



# **PROVOGUE**

ANNUAL REPORT 2017-18

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

<b>Mr. Dinesh Arya</b>	Chairman and Independent Director
<b>Mr. Hetal Hakani</b>	Independent Director
<b>Ms. Gauri Pote</b>	Independent Director
<b>Mr. Nikhil Chaturvedi</b>	Managing Director
<b>Mr. Deep Gupta</b>	Whole Time Director & Chief Financial Officer (CFO)
<b>Mr. Akhil Chaturvedi</b>	Whole Time Director
<b>Mr. Salil Chaturvedi</b>	Non-executive Director

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Mr. Vishant Shetty**

## STATUTORY AUDITORS

**M/s Ajay Shobha & Co.**

Chartered Accountant

A-701, La Chappelle, Evershine Nagar

Malad (West), Mumbai 400064

## BANKERS

**Andhra Bank | Corporation Bank | Central Bank of India |  
Punjab National Bank | Bank of India | IndusInd Bank |  
Small Industrial Development Bank of India**

## REGISTERED OFFICE

**Provogue (India) Limited**

105/106, Provogue House, 1<sup>st</sup> Floor,

Off New Link Road, Andheri (West), Mumbai - 400053

**Phone:** 022-30680560, **Fax:** 022-30680570

**Email ID:** investorservice@provogue.com

**Website:** www.provogue.com

**CIN:** L18101MH1997PLC111924

**ISIN:** INE968G01033

**GSTIN:** 27AABCA8524F1ZU

## REGISTRAR AND SHARE TRANSFER AGENT

**Link Intime India Private Limited**

C-101, 247 Park, L.B.S.Marg,

Vikhroli (W), Mumbai – 400 078.

**Phone:** +91-22- 49186000, Fax: +91-22- 49186060

**Email id :** rnt.helpdesk@linkintime.co.in

**Website :** www.linkintime.co.in

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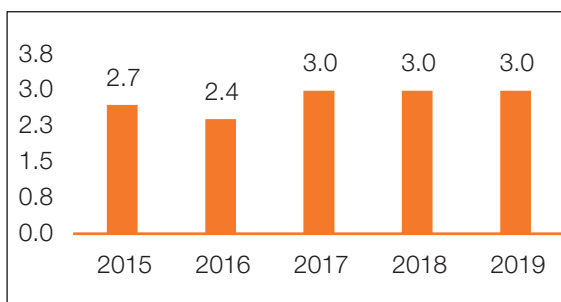
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# MANAGEMENT DISCUSSION AND ANALYSIS

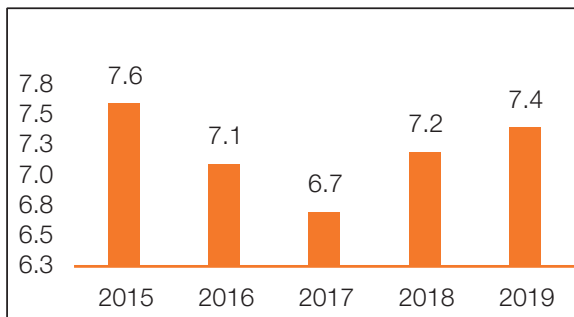
## INDIAN ECONOMIC OVERVIEW

With a notable rebound in global trade, global growth strengthened to 3% in 2017. It was driven by investment recovery in advanced economies; continued strong growth in emerging Asia; a notable upswing in emerging Europe; and signs of recovery in several commodity exporters. With financial conditions still supportive, global growth is expected to tick up to a 3% in both 2018 and 2019 as per IMF forecasts. Advanced economies are expected to grow faster than potential this year and next and Euro area economies are set to narrow excess capacity with support from accommodative monetary policy. Further, the expansionary fiscal policy will drive the US economy employment. Aggregate growth in emerging market and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe. Growth in South Asia is projected to accelerate to 6.9% in 2018 from 6.6% in 2017, mainly reflecting fading disruptions to economic activity in India.

### World GDP Growth Rate (%)



### India GDP Growth Rate (%)



The Indian economy grew at 6.7% in FY2018 and has emerged as one of the fastest growing economies in the world. The constant GDP growth over the four quarters of FY2018 at 5.6%, 6.3%, 6.7% and 7.7% respectively in Q1, Q2, Q3 and Q4 shows that India has set itself on the track of growth.

This growth has been supported by several key developments in policy, like the introduction of the Insolvency & Bankruptcy Code, the Goods and Services Tax, and the Real Estate Regulation Act, among others. The International Monetary Fund expects India's real GDP growth to reach 7.2% in 2018 and 7.4% in 2019, thereby reinstating the country as the fastest growing economy in the world. India, on the back of recent developments like the increase in Ease of Doing Business ranking and rating upgrade by Moody's, has been able to garner foreign direct investments to the tune of US\$ 35.94 billion during April-December 2017. The long-term outlook for the country remains strong especially on the back of the structural reforms implemented by the government which are expected to have a positive impact in the long run.

India's GDP is projected to reach US\$ 6 trillion by FY2027 and is expected to become the third largest consumption economy as its consumption may triple to US\$ 4 trillion by FY2025 owing to shift in consumer behaviour and expenditure patterns, according to a Boston Consulting Group (BCG) report. Furthermore, India is estimated to surpass the USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040.

## TEXTILE AND FASHION INDUSTRY OVERVIEW

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The textile industry employs about 105 million people directly and indirectly. India's overall textile exports during FY 2017-18 stood at US\$ 37.74 billion.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for

raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

The production of cotton in India is estimated to increase by 9.3 per cent year-on-year to reach 37.7 million bales in FY 2017-18. The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17.

Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles.

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 2.82 billion during April 2000 to December 2017.

Some of the major investments in the Indian textiles industry are as follows:

- The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of ₹ 1,300 crore (US\$ 202.9 million) from 2017-18 to 2019-20.
- Future Group is planning to open 80 new stores under its affordable fashion format, Fashion at Big Bazaar (FBB), and is targeting sales of 230 million units of garments by March 2018, which is expected to grow to 800 million units by 2021.
- Raymond has partnered with Khadi and Village Industries Commission (KVIC) to sell Khadi-marked readymade garments and fabric in KVIC and Raymond outlets across India.
- Max Fashion, a part of Dubai based Landmark Group, plans to expand its sales network to 400 stores in 120 cities by investing ₹ 400 crore (US\$ 60 million) in the next 4 years.

- In May 2018, textiles sector recorded investments worth ₹ 27,000 crore (US\$ 4.19 billion) since June 2017.

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Initiative will be taken into consideration by Government of India.

- The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the powerloom sector of India.
- The Government has planned to connect as many as 5 crore (50 million) village women to charkha (spinning wheel) in next 5 years with a view to provide them employment and promote khadi and also, they inaugurated 60 khadi outlets which were renovated and re-launched during the completion of KVIC's 60<sup>th</sup> anniversary and a khadi outlet.
- The Textiles Ministry will organise 'Hastkala Sahyog Shivirs' in 421 handloom-handicrafts clusters across the country which will benefit over 1.2 lakh weavers and artisans.
- The Gujarat government's decision to extend its textile policy by a year is set. It is believed to attract ₹ 5,000 crore (US\$ 50 billion) of more investment in sectors across the value chain. The government estimates addition till now of a million units of spindle capacity in the spinning sector and setting up of over 1,000 units in technical textiles.
- The Textile Ministry of India earmarked ₹ 690 crore (US\$ 106.58 million) for setting up 21 ready made garment manufacturing units in seven states for development and modernisation of Indian Textile Sector.

Some of initiatives taken by the government to further promote the industry are as under:

- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent.
- The Government of India plans to introduce a mega package for the powerloom sector, which will include social welfare schemes, insurance cover,

cluster development, and upgradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country.

- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), launch of India Handloom Brand and integrated scheme for development of silk industry, for the strategic enhancement of Indian textiles quality to international standards.

The future for the Indian textile and fashion industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US\$ 85 billion, is expected to reach US\$ 160 billion by 2025.

The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand\*.

## RETAIL INDUSTRY OVERVIEW

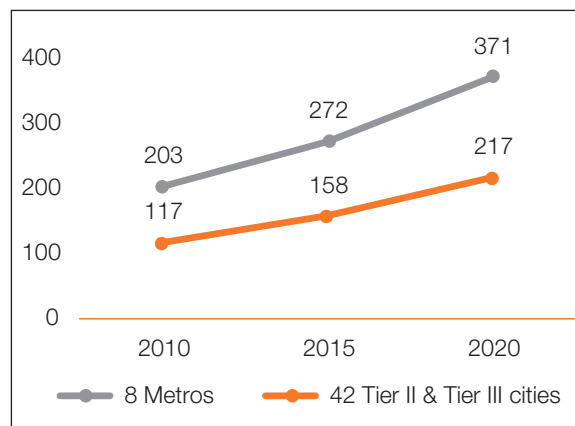
The retail market India is the 5<sup>th</sup> largest market in the world, while accounting for 10% of India's GDP and 8% of its total employment. From US\$ 672 billion in 2017, the Indian retail market is expected to grow to US\$1.1 trillion by 2020, while the modern retail market in India is expected to double in size over the next three years. With the growth in urbanisation, increase in disposable income, and improving lifestyle, the dynamics of Indian retail market are changing and growing rapidly. Despite many hiccups in the real estate industry, there were 600 operational malls as of December 2017. The year 2017 witnessed entry of almost 15 new global brands into the country.

With considerable increase in rentals across metro cities, the retail projects in Indian Tier II and Tier III cities continue to gain traction and have received investments of US\$ 6,192 million between 2006-17. Further, the international airport connectivity across Tier II cities such as Aurangabad, Coimbatore, Lucknow, Kochi, Bhubaneswar, and Nagpur, as well as rising levels of disposable income, have prompted various global and local brands to plan their expansion plans in these cities.

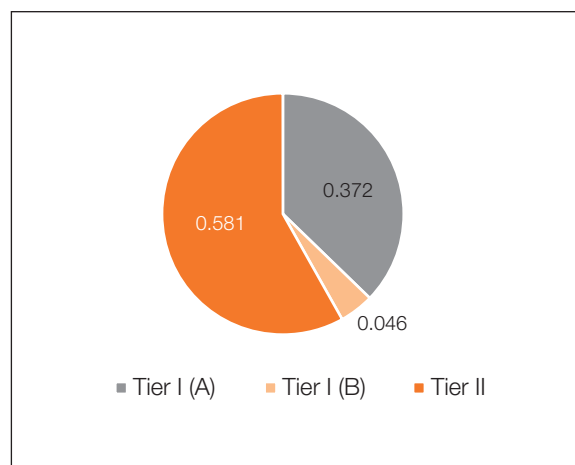
Demand for retail space on high streets is quite high. This, in addition to an increase in the FDI limit for multi-brand retail, will lead to a significantly higher demand for retail space.

The per capita Income in Tier II and Tier III cities are expected to double by the end of 2020, which will give rise to consumption in the city and the demand of the residential real estate market.

## Per Capita Income (in 000's)



## Retail Sector: Equity Investment Trends



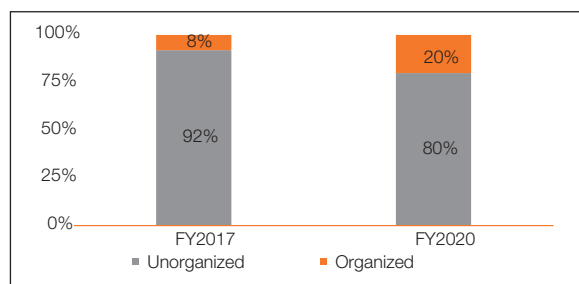
Source: EY India's Growth Paradigm & JLL, 42 tier II & tier III cities include Coimbatore and Aurangabad

## Omni Channel Retail Expansion

Major e-commerce companies in India continued to expand their retail networks including opening physical outlets.

The retail ecosystem in India is at the forefront of change as one third of India's total population consists of millennials aged between 18-35 years and this generation is driving rapid growth within various consumer markets. India's population below 35 years of age, with exposure to global retail markets, are expected to drive the demand for organised retail.

## Increasing Share of Organized Retail



Source: IBEF, 2017

## BUSINESS OVERVIEW

### Business Policy

Provogue maintains generally accepted standards of corporate conduct towards its employees, consumers and society at large. We believe that the policies must balance individual interest with corporate goals and operate within the accepted norms of propriety, equity and sense of justice. The Company believes that it is rewarding to be better managed and governed and to align and intensify its activities with the national interest. The Company makes all round efforts in its pursuit to enhance market share and enhance shareholders value in the industry.

### Provogue Operations

Provogue commenced operations as a manufacturer and retailer of apparel under the brand Provogue in 1997. Over time, the brand has gained strong recognition and has grown to become a leading retailer of fashion apparel and accessories for men and women. Projecting itself as a customer-first company, Provogue constantly strives to provide the Indian consumer complete satisfaction when it comes to their fashion retail needs.

Provogue retails its products through exclusive Provogue Stores as well as through its ecommerce portal, Provogue.com and e-commerce partners.

### Internal Control System and Adequacies

The Company has adequate internal control procedures commensurate with the size and nature of its businesses. The internal control system is supplemented by extensive internal audits, regular reviews by the management and well-documented policies and guidelines to ensure reliability of all records to prepare financial statements and other data. Moreover, the Company continuously upgrades these systems in line with the best accounting practices. The Company has independent audit systems to monitor the entire operations and the Audit Committee of the Board regularly review the findings and recommendations of internal audits.

## OPPORTUNITIES AND THREATS

### Opportunities

The retail sector in India is today one of the fastest growing business segments in the country, comprising over 14 million outlets and employing over 20 million people. Rise in disposable income, changing lifestyles and favourable demographics are the key factors driving this growth.

With organised retail and e-commerce expected to grow at a rate of over 20% per annum, India's new consumption story continues to provide the Company immense opportunities. Our strong brand positioning further helps us to leverage this position.

Large investments in new retail concepts are changing the rapidly evolving organized retail landscape in India. This is not just restricted to the metros but has also spread to Tier-2 and Tier-3 cities. Provogue is expected to benefit significantly from a combination of the growth in retail and as the rise of the consuming class in Tier-2 and Tier-3 cities continues.

### Threats

Apart from ever moving fashion trends and the emergence of new e-commerce players, demand for talent may result in increasing attrition of employees. The Company has adopted policies that will attract and retain the best talent.

## RISK MANAGEMENT

### Economic Risk

A slowdown in economic growth in India could cause the business to suffer as the Company's performance is highly dependent on the growth of the economy, which in turn leads to a rise in disposable incomes and resultant consumption.

Favourable population growth, a large pool of highly skilled workers, greater integration with the world economy and increasing domestic and foreign investment suggest that the Indian economy will continue its growth momentum for several years to come.

### Business Risk

The Company operates in upper market lifestyle products associated with high advertisement costs and risk related to brand management. The inventory cost related to lifestyle garments is traditionally a matter of risk, however through effective inventory management the Company has reduced the risk to a minimal level.

The Company has a low debt equity ratio and is well placed to take care of its borrowings. The foreign exchange transactions of the Company are suitably covered and there are no materially significant exchange rate risks associated with international trade.



## **Fashion Risk**

This risk would arise through the Company's inability to set trends and understand changing fashion styles, which can lead to lower sales and profitability.

However, it is the Company's constant endeavour to be closer to and understand the customer through its diversified retail outlets. We also have a talented design team in place that is in step with the latest national and international fashion trends and ensures that they are reflected in designs for our customers. Though the Company has its mitigation in place, fashion risk cannot be completely eliminated.

## **Brand Risk**

Any event that tarnishes the image of the brand can lower the value of the brand and adversely affect the Company's business.

The Company's business model revolves around its brands and, therefore, the Company ensures that none of the characteristics and attributes of the brand are compromised within the Company's communication to its customers. The Company also gives wide focus on customer preferences and conducts extensive in-house research to maintain top-of-the-mind recall with the customer base with respect to the brand. The Company believes that it has an appropriate mitigation plan in place to handle brand risk.

## **HUMAN RESOURCES**

The Company regards its human resources as amongst its most valuable assets and proactively reviews policies and processes by creating a work environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potentials of its employees.

Focused and organized investment in training and development, continuance of productivity improvement efforts and an employee satisfaction survey are some of the highlights of our ongoing HR activities.

Industrial relations across different locations of the Company were cordial during the year and the Company continues to maintain its focus on human resources development. The total number of employees of the Company as on 31<sup>st</sup> March 2018 stood at 132.

## **OUTLOOK**

A strong brand image and diversifying into new retail formats and channels position the Company as an integrated player in the growing domestic consumption story. With the Indian economy on a firm foundation and the organized retail industry surging, the Company is confident that it is well placed to take advantage of the growth opportunities in the coming years.

## **FINANCIAL PERFORMANCE**

### **Standalone:**

The Company's gross (total) income for the financial year ended 31<sup>st</sup> March, 2018 stood at ₹ 9,758.85 lakhs against ₹ 21,852.08 Lakhs during the previous year and the Company was able to decrease the loss before tax implication to ₹ 15,487.54 Lakhs from ₹ 18,105.32 Lakhs as recorded during previous year. The loss after tax implication stood at ₹ 15,548.43 Lakhs as against a loss of ₹ 17980.72 Lakhs in the previous year.

### **Consolidated**

The Consolidated gross (total) income of the Company has reduced to ₹ 12,918.52 Lakhs from ₹ 27130.02 Lakhs during the previous year. The loss before tax implication decreased to ₹ 17,431.42 Lakhs from ₹ 19509.57 Lakhs as recorded during previous year. The loss after tax implication minority interest was stood at ₹ 17,255.43 Lakhs as against a loss of ₹ 19483.23 Lakhs in the previous year.

### **Cautionary Statement**

This document contains statements about expected future events, financial and operating results of PROVOGUE (INDIA) LIMITED, which are forward-looking. By their nature, forward looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of PROVOGUE (INDIA) LIMITED's Annual Report, 2017-18.



## PROVOGUE (INDIA) LIMITED

CIN: L18101MH1997PLC111924

**Regd. Office:** 105/106 Provogue House, 1<sup>st</sup> Floor, Off New Link Road, Andheri (W), Mumbai 400 053

Ph: + 91-22-30680560 Fax: + 91-22-30680570 Email: investorservice@provogue.com

Website: www.provogue.com

### NOTICE

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the shareholders of Provogue (India) Limited will be held on Saturday, 29<sup>th</sup> September, 2018 at 11 a.m. at Eden Hall, The Classique Club, Behind Infinity Mall, New Link Road, Andheri (West), Mumbai - 400053 to transact the following business:

#### As ordinary business:

1. To receive, consider and adopt the audited Financial Statements of the Company on a standalone and consolidated basis, for the financial year ended 31<sup>st</sup> March 2018 including audited Balance Sheet as at 31<sup>st</sup> March 2018 and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Salil Chaturvedi (DIN: 00004768), who retires by rotation and being eligible, offers himself for re-appointment.
3. **To re-appoint Statutory Auditor of the Company and fix their remuneration:**

**"Resolved that** pursuant to the provisions of Section 139 read with The Companies (Amendment) Act, 2017 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendation made by the Audit Committee of the Board, M/s Ajay Shobha & Co, Chartered Accountants (ICAI Firm Registration No. 317031E), who have offered themselves for re- appointment and have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013, and Rules made thereunder, be and are hereby appointed as the Statutory Auditors of the Company for second term of five years starting from the conclusion of the 22<sup>nd</sup> Annual General Meeting (AGM) until the conclusion of the 27<sup>th</sup> AGM of the Company to be held in the year 2023 and that the Board of Directors be and are hereby authorized to fix such remuneration as may be recommended by the Audit Committee in consultation with the Statutory Auditors

#### As Special Business:

4. **To consider and approve the payment of remuneration to the Cost Auditors:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**

**"Resolved that** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, as amended from time to time, the Company hereby approves the remuneration of ₹ 75,000 for the purposes of conducting the Cost Audit and other taxes at the rates applicable, payable to M/s. Ketki D. Visariya & Co. (Firm Registration No. 000362), Cost Accountants, Mumbai, who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the Financial Year 2018-19.

**Resolved further that** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **To approve the payment of remuneration to Mr. Deep Gupta Whole-time Director for remaining period of two years of his tenure with effect from 1<sup>st</sup> April 2018 till 31<sup>st</sup> March 2020.**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**

**"Resolved that** pursuant to provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) from time to time or any re-enactment thereof for the time being in force) read with Schedule V to the said Act, and all other applicable circulars, notifications and guidelines issued by the Ministry of Corporate Affairs or any other authorities from time to time and such conditions and modifications as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions and are agreed to by the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include any 'Committee' thereof and any person authorised by the Board in this behalf) and, further to the approval of Nomination and Remuneration Committee and Board of Directors, the consent of the Shareholders of the Company be and is hereby accorded for payment of remuneration to Mr. Deep Gupta, Whole-time Director for a remaining period of two years of his tenure from 1<sup>st</sup> April 2018 till 31<sup>st</sup> March, 2020 (i.e. upto the terms of his appointment) on such terms and conditions as set out below:

- a. Salary Grade of ₹ 3,00,000 to ₹ 6,00,000 per month.
- b. Commission: Such amount for each accounting year as may be decided by the Board subject to the overall limit(s) as stated in point no. C
- c. The total remuneration including salary, allowances, perquisites and commission shall not exceed the limit(s) as specified in Schedule V to the Companies Act, 2013.
- d. Subject to superintendence, control and direction of the Board, he shall perform such duties and functions as would be commensurate with his position as the Whole time Director of the Company and as may be delegated by the Board from time to time

**Resolved further that** the Board of Directors be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent as the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits specified under the relevant provisions of the Companies Act, 2013 and/ or as approved by the Central Government or any such other competent authority.

**Resolved further that** notwithstanding anything contained herein above, where in any financial year during the currency of his tenure, the company has no profit or its profits are inadequate, the remuneration stated above shall be paid as minimum remuneration to Mr. Deep Gupta, subject to the maximum ceiling of remuneration prescribed under Schedule V of the Companies Act 2013 and/ or the approval of the Central Government wherever required or applicable.”

**By Order of the Board of Directors  
Provogue (India) Limited  
Sd/-**

**Date: 11<sup>th</sup> May 2018  
Place: Mumbai**

**Vishant Shetty  
Company Secretary**

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. The members of the Company in their 18<sup>th</sup> Annual General Meeting (AGM) held on 30<sup>th</sup> September 2014 approved the appointment of M/s Ajay Shobha & Co., Chartered Accountants [Firm registration No. 317031E] as Statutory Auditors of the Company for a period of four years (as first term) to hold office from the conclusion of 18<sup>th</sup> AGM until the conclusion of the 22<sup>nd</sup> AGM of the Company to be held in the year 2018 in terms of provisions of

section 139(2) the Companies Act 2013 read with rule 5 of The Companies (Audit and Auditors) Rules, 2014.

Further, pursuant to said provisions of the Companies Act, 2013 a Chartered Accountants Firm can be further reappointed as statutory auditors in the same Company for a second term not exceeding to five years after the completion of first term. Considering a satisfactory performance and support extended by the auditors to the Company, the Audit Committee and Board of Directors proposed to appoint M/s Ajay Shobha & Co., Chartered Accountants as Statutory Auditors of the Company for second term of five consecutive years from the conclusion of 22<sup>nd</sup> AGM until the conclusion of the 27<sup>th</sup> AGM of the Company to be held in the year 2023. The approval of members of the Company for the same are requested.

**3. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. THE PROXY NEED NOT BE A SHAREHOLDER OF THE COMPANY.**

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.

Shareholders are requested to note that a person can act as a proxy on behalf of Shareholders not exceeding 50 shareholders provided shareholding of those shareholders in aggregate should not be more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Shareholder holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

4. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the Registered Office of the Company during business hours on any working day except Saturdays up to the date of this Annual General Meeting of the Company.
5. Corporate Shareholders intending to send their authorized representative to attend the meeting pursuant to section 113 of the Companies Act 2013 are requested to send to the Company a certified true copy of Board resolution together with their specimen signature authorizing their representative to attend and vote on their behalf at the meeting.
6. To prevent fraudulent transactions, shareholders are advised to exercise due diligence and notify the Company of any change in address or demise of