

44th Annual Report 2016 - 2017



MANGALAM DRUGS & ORGANICS LIMITED

(AN ISO 9001 & WHO - GMP COMPANY)



BOARD OF DIRECTORS

GOVARDHAN M. DHOOT	– CHAIRMAN & MANAGING DIRECTOR
SUBHASH C. KHATTAR	– INDEPENDENT DIRECTOR
BRIJMOHAN M. DHOOT	– NON - EXECUTIVE DIRECTOR
ANURADHA SUKHANI	– INDEPENDENT DIRECTOR (Appointed w.e.f 16.05.2016)

CHIEF FINANCIAL OFFICER

Mr. Ajay Samant

BANKERS

State Bank Of India

IDBI Bank Ltd

Punjab and Maharashtra Co-Op. Bank Ltd

COMPANY SECRETARY

Ms. Nikita Bavishi

REGISTERED OFFICE

Rupam Building, 3rd Floor,
239, P.D'mello Road,
Near GPO, Mumbai – 400 001
Tel No. 91-22-22616200/6300/8787
Fax No. 91-22-2619090

E-Mail: contactus@mangalamdrugs.com

Investors E-mail Id: investor@mangalamdrugs.com

Website: <http://www.mangalamdrugs.com>.

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West),
Mumbai – 400083
Tel No. 91-22-49182670

WORKS

VAPI – UNIT 1

Plot No. 187, GIDC
Vapi, Dist. Valsad
Gujarat – 396 195

VAPI – UNIT 2

Plot No. 1203, GIDC
Vapi, Dist. Valsad,
Gujarat – 396 195

AUDITORS

M/S Milwani Associates
Chartered Accountants
Bagaria House, 1st Floor,
Kolbhat Lane, Mumbai – 400 002

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NOTICE

NOTICE is hereby given that the Forty-Fourth Annual General Meeting of the Members of **Mangalam Drugs & Organics Limited** will be held on Tuesday, the 26th September, 2017 at 03.30 P.M at the Kilachand Conference Room, 2nd Floor, Indian Merchants Chamber Building, IMC Marg, Churchgate, Mumbai- 400020, Maharashtra to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements as at 31st March, 2017 including the Balance Sheet, the Statement of Profit and Loss for the year ended as on that date and the reports of the Board of Directors' and the Auditors' of the Company thereon.
2. To appoint a Director in place of Shri. Brijmohan Murlidhar Dhoot (DIN: 01046420) who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as may be applicable and pursuant to the recommendations of the Board of Directors, M/s Batliboi & Purohit, Chartered Accountants (Firm Registration No.101048W), be and are hereby appointed as the Statutory Auditors of the company in place of retiring auditors M/s Milwani Associates, Chartered Accountants, to hold the office from the conclusion of this 44th Annual General Meeting until the conclusion of the 49th Annual General Meeting, subject to ratification by members at every Annual General Meeting, on such remuneration as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and any other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) ("the Act") the Company hereby ratifies remuneration of Rs. 110,000/- (Rupees One Lac Ten Thousand only) plus GST, as applicable and reimbursement of out-of-pocket expenses payable to M/s. Ankit Kishor Chande, Cost Accountant who were appointed by the Board of Directors as Cost Auditors of the Company for the financial year 2017-18, to conduct Cost Audit relating to "Bulk Drugs" businesses of the Company as may be ordered by the Central Government under the Act and the Rules thereunder."

FURTHER RESOLVED THAT the Board of Director of the Company be and is hereby authorized to do such acts, deeds and things as may be considered necessary to give effect to the above resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 20 of the Companies Act, 2013 and relevant rules framed thereunder and other applicable provisions, if any, whereby, a document may be served on any member by the Company by sending it to him/her by post, by registered post, by speed post, by electronic mode, or any other modes as may be prescribed, consent of the members be and is hereby accorded to charge from the member such fees in advance equivalent to estimated actual expenses of delivery of the documents delivered through registered post or speed post or by courier service or such other mode of delivery of documents pursuant to any request by the shareholder for delivery of documents, through a particular mode of service mentioned above provided such request along with requisite fees has been duly received by the Company at least 10 days in advance of dispatch of documents by the Company to the shareholder;.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors or Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees for delivery of the document to be paid in advance."

By order of the Board of Directors
For **Mangalam Drugs & Organics Ltd**

Nikita Bavishi
Company Secretary

Registered Office:

3rd Floor, Rupam Building,
239, P. D'Mello Road Mumbai – 400001
CIN: L24230MH1972PLC116413

Place: Mumbai

Dated: 11th August, 2017

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

The instrument of proxy in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc. must be supported by an appropriate resolution / authority, as applicable.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of item nos. 4 & 5 of the Notice set out above, is hereto annexed.
3. All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays, Sundays and Public Holidays upto the date of Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September 2017 to 26th September 2017 (both days inclusive) for the purpose of Annual General Meeting.
5. The Annual Report of the Company for the year 2016-2017 is also uploaded on the Company's website www.mangalamdrugs.com in the "Investor Relations" Section.
6. As a measure of economy, copies of the Annual Report shall not be distributed at the meeting and therefore the Members are requested to bring their copy of Annual Report to the Meeting.
7. Members are requested to intimate to the Company, queries, if any, on the accounts at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
8. The Company has appointed **M/s. Link Intime India Private Limited**, C-101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai – 400078 as Share Transfer Agents and the members are requested to send/address all their shares related matters/ correspondence directly to them.
9. **Change of Address /Bank details:** Members are requested to inform **M/s. Link Intime India Private Limited**, immediately of any change in their address / bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their Email Id, signature, address, bank details and mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. Members holding shares in physical form are requested to intimate such changes to the Registrar and Share Transfer Agents of the Company viz. M/s. Link Intime India Private Limited.
10. As per Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities And Exchange Board of India (SEBI), it is mandatory to quote Permanent Account Number (PAN) for participating in the securities market. Therefore, Members holding shares in dematerialised form are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Registrar and Share Transfer Agents of the Company viz. Link Intime India Private Limited.
11. Members/Proxies should bring the admission/attendance slip duly filled in for attending the meeting.
12. The Company has transferred unclaimed application money due for refund of public issue made in the year 2005 and unclaimed dividend for the financial year 2005-06 declared on 30th September 2006 to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.
13. Electronic (soft) copy of the Notice of the 44th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-Voting along with the Attendance Slip & Proxy Form and the Annual Report for 2016-2017 is being sent to all the Members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail address, physical copies of these documents are being sent in the permitted mode.
14. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 44th AGM by electronic means and all the items of the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 19th September, 2017, may cast their vote by electronic means or in the AGM.

The information with respect to Voting process and other instructions regarding e-voting are detailed in Note No. 21.

The voting rights of the members shall be in proportion to the paid up value of their shares in the equity capital of the Company as on the cutoff date i.e. 19th September, 2017.

15. The Company shall also arrange for the physical voting by use of ballot or polling paper at the AGM for the members who have not cast their vote through remote e voting.
16. The members who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.



17. Mr. Manish Baldeva, Practicing Company Secretary has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
18. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least 2 witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 3 days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorized by the Chairman, shall declare the result of the voting forthwith. The result declared along with the consolidated Scrutinizer's Report shall be placed on the Company's website [www. mangalamdrugs.com](http://www.mangalamdrugs.com) and on the website of CDSL immediately after the result is declared by the Chairman and the same shall be simultaneously communicated to the BSE Limited and National Stock Exchange of India Limited.
19. The resolution shall be deemed to be passed on the date of AGM, subject to the receipt of sufficient votes.
20. Details of the Directors seeking appointment / re-appointment at the 44th Annual General Meeting required by Listing Regulations with the Stock exchanges is given below:

1.	Name	SHRI BRIJMOHAN M DHOOT (DIN: 01046420)
2.	Date of Birth	10 th July, 1951
3.	Educational Qualification	Commerce Background
4.	Date of appointment on the Board	02 nd May, 2015
5.	Category of Director	Non Executive Non Independent Director
6.	Experience	He has more than 40 years experience in the Chemical and Pharma Industry. He has vast knowledge and varied experience which is of great value to the company.
7.	List of other Directorships held	1. Raga organics private limited 2. Elarci (Estates & Constructional) Development Services Private Limited
8.	Name of Committees in which Chairman	NIL
9.	Name of Committees in which Member	Nomination & Remuneration Committee and CSR Committee– Mangalam Drugs & Organics Limited
10.	Number of shares held in the Company.	564469 equity shares.
11.	Disclosure of Relationship	Shri. Brijmohan M Dhoot is brother of Shri. Govardhan M Dhoot of the Company
12.	No. of Board Meetings attended during the year	Nine

21. INSTRUCTIONS FOR ELECTRONIC VOTING (E-VOTING)

1. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, applicable Secretarial Standard and the Listing Regulation, the Company is pleased to offer e-voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically on the resolutions mentioned in the notice of 44th Annual general Meeting of the Company. The Company has appointed Mr. Manish Baldeva, Practicing Company Secretary to act as scrutinizer for conduction scrutiny of the votes cast.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 23rd September, 2017, 9.00 A.M and ends on 25th September, 2017, 05.00 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 19th 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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> 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. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none"> 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).

(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 for the MANGALAM DRUGS & ORGANICS LIMITED.

(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.

(ivx) 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 a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) 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. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(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 login 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 or call on Tollfree No. 1800-200-5533.

By order of the Board of Directors
For Mangalam Drugs & Organics Ltd

Nikita Bavishi
Company Secretary

Registered Office:

3rd Floor, Rupam Building,
239, P. D'Mello Road Mumbai – 400001
CIN: L24230MH1972PLC116413

Place: Mumbai

Dated: 11th August, 2017.



ANNEXURE TO NOTICE

Explanatory Statement pursuant to section 102 (1) and 102(2) of the Companies Act, 2013.

Item No. 3

M/s Milwani Associates, Chartered Accountants, existing statutory auditors of the Company has completed more than 5 years and in compliance with the provisions of the Act, the Company has to appoint a new auditor in their place.

Considering the requirements of Section 139 (2) of the Companies Act, 2013, Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W) is proposed to be appointed as auditors of the Company for a period of 5 years, commencing from the conclusion of 44th AGM till the conclusion of the 49th AGM, subject to ratification by members every year, as may be applicable.

Batliboi & Purohit, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141 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), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors/Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the ordinary resolution set out at item No. 3 of the notice.

The Board commends this resolution for your approval.

Item No. 4

Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) ("the Act"), requires the Board to appoint an individual, who is a Cost Accountant in practice or a firm of Cost Accountants in practice, as Cost Auditor on the recommendations of the Audit committee, which shall also recommend remuneration for such Cost Auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the members.

The Board of Directors at their meeting held on 11th August, 2017, on recommendation of the Audit Committee, approved the appointment of M/s. Ankit Kishor Chande, Cost Accountant, as the Cost Auditor of the Company for the financial year 2017-18 at fees of 1,10,000/- plus out of pocket expenses and GST as applicable for conducting the audit of the cost accounting records of the Company.

The resolution contained in Item no. 4 of the accompanying Notice, accordingly, seek members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2017-18.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 4 of the Notice.

The Board commends this resolution for your approval.

Item No. 5

As per the provisions of section 20 of the Companies Act, 2013 a document may be served on any member by sending it to him by Post or by Registered post or by Speed post or by Courier or by delivering at his office or address or by such electronic or other mode as may be prescribed. It further provides that a member can request for delivery of any document to him through a particular mode for which he shall pay such fees as may be determined by the company in its Annual General Meeting.

Therefore, to enable the members to avail of this facility, it is necessary for the Company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution.

Since the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting, the Directors accordingly commend the Ordinary Resolution at item no. 5 of the accompanying notice, for the approval of the members of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no.5 of the accompanying Notice.

By order of the Board of Directors
For **Mangalam Drugs & Organics Ltd**

Nikita Bavishi
Company Secretary

Registered Office:

3rd Floor, Rupam Building,
239, P. D'Mello Road Mumbai – 400001
CIN: L24230MH1972PLC116413

Place: Mumbai

Dated: 11th August, 2017



DIRECTORS' REPORT

**To,
The Members of
Mangalam Drugs & Organics Ltd**

The Directors have pleasure in presenting to you their Forty-Fourth Annual Report together with Company's Audited Financial Statement for the accounting year ended 31st March 2017.

FINANCIAL RESULT

(Rs. In Lacs)

Particulars	2016-2017	2015-2016
Revenue from operations	30288.56	29502.18
Other Income	25.63	19.73
Profit before Finance Expenses, Depreciation & Amortizations	4842.60	3772.08
Less: Depreciation & Amortizations	500.71	441.30
Finance Expenses	1003.65	929.18
Profit / (Loss) before tax	3338.24	2401.60
Provision for Current Tax	798.10	487.75
Provision for MAT Credit entitlement	-	(364.55)
Provision for Deferred Tax	170.45	675.09
Profit / (Loss) after tax	2369.69	1603.31
Balance b/f. from previous year	1347.28	(240.49)
Additional Depreciation on Fixed Assets	-	(15.54)
Balance carried to Balance Sheet	3716.97	1347.28

DIVIDEND

The company does not propose to declare any dividend this year, since it is under restructuring and as per the restructuring terms with the banks, no dividend can be declared by the Company.

STATE OF COMPANY AFFAIRS

During the year under review, the Company earned a total income of 30314.19 Lacs compared to Rs. 29521.91 Lacs in the previous year an increase of 2.68%. The company has made a profit after tax of Rs. 2369.69 Lacs as against Rs1603.31 Lacs an increase of 47.80 %. The Company has achieved the export turnover of Rs. 8504.18 Lacs as against Rs. 4916.54 an increase of 72.98%

FUTURE OUTLOOK

Although there is some favorable change in global recessionary pressure, the next fiscal year requires a diligent approach in order to maintain the impressive pace we have maintained in recent past. Your company has attracted attention from investors last year owing to its performance. Your company was virtually the only attractive investment destination in spite of being an exclusive API manufacturer in the disease segment of poorly addressed therapeutic needs in the developing world. Accentuating our commitment on this front, besides Antimalarial Segment, Your company has upgraded in record time its facilities at Unit-2 and has secured WHO Geneva GMP approval very recently as this report goes in print. We remain committed to continue with the smart regulatory strategy, the prudent partnering with stake holders and a diligent resource restructuring approach in the future.

DEPOSIT

Your Company has not accepted any deposits from the public falling within the purview of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 and as such, no amount on account of principal or interest on public deposits was outstanding as on date of the balance sheet.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in notes to the Financial Statements.

RISK MANAGEMENT

The Company has formulated a policy on Risk Management and the same is detailed in the Corporate Governance Report. Risks are classified in different categories such as Financial, Operational, Legal and Strategic risks. These risks are reviewed from time to time and controls are put in place with specific responsibility of the concerned officer of the Company.

INTERNAL FINANCIAL CONTROL SYSTEMS AND ADEQUACY

The Companies Act, 2013 has mandated the Company to have a formal framework of Internal Financial Controls (IFC) and has also laid down specific responsibilities on the Board, Audit Committee, Independent Directors and Statutory Auditors with regard to IFC.



The Board reviews the effectiveness of controls documented as part of IFC framework, and take necessary corrective actions where weaknesses are identified as a result of such reviews. Based on this evaluation, no significant events had come to notice during the year that have materially affected, or are reasonably likely to materially affect, our IFC. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company.

The Statutory Auditors of the Company has audited the IFC over Financial Reporting and their Audit Report is annexed as Annexure B to the Independent Auditors' Report under Standalone Financial Statements.

PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement containing the necessary 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 Companies (Accounts) Rules, 2014 is annexed to report as Annexure A

PARTICULARS OF EMPLOYEE

There are Nil employees drawing remuneration of Rs.8,50,000 (Rupees Eight lacs fifty thousand) per month or Rs.1,02,00,000/- (Rupees One crore two lacs) and above per annum during the Year under review. The details of the remuneration drawn by the Managing Director, Whole Time Director and Independent Directors are stated in the Corporate Governance Report. The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the Director/KMP	Ratio to Median Remuneration
Shri. Govardhan Murlidhar Dhoot	8.91
Shri. Subhash Khattar	0.19
Smt. Anuradha Sukhani	0.08
Shri. Brijmohan Murlidhar Dhoot	0.12

b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Name of the Director/KMP	Designation	% increase in remuneration in the financial year
Shri. Govardhan Murlidhar Dhoot	Chairman & Managing Director	47.68 %
Shri. Subhash Khattar*	Independent Director	4.76 %
Shri. Brijmohan M Dhoot*#	Non- Executive Director	Nil
Smt. Anuradha Sukhani*@	Independent Director	Nil
Shri. Ajay Samant	Chief Financial Officer	27.70 %
Ms. Nikita Bavishi#	Company Secretary	Nil

* Entitled for Sitting fees of Rs. 2000 for attending each Board and Committee Meetings.

@ She has been appointed in 2016-17, hence % increase cannot be calculated.

Not comparable as Shri. Brijmohan Dhoot- Non Executive Director and Ms. Nikita Bavishi- Company Secretary were director and Company Secretary respectively, only for the part of the year i.e appointed during the year 2015-16.

Smt Meenal Sukhani had resigned as an Independent Director w.e.f 16th May, 2016 and hence % increase has not been calculated. She was paid Sitting Fees of Rs. 10,000 during the year.

c. The percentage change in the median remuneration of employees in the financial year:

Median remuneration is decreased by 3.70%.

d. The number of permanent employees on the rolls of Company: 302

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average annual increase was around 21.31%.

This is based on Remuneration policy of the Company that rewards people differentially based on their contribution to the success of the Company and also ensures that external market competitiveness and internal relativities are taken care of.



The increase in managerial remuneration is 47.68%. The rise in case of Managerial Remuneration should be viewed considering the fact that the remuneration paid to him was increased in the previous year which was approved in the 43rd AGM by the members with a view that remuneration paid to him as a Managing Director was comparatively very low in the previous years. Also the Company continues to grow both in size and stature as is evident from the enhanced performance levels under the leadership of Shri Govardhan M Dhoot.

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

The Company affirms remuneration is as per the remuneration policy of the Company.

a) Directors

The Board of Directors of the Company is led by the Executive Chairman and comprises of three other Directors as on 31st March, 2017, including two Independent Directors which includes one Woman Director as required under Section 149 (1) of the Companies Act, 2013 and one Non-Executive Director (other than Independent Directors). The composition of the Board is in conformity with the provisions of the Act and Regulation 17 of the Listing Regulations entered into with the Stock Exchanges.

All the Independent Directors of the Company have furnished declarations that they meet the criteria of independence as prescribed under the Companies Act, 2013 and under Listing Regulations

Ms. Meenal Sukhani, Non-Executive & Independent Director of the Company, resigned from the Board of the Company w.e.f. the closure of business hours on May 16, 2016 due to personal reasons. The Board placed on record its appreciation for the contribution made by her during her tenure as Director of the Company.

The Board of Directors, on recommendation of the Nomination and Remuneration Committee, appointed Ms. Anuradha Sukhani as an Additional Director in the category of Independent Director w.e.f. May 16, 2016 who held the office till the Annual General Meeting ("AGM") and thereafter was appointed by the members at the 43rd AGM as an independent director for a period of 5 years w.e.f. 16th May, 2016.

At the 43rd Annual General Meeting of the Company held on 30th September, 2016, the members approved the re-appointment of Shri Govardhan M Dhoot (DIN 01240086) who had retired by rotation.

Shri Brijmohan M Dhoot (DIN 01046420) Director, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. The brief resume and other relevant documents of the director are being given in the notes of Notice convening the Annual General Meeting for your perusal.

b) Meetings of Board of Directors

During the year, 9 meetings of the Board of Directors were convened and held on 29th April 2016, 16th May 2016, 10th June 2016, 1st August 2016, 14th October 2016, 10th November 2016, 19th January 2017, 06th February, 2017 and 31st March 2017. The intervening gap between two consecutive meetings was not more than one hundred and twenty days. Detailed information on the meetings of the Board is included in the Corporate Governance Report which forms part of the Annual Report.

c) Committees of the Board

In Compliance with the requirements of applicable laws and as a part of best governance practices, the company has following 4 (Four) Committees of the Board as on 31st March, 2017:

- (i) Audit Committee
- (ii) Nomination and Remuneration Committee
- (iii) Stakeholders' Relationship Committee
- (iv) Corporate Social Responsibility Committee

During the financial year ended 31st March 2017, the Board re-constituted the Audit Committee and Nomination and Remuneration Committee in accordance with the Act and the Listing Regulations.

Details of all the Committees along with their terms of reference, composition and meetings of each Committee held during the year, are provided in the Corporate Governance Report, annexed to this Report.

(d) Board Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, the Board had carried out the performance evaluation of its own, Committees and of Independent Directors. Further Independent Directors at their separate meeting evaluated the performance of the Non Independent Directors, Board as a whole and of the Chairman of the Board. The result of the evaluation is satisfactory and meets the requirement of the Company.

(e) Familiarization Programme

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter alongwith necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

The Independent Directors also met with senior management team of the Company in informal gatherings.