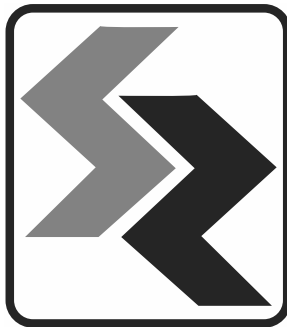


# **ANNUAL REPORT**

## **2016 - 17**



**SHREE RAMA**

**SHREE RAMA MULTI-TECH LIMITED**



# SHREE RAMA MULTI-TECH LIMITED

## Corporate Information

### BOARD OF DIRECTORS

Shri Shailesh K. Desai  
Shri Hemal R. Shah  
Shri Pathik C. Shah  
Smt. Vandana C. Patel  
Shri Shalin S. Patel  
Shri Mittal K. Patel

: Managing Director  
: Whole Time Director  
: Independent Director  
: Independent Director  
: Independent Director  
: Non- Executive Director

### AUDIT COMMITTEE

Shri Pathik C. Shah (Chairman)  
Shri Shailesh K. Desai  
Shri Shalin S. Patel  
Smt. Vandana C. Patel (w.e.f. 07.04.2017)

### NOMINATION AND REMUNERATION COMMITTEE

Shri Pathik C. Shah (Chairman)  
Shri Mittal K. Patel  
Shri Shalin S. Patel

### STAKEHOLDER RELATIONSHIP COMMITTEE

Shri Mittal K. Patel (Chairman)  
Shri Shailesh K. Desai  
Shri Shalin S. Patel

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Shri Shailesh K. Desai (Chairman)  
Shri Mittal K. Patel  
Shri Shalin S. Patel

### CHIEF FINANCIAL OFFICER & COMPLIANCE OFFICER

Mr. Krunal Shah

### STATUTORY AUDITORS

M/s. Mahendra N. Shah & Co.  
Chartered Accountants, Ahmedabad

### REGISTERED OFFICE

301, Corporate House, Opp. Torrent House,  
Income Tax, Ahmedabad - 380009.  
Tel. : (079) 27546800, 27546900  
Website : www.srmtl.com  
Email : cslegal@srmtl.com

### LEAD BANKERS

RBL Bank Ltd.  
State Bank of Bikaner & Jaipur

### REGISTRAR AND SHARE TRANSFER AGENTS

M/s Karvy Computershare Private Limited  
Karvy Selenium Tower B,  
Plot No.31-32, Financial District,  
Nanakramguda, Gachibowli,  
Hyderabad - 500 032  
Phone: (040) 6716 2222, Fax: (040) 2342 0814  
Email:support@karvy.com

### PLANT

Block No. 1557, Village : Moti-Bhoyan,  
Kalol-Khatrej Road, Taluka: Kalol,  
Dist : Gandhinagar, Gujarat.

### LISTED ON STOCK EXCHANGES

BSE Limited, Mumbai (BSE)  
National Stock Exchange of India Limited, Mumbai (NSE)

**23<sup>rd</sup> Annual General Meeting** of the Company is scheduled to be held on **Thursday, 21<sup>st</sup> September, 2017 at 10.30 A.M.** at:

**ATMA Conference Hall,  
Ahmedabad Textile Mills Association,  
Ashram Road, Ahmedabad-380009**

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies of Annual Report at the meeting.

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# Annual Report 2016-17

## BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 23<sup>rd</sup> Annual Report on the business and operations of the Company together with Audited financial statements for the financial year ended March 31, 2017.

### FINANCIAL RESULTS

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

(Rs. in Lakhs)

Particulars	2016-17 (Current Year)	2015-16 (Previous Year)
Gross Sales/ Income from Operations	13333.06	11736.54
Other Income	134.53	164.28
Total Revenue	13467.59	11900.82
Profit/(loss) before tax (after exceptional items)	(354.82)	915.95
Current Tax	-	-
Deffered Tax Reversal / (Provision)	(144.18)	(182.51)
Net profit/ (loss) for the year	(210.64)	*1098.46

\* The figures of the previous year are restated as required under Indian Accounting Standards (IND AS) applicable to the Company

### OPERATIONAL REVIEW

The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2016, pursuant to the notification of Companies (Indian Accounting Standard) Rules, 2015 issued by the Ministry of Corporate Affairs. Previous years' figures have been restated and audited by M/s Mahendra N. Shah & Co. Chartered Accountants, the Statutory Auditors of the Company.

During the financial year 2016-17, the Company has achieved total revenue from operations of Rs 13467.59 lakhs as compared to the previous year's figure of Rs. 11900.82 lakhs, thereby registered increase in revenue by 13.17% as compared to previous year. The Earnings before Finance Cost, Taxes, Depreciation and Amortisation (EBIDTA) of the Company during the year stood at Rs. 1532.58 lakhs. The Company has registered net loss of Rs. 210.64 lakhs for the financial year ended on March 31, 2017.

### BUSINESS PERFORMANCE

The performance of the Company during the year 2016-17 has improved by 13% over the previous year which was attributed due to effective utilization of available resources, marketing, research & development activities, reduction of cost, utilization of qualitative raw materials and effective planning by the management within the overall existing framework available with the Company. Further, as a part of action towards the reduction of cost and to achieve efficiency in the production, your company had shifted its plant located at Ambaliyara to Moti-Bhoyan which has resulted into economy in cost and quality of products and to utilize the capacity at the optimum level. Further during the year, your



# SHREE RAMA MULTI-TECH LIMITED

company has been recertified for ISO-9001-2015 and FSSC 22000 upon recertification audits carried out by external agencies which is one of the achievements towards future development of business to get reputed customers which will enable to achieve the higher growth of the Company. In addition to this, one eight color Rotogravure machine was installed and commissioned, which would be used for production of flexible laminates. Your Directors expect the better performance of the Company during the current year.

## DIVIDEND

Considering the loss for the year under review and accumulated loss of the earlier years, your Directors do not recommend any dividend for the financial year 2016-17 and no amount has been transferred to the General Reserves.

## SHARE CAPITAL

The paid up Share Capital of the Company as at March 31, 2017 stood at Rs. 3842.70 lakhs. During the year under review, the Company has not issued any shares with differential voting rights as to dividend, voting or otherwise nor has granted any stock options or sweat equity. As on March 31, 2017, none of the Directors of the Company hold any instruments convertible into Equity shares of the Company.

## SUBSIDIARY COMPANIES

Shree Rama (Mauritius) Limited was incorporated as wholly owned subsidiary in Mauritius. The current status of the Company is "Defunct".

## DEPOSITS

The Company does not have "Deposits" as contemplated under chapter V of the Companies Act, 2013. Further, the Company has not invited or accepted any such deposits during the year ended March 31, 2017.

## EXTRACT OF ANNUAL RETURN

The extract of Annual Return in form MGT-9 for the year ended March 31, 2017 pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is annexed herewith as '**Annexure A**' as a part to this Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, pursuant to the provisions of Section 196 and 197 of the Companies Act, 2013 and rules made thereunder and upon the recommendation of Nomination and Remuneration Committee, Shri Hemal R Shah (DIN: 07338419), was reappointed as Whole Time Director for the period of two years with effect from November 27, 2016, subject to the approval of members at the ensuing Annual general meeting.

Shri Hemal J. Sadiwala has resigned with effect from March 10, 2017 as Company Secretary & Compliance Officer of the Company.

Your Company has received declarations from all the Independent Directors confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(b) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

# Annual Report 2016-17

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Shri Mittal K Patel, Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

During the year, none of the Non-Executive Directors of the Company had pecuniary relationship or transactions with the Company.

Pursuant to section 203 of the Companies Act, 2013, the Whole-Time Key Managerial Personnel of the Company as on March 31, 2017 are as under:

1. Shri Shailesh K. Desai      Managing Director
2. Shri Hemal R. Shah      Whole Time Director
3. Shri Krunal G. Shah      Chief Financial Officer

The details of KMPs are provided in the Corporate Governance Report as required under SEBI (LODR) Regulation, 2015

## NUMBER OF MEETINGS OF THE BOARD:

During the Financial Year ended on March 31, 2017, the Board met five times, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was not more than one hundred and twenty days.

## COMMITTEES OF BOARD

The Company has following Committees of the Board as on March 31, 2017 pursuant to applicable provisions of the Companies Act, 2013 and its rules made there under and in compliance with SEBI (LODR) Regulation, 2015:

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

The details of the Committees along with their composition, number of meetings, and attendance at the meetings and other information are provided in the Corporate Governance Report.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and as per the corporate governance requirements as prescribed under SEBI (LODR) Regulations 2015, the Board of Directors had carried out the performance evaluation of its own performance, Independent Directors as well as evaluation of working of its Board committees. A structured questionnaire was prepared after taking into consideration the various aspects of composition of the Board and its Committees, the Board's functioning, `experience, culture, execution and performance of specific duties, obligations and governance. Further, Independent Directors of the Company had also carried out the performance evaluation of Non-Independent Directors and the Board as whole and also reviewed the performance of the Chairman of the Company. The Nomination and Remuneration Committee of the Company had also carried out performance evaluation of every Director's performance. The Board of Directors expressed its satisfaction with the evaluation process.



# SHREE RAMA MULTI-TECH LIMITED

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors to the best of their knowledge and belief and according to the information and explanations obtained by them state that:

- a) in the preparation of the annual accounts, for the year ended on March 31, 2017, the applicable accounting standards have been followed, along with proper explanation relating to material departure
- b) 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 for the year ended on March 31, 2017 and of loss of the Company for that period.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) 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
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and there were no material contracts or arrangement or transactions entered into, in terms of section 188 of the Companies Act, 2013 and in terms of SEBI (LODR) Regulations 2015. Accordingly applicable disclosure of related party transactions as per section 134(3)(h) of the Companies Act 2013 in form AOC-2 is not provided. Further, the disclosures in compliance with Para A of Schedule V of Regulation 34 (3) of SEBI (LODR) Regulation, 2015 is provided in the notes to the Accounts. The related party transactions as required to be disclosed under Indian Accounting Standards (IND AS 24) are set out in the notes to the financial statements.

All Related Party Transactions are placed before the Audit Committee and also before the Board for approval, ratification and noting. Prior omnibus approval has been obtained for Related Party Transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length basis and a statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and noting on a quarterly basis.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company viz. [www.srmtl.com](http://www.srmtl.com). None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

During the year, the Company has not given any loans or provided guarantee or security in connection with a loan to other body corporate or person or made investments under the provisions of Section 186 of the Companies Act, 2013, hence the details are not provided.

## INTERNAL FINANCIAL CONTROL SYSTEM

The Company's internal control system is commensurate with its size, scale and complexities of its operations. Your Company has an effective internal control and risk-mitigation system which are constantly reviewed, assessed and strengthened with new/ revised standard operating procedures considering the existing system and future planning as envisaged. The internal audit is entrusted to M/s Ramesh C Sharma, Chartered Accountants and the scope of the internal audit are reviewed and revised as required to assess the risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee, Statutory Auditors and the business heads are quarterly apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors. The significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The statement showing particulars with respect to the conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **"Annexure B"** as a part to this Report.

## PARTICULARS OF EMPLOYEES

The Company has continued to maintain harmonious and cordial relations with its officers, supervisors and workers enabling the Company to maintain the pace of growth. Training is imparted to employees at all levels and covers both technical and behavioral aspects.

The details of managerial remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **"Annexure C"** as a part to this Report. There was no employee drawing an annual salary of Rs. 102 Lakhs or more where employed for full year or monthly salary of Rs. 8.50 Lakhs or more where employed for part of the year and therefore, no information pursuant to the provisions of Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is required to be given.

## NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed Nomination and Remuneration Policy as per the recommendation of the Nomination and Remuneration Committee pursuant to the provisions of Section 178 of the Companies Act, 2013 read with the Rules made thereunder as well as SEBI (LODR) Regulations, 2015,

The salient features of the said policy are as under.

### Criteria for the Appointment and Removal of Directors and Key Managerial Personnel

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience



# SHREE RAMA MULTI-TECH LIMITED

of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.

- He/she has not attained the age of seventy years.
- Appointment or reappointment of any person as Executive Chairman, Managing Director or Executive Director shall not be exceeding period of five years at a time.
- An Independent Director shall hold office for a term up to three/five consecutive years on the Board of the Company and will be eligible for re-appointment on passing a special resolution by the members of the Company.
- No Independent Director shall hold office for more than two consecutive terms of up to maximum of 3/5 years each, but such Independent Director shall be eligible for appointment after expiry of 3 years of ceasing to become an Independent Director.

## **Remuneration to Directors/Key Managerial Personnel /Senior Management Personnel**

- Remuneration to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the members of the Company. The Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-Time Directors.
- The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay which include monthly remuneration, employer's contribution to Provident Fund, etc. as decided from to time, as per Company's Policy and in accordance with the provisions of the Companies Act, 2013.
- Committee may decide for Incentive pay based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.
- The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013.
- Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration if such Services are rendered by him in his capacity as a professional and in the opinion of the Committee, he possesses the requisite qualification for the practice of that profession.

## **AUDITORS & AUDITORS' REPORT**

Pursuant to the provisions of Section 139 of the Companies Act, 2013, and Rules made thereunder, the term of office of M/s. Mahendra N. Shah & Co. Chartered Accountants, as the Statutory Auditors of the Company will expire from the conclusion of ensuing Annual General Meeting of the Company and as per the provisions of Section 139 of the Companies Act, 2013 and rules made thereunder, they are ineligible to be re-appointed as Statutory Auditors for the financial year 2017-18 onwards pursuant to the provisions of Companies Act, 2013.

The Board of Directors places on record its appreciation to the services rendered by M/s. Mahendra N. Shah & Co. Chartered Accountants as the Statutory Auditors of the Company.

The Board of Directors of the Company has recommended the appointment of M/s Chandulal M. Shah &



# Annual Report 2016-17

Co., Chartered Accountants, Ahmedabad (Firm Registration Number 101698W) as the Statutory Auditors of the Company for the period of five years from the conclusion of 23<sup>rd</sup> Annual General Meeting till the conclusion of 28<sup>th</sup> Annual General Meeting (subject ratification by the members at every Annual General Meeting to be held during the said period) pursuant to Section 139 of the Companies Act, 2013, subject to the approval of the Members, The Company has received a letter from M/s Chandulal M. Shah & Co., Chartered Accountants, Ahmedabad to the effect that their appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013 read with rules made thereunder and that they are not disqualified for such appointment. Accordingly, the Board recommends the resolution in relation to appointment of Statutory Auditors, for the approval by the shareholders of the Company.

During the year under review, there are no instances of frauds that are reportable by the auditors under section 143 (12) the Companies Act, 2013 and its rules made thereunder.

The Statutory auditors of the company has made certain observations in the audit report and qualified the report during the year under review. In this regard, the board clarifies the same as under:

Boards' Comments on Auditors Emphasis:

1. Regarding the non- provision of interest on borrowings in form of Loans and debentures:

The management has already initiated settlement with the lenders of the loan and debentures as per the Scheme of Arrangement and Compromise. The lenders specified in the scheme have given their consent for settlement as per the terms of the scheme and in the opinion of the management, the amount of dues payable to lenders have been specified under the definition of "Settled Debt" under clause (n) of Part 1 of the scheme, therefore no further liability on account of interest will arise. In case the scheme is not approved or approved with different terms, the company will give necessary accounting effect on final ascertainment of the same.

2. Regarding Non-consolidation of accounts of Shree Rama (Mauritius) Limited (WOS):

In respect of the investment made in Shree Rama (Mauritius) Limited, its wholly owned subsidiary (WOS), the resident directors & key managerial personnel of the said WOS had resigned in the year 2005-06 and audited accounts for the year ended 30<sup>th</sup> September 2003 and onwards could not be prepared and provided. Its present status is shown as 'defunct' under respective laws. The company has accordingly provided for diminution in the value of investments in the earlier years.

In view of the above, it was not possible to prepare consolidated financial statements as required by Ind AS 110 issued by ICAI and other provisions of the Companies Act, 2013.

## SECRETARIAL AUDIT

Pursuant to provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Samdani Shah & Kabra, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit report is annexed herewith as **"Annexure D"** as a part to this Report.

There are some observations made by the Secretarial Auditor in their report for which the Board of Directors hereby give its comments/ explanation as under:

- (i) Regarding Non-consolidation of accounts of Shree Rama (Mauritius) Limited (WOS):

In respect of the investment made in Shree Rama (Mauritius) Limited, its wholly owned subsidiary (WOS), the resident directors & key managerial personnel of the said WOS had resigned in the



# SHREE RAMA MULTI-TECH LIMITED

year 2005-06 and audited accounts for the year ended 30<sup>th</sup> September 2003 and onwards could not be prepared and provided. Its present status is shown as 'defunct' under respective laws. The company has accordingly provided for diminution in the value of investments in the earlier years.

In view of the above, it was not possible to prepare consolidated financial statements as required by Ind AS 110 issued by ICAI and other provisions of the Companies Act, 2013.

ii) Regarding pending of redemption of 666666 15% Cumulative Preference Shares:

The Composite Scheme of Compromise and Arrangement with its lenders and Shareholders u/s 391 of the Companies Act, 1956 filed with Hon'ble High Court of Gujarat is pending before higher bench and matter of redemption of preference shares along with dividend etc. is also covered in the scheme. The Board is of the view that the said matter will be sorted out on final outcome of the scheme.

iii) Regarding non reversal of provision of dividend and non-transfer of the said amount to IEPF:

In the Scheme of Compromise and Arrangement, the issue of waiver of unpaid dividend on preference shares is also covered. The Board is of the view that the said matter will be sorted out on final outcome of the scheme.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board has constituted the Corporate Social Responsibility (CSR) Committee and has framed a CSR Policy as required under the provisions of the Companies Act, 2013. The Annual Report on CSR activities is annexed herewith as “Annexure- E” as a part to this Report. The CSR policy is available on the website of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report on operations of the Company as required under Regulation 34(3) read with Para B of Schedule V of SEBI (LODR) Regulations 2015, is provided in a separate section and forms an integral part of this Report.

## CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under Regulation 34 (3) read with Para B of Schedule V of SEBI (LODR) Regulation 2015 forms an integral part of this Report. The requisite certificate from the Statutory Auditor of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

## INSURANCE

The assets of the Company are adequately insured to take care of any unforeseen circumstances.

## MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## RISK MANAGEMENT

Risk management is embedded in your Company's operating framework. The objective of the risk management is to minimize the impact of risks identified and taking advance actions to mitigate it. The