank M. Patel	<i>Managing Director</i>
Mrs. Hina S. Patel	<i>Director</i>
Mr. Narendra S. Ayer	<i>Independent Director</i>
Mr. Umesh R. Naik	<i>Independent Director</i>

### **COMPANY SECRETARY**

Payal Makani

### **AUDITORS**

M/s. J. K. Parmar & Co.  
Chartered Accountants  
Ahmedabad

### **BANKERS**

ICICI Bank Ltd.,  
Bopal Branch, Ahmedabad

HDFC Bank,  
Darpan Six Roads Branch, Ahmedabad

State Bank of India,  
Navrangpura Branch, Ahmedabad.

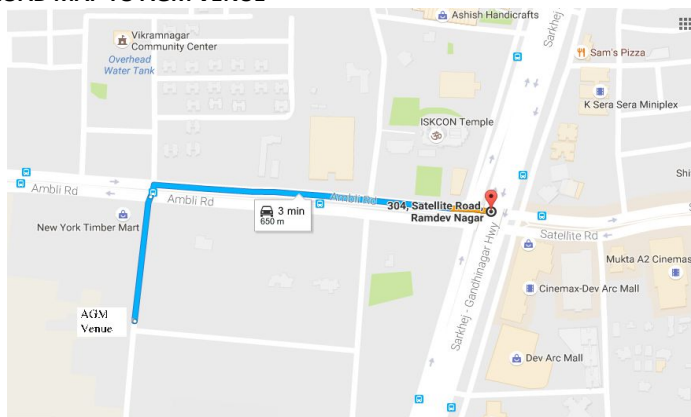
### **REGISTERED OFFICE**

4<sup>th</sup> Floor, Karm Corporate House, Opp. Vikramnagar  
Nr. New York Timber, Ambli Bopal Road  
Ahmedabad.

### **REGISTRAR & SHARE TRANSFER AGENTS**

Sharepro Services (India) Pvt. Ltd.  
416-420, 4<sup>th</sup> Floor, Devnandan Mall,  
Opp. Sanyas Ashram, Ashram Road,  
Ellisbridge, Ahmedabad – 380006  
Phone: 079 26582381  
E-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

### **ROAD MAP TO AGM VENUE**



**NOTICE**

Notice is hereby given that **Annual General Meeting of Anar Industries Limited** will be held at the registered office of the Company at **4<sup>th</sup> Floor, Karm Corporate House, Opp. Vikramnagar Nr. New York Timber Mart, Ambli Bopal Road Ahmedabad-380059** on Friday, 30<sup>th</sup> Day of September, 2016 at 11:00 A.M. to transact following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2016 including audited Balance Sheet as at 31<sup>st</sup> March, 2016 and Statement of Profit and Loss for the year ended on that date and the Reports of the Directors, Auditors and the Secretarial Auditor thereon.
2. To re-appoint Ms. Hina S. Patel (DIN: 01987053), who is liable to retire by rotation and being eligible, offers herself for re-appointment.
3. To ratify the appointment of M/s. J. K. Parmar & Co., Chartered Accountants (Firm Registration No.105799W) as approved by Members at the Annual General Meeting as Statutory Auditors of the Company, to hold office until the conclusion of Annual General Meeting, and to fix their remuneration for the financial year ending 31<sup>st</sup> March, 2017.

**SPECIAL BUSINESS:**

**4. RE-APPOINTMENT OF MANAGING DIRECTOR**

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

**“RESOLVED THAT**, pursuant to the provisions of sections 196, 197, 198 and 203 read with schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof or any other law and subject to such consent(s), approval(s) and permission as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), permission(s), approval(s) and as are agreed to by the Board of Directors, the Company hereby ratifies the re-appointment of Mr. Swetank M. Patel (DIN: 00116551) as Managing Director of the company for a period of five years from 01/03/2016 to 28/02/2021.”

**“RESOLVED FURTHER THAT**, his re-appointment as Managing Director is as per the recommendation of Nomination and Remuneration Committee in its meeting held on February 10, 2016 and that he will not draw any remuneration from the Company.”

**5. APPROVAL OF RELATED PARTY TRANSACTION**

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

**“RESOLVED THAT**, pursuant to the provisions of Section 188 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 and regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such amendments as may be made therein, the approval of the Members of the Company be and is hereby accorded for transaction with Nishan Grafitech Private Limited, the related party as defined under the Act for purchase of goods of Rs. 5,97,33,657/-.”

**Place: Ahmedabad**

**Date: 3<sup>rd</sup> September, 2016**

**For and on behalf of the Board**

**SD/-  
Swetank Patel  
Managing Director  
DIN: 00116551**

**Annexure to the Notice of Annual General Meeting****Details of Directors seeking Appointment/Reappointment in Annual General Meeting**

Name of the Director	Mr. Swetank Patel (DIN: 00116551)	Mrs Hina Patel (DIN: 01987053)
Date of Birth	2 <sup>nd</sup> December, 1965	27 <sup>th</sup> December, 1969
Education	<ul style="list-style-type: none"> <li>♦ <b>Bachelor in Engineering</b> in Electronics &amp; Communications (1990), Bangalore University, India</li> <li>♦ <b>MA</b> from Dr. Babasaheb Ambedkar Open University, India</li> <li>♦ <b>PHD</b> from Gujarat University</li> </ul> <p>The entrepreneur has experience of 20 years in various industry/ business verticals</p>	Graduate
Experience	The entrepreneur has experience of 20 years in various industry/ business verticals	Mrs. Hina Patel has around 18 years of valuable experience in management and administration activities.
Designation	Managing Director	Director
Chairman/Member of the Committee of the Board of Directors of the Company	Chairperson of Stakeholders Relationship Committee and Member of Nomination and Remuneration Committee	Member of Audit Committee
No. of Shares held in the Company	2735369	1525610
Other Directorship	1. Anar Retail Private Limited 2. Nishan Grfitech Private Limited	1. Anar Retail Private Limited 2. Nishan Grfitech Private Limited

***Mrs Hina Patel and Mr. Swetank Patel are related as Husband-Wife. No other directors are related inter se.***

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 4**

Mr. Swetank M. Patel (DIN: 00116551), Managing Director of the Company is reappointed for a term of 5 years from 01/03/2016 to 28/02/2021 in the Board Meeting of the Company held on 10/02/2016. The Nomination and Remuneration Committee of the company in their meeting held on 10/02/2016, taking into consideration Mr. Swetank Patel's vast valuable experience recommended his re-appointment as Managing Director of the company for a term of five years. Mr. Swetank Patel will not draw any remuneration as Managing Director of the Company.

As per provisions of the Act, his re-appointment for the above tenure is subject to ratification by members of the Company. Accordingly, ratification of the members is being sought in the Resolution set out at item no. 4 of the Notice. The draft Agreement between the Company and the Managing Director is available for inspection by the members at the company's Registered office between 10:00 a.m. to 1:00 p.m. on all working day's up to the date of Annual General Meeting.

Your Directors recommend the above resolution for approval of the Shareholders as a Special Resolution.

Except Mrs. Hina Patel none of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution.

This may also be treated as a written memorandum setting out the terms of reappointment of Mr. Swetank M. Patel, pursuant to section 190 of the Companies Act, 2013.

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### Item No.5

The Audit Committee and the Board of Directors of the Company, at their respective meetings held on 9<sup>th</sup> November, 2015 has approved a proposal for entering into following related party transactions:

Name of Related Party	Nature of Transaction	Amount (Rs.)
Nishan Grafitech Private Limited	Purchase of Goods	Rs. 5,97,33,657/-

The transaction is Related Party Transactions and in terms of Section 188 of the Companies Act, 2013 and regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable rules thereunder requires approval of the Shareholders by way of Special Resolution.

Further, in terms of Section 188 of the Companies Act, 2013, Mr. Swetank Patel and Mrs. Hina Patel being the shareholders, interested, will not vote on this resolution. The Board of Directors of the Company recommends the Resolution as special resolution for approval of members of the Company.

**Place: Ahmedabad**

**Date: 3<sup>rd</sup> September, 2016**

**For and on behalf of the Board**

**SD/-  
Swetank Patel  
Managing Director  
DIN: 00116551**

### **NOTES:**

1. Shareholder is entitled to attend and vote at the meeting and is also entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Shareholder. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy provided such person shall not act as a proxy for any other person or shareholder.
2. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on any working day except Saturdays and holidays up to the date of Annual General Meeting. Shareholders seeking any information with regards to accounts are requested to write to the Company at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
4. Shareholders are requested to intimate the change, if any, in their registered address at the earliest, quoting their folio number.
5. Shareholders or Proxy are requested to bring along with them their copy of Annual Report at the meeting as extra copies will not be distributed.
6. Members / Proxies should bring the duly filled attendance slip send herewith for attending the meeting
7. Register of Shareholders shall remain closed from 26<sup>th</sup> September, 2016 to 29<sup>th</sup> September, 2016 (Both days inclusive).
8. In case of Joint Holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
9. **Voting through electronic means:**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, and in terms of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote by electronic means.

The facility of casting votes using an electronic voting system from a place other than the AGM venue ('remote e-voting') will be provided to the members by Central Depository Services (India) Limited (CDSL).

The Company is providing facility for voting by electronic means and the business may be transacted through such electronic voting. The facility for voting through ballot paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The 'Step by Step' procedure and instructions for casting your vote electronically are as under:

- i. The e-voting period begins on 26<sup>th</sup> September, 2016 at 9:00 a.m. and end on 29<sup>th</sup> September, 2016 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as at the cut-off date (Record date) of 24<sup>th</sup> September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 29<sup>th</sup> September, 2016 at 5:00 p.m.
- ii. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Next click on "Shareholders" tab to cast your votes.
- iv. Now enter your User ID  
For CDSL: 16 digits beneficiary ID,  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used
- vii. If you are a first time user follow the steps given below:

PAN	Enter your 10 digits alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number is printed on address label/ sticker affixed on the back page of the Annual Report.  In case the sequence number is less than 8 digits enter the applicable number of O's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the date of birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format
Dividend Bank Details#	Enter your dividend bank details as recorded in your demat account or in the Company records for the said demat account or folio.

# please enter DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or member, please enter the member id/folio no. in the Dividend Bank details field as mentioned in instruction (iv).

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

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- x. Click on the EVSN for the relevant Company (ANAR INDUSTRIES LIMITED) on which you choose to vote.
- xi. On the voting page, you will see Resolution Description and against the same, the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- xiii. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK” else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi. If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Note for Non-Individual Shareholders and Custodians.
  - Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- xviii. Mr. Chintan Patel, Partner, M/s. Patel & Associates, Company Secretaries, Ahmedabad has been appointed as the Scrutinizer for conducting the e-voting process.
- xix. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

### **In case of members receiving the physical copy:**

- a. Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- b. The voting period begins on 26<sup>th</sup> September, 2016 at 9:00 a.m. and end on 29<sup>th</sup> September, 2016 at 5:00 p.m. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 24<sup>th</sup> September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Directors' Report**

To,  
The Members,

Your Directors have pleasure in presenting their **Annual Report** on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2016.

**1. FINANCIAL SUMMARY/HIGHLIGHTS OF PERFORMANCE OF THE COMPANY:**

<b>Financial Results</b>		<b>(Rs. in Lacs)</b>
<b>Particulars</b>	<b>Year ended 31-03-2016</b>	<b>Year ended 31-03-2015</b>
Total Revenue	2238.57	1596.72
Total Expenditure	2269.88	1697.47
Profit (Loss) before tax	(31.31)	(100.75)
Provision for Differed Tax	9.48	30.14
<b>Net Profit (Loss) for the year</b>	<b>(22.61)</b>	<b>(70.61)</b>

**2. PERFORMANCE:**

Income of the Company increased from Rs. 15,96,71,806 to Rs. 22,38,57,088 as compared to previous year and consequently performance of your Company for the year under review has been improved. The Board of Directors of the Company is continuously making efforts for the growth of the Company.

**3. DECLARATION OF DIVIDEND & TRANSFER OF AMOUNT TO RESERVES:**

Due to loss, your Board of Directors does not recommend declaration of dividend. Moreover, no amount is being transferred to Reserves during the financial year.

**4. SHARE CAPITAL:**

At present, the Company has only one class of shares – equity shares with face value of Rs. 10/- each. The authorized share capital of the company is Rs. 165,000,000/- divided into 16,50,00,00 equity shares of Rs. 10/- each. The paid up share capital of the company is Rs. 100,346,990/- divided into 100,346,99 equity shares of Rs. 10/- each.

During the year, the company has allotted of 37,00,000 equity shares through Preferential Allotment to three non-promoter investors namely 1. Akhil Retail Private Limited, 2. Tanya Estate Private Limited, and 3. Shradha Cable Communication Private Limited considering the potential growth of the company.

**5. DEPOSITS:**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**6. FUTURE OUTLOOK:**

There is cut throat competition in the IT industry and more particularly in hardware and software. To mitigate the same, management had adopted defensive strategy in order to maintain the market share of your Company. At Present many policies are being formed/adopted by the present Government which may be beneficial to the Company in future.

The global economy in FY 2015-16 witnessed divergent trends among major economies. The Indian economy and business environment remained largely subdued during 2015-16. The global economic recovery is gaining momentum coupled with some divergence. India's economy is poised to return to its high-growth path, thanks to lower fiscal and current account deficits, falling inflation, low crude oil price, moderate commodity prices, and structural reforms to boost investments. Monetary policy is also likely to be supportive with the Reserve Bank of India (RBI) having moved to flexible inflation targeting. The manufacturing sector is likely to benefit from lower interest rates. However, productivity and capital efficiency improvement are likely to drive near-term growth.

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Demand from export as well as domestic markets has not increased substantially. Volatility of rupee may hamper growth of economy.

The thrust on the competitive strength, newer product development and consolidation of customer relationship has resulted into a bright future for the Company. The company expects to retain the performance in the current year.

### **7. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

During the period under review, several energy conservation initiatives were adopted and were taken by the Company. There are no plans to import any kind of technology for the project and hence information regarding its absorption is not applicable. There was no research activities carried out during the year, foreign exchange earnings and outgo is given in **ANNEXURE - I** and forms part of this report.

### **8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There were no such material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report which can affect the financial position of the Company.

### **9. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS:**

No such Orders have been passed by the Regulators/Court or Tribunals which can impact the going concern status and Company's operation in future.

### **10. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:**

The Company has no Subsidiary Company. Hence, details relating to Subsidiary Company are not provided for.

### **11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT BY THE COMPANY:**

Details of Loans, Guarantees and Investments, if any covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

### **12. MEETING OF BOARD OF DIRECTORS:**

During the year under the review, 7 (Seven) Board meetings were held, with gap between Meetings not exceeding the period prescribed under the Companies Act, 2013 and Rules made there under. Details of Board and Board committee meetings held during the year are given in the Corporate Governance Report.

Board meeting dates are finalized in consultation with all directors and agenda papers backed up by comprehensive notes and detailed background information are circulated well in advance before the date of the meeting thereby enabling the Board to take informed decisions.

The intervening gap between the Board Meetings was within the period prescribed under the Companies Act, 2013.

### **13. EXTRACTS OF ANNUAL RETURN:**

An extract of Annual Return in Form **MGT-9** is attached herewith as **ANNEXURE-II**.

### **14. INSURANCE:**

All the Properties of the Company are adequately insured.

### **15. RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There is a material significant related party transactions entered in to by the Company with respect to purchase of goods with Nishan Grafitech Pvt. Ltd. amounting to Rs. 5,97,33,657/- and thus disclosure in Form AOC-2 has been made and is attached herewith.

### **16. DIRECTORATE AND KEY MANAGERIAL PERSONNEL:**

The Board of Directors of your company has various executive and non-executive directors including Independent Directors who have wide and varied experience in different disciplines of corporate functioning.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Ms. Hina S. Patel (DIN: 01987053) retires by rotation at the ensuing Annual General Meeting and being eligible in terms of Section 164 of the Act offers herself for re-appointment.



The Company had, pursuant to the provisions of Regulation 17 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchanges, appointed Mr. Umesh Naik (DIN: 02269103), Mr. Narendra Ayer (DIN: 00116692), as an Independent Directors of the Company.

As per section 149(4) of the Companies Act, 2013 (Act), which came into effect from 1<sup>st</sup> April, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Director. In accordance with the provisions of section 149 of the Act, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming Annual General Meeting (AGM) of the Company.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

There is no change in the constitution of Board of Directors during the year.

As required under Section 203 of the Companies Act, 2013, the Company has Mr. Swetank M. Patel, Ms. Hina S. Patel and Ms. Payal Makani under Key Managerial Personnel of the Company.

#### **17. EVALUATION OF BOARD, COMMITTEES AND DIRECTORS:**

Pursuant to the provisions of the Companies Act and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and Companies Act, 2013, the Board had carried out performance evaluation of its own, the Board Committees and of the Independent directors. Independent Directors at a separate meeting evaluated performance of the Non-Independent Directors, Board as a whole and of the Chairman of the Board.

The following were the Evaluation Criteria:

(a) For Independent Directors:

- Knowledge and Skills
- Professional conduct
- Duties, Role and functions

(b) For Executive Directors:

- Performance as Team Leader/Member.
- Evaluating Business Opportunity and analysis of Risk Reward Scenarios
- Key set Goals and achievements
- Professional Conduct, Integrity
- Sharing of Information with the Board

The Directors expressed their satisfaction with the evaluation process.

#### **18. POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS:**

The Board has on the recommendation of the Nomination & Remuneration Committee, formulated criteria for determining Qualifications, Positive Attributes and Independence of a Director and also a Policy for remuneration of Directors, Key managerial Personnel and senior management.

#### **19. MANAGERIAL REMUNERATION**

The Company had not paid any remuneration to Executive Directors or any sitting fees to Non-Executives Directors for attending any meetings during the financial year ended 31<sup>st</sup> March, 2016.

#### **20. INDEPENDENT DIRECTORS' MEETING:**

Independent Directors of the Company had met during the year under the review on 20<sup>th</sup> February, 2016.

#### **21. COMMITTEES OF THE BOARD:**

During the year, in accordance with the Companies Act, 2013, the Board re-constituted some of its Committees.

There are currently **Three Committees** of the Board, as follows:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee

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Details of all the Committees along with their charters, composition and meetings held during the year, are provided in the “**Report on Corporate Governance**”, a part of this Annual Report.

### 22. AUDITORS:

#### A. Statutory Auditors

M/s. J. K. Parmar & Co., Chartered Accountants (Firm Registration No.105799W) were appointed as Statutory Auditors of your Company at the last Annual General Meeting held on 30<sup>th</sup> September, 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

The Company has obtained a written confirmation under section 139 of the Companies Act, 2013 from M/s. J. K. Parmar & Co., Chartered Accountants (Firm Registration No.105799W) that their appointment, if made, would be in conformity with the limits specified under the Act.

It is proposed to ratify the appointment M/s. J. K. Parmar & Co., Chartered Accountants (Firm Registration No.105799W) to audit the accounts of the Company for the financial year 2016-2017.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. The notes to the accounts referred to in the Auditors’ Report are self-explanatory and therefore do not call for any further comments.

There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

#### B. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Patel & Associates, Practicing Company Secretaries, Ahmedabad to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **Annexure IV**

There is no qualification, reservation or adverse remark in the report.

### 23. INTERNAL FINANCIAL CONTROL SYSTEM AND COMPLIANCE FRAMEWORK:

The Company has an internal financial Control System, commensurate with size, scale and complexity of its operations. The internal financial controls are adequate and are operating effectively so as to ensure orderly and efficient conduct of business operations. The Company has appointed Milan H. Shah Accountant as an Internal Auditors of the Company. The Audit Committee in consultation with the internal auditors formulates the scope, functioning, periodicity and methodology for conducting the internal audit. The internal auditors carry out audit, covering inter alia, monitoring and evaluating the efficiency & adequacy of internal financial control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations and submit their periodical internal audit reports to the Audit Committee. Based on the internal audit report and review by the Audit committee, process owners undertake necessary actions in their respective areas. The internal auditors have expressed that the internal financial control system in the Company is robust and effective. The Board has also put in place requisite legal compliance framework to ensure compliance of all the applicable laws and that such systems are adequate and operating effectively.

### 24. RISK MANAGEMENT:

The Company has implemented an integrated risk management approach through which it reviews and assesses significant risks on a regular basis to help ensure that there is a robust system of risk controls and mitigation in place. Senior management periodically reviews this risk management framework to keep updated and address emerging challenges. Major risks identified for the Company by the management are Currency fluctuation, Compliances of various applicable Laws, Regulatory changes, Manufacturing & Supply, Litigation, Technological Changes and new capital investments return. The management is however, of the view that none of the above risks may threaten the existence of the Company as robust Risk mitigation mechanism is put in place to ensure that there is nil or minimum impact on the Company in case any of these risks materialize.