

32nd
ANNUAL REPORT
2015-16

mallcom



THE HISTORY

The tangram is an oriental concept of dissection puzzle consisting of seven flat pieces, called tans, which are put together to form shapes. The objective of the puzzle is to form a specific shape (given only in outline or silhouette) using all seven pieces, which may not overlap.

THE CORE CONCEPT



The age of versatility is here. More and more individuals are aiming towards exploring challenging avenues, learning new lessons and providing one stop solutions. Ideate, innovate and grow. Customize and co-create to reach solutions faster than before.

Just as the 7 boards of the Tangram, in collaboration, form infinite objects to communicate something new each time, continuous innovation in design & technology are the key aspects of the new way we work at Mallcom.



CONTENT

Table of Contents

Corporate Information	03
Directors' Report	04
Management Discussion and Analysis	23
Report on Corporate Governance	26
Eight Years' Financial Statements	37

Standalone Financial Statements

Independent Auditors Report	38
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	44
Notes on Financial Statements	45

Consolidate Financial Statements

Information regarding Subsidiary Companies	64
Independent Auditors Report	65
Balance Sheet	68
Statement of Profit and Loss	69
Cash Flow Statement	70
Notes on Financial Statements	71

Annual General Meeting will be held on 8th of September, 2016 at 11.00 a.m
at Gyan Manch, 11 Pretoria Street, Kolkata 700 071

ABOUT MALLCOM

Mallcom (India) Ltd is a Government of India recognized Export House and one of the leading manufacturers, exporters and distributors of a comprehensive range of Personal Protective Equipment (PPE) – comprising head to toe protection. As an integrated manufacturer of PPE, the company provides assorted range of competitive and affordable PPEs, with no compromise in quality.

Professional Entrepreneurship is in the core of management approach at Mallcom. The organization gets its vision and direction from a management team with strong professional qualities and profound experience.

With its rich experience of over three decades, Mallcom continues to meet and exceed customers' needs through customized solutions. Our goal is to protect the workforce with safe and comfortable PPE that is a blend of the finest materials and workmanship derived from its innovative technology and design excellence. The trust and satisfaction of clients are our greatest achievements and we strive to excel expectations and achieve new standards at every opportunity.

Our Vision

Our vision is to design, produce and provide products and services with an emphasis on performance and to expand our presence in the international market place.

Our Mission

Mallcom will lead in its operating domain in the top five positions, without compromising on the price – quality – service matrix.

CORPORATE INFORMATION

Board of Directors

Ajay Kumar Mall, Chairman & Managing Director
Giriraj Mall, Director
R. P. Singh, Independent Director
Barsha Khattry, Independent Director

Chief Financial Officer

Shyam Sundar Agrawal

Company Secretary

Nidhi Agarwal

Auditors

S. K. Singhania & Co.
19A, Jawaharlal Nehru Road,
Kolkata-700 087

Registrar & Share Transfer Agent

Niche Technologies Pvt. Ltd.
D-511 Bagree Market, 5th Floor,
71, B. R. B. Basu Road, Kolkata – 700 001
Ph- 033 2235-7270; Fax-033 2215 6823
Email-nichetechpl@nichetechpl.com

Registered Office

Mallcom Tower
EN-12, Sector-V, Salt Lake City,
Kolkata-700091

Factories

- 1) Plot No.1666, Zone-9
Kolkata Leather Complex,
Bantala, 24 Pgs (South)
- 2) 34B & C, C. N. Roy Road,
Kolkata – 700039
- 3) Plot No. 35&36, Sector-1,
FSEZ, Falta,
24 Pgs (South)
- 4) Plot No.32, Sector-3A,
Integrated Industrial Estate,
Haridwar, Uttrakhand

Bankers

State Bank of India
Standard Chartered Bank
Citibank N.A.
Axis Bank
ICICI Bank

DIRECTORS' REPORT

DEAR MEMBERS,

Your Directors have pleasure in presenting before you Thirty-Second Annual Report of the Company together with Audited Statement of Accounts for the year ended March 31, 2016.

FINANCIAL RESULTS

Your Company's performance during the year ended March 31, 2016 is summarized below:

(Rupees in Lakhs)		
Particulars	31st March, 2016	31st March, 2015
Gross Sales	27,567.19	26,490.71
Other Income	18.31	37.21
Total Revenue	27,585.50	26,527.92
Less: Total Expenditure	26,393.78	25,653.46
Gross Profit (Before Depreciation & Finance Cost)	1839.68	1625.95
Less: Finance Cost	221.59	335.69
Depreciation	426.36	415.80
Earnings before Tax [EBT]	1,191.73	874.46
Less: Income Tax		
-Current	438.66	330.00
-Deferred	(10.35)	-
Income Tax for Earlier Years	-	18.05
Profit after Tax [PAT]	763.42	513.46
Add: Balance b/f from previous year	9.14	8.34
Balance available for appropriation	772.56	521.80
Appropriation		
Dividend Recommended	124.80	93.60
Dividend Tax	25.41	19.05
Transfer to General Reserve	614.45	400.00
Profit & Loss Account balance carried to Balance sheet	7.90	9.15
Key Ratios		
Earnings per Share (Rs.)	12.23	8.23
Dividend per share (Rs.)	2.00	1.50
Current Ratio	1.21:1	1.18:1
Debt-Equity Ratio	0.88:1	0.92:1

DIVIDEND

Your Directors are pleased to recommend dividend of Rs. 2.00 per share (20%) for the financial year ended March 31, 2016. The dividend if approved by the shareholders will be paid to all the equity shareholders, whose names appear in the Register of Members as on September 08, 2016. Total dividend of 20% for the year 2015-16 would absorb Rs.150.21 Lakh inclusive of dividend tax.

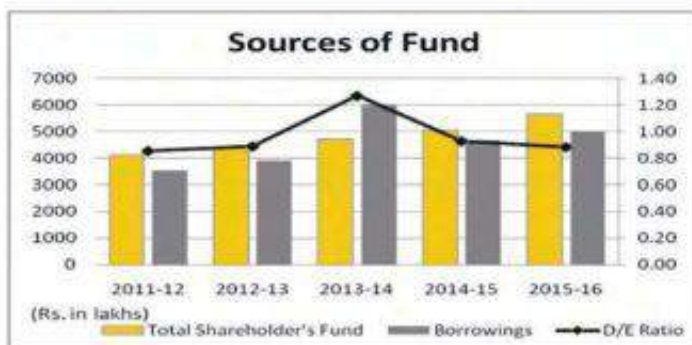
In terms of the Companies Act, any unclaimed or unpaid Dividend relating to the financial year 2010-11, is due for remittance in August, 2018 to the Investor Education and Protection Fund established by the Central Government.



PERFORMANCE OF THE COMPANY

Due to the sluggish overseas demand and world economy facing recession or low growth the export sector as a whole was badly affected during the year under review registering negative growth, your company however despite all the odds was able to maintain the growth momentum and had registered 4% growth in Turnover. The Standalone Gross Income and profit after tax of the company for the year was Rs 27,585.50 Lakh & Rs. 763.42 Lakh as against Rs. 26,527.92 Lakh & Rs.513.46 Lakh respectively for the previous year. The Consolidated Gross Income of the company for the year under review was Rs. 27,646.71 Lakh as against Rs.26,887.10 Lakh for the previous year resulting in a growth of 2.83%. The Consolidated profit after tax, of the company, for the year was Rs. 938.44 Lakh as against Rs.678.44 Lakh for the previous year.

The Increase in profitability was mainly due to various cost cutting measures undertaken along with reduced finance cost, better working capital management and enhanced liquidity.



FINANCIAL POSITION

Share Capital

The subscribed, issued and paid-up capital of the company remained at 62,40,000 equity shares of Rs.10/- each implying a fully paid up capital of Rs.624.00 Lakh as on March 31, 2016.

Reserve and Surplus

The Reserve and surplus balance for the company during the fiscal under review has gone up from Rs. 4427.18 Lakh to Rs. 5,040.39 Lakh with a further transfer of Rs. 614.45 Lakh to General Reserve.



Secured and Unsecured Loans:

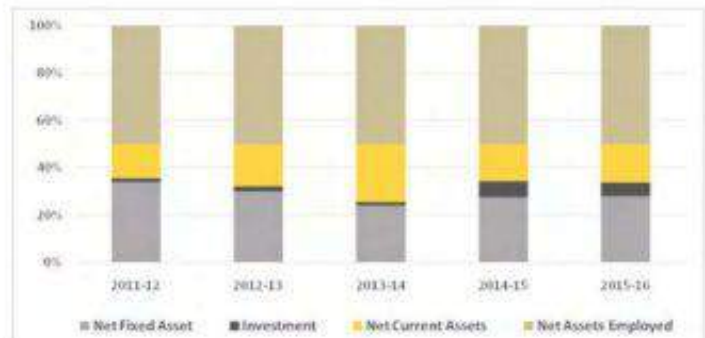
The Company had a secured loan of Rs. 5,003.42 Lakh and there is no unsecured loan during the Fiscal 2016.

Fixed Assets

The Fixed Assets (Including Capital work-in-progress) as at March 31, 2016 were Rs. 3,075.53 Lakh as compared to Rs. 2,809.79 Lakh in the previous year.

Current Assets

The current assets of the Company as on March 31, 2016 were Rs. 10,574.32 Lakh as against Rs. 10,536.98 Lakh in the previous year. Inventory level was at Rs. 4,944.34 Lakh, which has increased by Rs. 612.82 Lakh over previous year's level of Rs. 4,331.52 Lakh. Debtors outstanding as on March 31, 2016 were Rs. 3,334.20 Lakh as against Rs. 2,874.02 Lakh for previous year i.e. an increase of Rs. 460.18 Lakh over the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis forms part of this annual report and is annexed to this Report.

CORPORATE GOVERNANCE

The report on Corporate Governance for the financial year ended March 31, 2016, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms a part of this Annual Report. The requisite Certificate from the confirming compliance with the conditions of Corporate Governance is annexed to this Report.

SUBSIDIARY COMPANIES

A report on the performance and the financial position of subsidiary companies as per Companies Act, 2013 forms part of the consolidated financial statement. During the year subsidiary company 'Trencher Online Services Pvt. Ltd.' (Formerly : Mallcom Safety Equipment Pvt. Ltd.), ceased to be subsidiary of Mallcom India Ltd. due to sale of investment.

The Consolidated Financial Statements are prepared by your Company in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the same together with Auditor's Report thereon form part of the Annual Report.

A separate section on the performance and financial position of each of the subsidiaries companies in Form AOC-1 is part of the report. It is included in the consolidated financial statement.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return in Form MGT- 9 as per provisions of Companies Act, 2013 and rules thereto of the Company is annexed herewith as Annexure-A.

AUDITORS

Statutory Auditors

M/s S. K. Singhania & Co., Chartered Accountants who are the Statutory Auditors of the Company, holds office upto the conclusion of the forthcoming Annual General Meeting (AGM) and is eligible for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditor) Rules, 2014, it is proposed to appoint M/s S. K. Singhania & Co., as Statutory Auditors of the Company from the conclusion of the forthcoming AGM upto the conclusion of the 36th AGM to be held in 2020, subject to ratification of their appointment at every AGM. A certificate from them has been received to the effect that their re-appointment, if made, would be within the prescribe limit.

There is no Audit qualification for the year under review.

Secretarial Auditors

The Board had appointed Mrs. Anju Agarwal, Company Secretary in Whole-time Practice, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2016. The report of the Secretarial Auditor is annexed to this report as Annexure B. The report does not contain any qualification.

Internal Auditors

Mrs. Anjali G. Worah, Chartered Accountant performs the duties of internal auditor of the Company and their report is reviewed by the audit committee from time to time.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The role of the Committee is to review the CSR Policy, indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR.

The CSR Policy of the Company and further details about the initiatives taken by the Company on Corporate Social Responsibility during the year under review have been appended in Annexure C to this Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Fraud and corruption-free work culture has been the core of the Company. In view of the potential risk of fraud, corruption and unethical behaviour consequent to rapid growth and geographical spread of operations, which could adversely impact the Company's business operations, performance and reputation, the Company has put an even greater emphasis to address these risks. To meet the objective Whistle blower policy has been laid down which is available on the company website: www.mallcom.in.

RISK MANAGEMENT

Risk management has always been an integral part of the corporate strategy which complements the organizations capabilities with business opportunities, robust planning and execution. A key factor in determining a Company's capacity to create sustainable value is the risks that the company is willing to take and its ability to manage them effectively. In line with new regulatory requirements, the Company has formally framed a Risk Management Policy to identify the key risk areas, monitor and report compliance and effectiveness. Appropriate actions pursuant to the Policy from time to time are taken to mitigate adverse impact of various Risks which may adversely affect the performance of the Company.

COMPANY'S POLICY ON DIRECTORS, APPOINTMENT AND REMUNERATION

The Board of Directors in consonance with the recommendation of Nomination and Remuneration Committee (NRC) has adopted a terms of reference which, inter alia, deals with the manner of selection of Directors and the Key Managerial Personnel of the Company. The NRC recommends appointment of Director, Chief Executive Officer and Manager based on their qualifications, expertise, positive attributes and independence in accordance with prescribed provisions of the Companies Act, 2013 and rules framed there under. The NRC, is responsible for identifying and recommending persons who are qualified to become directors or part of senior management of the Company.

Remuneration Policy for the members of the Board and Executive Management has been framed, the said policies earmark the principles of remuneration and ensure a well balanced and performance related compensation package taking into account shareholders' interest, industry practices and relevant corporate regulations in India.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Companies Act, 2013 read with the Articles of Association of the company, Shri Ajay Kumar Mall (DIN: 00470184), Managing Director retires by rotation and being eligible offers himself for re-appointment.

At the 30th Annual General Meeting of the company held on 28th August, 2014 the company had appointed the existing independent directors Shri R.P.Singh (DIN 00240910) and Dr. Barsha Khattry (DIN 01974874) as independent directors under the companies Act, 2013.

All independent directors have given declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and the listing regulations.

The familiarization programme aims to provide Independent Directors with the Personal Protective Equipment industry scenario, the social-economic environment in which the Company operates, the business model, the operation and financial performance of the Company, significant developments so as to enable them to take well informed decision in a timely manner. The familiarization programme also seeks to update the Directors on the roles, responsibilities, rights, and duties under the Act and other statute.

BOARD EVALUATION

During the year, the Board adopted a formal mechanism for evaluating its performance and effectiveness as well as that of its Committees and individual Directors, including the Chairman

of the Board. For Board and its Committees, the exercise as carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. In case of evaluation of the individual Directors, one to one meeting of each Director with the Chairman of the Board and the Chairman of the Nomination & Remuneration Committee was held.

The Directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its Committees.

MEETINGS

During the year Seven Board Meetings and one independent directors' meeting was held. The Details of which are given in Corporate Governance Report. The provisions of Companies Act, 2013 and listing regulations were adhered to while considering the time gap between two meetings.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 and Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 are given in the notes to the Financial Statements.

RELATED PARTY TRANSACTIONS

All transactions entered into with the Related Parties in terms of Section 2(76) and Section 188 of the Companies Act, 2013 read with Regulation 2 (zc) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no Material Related Party transactions during the year. Thus disclosure in Form AOC-2 is not required.

PARTICULARS OF EMPLOYEES

Your Company has no employee of the category as specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure - D.

DISCLOSURE UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013

The Company's policy on prevention of sexual harassment of women provides for the protection of women employees at the workplace and for prevention and redressal of such complaints. During the year under review, no complaints were reported to the Board.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the financial relate.

DEPOSIT

The Company has not accepted any deposits from the public/members under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Details of the same are provided in the Management Discussion and Analysis Report attached as annexed to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same period;
- the directors have taken proper and sufficient care 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;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the company that are adequate and were operating effectively.

- they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure- E.

AWARD

- Mallcom was conferred with the prestigious "Export Excellence Award" in the Eastern Region for the second consecutive year 2013-14 with a Gold Trophy in April, 2016 from the Federation of Indian Export Organisations, Eastern Region.
- Mallcom also received Prestigious Leather Export Award for 2014-15 in February, 2016 for its excellent export performance.
- Confederation of Indian Industry recognizes Mallcom through ENCON awards 2014-15 for Excellence in Energy Conservation.

ACKNOWLEDGEMENT

The Directors take this opportunity to express their deep sense of gratitude to the banks, Central and State governments and their departments and the local authorities for their continued guidance and support. Special mention also needs to be made for the continued support and co-operation received by us from all the associates, Suppliers, Customers and Dealers who played very important and active role in overall performance of your company. We would also like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Mallcom family.

To them goes the credit for all of the Company's achievements. And to you, our Shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

Dated : 30th May, 2016

For and behalf of the Board

Regd. Office :
EN-12, Sector-V, Salt Lake City
Mallcom (India) Ltd.
Kolkata-700 091

A. K. Mall
Managing Director