



GILLANDERS ARBUTHNOT
AND COMPANY LIMITED



ENRICHING LIVES SINCE 1935



Kothari
Group
Imagine Inspire Deliver



Mr. A.K. Kothari
Chairman

Mission

To be a good corporate citizen and to inspire and nurture the human spirit for a sustainable value based wealth creation, contributing in the socio economic progress of India in harmony with the environment.

Vision

Innovative, Dynamic and Holistic Global Conglomerate with passion for delivering outstanding performance based on integrity, professionalism, accountability and evolving in a vertical growth trajectory while enriching everyone we touch and enhancing value for all the stakeholders.

CORPORATE INFORMATION *

BOARD OF DIRECTORS

Mr. A. K. Kothari, *Chairman*
 Smt. P. D. Kothari, *Director*
 Dr. H. P. Kanoria, *Director*
 Mr. H. M. Parekh, *Director*
 Mr. N. Pachisia, *Director*
 Mr. D. K. Sharda, *Managing Director & CEO*

CHIEF FINANCIAL OFFICER

Mr. P. K. Jain

COMPANY SECRETARY

Mr. D. Karmakar

STATUTORY AUDITOR

M/s. Singhi & Co., Kolkata

SOLICITORS

Khaitan & Co. LLP, Kolkata

BANKERS

Axis Bank Limited
 Bank of India
 First Merchant Bank Limited, Malawi
 IDBI Bank Limited
 State Bank of India
 State Bank of Patiala
 The Karur Vysya Bank Limited
 United Bank of India

REGISTERED OFFICE

C-4, Gillander House,
 Netaji Subhas Road, Kolkata-700001
 Phone : 033-2230-2331 (6 Lines)
 033-3022-4182 (4 Lines)
 Fax : 033-2230 4185
 E-mail : gillander@gillandersarbuthnot.com
 Website : www.gillandersarbuthnot.com

Audit Committee

Mr. H. M. Parekh, Chairman
 Mr. A. K. Kothari, Member
 Mr. N. Pachisia, Member

Stakeholders Relationship Committee

Mr. H. M. Parekh, Chairman
 Mr. A. K. Kothari, Member
 Smt. P. D. Kothari, Member
 Mr. D. K. Sharda, Member

Nomination And Remuneration Committee

Mr. H. M. Parekh, Chairman
 Smt. P. D. Kothari, Member
 Dr. H. P. Kanoria, Member
 Mr. N. Pachisia, Member

Corporate Social Responsibility Committee

Mr. H. M. Parekh, Chairman
 Smt. P. D. Kothari, Member
 Mr. N. Pachisia, Member

Branches/Offices

Amritsar, Delhi, Ludhiana, Panipat, Salem.

*As on 19.11.2016



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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Annual Report on the affairs of the Company together with the Audited Financial Statements for the financial year ended on 31st March, 2016.

FINANCIAL RESULTS

The Company's financial performance, for the year ended on 31st March, 2016, is summarized below :

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Profit Before Depreciation, Interest, Unrealised Foreign Exchange Loss and Tax	4,425.69	5,416.23	4,670.31	5,359.34
Interest / Finance Charges	4,650.28	4,067.05	5,132.94	4,207.80
Profit/(Loss) Before Depreciation and Tax	(224.59)	1,349.18	(462.63)	1,151.54
Depreciation / Amortisation	1,864.92	2,063.02	1,889.70	2,101.29
Unrealised Foreign Exchange Loss	-	-	2,851.42	271.46
Loss Before Tax	2,089.51	713.84	5,203.75	1,221.21
Taxation Charges:				
Current Tax	80.00	110.00	154.37	145.20
Deferred Tax Charges/(Written Back)	-	(504.20)	79.93	(480.20)
Loss After Tax from continuing operations	2,169.51	319.64	5,438.05	886.21
Loss from discontinuing operations	97.41	1.46	97.41	1.46
Loss for the year	2,266.92	321.10	5,535.46	887.67
Surplus in Statement of Profit and Loss brought forward	5,439.05	5,991.03	4,872.48	5,991.03
Depreciation adjustment as per revised calculations (net of deferred tax) pursuant to Schedule II of the Companies Act, 2013	-	(230.88)	-	(230.88)
Surplus carried to Balance Sheet	3,172.13	5,439.05	(662.98)	4,872.48
Earnings per Ordinary Share (₹) - Basic	(10.70)	(1.58)	(26.01)	(4.23)
Earnings per Ordinary Share (₹) - Diluted	(10.70)	(1.58)	(26.01)	(4.23)

FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS

For the financial year ended on 31st March, 2016, your Company reported a loss of ₹ 2,266.92 lakhs against a loss of ₹ 321.10 lakhs during the previous year. Total Income from Operations has decreased to ₹ 79,971.26 lakhs during the year under review from ₹ 86,366.26 lakhs in the previous year. Operational matters have been discussed under 'Management Discussion and Analysis,' detailed in appropriate part of this Report.

DIVIDEND

In view of the loss incurred by the Company for the financial year ended on 31st March, 2016, your Directors have not recommended any dividend for the said financial year.

ACQUISITION OF A COMPANY

During the year under review, your Company has acquired 49,995 fully paid up Equity shares of ₹10/- each (99.99% equity stake) of Barfani Builder Limited at a total consideration of

₹ 4,99,950/- primarily to facilitate reconstruction of the Company by transfer of Chemical (Waldies) Division of the Company to Barfani Builder Limited.

SCHEME OF ARRANGEMENT

A Scheme of Arrangement between the Company and one of its Subsidiaries i.e. Barfani Builder Limited and their respective Shareholders for reconstruction by transfer of Chemical (Waldies) Division of Gillanders Arbuthnot and Company Limited to Barfani Builder Limited has been filed with the Hon'ble High Court, Calcutta, for their consideration and sanction. The proposed Scheme of Arrangement would be beneficial for the Company and its Shareholders.

ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND INCREASE IN SHARE CAPITAL

During the year under review, the Authorized Share Capital of your Company was increased from ₹ 44,00,00,000/- (Rupees Forty four crores only) divided into 4,20,00,000 (Four crores



twenty lakhs only) Ordinary Shares of ₹ 10/- each and 2,00,000 (Two lakhs only) Preference Shares of ₹ 100/- each to ₹ 74,00,00,000/- (Rupees Seventy four crores only) divided into 4,20,00,000 (Four crores twenty lakhs only) Ordinary Shares of ₹ 10/- each and 32,00,000 (Thirty two lakhs only) Preference Shares of ₹ 100/- each. Accordingly, the Memorandum of Association and Articles of Association were altered to give effect to the said changes.

The Board of Directors at their Meeting held on 19th November, 2016, have issued and allotted on private placement basis, 6,50,000 numbers of 7.75% Cumulative Redeemable Preference Shares of ₹ 100/- each to Kothari Investment & Industries Pvt. Ltd. and 5,60,000 numbers of 7.75% Cumulative Redeemable Preference Shares of ₹ 100/- each to Kothari & Company Pvt. Ltd., being the Promoter Group Companies, at par, aggregating to ₹ 12,10,00,000/-.

MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the year under review, as stipulated under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') is presented in a separate section forming part of the Annual Report. The industry structure, development, performance, opportunities, threats, outlook, risk and concerns, internal control systems and its adequacy, financial performance with respect to operational performance and material developments in human resource and industrial relations have been discussed in the paragraphs to follow.

Tea Division

Global Tea Production (excluding China) during the calendar year 2015 was lower as compared to the previous year mainly due to crop loss in India, Kenya and Sri Lanka. All India Tea Production was 1,191 million Kgs. in 2015 against 1,184 million Kgs. in 2014. However, the Division reported a production of 10.10 million Kgs., which is marginally higher than the production of 9.60 million Kgs. in the previous year.

Average Tea Prices at auction centers in North India witnessed a decrease of ₹ 2/- Per Kg. compared to previous year, primarily due to decrease in price of non-quality Teas. However, quality tea fetched higher prices compared to previous year.

The Directors are pleased to inform you that export by the Division, during the year under review has improved significantly when compared with previous year. The Division had penetrated into newer potential markets and has also strengthened its presence in the existing market. However, during the current year, export from India is facing stiff competition from African Tea producing Countries due to their low prices and higher production.

During the year under review, the performance of the Packet Tea segment was marginally down and the Division is hopeful for improved performance in the coming year.

Your Division's all Eight Factories are certified under ISO 2000:2005 and also enjoys Trust Tea Certification.

During the current year, global production till September has been higher as compared to the previous year. There is an increase in wages and input cost which will put pressure on the margin of the Division. However, the Directors expect with the improved yield and quality, the Division shall perform better during the current year.

Engineering (MICCO) Division

This Division is mainly involved in the EPC project in the Steel Sector. During the year under review, Steel Sector continued to be adversely affected due to global economic slowdown, thus resulting in delay in the expansion/ modernization in the Indian Steel Industry. In addition, expansion and revamp program by Steel Industry did not meet the planned completion schedule due to which further investment in sectors slowed down. Financial stress in the Steel Industry due to fall in returns from the huge investment made by the Steel Sector along with poor Infrastructure growth in the Country has also made them skeptical for further investment.

However, during the year under review, amongst others, prestigious order of Coke oven power distribution system (2x220 KVA transformer) at RINL, Vishakhapatnam was bagged by the Division along with consortium partner Danieli India Limited. The entry into power distribution system is a new area of diversification achieved by the Division. New orders have also been received from Tata like Sinter plant 1 and 2 and G Blast Furnace modification of deducting duct. Your Division has achieved a unique fit of commissioning of revamping of Blast Furnace No.1 at JSW Bellary plant, the said commissioned plant is producing more than rated capacity. Your Division has also commissioned Sinter Machine No. 1 in SAIL Bokaro plant in January, 2016. Presently, the Division is undergoing shutdown activities for the capital repair of BF2 Water System at RINL plant, Vishakhapatnam which is scheduled to be completed by November, 2016.

In May 2016, the operations of the Fabrication Factory of your Division located at Sodepur, West Bengal was discontinued as the fabrication jobs can be easily carried out at client's sites at a much cheaper cost.

This Division is facing stiff competition due to recession and cut throat pricing policy from customer's end but with our experience and expertise especially in the field of gasholder and blast furnace technology, your Directors are confident of winning new orders.

Textile Division

During the year under review, the production of this Division was reported at 18,642 M.T. The overall performance of the Division was adversely affected due to unfavourable market conditions resulting primarily from weak demand of yarn, both in export and domestic market, and high fluctuations in prices of raw materials.

The change in the cotton policy by Chinese Government (effective from 1st April, 2014) continued to put tremendous pressure on the raw cotton prices in the International Market, which resulted in substantial decline in exports of cotton yarn in

the first half of the year. Decline in exports, has resulted in steep increase in inventory of cotton yarn, which continued to push down the prices of yarn to unrealistic levels. On the contrary, the prices of cotton in the first half of the year did not correct in India because of lower physical inventory in the country. The prices of the synthetic fiber also witnessed a steep fall since December, 2015 due to sharp fall in the prices of crude oil. The interplay of these two factors had a combined effect of heavy operational and inventory losses to the Spinning Industry.

On arrival of new cotton from October, 2015, the prices of cotton in India declined very sharply, which for sometime even went below the minimum support price. The procurement of big volume of cotton by Cotton Corporation of India coupled with big volume of exports resulted in physical shortage of cotton particularly after June, 2016, which once again pushed the prices of cotton. The prices of other synthetic fiber have also increased in line with the crude oil prices. However, the spinning mills have not been able to pass on the increase in raw material prices, due to poor demand, both in domestic and international markets. The cotton crop in the cotton year i.e. October, 2015 to September, 2016 was estimated to be 338 lakhs bales. The cotton crop in the cotton year 2016-2017 is estimated to be 350 lakhs bales.

In order to overcome the steep fluctuations in the prices of raw material, which is expected to continue, the Division has started manufacturing value added dyed yarns, which will insulate the Division to an extent from uncertainties. The Directors expect that the performance of this Division in the coming year to be stable.

Chemical (Waldies) Division

This Division is engaged in the manufacture of Lead Oxides and PVC Stabilisers used in the manufacture of Battery, Paints and other products.

During the year under review, production was reported at 3,092 M.T. as against production of 3,587 M.T. in the previous year. The total revenue earned during the year was ₹ 4, 964 lakhs as against Rs.6, 442 lakhs in the previous year.

This Division has ISO-9001 Certification in Quality Management System and provides total customer satisfaction in terms of quality & service. It also enjoys ISO-14001 certification for its Environment Management System & OHSAS-18001 certification for its Occupational Health & Safety Management System.

In spite of competition from unorganized sector, continuous efforts are being made for bringing in improvement in the operation of this Division. Your Directors expect improvement in performance during the current year.

Subsequent to the sanction of the Scheme of Arrangement by the Hon'ble High Court, Calcutta this Division would be transferred to Barfani Builder Limited, the Indian Subsidiary of your Company.

Property Division

This Division has reported revenue of ₹ 778.94 lakhs, which is marginally higher than the reported revenue of ₹ 711.99 lakhs, in the previous year. The increase in revenue was due to renewal of tenancy at increased rates for few existing tenants and addition of new tenants. Comprehensive fire safety policy is rigorously implemented with installation of fire safety equipments and conducting of fire safety drills at regular intervals.

The property market has not shown any significant sign of recovery due to recessionary economic condition. It has also been observed that huge property banks with all modern amenities are lying ideal and this Division will face severe competition in the coming years. However, your Division's property being centrally located and with recent repairs and renovation, your Directors are hopeful that the Division will do reasonably well by filling up vacant areas. The Directors expect that the performance of this Division in the coming year to be stable.

Closure of Trading Division

Your Directors wish to inform you that during the year under review, the Trading Division of your Company was closed with effect from close of business hours on 31st March, 2016, since it was not viable and economical to maintain and operate.

Internal financial control systems and their adequacy

Your Company has adequate Internal Financial Control Systems in all areas of operation. Your Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its businesses, including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures. Internal Audits are conducted by Independent firms of Chartered Accountants and the reports are discussed with the operational heads by the CFO and Managing Director & CEO of the Company, and thereafter, placed before the Meetings of the Audit Committee of the Board of Directors. Representatives of the Statutory Auditors and the Internal Auditors are also invited at the Meetings of the Audit Committee. Corrective measures suggested at the Audit Committee are duly implemented.

The Audit Committee of the Board also reviews the adequacy of Internal Financial Control Systems at regular intervals.

Human Resources and Industrial Relations

The Company has laid down the processes for attracting, retaining and recognizing talent as it acknowledges the importance of good Human Resource. Company has cordial relations with employees and there is mutual respect and admiration for each other. The Directors wish to record their appreciation for the co-operation received from all employees. Industrial relation was generally good.



Caution Statement

Management Discussion and Analysis Report contains forward-looking statements, which are based on certain assumptions and expectations of future events. The Company's actual results and performance may differ from those projected due to unforeseen circumstances viz., political, economic, etc., over which the Company does not have any control. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events. Readers are advised to apply their own diligence and independent judgment.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the financial year ended on 31st March, 2016, prepared as per the provisions of the Companies Act, 2013 (hereinafter referred to as 'the Act'), Rules framed therein and the applicable Accounting Standards are provided in the Annual Report.

SUBSIDIARY / ASSOCIATE COMPANIES

During the year under review, Barfani Builder Limited, direct Indian Subsidiary, reported a profit of ₹ 16,507/- against a loss of ₹ 104/-, during the previous year. No operational activities have been undertaken by the said Subsidiary during the year under review.

Gillanders Holdings (Mauritius) Limited, the Direct Foreign Subsidiary, reported a profit of USD 28,009 against a loss of USD 10,630 during the previous year. No significant operational activities have been undertaken by the said Subsidiary during the year under review.

For the financial year ended on 31st March, 2016, Group Developments Limited, Malawi (GDL), Indirect Foreign Subsidiary, has reported a profit of MK 1,475.2 million against a reported loss of MK 369.4 million for the 7 months period ended on 31st March, 2015.

GDL has three wholly owned Subsidiaries viz., Naming'omba Tea Estates Limited, Maifisi Tea Estates Limited and Group Holdings Limited. GDL and its wholly owned Subsidiaries are engaged in growing and processing of Tea, Macadamia and other crops.

In spite of severe drought in Malawi, Tea production for the year under review was 1.60 million kgs. compared to last year's production of 1.36 million kgs. The Tea price realization during the period was also higher than the previous year.

During the year, Macadamia (N I H) production was 1.39 million kgs. against last year's production of 1.68 million kgs. The fall in production was due to bad weather conditions.

During the period under review, the Macadamia Factory, which was partly damaged due to fire, resulting in disruption of production, was renovated. The fully renovated factory was commissioned and was made operational from April, 2016.

The dry spell during the planting period affected the mortality rate of both flue cured tobacco and burley. Production for the year under review was lower than the previous year.

During the year under review, your Company did not have associate / joint venture. A separate section on the performance and financial position of the Subsidiaries in Form AOC-1 is part of the Annual Report and is annexed to the Report.

FIXED DEPOSITS

The Company is eligible to invite, accept or renew deposits under the provisions of the Act and the Rules framed therein.

As on 31st March, 2016 an amount of ₹ 3,954.98 lakhs was outstanding as fixed deposits received from the public and Shareholders of your Company. Matured fixed deposit amounting to ₹ 11.28 lakhs remained unclaimed and outstanding as on 31st March, 2016, out of which 4 numbers of deposits amounting to ₹ 10.44 lakhs have been claimed and refunded, till date.

DIRECTORS

Smt. P. D. Kothari (DIN 00051860) will retire in the ensuing Annual General Meeting, and being eligible, offers herself, for re-appointment. The Board of Directors recommends the same.

The Company has received declarations from Dr. H. P. Kanoria (DIN 00286685), Mr. H. M. Parekh (DIN 00026530) and Mr. N. Pachisia (DIN 00233768), Independent Directors of the Company, that they meet the criteria of Independence as prescribed both under the Act and the SEBI Listing Regulations, 2015.

The details of programmes for familiarization / training of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters can be accessed on the website of the Company at the link: <http://www.gillandersarbuthnot.com/pdf/policy/Familiarization%20Programme%20for%20Independent%20Director.pdf>

Smt. Sucharita Basu De (DIN 06921540) has resigned from the Board of Directors of the Company during the financial year ended on 31st March, 2016, due to pre occupations and prior commitments. The Board wishes to place on record its deep sense of appreciation and gratitude for the valuable contribution, guidance and advice received from her.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- in the preparation of the annual accounts for the financial year ended on 31st March, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

- b) such accounting policies have been selected and applied 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 as at 31st March, 2016 and of the loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts has been prepared on a 'going concern' basis;
- e) internal financial controls has been laid down so that the same can be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) proper systems has been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. The Report on Corporate Governance confirming compliance with the conditions stipulated under the SEBI Listing Regulations, which forms part of the Annual Report, is attached to this Report. Certificate on Corporate Governance, as stipulated in the said Regulations, issued by CS Deepak Kumar Khaitan, Practicing Company Secretary (FCS No.5615), is also attached to this Report.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC – 2 is not applicable to the Company.

During the year, the Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. The Policy on related party transactions as approved by the Board may be accessed on the Company's website at the link : <http://www.gillandersarbuthnot.com/pdf/policy/Related%20Party%20Transaction%20Policy.pdf>

Your Directors draw attention of the Members to Note No. 38 to

the standalone financial statements which set out related party disclosures.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that growth, success and progress of a Company are not reflected only by its Balance Sheet but also by its ability to make a positive difference in the lives of people and tries to address the needs of people by taking sustainable initiatives in the areas of health, education, environment conservation, infrastructure and community development etc.

The Company does not limit itself in using resources only for earnings but also engage in activities which enrich and enhance the lives of everyone around us. Company's Corporate Social Responsibility (CSR) initiatives are continuous commitment to contribute to economic development and to improve the quality of life of humankind. Business decisions are based not only on financial factors, but also on social and environmental impact of such decisions.

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the

link:<http://www.gillandersarbuthnot.com/pdf/policy/Corporate%20Social%20Responsibility%20Policy.pdf>

The Company undertakes need based initiatives in compliance with Schedule VII of the Act.

During the year under review, in compliance with Section 135 of the Act, an amount of ₹ 17.26 lakhs had to be spent by the Company on CSR activities. However, inspite of best efforts, your Company could spend only ₹ 2.61 lakhs, as no projects / programs could be taken up through the 'Kothari Group CSR Trust' due to procedural issues related to the said Trust. The balance amount of ₹ 14.65 lakhs has been carried forward to the next year. The Annual Report on CSR activities is annexed herewith and marked as **Annexure I**.

RISK MANAGEMENT

The Company has laid down a procedure to inform the Board Members, on a periodic basis, about the identified risks and the steps taken to mitigate and minimize the same. The Company has already identified and assessed major elements of risks, which may adversely affect the various Divisions of the Company. The Executive Management reviews the identified risks, including assessment of the said risks and procedures, which are being implemented for the monitoring, mitigating and minimization of the said risks. 'Risk Champions 'have been formally nominated at the operating businesses, whose role is to educate about the identified risks and to develop risk management culture within the businesses.

**AUDITORS**

At the 81st Annual General Meeting of the Company, held on 3rd September, 2015, Messrs. Singhi & Co., Chartered Accountants, (Firm Registration No. 302049E) has been re-appointed as the Statutory Auditor of the Company for a term of 5 (Five) consecutive years up to the conclusion of the 86th Annual General Meeting of the Company to be held in the calendar year 2020.

At the 80th Annual General Meeting of the Company, held on 14th August, 2014, Messrs. Dutta Ghosh & Associates, Chartered Accountants, (Firm Registration No. 309088E) and Messrs. Kothari & Company, Chartered Accountants, (Firm Registration No. 301178E), had been re-appointed as Branch Auditors of the GIS Cotton Mill (unit of Textile Division) and the Engineering (MICCO) Division of the Company for a term of 4 (Four) and 3 (Three) consecutive years respectively.

However, their re-appointments are subject to ratifications at the ensuing 82nd Annual General Meeting of the Company scheduled to be held on 28th December, 2016.

AUDITORS' REPORT

Auditors' Report to the Members of the Company does not contain any qualification or adverse remark. Financial Statements and the notes thereon are self-explanatory and need no further explanation.

COST AUDITORS

On the recommendation of the Audit Committee, and in compliance with the provision of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, your Board had appointed the following Cost Auditors to conduct the audit of the cost records of the Company, as detailed below:

S.N.	Division	Cost Auditors for the financial year ended on 31st March, 2016	Cost Auditors for the financial year ending on 31st March, 2017
1	Tea	M/s. Rammani Sarkar & Co.	M/s. B. Ray & Associates
2	Textile-North India Spinning Mill Unit	M/s. D. Sabyasachi & Co.	M/s. Rammani Sarkar & Co.
	Textile- GIS Cotton Mill Unit	M/s. D. Sabyasachi & Co.	M/s. Rammani Sarkar & Co.
3	Engineering (MICCO)	M/s. B. Ray & Associates	M/s. D. Sabyasachi & Co.
4	Chemical (Waldies)	M/s. B. Ray & Associates	M/s. D. Sabyasachi & Co.

In accordance with the provision of Section 148 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, appropriate Resolution seeking your ratification of the Remuneration of the said Cost Auditors appointed for the year ending on 31st March, 2017, is appearing in the Notice convening the 82nd Annual General Meeting of the Company.

SECRETARIAL AUDIT

The Board had appointed CS. K. C. Dhanuka, Practising Company Secretary (FCS No. 2204), to conduct Secretarial Audit for the financial year ended on 31st March, 2016. The Secretarial Audit Report for the financial year ended on 31st March, 2016 is annexed herewith and marked as **Annexure II** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

OTHER DISCLOSURES:**Composition of Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee of the Company, at present, comprises of Mr. H. M. Parekh as the Chairman of the Committee, Smt. P. D. Kothari and Mr. N. Pachisia as the Members of the said Committee.

Composition of Audit Committee

The Audit Committee of the Company, at present, comprises of Mr. H. M. Parekh as the Chairman of the Committee, Mr. A. K. Kothari and Mr. N. Pachisia as the Members of the said

Committee. The recommendations made by the Audit Committee were accepted by the Board.

Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company, at present, comprises of Mr. H. M. Parekh as the Chairman of the Committee, Smt. P. D. Kothari, Dr. H. P. Kanoria and Mr. N. Pachisia as the Members of the said Committee. The criteria for performance evaluation of Board, Committees and the Directors are laid down under the Nomination and Remuneration Policy of the Company. Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed herewith and marked as **Annexure III**.

Composition of Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Company, at present, comprises of Mr. H. M. Parekh as the Chairman of the Committee, Mr. A. K. Kothari, Smt. P. D. Kothari, and Mr. D. K. Sharda as the Members of the said Committee.

Whistle Blower Policy

The Company has in place a Whistle Blower Policy in compliance with the provisions of the Act and SEBI Listing Regulations. The said Policy provides for a formal vigil mechanism for all employees and Directors of the Company, to report to the Chairman of the Audit Committee of the Company, genuine concerns or grievances about the unethical behavior, actual or