

ANNUAL REPORT
2016-17



Madhusudan
Industries Limited

Annual Report 2016-2017

Board of Directors

Shri Rajesh B. Shah
Shri Sanwarmal Agarwal
Shri P. K. Shashidharan
Shri P. C. Surana
Smt. Rutva Acharya

Auditors

H. V. Vasa & Co.,
Chartered Accountants,
B-2, "Usha Kiran", Opp. Khanpur Gate,
Ahmedabad - 380 001.

Registered Office

Survey No. 359/B, 359/C, 361 and 362,
Rakhial - 382 315, Taluka - Dehgam,
Dist. Gandhinagar, Gujarat.
Phone : (02716) 267270, Fax : 079-26427287
E-mail : madhusudan_i@yahoo.in
Website : www.madhusudan-india.com
CIN : L29199GJ1945PLC000443

Ahmedabad Office

"Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006.

Registrar & Share Transfer Agent

MCS Share Transfer Agent Limited,
201, Shatdal Complex, 2nd Floor,
Opp. Bata Show Room, Ashram Road,
Ahmedabad - 380 009.

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**Annual General Meeting at 11.30 a.m. on Friday,
the 22nd day of September, 2017 at the Registered Office.**

NOTICE

NOTICE is hereby given that the 71st Annual General Meeting of the Members of **MADHUSUDAN INDUSTRIES LIMITED** will be held at 11.30 a.m. on Friday, the 22nd day of September, 2017 at the Registered Office of the Company at Survey No. 359/B, 359/C, 361 and 362, Rakhial – 382315, Taluka Dehgam, District Gandhinagar to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2017 including statement of Audited Profit and Loss and Cash Flow Statement for the year ended 31st March, 2017, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Shri P. K. Shashidharan (holding DIN 06506263), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, and pursuant to the recommendation made by the Audit Committee to the Board, Shailesh Shah & Associates., Chartered Accountants (Firm Registration No. 109877W), Ahmedabad, be and are hereby appointed as the Statutory Auditors of the Company, in place of retiring auditors H.V. Vasa & Co, Chartered Accountants (Firm Registration No. 131054W), to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting, until the conclusion of the Annual General Meeting of the Company to be held for the financial year 2021-22, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.

Regd. Office :
Survey No. 359/B, 359/C, 361 and 362,
Rakhial – 382 315, Taluka - Dehgam, Dist. Gandhinagar.
23rd June, 2017
CIN : L29199GJ1945PLC000443

By Order of the Board of Directors

Dipshika Khatri
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of total share capital of the company.
2. Members are requested to notify immediately the change of address, if any, to the Company or MCS Share Transfer Agent Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 08.09.2017 to 15.09.2017 (both days inclusive).
4. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
5. Members are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
6. Unpaid / Unclaimed Dividend, Share application money received and due for refund and matured deposits unclaimed and unpaid as applicable for a period of seven years have been transferred to the Investor Education and Protection Fund pursuant to the provisions of, the Companies Act.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the registrar.
8. Annual Report 2016-17 alongwith notice of the AGM, Attendance Slip, Proxy Form, process instructions and the manner of conducting E-Voting is being sent electronically to all members whose email ID are registered with the Company / Depository Participant(s). For members who request for a hard copy and those who have not registered their email address, physical copies of annual report are being sent through the permitted mode. Members who have not registered their email address are requested to get their email address registered with the Company / Depository Participants and update the same, if required.
9. All the documents, if any, referred to in this notice are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 10:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
10. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The members shall refer to the detailed procedure on e-voting attached herewith.

Annual Report 2016-2017

11. 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 under help section or write an email to helpdesk.evoting@cdslindia.com.
12. Members are required to vote only through the electronic system or through ballot at Annual General Meeting only and in no other form. In the event a member casts his votes through both the processes, the votes in the electronic system would be considered and the ballot vote would be ignored.
13. The remote e-voting period commences on 19th September, 2017 (10.00 a.m.) and ends on 21st September, 2017 (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 of 15th September, 2017 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
14. The e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 15th September, 2017. A person other than member on cut off date should treat this notice for information only.
15. A member may participate in the Annual General Meeting even after exercising his right to vote through e-voting, but shall not be allowed to vote again.
16. Shri Umesh Parikh, partner of Parikh Dave & Associates, Companies Secretaries, (Membership No.FCS:4152) has been appointed as the Scrutinizer to scrutinize the e-voting process and voting process at AGM in a fair and transparent manner.
17. The scrutiniser shall, immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
18. The Results will be declared on receipt of Scrutinizer's Report at Registered Office of the Company at Survey No. 359/B, 359/C, 361 and 362, Rakhial - 382 315, Taluka - Dehgam, Dist. Gandhinagar, Gujarat. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.madhusudan-india.com and on the website of CDSL immediately and communicated to the BSE.
19. Shri Thomas Koshy, Chief Executive Officer of the Company, "Madhusadan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006, shall be responsible for addressing all the grievances in relation to this annual general meeting including e-voting. His contact details are **E-mail:** madhusudan_i@yahoo.in, **Phone No.** 079-26449781.
20. **MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.**
21. Brief resume of director, who is proposed to be appointed / re-appointed at this Annual General meeting is given below:

Name of Director	Shri P. K. Shashidharan
Date of Birth	07.08.1958
Date of appointment	26.02.2013
Brief Resume and nature of expertise in specific Functional areas	Marketing & Marketing Services
List of other directorships held	—
Chairman / Member of the Committees of the Board of other Companies	—
Disclosure of relationship between Director Inter Se	—
Shareholding in the Company	—

Statement pursuant to provisions of Section 102 the Companies Act, 2013.

Item No. 3

H.V. Vasa & Co., Chartered Accountants were appointed as Auditors at last Annual General Meeting ('AGM') held on 12th August, 2016 to hold the office of the Auditors up to the conclusion of this Annual General Meeting and hence, they would retire at the conclusion of this AGM.

As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing Auditor's firm has completed term of Five consecutive years. Accordingly, the existing Auditors H.V. Vasa & Co has completed term of five consecutive years and as per the said requirements of the Act, Shailesh Shah & Associates, Chartered Accountants are proposed to be appointed as auditors from the conclusion of this AGM till the conclusion of the AGM to be held for the Financial year 2021-22, subject to ratification by members every year, as may be applicable.

Shailesh Shah & Associates, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors recommends the ordinary resolution as per item No. 3 of the accompanying notice for approval of the members of the Company.

None of the Directors, or key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the resolution as per item No. 3 of the notice.

Regd. Office :

Survey No. 359/B, 359/C, 361 and 362,
Rakhial – 382 315, Taluka - Dehgam, Dist. Gandhinagar.
23rd June, 2017
CIN : L29199GJ1945PLC000443

By Order of the Board of Directors

Dipshika Khatri
Company Secretary

Procedure on e-voting

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 19th September, 2017 (10.00 a.m.) and ends on 21st September, 2017 (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 15th September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. 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 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:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>- Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is printed on Address Sticker indicated in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>- If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of Madhusudan Industries Ltd. on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the log in password then enter the User ID and Image Verification Code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also use Mobile app - "m-Voting" for e-voting. M-Voting app is available on IOS, Android & Windows based Mobile. Shareholders may log in to m-Voting using their e voting credentials to vote for the company resolution(s).
- (xix) 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 and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 linked in the log in should be mailed to 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 the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) 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, under help section or write an email to helpdesk.evoting@cdslindia.com.

Directors' Report

To

The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31st March, 2017.

Performance

The summary of your Company's financial performance is given below:

	Year ended March 31, 2017 (Rs. in lacs)	Year ended March 31, 2016 (Rs. in lacs)
Profit before Depreciation and Taxes	47.81	63.27
Deducting there from Depreciation	18.52	26.27
Profit / Loss before tax	29.29	37.00
Deducting therefrom taxes of:		
- Current Tax	3.50	0.75
- Deferred Tax	(-)20.29	10.17
Profit after tax	46.08	26.08
Add: Balance brought forward from previous year	(-)648.27	(-) 674.35
Amount available for appropriations	(-)602.19	(-) 648.27
The proposed appropriations are:		
1. Proposed Dividend	-	-
2. Tax on proposed Dividend	-	-
3. Balance Carried forward	(-)602.19	(-) 648.27
Total	(-)602.19	(-) 648.27

Transfer to Reserves

Due to Carry forward loss of previous years the Company has not transferred any amount to General Reserve in the current year.

Highlights / Performance of the Company

Total income of the Company was Rs.95.06 lacs during the year.

Management Discussion and Analysis**a) Industry Structure and Developments**

The Company continues to explore in finding out a suitable project that can be set up in the existing facilities available with the Company at Rakhial.

b) Opportunities and Threats

The Management intend to undertake a viable business activities in the existing infrastructure and land available with the Company. As such we do not find any particular threat that can affect the existence of the Company.

c) Outlook

The future outlook will mainly depend on the project to be undertaken by the Company.

d) Risks and Concerns

At present the Company is exposed to the common risks such as any uncertainties / drastic changes in government policies, delay in economic reforms, emergence of inflationary conditions, any unexpected changes in regulatory framework etc.

e) Internal Control Systems and their adequacy

The Company has computerized its accounting system since many years. Adequate internal control system exists in the Company and the internal control system of the Company is commensurate with the size and complexity of the Company's business. The operations are subject to periodic internal audit by independent Auditors.

f) Financial performance with respect to Operational Performance is discussed in the main part of the report.**g) Material Developments in Human Resources, Industrial Relations, Environment, Health & Safety**

The Company values and nurtures its human resources and Company would continue to adopt and implement the best HRD practices in future. Manpower strength of the Company as on March 31, 2017 stands at 7.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The information required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed herewith as a separate Annexure-I.

Particulars of contracts or arrangements with related parties

All transactions entered into with Related parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length basis.

There were no materially significant related party transactions made by the Company with Directors, Key Managerial Personnel or other designated persons which may have a Potential Conflict with the interest of the Company at large. All related party transactions were placed before the Audit Committee and also the Board for approval. The Policy on related party transactions as approved by the Board is uploaded on the Company's website i.e. www.madhusudan-india.com

The particulars of contracts or arrangement with related Parties as per Section 188(1) of the Companies Act, 2013, including arm's length transactions if any, as per Form No. AOC – 2 are enclosed as separate Annexure – II.

Director's Responsibility Statement

In compliance of Section 134(5) of the Companies Act, 2013, the Directors of your Company confirm:

- that in the preparation of annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- that such accounting policies have been selected and applied consistently and made judgements 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 on March 31, 2017 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis.
- that internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Managerial Remuneration and Employees

Details required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are enclosed as a separate Annexure-III.

Details of employees as specified under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any shareholder on request, being made to the Company Secretary. The above detail is not being sent alongwith this Annual Report to the members in line with the provisions of Section 136 of the Companies Act, 2013.

Company has not offered its shares to its employees under ESOS during the year under review.

Company has not sanctioned loan to any of its employees for purchase of Company's shares under any scheme.

Extract of Annual Return

The details forming part of the extract of the annual return in Form No.MGT-9 is annexed herewith as a separate Annexure-IV.

Corporate Governance

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, report on Corporate Governance alongwith Auditors' Certificate on its Compliance has been included in this Annual Report as a separate Annexure - V.

As per Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is not required to comply with Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V. However as a good corporate governance practice, the Company has been complying with all the aforesaid provisions / regulations voluntarily.

Number of Meetings of the Board

The Board of Directors, during the financial year 2016-17 duly met 4 times on 26.05.2016, 08.08.2016, 25.10.2016 and 31.01.2017 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

Particulars of Loans, guarantees or investments u/s 186

The loans if any, made by the Company are within the limits prescribed u/s 186 of the Companies Act, 2013 and no guarantee or security is provided by the Company.

Details of investments covered u/s 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Risk Management Policy

The Board has approved and implemented risk management Policy of the Company including identification and element of risks.

The Risk Management is overseen by the Audit Committee / Board of Directors of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details please refer to the Management Discussion and Analysis.

Audit Committee

The Company has constituted Audit Committee. For details please refer Corporate Governance Report attached as a separate Annexure-V.

Internal Control System and its Adequacy

The Company has internal control system commensurate with the size, scale and complexity of its business operations. The scope and functions of Internal Auditor are defined and reviewed by the Audit Committee. The Internal Auditor reports to the Chairman of the Audit

Annual Report 2016-2017

Committee. The Internal Auditor assesses opportunities for improvement of business processes, systems and controls, to provide recommendations, which can add value to the organisation.

Dividend

Due to carry forward loss of previous years the Board of Directors has not recommended any dividend. During the year the Company was not required to transfer unclaimed dividend to the Investor Education and Protection Fund.

Share Capital

The paid up Equity Share Capital as on 31st March, 2016 was Rs.268.75 lacs. During the year under review the Company has not issued any equity shares. As on 31st March, 2017 the Share Capital was Rs.268.75 lacs.

No shares with differential voting rights, stock or sweat equity shares were issued by the Company during the year under review.

Exchequer

The Company has contributed Rs.15.70 lacs to the exchequer by way of Service Tax, Income tax and other fiscal levies.

Deposits

The Company has not accepted fixed deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014. There have been no default in repayment of deposits or payment of interest thereon during the year.

The Company has no unclaimed/unpaid fixed deposits as at end of the year.

Directors

Members at the Annual General Meeting held on 26.09.2014 have appointed Shri Rajesh B. Shah, Shri Prem Chand Surana and Smt. Rutva Acharya as Independent Directors of the Company to hold office for five consecutive years for a term up to 31st March, 2019 (they will not retire by rotation).

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 and SEBI (LODR) Regulations, 2015. There has been no change in the circumstance which may affect their status as Independent Directors during the year under review. The Company keeps informed independent directors about changes in the Companies Act, 2013 from time to time and their role, duties and responsibilities.

Shri. P.K. Shashidharan, director is due to retire at the end of the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief resume of Shri. P.K. Shashidharan, director as required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the notice convening the Annual General Meeting of the Company.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder, Schedule – IV of the Act and SEBI (LODR) Regulations, 2015, the Board has carried the evaluation of its own performance, individual Directors, its Committees and Key Managerial Personnel, on the basis of attendance, contribution and various criteria as recommended by the Nomination and Remuneration Committee of the Company.

The performance of each of the non-independent directors was also evaluated by the Independent Directors at the separate meeting of Independent Directors of the Company.

Policy on Directors appointment and remuneration

Criteria determining the qualifications, positive attributes and independence of Directors.

Independent Directors

- **Qualifications of Independent Director**

An independent director shall possess appropriate skills, qualifications, experience and knowledge in one or more fields of finance, law, management, marketing, administration, corporate governance, operations or other disciplines related to the Company's business.

- **Positive attributes of Independent Directors**

An independent director shall be a person of integrity, who possesses knowledge, qualifications, experience, expertise in any area, integrity, level of independence from the Board and the Company etc. Independent Directors are appointed on the basis of requirement of the Company, qualifications & experience, association with the Company etc. He should also devote sufficient time to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

- **Independence of Independent Directors**

An independent director should meet the requirements of Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Other Directors and Senior Management

The Nomination and Remuneration Committee shall identify and ascertain the qualifications, expertise and experience of the person for appointment as Director or at Senior Management Level and recommend to the Board his/her appointment.

The Company shall not appoint or continue the employment of any person as Director or Senior Management Personnel if the evaluation of his performance is not satisfactory.

Other details are disclosed in the Corporate Governance Report under the head Nomination and Remuneration Committee and details of Remuneration (Managing Director/Whole Time Director and Non-Executive Directors).

Remuneration / commission from Holding or Subsidiary Company

The Company has no Holding Company or Subsidiary Company

Remuneration Policy

It is separately disclosed in the Corporate Governance Report attached as a separate Annexure-V to this Report.

Auditors and their Observations

H.V. Vasa & Co., Statutory Auditors of the Company retire at the end of the ensuing Annual General Meeting.

As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Companies Act, 2013, is provided to appoint a new auditors, when the existing Auditor's firm has completed terms of Five consecutive years. Accordingly, the existing Auditors H.V. Vasa & Co has completed term of five consecutive years and as per the said requirements of the Act, it is proposed to appoint new Statutory Auditors for period of five years with effect from the conclusion of this AGM till the conclusion of the AGM of Financial year 2021-22, subject to ratification by members every year, as may be applicable.

The Auditors' Report and Secretarial Audit Report to the members for the year under review does not contain any qualification, reservation or adverse remarks or disclaimer.

The Statutory Auditors have not reported any fraud during the year under review.

Secretarial Audit

Pursuant to provisions of Section 204 of Companies Act, 2013 and Rules made there under, the Company has appointed Parikh Dave and Associates, Practicing Company Secretaries to undertake the secretarial audit of the Company for the year 2016-17.

The Secretarial Audit Report given by Parikh Dave and Associates, Company Secretaries in practice is annexed with this report.

Insurance

Your Company has adequately insured all its properties.

Industrial Relations

Your Company's relations with its employees remained cordial throughout the year. The Directors wish to place on record their deep appreciation for the services rendered by staff members and executives of the Company.

Your Company has taken adequate steps for the health and safety of its employees, as required under the Gujarat Factories Rules, 1963. The Company has not received any complaint under The Sexual Harassment of women at Workplace (prevention, prohibition and redressal) Act, 2013.

Material Changes Affecting Financial Position of the Company

No material changes or commitments, affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relate, i.e. 31st March, 2017 and the date of the Board's Report.

Change in Nature of Business

There has been no change in the nature of the business of the Company during the Financial year 2016-17.

Orders passed by Regulatory Bodies or Courts

No regulatory body or court or tribunal has passed any significant and material orders impacting the going concern status and operations of the company.

Vigil Mechanism

The Company has implemented Vigil Mechanism. For details please refer Corporate Governance Report attached as a separate Annexure-V.

Appreciation

Your Directors would like to place on record their gratitude for the co-operation and assistance given by various departments of both State and Central Governments.

Ahmedabad
25th May, 2017

For and on behalf of the Board of Directors,

Rajesh B. Shah
P. C. Surana
P. K. Shashidharan
Sanwarmal D. Agarwal
Rutva Acharya
Directors

Annexure I to the Directors' Report

Disclosure of particulars with respect to Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules 2014 and forming part of the Report of the Board of Directors for the year ended 31st March, 2017.

A. Conservation of Energy	:	Nil
B. Technology Absorption	:	Nil
C. Foreign Exchange earnings and outgo	:	Nil

For and on behalf of the Board of Directors,

Ahmedabad
25th May, 2017

Rajesh B. Shah
P. C. Surana
P. K. Shashidharan
Sanwarmal D. Agarwal
Rutva Acharya
Directors

Annual Report 2016-2017

Annexure II to the Directors' Report

FORM No.AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1) Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship	NOT APPLICABLE
(b) Nature of contracts / arrangements / transactions	
(c) Duration of the contracts / arrangements/ transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) Date (s) of approval by the Board	
(g) Amount paid as advances, if any;	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2) Details of material contracts or arrangements or transactions at arm's length basis

(a) Names of the related party and nature of relationship	Gujarat Soaps Private Ltd. - Director interested
(b) Nature of contracts / arrangements / transactions	Reimbursement of Expenses
(c) Duration of the contracts / arrangements/ transactions	As and When actual payment made
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	No formal contract
(e) Date (s) of approval by the board if any,	Every Board meeting held after payment
(f) Amount paid as advances, if any;	NA

The other details are mentioned in note no. 26 of attached Financial Statements for the year ended 31-03-2017.

Ahmedabad
25th May, 2017

For and on behalf of the Board of Directors,

Rajesh B. Shah
P. C. Surana
P. K. Shashidharan
Sanwarmal D. Agarwal
Rutva Acharya
Directors