

**NOBLE EXPLOCHEM LIMITED  
BOARD OF DIRECTORS**

**Shri Tikamchand Kothari**  
**Chairman and Executive Director**

**Shri Rameshcand Kothari**  
**Managing Director**

**Ms. Vinda Warhadpande**  
**Director –HR and Systems**

**Shri Shyam Sunder Sharma**  
**Independent Director**

**Shri Vijay Kumar Jain**  
**Independent Director**

**Shri Rajesh Joshi**  
**Independent Director**

////////////////////////////////////

<b>Statutory Auditors</b>	<b>Secretarial Auditors</b>
Amar Bafna & Associates Chartered Accountants Mumbai	P. S. Channe & Associates Company Secretaries Nagpur
<b>Bankers</b>	<b>Registrar and Share transfer Agent</b>
HDFC Bank State Bank of India Bank of India Shikshak Sahakari Bank Ltd	Satellite Corporate Services Pvt. Ltd

YYYYYYYYYYYYYYYYYYYYYYYYYYYYYYYY

**AGM Date: Wednesday the 28<sup>th</sup> September 2016**  
**Book Closure: Saturday 24<sup>th</sup> September 2016 to Wednesday 28<sup>th</sup> September 2016**  
**(Both days inclusive)**

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

<b>Registered Office</b>	<b>Works</b>
54-/B, “Shree Towers”, West High Court Road, Shankar Nagar (E), Nagpur – 440010	At Village Hingni Taluka- Seloo, Dist.- Wardha – 442 104 Maharashtra
<b>Contact details</b>	
Phone No. 0712-2538791 Email: <a href="mailto:noble_explochem@rediffmail.com">noble_explochem@rediffmail.com</a> WEB: <a href="http://www.neclindia.com">www.neclindia.com</a>	

**NOTICE OF 34<sup>TH</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirty Fourth Annual General Meeting of the members of Noble Explochem Limited will be held at 54/B, Shree Towers, West High Court Road, Shankar Nagar, Nagpur – 440010 on the Wednesday the 28<sup>th</sup> September 2016 at 3.00 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2016 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint Director in place of Shri Tikamchand Kothari, who will retire by rotation in this Annual General meeting and being eligible, offers himself for re-appointment.
3. To appoint the Statutory Auditors of the Company and to fix their remuneration.

**SPECIAL BUSINESS**

4. **To pass the following resolution with or without modification as an Ordinary Resolution:**

“Resolved that, pursuant to the provisions of Sections 196, 197, Schedule V and other related provisions of the Companies Act, 2013, Memorandum and Articles of Association of the Company and subject to the approval of Statutory Authorities required in this respect, if any, Shri Tikamchand Kothari, be and is hereby appointed as Whole Time Director with a designation as Chairman and Executive Director, for the period of 2 years and 9 months with effect from 1<sup>st</sup> January 2016, on the terms and conditions mentioned herein below

- a) **SALARY:** Salary at the rate of Rs. 25,000/- per month.
- b) **COMMISSION:** Commission on the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013, as may be fixed by the Board of Directors subject to the ceiling limits laid down in Section 198 of the Companies Act, 2013.
- c) **PERQUISITES:** In addition to the aforesaid salary and commission, the Chairman and Executive Director shall be entitled to the following perquisites:
  - (i) Free furnished residential accommodation or House Rent Allowance, House Maintenance allowance together with utilities thereof such as gas, electricity, water, furnishings, repairs, servants, salaries, society charges and property taxes as may be approved by the Board of Directors.
  - (ii) Reimbursement of medical expenses incurred for self and family and medical accident insurance.
  - (iii) Leave travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
  - (iv) Fees of clubs/annual membership fees for professional bodies.
  - (v) Personal accident insurance premium.

For the purposes of the above ceilings perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of any such Rules, perquisites will be evaluated at actual costs.

Wherein any financial year during the currency of the tenure of the Chairman and Executive Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Chairman and Executive Director, the above salary and perquisites except commission subject to the ceiling limits prescribed in Section of Schedule V of the Companies Act, 2013.

- d) The Chairman and Executive Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:
  1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

2. Gratuity payable at a rate not exceeding half a month salary for each completed year of service.
3. Earned privilege leave at a rate of one month's leave for every eleven months of service. The Chairman and Executive Director shall be entitled to encash leave at the end of her tenure as Chairman and Executive Director.
4. Provision of cars and telephones at the residence of the Chairman and Executive Director shall not be treated as perquisites.

**Other Terms:**

The Chairman and Executive Director shall be entitled to reimbursement of actual expenses on entertainment and traveling incurred in the course of the Company's business.

Either party shall be entitled to terminate the Appointment by giving the other party 90 days notice in writing without showing any cause."

**5. To pass the following resolution with or without modification as an Ordinary Resolution:**

"Resolved that, pursuant to the provisions of Sections 196, 197, Schedule V and other related provisions of the Companies Act, 2013, Memorandum and Articles of Association of the Company and subject to the approval of Statutory Authorities required in this respect, if any, Shri Ramesh chand Kothari, be and is hereby appointed as Managing Director, for the period of 2 years and 9 months with effect from 1<sup>st</sup> January 2016 on the terms and conditions mentioned herein below

- a) **SALARY:** Salary at the rate of Rs. 25,000/- per month.
- b) **COMMISSION:** Commission on the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013, as may be fixed by the Board of Directors subject to the ceiling limits laid down in Section 198 of the Companies Act, 2013.
- c) **PERQUISITES:** In addition to the aforesaid salary and commission, the Managing Director shall be entitled to the following perquisites:
  - (i) Free furnished residential accommodation or House Rent Allowance, House Maintenance allowance together with utilities thereof such as gas, electricity, water, furnishings, repairs, servants, salaries, society charges and property taxes as may be approved by the Board of Directors.
  - (ii) Reimbursement of medical expenses incurred for self and family and medical accident insurance.
  - (iii) Leave travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
  - (iv) Fees of clubs/annual membership fees for professional bodies.
  - (v) Personal accident insurance premium.

For the purposes of the above ceilings, perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of any such Rules, perquisites will be evaluated at actual costs.

Wherein any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above salary and perquisites except commission subject to the ceiling limits prescribed in Section of Schedule V of the Companies Act, 2013.

- d) The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:
  1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  2. Gratuity payable at a rate not exceeding half a month salary for each completed year of service.
  3. Earned privilege leave at a rate of one month's leave for every eleven months of service. The Managing Director shall be entitled to encash leave at the end of her tenure as Managing Director.

4. Provision of cars and telephones at the residence of the Managing Director shall not be treated as perquisites.

#### Other Terms:

The Managing Director shall be entitled to reimbursement of actual expenses on entertainment and traveling incurred in the course of the Company's business.

Either party shall be entitled to terminate the Appointment by giving the other party 90 days notice in writing without showing any cause."

Place: Nagpur  
Date: 9<sup>th</sup> August 2016

By order of the Board Of Directors  
Sd/-  
T. C. Kothari  
**Chairman and Executive Director**

XX

#### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The instrument appointing a proxy should be deposited at the registered office of the company not less than **Forty Eight Hours** before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday the 24<sup>th</sup> September 2016 to Wednesday the 28<sup>th</sup> September 2016 (both days inclusive).
4. Members are requested to notify promptly any change in their addresses to the Company's Registrars and Share Transfer Agents, Satellite Corporate Services Private Limited, B-302, Sony Apartment, Opp. St. Jude's High School, Off Andheri Kurla Road, Jarimari, Sakinaka, Mumbai - 400 053.

#### 5. 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 34<sup>th</sup> Annual General Meeting (AGM) by electronic means and the items of business as detailed in this Notice may be transacted through e-voting services provided by Central Depository Services India Limited (CDSL):

#### The instructions for e-voting are as under:

- a) Log on to e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- b) Click on "Shareholders" tab
- c) Select the electronic voting sequence number (EVSN) **160901076** along with NOBLE EXPLOCHEM LIMITED from the drop down menu and click on "SUBMIT"
- d) Now enter your User ID
  - i) For CDSL : 16 digit beneficiary ID
  - ii) For NSDL: 8 character DP ID followed by 8 digits Client ID
  - iii) Member holding shares in physical form should enter Folio Number registered with the Company.
- e) Next enter the image verification as displayed and click on login
- f) Shareholders holding shares in Demat form and had logged on the [www.evotingindia.com](http://www.evotingindia.com) and voted on the earlier voting of any company, shall use their existing password
- g) Shareholders using first time the electronic voting shall follow the given below steps:

	<b>For Members holding shares in Demat Form and Physical Form</b>
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"> <li>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 last 8 digits of the demat account/folio number in the PAN field</li> <li>In case, the folio number is less than 8 digits, enter the applicable number of '0's(Zeros) before the number after the first two characters of the name in CAPITAL Letters. Eg. If your name is Shekhar Kumar, with folio number 100 then enter SH00000100 in the PAN field.</li> </ul>
DoB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <i>Members who have not registered their Dividend bank Details, kindly type number of shares held as on holding or cut off date i. e. 23<sup>rd</sup> September 2016</i>

- h) After entering these details appropriately, click on “SUBMIT” tab.
  - i) Members holding shares in physical form will then reach directly the EVSN Selection Screen. However, members holding shares in demat form will now reach Password filed. The new password has to be minimum eight character consisting of at least one upper case (A-Z), one lower case(a-z), one numeric value (0-9) and a special character (@#\$%&\*). 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 the company opts for e-voting through CDSL platform. It is strongly recommended not to share the password with any other parson and take utmost care to keep the password confidential.
  - j) Click on the relevant EVSN (here 160901076 for Noble Explochem Limited
  - k) On the voting page, shareholders 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 the option NO implies that you dissent to the Resolution.
  - l) Click on the Resolution File link, if you wish to view the entire resolution.
  - m) After selecting the resolution you have decided to cast your 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.
  - n) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
  - o) In case of Members receiving the physical copy of the Notice of AGM, (for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy) please follow all steps from Sr. No. (b) to (n) above, to cast vote.
  - p) Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) shall follow following steps:
    - Log on to <https://www.evotingindia.co.in> 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](mailto:helpdesk.evoting@cdslindia.com)
    - After receiving the login details, they have to create a compliance user who would be able to link the account(s) for which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
  - q) The e-voting period begins on 25<sup>th</sup> September 2016 at 9.30 a.m. and ends on 27<sup>th</sup> September 2016 at 5.30 p.m. During the period shareholders of the Company, holding shares either in physical form or in dematerialised form as on 23<sup>rd</sup> September 2016 (record Date) may cast their votes electronically. Once the vote on resolution is cast, the member shall not be allowed to change it subsequently.
  - r) In case of any queries or issues regarding e-voting, members may refer the FAQ and e-voting manual available at <https://www.evotingindia.co.in>
  - s) Shri Pradip S. Channe, Practising Company Secretary has been appointed as the Scrutiniser to scrutinise the e-voting process in the fair and transparent manner.
  - t) The scrutiniser shall within a period not exceeding three (3) days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses not in the employment of the Company and will make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Meeting.
  - u) The results on the resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of vote in favour of the resolutions.
  - v) The results declared along with the scrutiner's report(s) will be available on the website of the Company within two days of passing of the resolutions and will be communicated to Bombay Stock Exchange Limited where the shares of the Company are listed.
6. All the documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during the normal business hours (10.00 a.m to 5.00 p.m.) on all working days except Saturdays up to and including the date of the Annual General Meeting of the Company.

**Registered Office:**

**Directors**54/B, SHREE TOWER,  
SHANKAR NAGAR (EAST),  
WEST HIGH COURT ROAD, NAGPUR – 440010

**By order of the Board of**

Sd/-  
T. C. Kothari  
Chairman and Executive Director

**EXPLANATORY STATEMENT PURSUENT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 4 & 5**

**Additional information to be given in respect of appointment of Managerial Personnel as required under the provisions of Part II of Schedule V of the Companies Act, 2013**

<b>I. General Information:</b>					
(1) Nature of industry	Manufacturers of Explosives, Chemicals and Horticulture				
(2) Date or expected date of commencement of commercial production	The Company has been in the business for many years				
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable				
(4) Financial performance based on given indicators	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
	(Rs. in lacs)				
Turnover	00	00	00	00	00
Net profit/(Loss) (as computed under section 198)	(1361.48)	(101.05)	(100.18)	(99.95)	(82.62)
Net profit/ (Loss) as per profit and loss account	(1361.48)	(101.05)	(100.18)	(99.95)	(82.62)
Amount of Dividend paid	00	00	00	00	00
Rate of Dividend declared	00	00	00	0	0
Earning before interest, depreciation & taxes	(7.08)	(0.53)	(0.40)	(0.52)	(0.43)
% of EBIDT to turnover	00	00	00	0	0
(5) Export performance and net foreign exchange collaborations	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-05</b>
	00	00	00	00	00
(6) Foreign investments or collaborators, if any.	NIL				

<b>II. Information about the appointee:</b>		
(1) Background details		
Name	<b>Shri Tikamchand Kothari</b>	<b>Shri Rameshchand Kothari</b>
Designation	Chairman and Executive Director	Managing Director
Father's Name	Bhimraj Kothari	Bhimraj Kothari
Nationality	Indian	Indian
Date of Birth	01/11/1950	01/03/1954
Qualification	M Com. C. A.	B. Com.
Experience	28 years Experience in mould Labels and Packaging and 15 years in explosive and chemicals	24 years experience in the field of explosive trading

(2) Past remuneration	The consolidated remuneration to be paid to appointees in the financial year 2014-2015 was Rs. 0.25 Lacs per month. (No remuneration was paid to both appointees during the last financial year)
(3) Recognition or awards	NIL
(4) Job profile and her suitability	The appointees shall be responsible for the

	management of the whole of the affairs of the Company and to do all acts and things, which, in the ordinary course of business, he considers necessary or proper or in the interest of the Company.  Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement the proposed remuneration is in the interest of the Company.
(5) Remuneration proposed	A gross remuneration of Rs. 25,000/- Per Month (consolidated) based on monetary value of perquisites plus yearly increments, including Performance Incentive.
(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of her origin)	Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid to Shri Tikamchand Kothari and Shri Rameshchand Kothari is very low.
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	The appointees are the Promoters of the Company and relative of each other.
<b>III. Other information:</b>	
(1) Reasons of loss or inadequate profits	Due to shortage of Raw Material, in-adequate fund availability and workers' unrest.
(2) Steps taken or proposed to be taken for improvement	Management has taken steps to come over the present situation by arrangement of Finance and settlement of problems of the workers
(3) Expected increase in productivity and profits in measurable terms.	It is expected that, the company will make up all the accumulated losses and earn the profit by the end of March 2018

**IV. Disclosures:**

The remuneration package of Shri Tikamchand Kothari and Shri Rameshchand Kothari and other details such as service contract, notice period etc. have been disclosed above and also in the Corporate Governance Report. The Company does not have any scheme for grant of stock options.

Shri Tikamchand Kothari and Shri Rameshchand Kothari are interested in both resolutions given in item No. 4 and 5 as appointees and relatives of each other.

The Board recommends to pass the resolution mentioned in item No. 4 and 5 of the Notice as an Ordinary Resolution.

Place: Nagpur  
Date: 9<sup>th</sup> August 2016

By order of the Board Of Directors  
Sd/-  
T. C. Kothari  
**Chairman and Executive Director**

**NOBLE EXPLOCHEM LIMITED**  
**54/B SHREE TOWERS, SHANKAR NAGAR (EAST),**  
**WEST HIGH COURT ROAD, NAGPUR - 440010**  
**DIRECTORS' REPORT**

To  
The Members

The Directors present herewith the Thirty Fourth Annual Report together with the Statement of Accounts for the year ended 31<sup>st</sup> March, 2016

**FINANCIAL RESULTS:**

(Rs. in lakhs)

<b>PARTICULARS</b>	<b>2014 – 2015</b>	<b>2015 – 2016</b>
<b>Income:</b>		
Other Income	0.06	22.59
Less: Expenses	82.62	86.61
<b>Gross Profit/(Loss) before depreciation/ Interest and Tax</b>	<b>(82.55)</b>	<b>(64.02)</b>
Less : Interest and Finance Charges	0	0
Profit/ (loss) before Tax	<b>(82.55)</b>	<b>(64.02)</b>
Add/Less: prior period adjustment	0	0
Less : Extra Ordinary Items	0	0
Less: Provision for Income tax /Def. Tax release	0.09	0
<b>Net Profit/(Loss) for the year</b>	<b>(82.64)</b>	<b>(64.02)</b>

**DIVIDEND**

In view of incurring of losses, no dividend is proposed for the year under report.

**Transfer to General Reserves:**

The Company's production is held up this financial year also. There was no turnover hence company is incurring losses. Therefore, it is not proposed to transfer any amount to General Reserves.

**Material Changes during the period of Financial Statements and Board's Report Date:**

There is no any material change in the financial position of the Company during the period from the date of financial Statement and date of this Directors' Report.

**DIRECTORS**

During the year under review, Shri Mahavir Dhanecha, Independent Director, resigned from the Board of Directors and the Board accepted the same on 3<sup>rd</sup> May 2016. The Board of Directors and management of the Company place and record its appreciation for the valuable support and guidance provided by Shri Mahavir Dhanecha during his tenure as an Independent Director of the Company.

Shri Tikamchand Kothari, Director, retires by rotation at the end of this Annual General Meeting and being eligible offers himself for re-appointment. The Board of Directors recommend the members for re-appointment of Shri Tikamchand Kothari as Director on the Board of the Company. Brief resume of the appointee Director is given in the Corporate Governance report which is part of this Annual Report.

**DECLARATION BY INDEPENDENT DIRECTORS:**

The Independent Directors have submitted their disclosure to the Board that they fulfil all requirements as to qualify for their appointment as an Independent Director under the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**Board Meetings:**

During the year under review the Board meets four times, the details of which are given in the Corporate Governance Report, which forms part of this report.

## Policy On Appointment And Remuneration To Directors

The current policy of the Company on appointment and remuneration of Directors is to have an appropriate mix of Executives, non-executives and Independent Directors on the Board of the Company. As on 31<sup>st</sup> March 2015, the Company has 7 members on the Board of Directors of which, 3 are executive Directors, two non-executive non independent Directors and two Independent Directors. More details are given in the Corporate Governance Report which is part of this Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (5) of the Companies, Act, 2013, the Board confirm and submit-

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors had 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 loss of the Company for that period;
- (iii) That the Directors had 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) That the Directors had prepared the annual accounts on a going concern basis.
- (v) That being the listed Company, the directors, had laid down the internal financial controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating efficiently.
- (vi) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.

## LISTING:

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE).

## CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion & Analysis and on Corporate Governance along with a certificate from the Auditors and CEO / CFO are attached hereto and form part of this report.

## STATUTORY AUDITORS:

M/s Amar Bafna & Associates, Mumbai, were appointed as Statutory Auditors of the Company in the 32<sup>nd</sup> Annual General Meeting of the Company held on 19<sup>th</sup> September 2014 for the period of two years i. e. for the financial year 2014-15 and 2015-16. As per the provisions of Companies Act, 2013, the Company may re-appoint the same Partnership firm of Chartered Accountants for the next term of five years period. The Audit Committee and the Board of Directors have given approval and recommended the members for the reappointment of same Auditors for the next term of five years. The Company has also received the consent letter from the Auditors in this behalf. You are requested to appoint Auditors and to fix their remuneration.

## AUDITOR'S REPORT

The Auditor's Report is self explanatory except the following qualifications mentioned in the report:

The Auditor's Report is self explanatory except the following qualifications mentioned in the report:

1. *The Company's operations have been suspended since December, 2006. The Company has incurred losses during past several years and the company's net worth has been completely eroded. In view of all this, we are unable to comment whether the company can be considered as a "Going Concern" and whether its assets would be adequate to meet its liabilities.*
2. *The Company has been declared as Sick unit by the Board for Industrial and Financials Reconstruction (BIFR) via their order dated 22<sup>nd</sup> July 2011. However the*

*Company has not received Draft rehabilitation scheme from IDBI Bank (i.e. Operating Agency appointed by the BIFR) till the date of our review.*

3. *As explained in Note No. 21 of Notes to Accounts the expenses/liabilities aggregating Rs. 178.16 lacs for the Year 2015-2016 have not been provided due to which current year loss and accumulated losses are under stated by Rs 178.16 lacs*
4. *As explained in Note No. 24 of Notes to Accounts, calls in arrears is unreconciled to the extent of Rs 2.25 lacs*
5. *As explained in Note No. 26 of Notes to Accounts, no provision has been made for loans and advances amounting to Rs. 110.71 lacs, which are prima facie doubtful of recovery and in our opinion current year's loss and accumulated losses of the company are under stated by provision of such doubtful advances*
6. *As explained in Note No. 22 of Notes to Accounts, Depreciation on tangible and intangible assets (as per Schedule II of Companies Act, 2013) has not been provided.*
7. *As explained in Note No. 25, the liability on account of non-fulfillment of export obligation has not been considered, since the same is not ascertainable.*
8. *Attention is also invited in respect of the share application money received by the Company which is pending for allotment, in terms of Section 73 read with Companies (Acceptance of Deposits) Amendment Rules, 2015.*

**On these points the Board submit the following explanation:**

1. The Company's operations have been suspended due to shortage of Raw Material, Labour Unrest, shortage of working Capital finance etc. But the administrative operations of the Company are continued up to date. Due to stoppage of production, the required financial resource could not generate and Company is incurring losses mainly due to administrative Expenses. The Company has been declared a Sick Industrial Unit by the Board for Industrial and Financial Reconstruction (BIFR) and the draft rehabilitation scheme has been submitted to BIFR through IDBI Bank – the Operating Agency and on sanction of the same, it will be possible to restart the activities.
2. In respect of Liability of Rs. 178.16 Lacs, it is related to Local tax including previous years. Since the company's production is completed stopped since 2006 and there is no other source of Income, the company could not paid the same. The Management approached to local statutory authorities for one time settlement and at the same time the order of Hon'ble BIFR is awaited in this behalf.
3. No provision has been made for loans and advances amounting to Rs. 110.71 Lacs representing advances given to suppliers, deposit with statutory authorities. TDS payments as the same are considered to be good and either receivable or adjustable in near future
4. In respect of non-fulfilment of export obligation, the Management Of the Company had made an application to the Export Department, for the extension of time of 5 years from the date of sanction of Rehabilitation Scheme by the BIFR for fulfilment of export Obligation promised.
5. No provision for Depreciation on fixed assets has been made after discontinuing operation of the company since December 2006 as the relevant assets are not in use.
6. The Company was declared as Sick Industrial Unit by the BIFR in the year 2011 and as per the Draft rehabilitation Scheme submitted to the Hon'ble BIFR, the company is receiving the Share Application money from one or two parties as a part of Rehabilitation Scheme. The Company will allot the shares to these parties on the finalisation of Rehabilitation Scheme and as per the direction of the BIFR.
7. The Call in arrears for Rs. 2.25 Lacs remains to be un-reconciled for want of non- availability of requisite data from Registrar and Share Transfer Agents.

**Secretarial Audit:**

The Company has appointed M/s P. S. Channe & Associated, Company Secretaries, Nagpur, as Secretarial Auditors to conduct the Secretarial Audit and Report thereon. Accordingly the Company has received the said report and the said Report is being attached with this Directors' Report which is self explanatory except the following qualifications mentioned in the report:

1. That the Company had not given facility of Ballot Paper to the Shareholders of the Company.
2. That Company has not appointed Internal Auditor for the financial year