

ANNUAL REPORT 2016 - 17

MARSONS LIMITED

BOARD OF DIRECTORS

Mr. Akhilesh Kotia - Chairman (Non- Executive)

Mr. A. S. Pillai - Managing Director

Ms. Divya Arora - Independent Director

Mrs. Trina Sinha - Independent Director

AUDITORS

K.M. ROY

Chartered Accountants

COMPANY SECRETARY

Ms. Sultana Khan

CFO

Mr. Rajesh Kumar Jha

REGISTRAR AND SHARE TRANSFER AGENT

MAHESHWARI DATAMATICS PVT LTD

23, R. N. Mukherjee Road, 5th Floor,
Kolkata- 700001

2243-5029/5809, 2248-2248

91 33 2248- 4787

mdpl@cal.vsnl.net.in

Phone

Fax

Email Id

Bankers

Allahabad Bank

C.R. Avenue Branch, Kolkata

REGISTERED OFFICE

Marsons House, Budge Budge Trunk Road,
Maheshtala, Kolkata- 700 142

Email Id

Website

Phone

Fax

info@marsonsonline.com

www.marsonsonline.com

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ANNUAL REPORT 2016 - 17

MARSONS LIMITED

Directors' Report and Management Discussion & Analysis Report

Dear Members,

The Directors have pleasure in submitting their 40th Annual Report together with the Audited Statements of Account for the period ended on March 31, 2017.

Financial Performance:

The Company's financial performance for the period ended 31st March, 2017 is summarized below:

(a) Standalone

(Rs. in lacs)

| Financial Result | Year Ended 31.03.2017 | Period Ended 31.03.2016 |
|---------------------------|--------------------------|----------------------------|
| Total Revenue | 10141.66 | 10450.63 |
| Profit /(Loss) Before Tax | (-765.13) | 343.60 |
| Profit /(Loss) After Tax | (-946.04) | 415.13 |
| EPS (Rs) | (-3.78) | 1.66 |

(b) Consolidated

(Rs. in lacs)

| Financial Result | Year Ended 31.03.2017 | Period Ended 31.03.2016 |
|---------------------------|--------------------------|----------------------------|
| Total Revenue | 10141.66 | 10450.63 |
| Profit /(Loss) Before Tax | (-765.13) | 343.60 |
| Profit /(Loss) After Tax | (-988.30) | 428.83 |
| EPS (Rs.) | (-3.78) | 1.72 |

Operating & Financial Performance

During the year, the net revenue from operations of your Company decreased from Rs. 10450.63 Lacs to Rs. 10,141.00. For FY 2017, your Company's loss after tax stood at Rs. 946.04 Lacs vis-à-vis profit of Rs. 415.13 Lacs in the previous year.

Change in the nature of business, if any

There is no change in the nature of the business of the Company.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There were no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

There were no material changes and commitments affecting the financial position of the Company occurring between March 31, 2017 and the date of this Report of the Directors.

Management Discussion and Analysis Report

Industry Trend and Development

The Company is engaged in manufacturing of transformers in the capacity range of 100MVA 132KV class. The demand for the Company's product in coming years will increase significantly. The expansion of infrastructure industry and real estate business, extensive rural electrification programme of the Government, development of shopping malls, complexes, etc. demands various type of transformers and the Company in this industry with flexibility will survive and have a bright future.

Opportunities and Threats

The company has taken steps to upgrade its facility for manufacturing of transformers upto 100 MVA 220 KV Class from the present capacity of 100 MVA 132 KV Class. With this the Board has also decided to diversify into the field of EPC Contracts in Power Sector and the negotiations with major players in this field are at concrete stage. The Company's nature of business is capital intensive and hence any delay in cycle causes huge interest loss and marks the bottom line of the Company.

Risk and Concern

The threat is also from unorganized small scale entrepreneurs who sometimes run away with big orders due to their small set up cost. The nature of industry demands blocking of capital for a long period and hence more credit support from the banks are required.

Outlook

The current scenario is very encouraging because the major thrust of our Government is on Power and Infrastructure sector. Meanwhile Eastern and North Eastern region is witnessing the maximum development in the power sector. We are in a commanding position for all North Eastern demand of these Large Transformers as we are at the gateway to the entire region.

Subsidiary / Joint Ventures / Associates

The Company has a subsidiary namely Marsons Power Limited (UK). The company also has an associate company namely Advance Powerinfra Tech Limited. The consolidated accounts of the company are being disclosed in the financial Statement of the Company and are forming a part of the financial Statement and the particulars are given vide form AOC-1 enclosed with the report and marked as **Annexure -I**.

Internal Financial Control

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Company's Policies on Remuneration, Employee Concern (Whistle Blowing) and also the Code of Conduct applicable to Directors and Employees of the Company have been complied with. These Policies and the Code of Conduct are available on the Company's website at www.marsonsonline.com.

Dividend

With the view to conserve the resources of company your directors regret to recommend any dividend for the period under report.

Share Capital

The paid up Equity Share Capital as on March 31, 2017 was Rs. 25 crores. During the year under review the company has not allotted any shares or any convertible instruments.

Segment wise performance

The Company is primarily a manufacturer of electrical transformer as a single unit. Accordingly, the Company is a single business segment company.

Risk Management

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion. The Board members were informed about risk assessment and after which the Board formally adopted and implemented the necessary steps for monitoring the risk management plan for the company.

Board of Directors

In accordance with the provisions of Companies Act, 2013 Mr. A.S. Pillai (DIN: 07152155), retires by rotation and being eligible offers himself for re-appointment.

All Directors, Key Managerial Personnel and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company. The Code of Conduct is available on the Company's website: www.marsonsonline.com. All Directors have confirmed compliance with provisions of section 164 of the Companies Act, 2013.

Meetings of Board and Committees

The details of number and dates of meetings held by the Board and its Committees and attendance of Directors is given separately in the attached Corporate Governance Report.

Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of Section 134 (3) (c) read with section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended on 31.03.2017 and state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors 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 that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) There is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Party

The related party transactions in accordance with provisions of section 188 of the companies Act, 2013 and as identified by Management and auditors are disclosed in AOC-2 form vide **Annexure-II**.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at : **www.marsonsonline.com**. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Key Managerial Personnel

The following persons are the Key Managerial Personnel of the Company in compliance with the provisions of Section 203 of the Companies Act, 2013 as on 31.03.2017:

- a) Mr. Ananchaperumal Pillai Subramonia Pillai, Managing Director
- b) Mr. Rajesh Kumar Jha, Chief Financial Officer (CFO)
- c) Ms. Sultana Khan, Company Secretary (ACS44373)

Board Evaluation

Pursuant to the provisions of Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidance Note on Board Evaluation issued by SEBI dated 05.01.2017 the Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its committee.

Corporate Governance

Report on Corporate Governance along with the certificate thereon is separately attached as **Annexure III** and **Annexure IV** respectively and forms a part of the Directors' Report.

Audit Committee

The Audit Committee comprises of the following Directors:

| Name | Status | Category |
|--------------------|-------------|----------------------|
| Ms. Divya Arora | Chairperson | Independent Director |
| Mrs. Trina Sinha | Member | Independent Director |
| Mr. Akhilesh Kotia | Member | Director |

During the year there were no instances where the Board had not accepted the recommendations of the Audit Committee.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Directors:

| Name | Status | Category |
|--------------------|-------------|----------------------|
| Ms. Divya Arora | Chairperson | Independent Director |
| Mrs. Trina Sinha | Member | Independent Director |
| Mr. Akhilesh Kotia | Member | Director |

The Company's Remuneration Policy is available on the Company's website **www.marsonsonline.com** and is attached as **Annexure -V** and forms part of this Report of the Directors.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of the following Directors:

| Name | Status | Category |
|--------------------|-------------|----------------------|
| Ms. Divya Arora | Chairperson | Independent Director |
| Mrs. Trina Sinha | Member | Independent Director |
| Mr. Akhilesh Kotia | Member | Director |

Vigil Mechanism

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior the company has adopted a vigil mechanism policy which is available on the Company's website www.marsonsonline.com

Corporate Social Responsibility

The provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not applicable to the Company.

Listing

The shares of the Company are listed on the Bombay Stock Exchange. The Company's shares are compulsorily traded in the dematerialized form. The ISIN number allotted is INE415B01028.

Statutory Audit

Mr. K M Roy, Chartered Accountants (Membership No: 053720), Kolkata, the Auditors of your company is retiring at the forthcoming Annual General Meeting and is eligible for re-appointment.

The appointment of Auditors is proposed for confirmation by the shareholders at the ensuing AGM of the Company.

The observations of Auditors in their report read with the relevant notes to Financial Statement are self explanatory and therefore do not require further explanations.

Secretarial Audit

A Secretarial Audit was conducted during the year by the Secretarial Auditor, P Dhanuka & Associates, Practicing Company Secretary (C.P No. 15862), in accordance with the provisions of section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is attached as **Annexure VI** and forms a part of this Report of the Directors. There are no qualifications or observations or remarks made by the Secretarial Auditor in his Report.

Internal Auditor

M/S MST & Associates, Chartered Accountants of 9A, Lal Bazar Street, Mercantile Building, Block-A, 2nd Floor, Room No. 5, Kolkata- 700 001 perform the duties of internal auditors of the company and their report is reviewed by the audit committee from time to time.

Fixed Deposits

The Company has not accepted any deposits from the public, and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014. The Company has accepted loan from the directors as detailed in the statement of accounts. The directors have confirmed that these loans have not been given from the borrowed sources/ funds.

Loans, guarantees and investments

It is the Company's policy not to give loans, directly or indirectly, to any person or to other body corporate or give any guarantee or provide any security in connection with a loan to any other body corporate or person.

Conservation Of Energy, Technology Absorption, Foreign Exchange Earning and Outgo:

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as **Annexure VII** and forms a part of this Report of the Directors.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure VIII**.

Managerial Remuneration

The information required pursuant to Section 197(12) read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is attached here as **Annexure IX** and forms a part of the Directors' Report.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Directors state that during the year an Internal Complaint Committee has been formed to review the cases filed pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and further

state that, there were no cases reported in respect to above mentioned Act.

Acknowledgement

Your Directors take the opportunity of placing their sincere appreciation to the Central Government, State Government, Banks, Financial Institutions, employees, associates, consultants and members of the company for their valuable guidance and support.

Registered Office:

Marsons House,
Budge Budge Trunk Road,
Vill.-Chakmir, P.O. Maheshtala,
Kolkata-700 142
CIN:L31102WB1976PLC030676
Phone:033-2212 7189
Fax: 033-2212 7189
E-Mail:info@marsonsonline.com
Website:www.marsonsonline.com
Dated: 02/06/2017

On behalf of the Board

Sd/-
(Akhilesh Kotia)
Chairman
(DIN:0007677)

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/Associate companies/joint ventures**Part "A": Subsidiaries**

| | |
|---|----------------------------|
| Name of the subsidiary | Marsons Power Limited (UK) |
| 1. Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 01.04.2016- 31.03.2017 |
| 2. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | INR (80.79) |
| 3. Share capital | 300000 |
| 4. Reserves & surplus | NIL |
| 5. Total assets | 300000 |
| 6. Total Liabilities | 300000 |
| 7. Investments | NIL |
| 8. Turnover | NIL |
| 9. Profit before taxation | NIL |
| 10. Provision for taxation | NIL |
| 11. Profit after taxation | NIL |
| 12. Proposed Dividend | NIL |
| 13. % of shareholding | 100% |

The following information shall be furnished:-

- 1. Names of subsidiaries which are yet to commence operations-Nil**
- 2. Names of subsidiaries which have been liquidated or sold during the year-Nil**

ANNUAL REPORT 2016 - 17**MARSONS LIMITED****Part "B": Associates and Joint Ventures**

| | |
|---|-----------------------------|
| Name of Associates/Joint Ventures | Advance Powerinfra Tech Ltd |
| 1. Latest audited Balance Sheet Date | 31.03.2017 |
| 2. Shares of Associate held by the company on the year end 31.03.2017 No. of Equity shares of Rs.10/- each. | 4250000 |
| Amount of Investment in Associates/Joint Venture | 4,25,00,000/- |
| Extend of Holding % | 36.52 |
| 3. Description of how there is significant influence | Voting rights |
| 4. Reason why the associate/joint venture is not consolidated | N.A |
| 5. Networth attributable to Shareholding as per latest audited Balance Sheet | Rs.5,35,07,325/- |
| 6. Profit / Loss for the year | (42.26) lakhs |
| i. Considered in Consolidation | - |
| ii Not Considered in Consolidation | |

Registered Office

Marsons House,
Budge Budge Trunk Road,
Vill. Chakmir, P. O. Maheshtala,
Kolkata- 700 142
CIN: L31102WB1976PLC030676
Phone: 033- 2212 7189
Fax: 033- 22212 7189
E-mail: info@marsonsonline.com
Website: www.marsonsonline.com
Date: 02.06.2017

On behalf of the Board

Sd/-
(Akhilesh Kotia)
Chairman
DIN: 0007677

sd/-
(Sultana Khan)
Company Secretary
Mem. No.A44373

Sd/-
(A. S. Pillai)
Managing Director
DIN: 07155255

sd/-
(Rajesh Kr. Jha)
CFO
Pan: AMRPJ7355C

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: NIL

2. Details of material contracts or arrangement or transactions at arm's length basis:

(i)

- a. Name(s) of the related party and nature of relationship - Advance Powerinfra Tech Ltd.
Enterprises over which management Personnel and / or their relatives have significant influence.
- b. Nature of contracts/arrangements/transactions - Rent received.
- c. Duration of the contracts / arrangements/transactions - Perpetual
- d. Salient terms of the contracts or arrangements or transactions including the value, if any:
Rs. 2.85 lacs as rent.
- e. Date(s) of approval by the Board, if any: Prior to 01.04.2014
- f. Amount paid as advances, if any: Nil

Marsons House,
Budge Budge Trunk Road,
Vill.-Chakmir, P.O. Maheshtala,
Kolkata-700 142
CIN: L31102WB1976PLC030676
Phone: 033-2212 7189
Fax: 033-2212 7189
E-Mail: info@marsonsonline.com
Website: www.marsonsonline.com
Dated: 02.06.2017

On behalf of the Board
For **Marsons Limited**

sd/-
(Akhilesh Kotia)
Chairman
DIN:0007677)

CORPORATE GOVERNANCE REPORT

(FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 2017)

Marsons Limited is committed to doing business in an efficient, honest and ethical manner. This commitment starts with the Board of Directors, which executes its corporate governance responsibility by focusing on the Company's strategic and operational excellence in the best interests of all our stakeholders, in particular shareholders, employees and our customers in a balanced fashion with long term benefits to all.

Presently, The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, referred to as the "LODR" Regulations, regulates Corporate Governance practices of Listed Companies and your Company is complying with the same.

Your Directors present the Company's Annual Report on Corporate Governance for the period ended 31st March, 2017 as under:

1. **Company's philosophy on Corporate Governance**

Your Company has always believed in the concept of good corporate governance involving transparency, empowerment, accountability and integrity with a view to increasing stakeholder value. The objective of your Company is not only to meet the statutory requirements of the code but to go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

2. **Board of Directors**

2.1 The Board of the Company consists of four Directors comprising of 1 non- executive chairman, 1 executive director, 2 other Non-executive directors (independent). None of the Directors on the Board is a member in more than 10 committees and Chairman of more than 5 committees, across all companies in which he/she is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

2.2 **COMPOSITION, CATEGORY AND NUMBER OF OTHER BOARD AND COMMITTEE POSITIONS HELD AS ON 31ST MARCH 2017**

| Name (Promoter = P Non Promoter = NP) | Executive/Non Executive/ Independent | Number of other Directorships held in Public Ltd. Companies Incorporated in India | Number of other Committee positions held | |
|--|--|--|--|--------------|
| | | | As Chairman | As Member |
| Mrs. Akhilesh Kotia (P) | Chairman | 2 | 0 | 0 |
| Mr. A.S. Pillai (NP) | Managing Director | 0 | 0 | 0 |
| Mr. Sandip Goswami (NP)* | Independent | 2 | 2 | 0 |
| Mrs. Trina Sinha (NP) | Independent | 0 | 0 | 0 |
| Ms. Divya Arora (NP) | Independent | 1 | 2 | 0 |

* Resigned w.e.f 13.08.2016

Committee positions held in other Indian Public Limited Companies are considered and for this purpose only two Committees viz. the Audit Committee and the Stakeholders' Relationship Committee are considered.

2.3 All independent directors have confirmed their independence to the Company.

2.4 The non-executive directors have no pecuniary relationship or transactions with the Company in their personal capacity.

2.5 None of the Directors of the Company are related amongst themselves.

2.6 The Board periodically reviews compliance reports of all laws applicable to the Company and the steps taken to rectify instances of non-compliance.