

ZENITH FIBRES LIMITED



29th Annual Report 2017-18

BOARD OF DIRECTORS

Executive Chairman
Managing Director
Directors

SHRI SANJEEV RUNGTA
SHRI RAJEEV RUNGTA
SHRI AMITABHA GHOSH
SMT. RASHMI DESAI (w.e.f. 11th Nov. 2017)
SHRI ABHISHAKE RUNGTA
SHRI MUKUND BERIWALA
SMT. SHRADDHA MOOKIM (till 11th Nov.2017)

MANAGEMENT

Chief Executive Officer

SHRI S. S. IYER

Chief Financial Officer

SHRI K. D. SHARMA
(till 09th Sep., 2017)
SHRI B. K. MEHTA
(09th Sep., 2017
to 7th March, 2018)
SHRI PRATIP PATEL
(w.e.f. 01st June, 2018)

Chief Operations Officer

SHRI SHAILESH PANDEY

Chief Marketing Officer

SHRI PRAVEEN BUKYALKAR

Company Secretary

MS. SIDDHI SHAH

REGD. OFFICE

205, Marol Bhavan, 2nd Floor,
Marol Co-op. Industrial Estate Ltd.,
M.V. Road, J.B. Nagar Post,
Andheri East, Mumbai – 400 059.
Tel. No. : 022-28599428
Fax. No. : 022-28599429
E-mail : mumbai@zenithfibres.com

WORKS

Block 458,
Village Post Tundav,
Taluka Savli,
Dist. Vadodara – 391775

SHARE TRANSFER AGENT

M/s. Universal Capital Securities Pvt. Ltd.,
21, Shakil Niwas,
Opp. Sai Baba Temple,
Mahakali Caves Road,
Andheri (E),
Mumbai – 400093

AUDITORS

M/s. Surendra Modiani & Associates
Chartered Accountants

BANKERS

Standard Chartered Bank

URL : www.zenithfibres.com

CONTENTS

Page No.

| | |
|-------------------------------------|----|
| Notice | 01 |
| Directors' Report | 05 |
| Corporate Governance Report | 14 |
| Auditors' Report | 21 |
| Balance Sheet | 25 |
| Statement of Profit & Loss | 26 |
| Cash Flow Statement | 27 |
| Notes to financial Statements | 28 |

29th ANNUAL REPORT

ZENITH FIBRES LIMITED

NOTICE FOR TWENTY NINTH ANNUAL GENERAL MEETING

CIN: L17120MH1989PLC054580

Regd. Office: 205, Marol Bhavan, Marol Co-op. Ind. Estate Ltd. M.V. Road, J.B Nagar Post, Andheri East, Mumbai-400059

E-Mail: mumbai@zenithfibres.com **Url:** www.zenithfibres.com **Tele No. :** 022-28599428 **Fax No. :** 022-28599429

Notice is hereby given that the Twenty Ninth Annual General Meeting of the members of Zenith Fibres Limited will be held on Friday the 28th of September, 2018 at 11.00 a.m. at Hotel Atithi, 77A/B Nehru Road, Ville Parle (E), Mumbai-400099, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Financial Statements for the year ended on 31st March, 2018 together with Directors' Report and Auditor's Report thereon.
2. To declare Dividend.
3. To appoint a director in place of Mr. Rajeev Rungta, (DIN: 00122221) who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify appointment of M/s. Surendra Modiani & Associates as Statutory Auditors:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution passed by Members at the 28th Annual General Meeting appointing M/s. Surendra Modiani & Associates, (Firm Registration No 126307W) as Statutory Auditors of the Company to hold office for five years, the Company hereby ratifies and confirms their appointment as Statutory Auditors of the Company for the financial year 2018-19 on such remuneration as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors".

Special Business:

5. Appointment of Smt. Rashmi Desai (DIN: 02281570) as independent director:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, read with Schedule IV of the said Act, Smt. Rashmi Desai (DIN:02281570), who was appointed as an Additional Director of the Company with effect from 11th November, 2017 under Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 11th November, 2017."

By order of the Board of Directors

Date: 25/08/2018

Place: Mumbai

Siddhi Shah

Company Secretary

NOTES:

- a) **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxy(ies) to attend and vote instead of himself and proxy(ies) so appointed need not be a member of the company. A form of proxy is enclosed, and if intended to be used, should be returned to the company duly completed not less than 48 (forty eight) hours before the commencement of the Annual General Meeting.** Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.
- b) A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy provided such person shall not act as a proxy for any other person or shareholder.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22nd September 2018 to Friday, 28th September 2018, (both days inclusive).
- d) The dividend on equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those shareholders, whose names stand on the Register of Members of the Company on 28th September, 2018 in case of physical shares and to those members as per the beneficiary position given by NSDL and CDSL.
- e) Members holding shares in demat form are hereby informed that bank particulars registered with demat accounts, will be used by the Company for the payment of dividend. Members are requested to notify any change in their registered address and/or bank details quoting the folio number of the company to registered Depository participants. Members are requested to register their e-mail address and changes therein with Depositories.
- f) Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to M/s. Universal Capital Securities Pvt. Ltd., 21 Shakil Niwas, Opp. Sai Baba Temple Mahakali, Caves Road, Andheri (E), Mumbai-400093.
- g) As part of **"Green Initiative in Corporate Governance"** and pursuant to section 101 and section 136 of the Companies Act 2013 read with relevant rules made thereunder, companies can serve Annual Reports and other Communication through electronic mode to those members who have registered their email address(es) with the Depository/Registrar & Share Transfer Agents (RTA) (and available with the Company). It is encouraged that members support this green initiative and update desired email address(es). Please let us know in writing by email or letter by Speed Post/Regd. A/d. at least 15

days before the AGM in case you wish to receive the documents in paper mode. For members who have not registered their email address with the depository RTA, physical copies of Notice along with Balance Sheet and P&L account are being sent by the permitted modes. The notice of the meeting shall also be posted on the website of the Company.

h) Voting Process and Declaration of Results :

Pursuant to section 108 of the Companies Act 2013, read with rule 20 of the Companies (Management & Administration) Rules, 2014 and amendments thereof and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide e-voting facility to the Members to cast their votes electronically for the businesses to be transacted at 29th Annual General Meeting of the Company, to be held on 28th September, 2018.

i) The instructions for shareholders voting electronically are as under

| Particulars | Schedules |
|--|----------------------------------|
| Date & time of commencement of voting through electronic means | 25th September, 2018 at 9.00 a.m |
| Date & time of ending of voting through electronic means | 27th September, 2018 at 5.00 p.m |

- (i) Shareholders who have already voted prior to the meeting date will not be entitled to vote at the meeting venue.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on "Shareholders".
- (iv) Now Enter your User ID
 1. For CDSL: 16 digits beneficiary ID,
 2. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 3. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next, enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat and Physical Form

| | |
|-----|--|
| PAN | <p>Enter your 10 digit alpha-numeric IT PAN (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number which is mentioned in address label as Sr. no. affixed on Annual Report, in the PAN field. |
|-----|--|

- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters, eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

| | |
|--|---|
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company, please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv). |
|--|---|

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company Name i.e Zenith Fibres Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then enter the user ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based

mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- (xix) Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (PoA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case, you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- (xxi) The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and will make the Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company or any other officer authorized by Chairman.
- (xxii) The Results on resolutions shall be declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
- (xxiii) Mr. A. R. Jain, Chartered Accountant has been appointed as the scrutiniser for conducting the E-voting process.
- (xxiv) The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company, on Service Provider's website i.e www.evotingindia.com and BSE Limited website i.e www.bseindia.com within 2 (two) days of declaration of the results.
- j) Members are requested to note that as per Section 123 of the Companies Act 2013, dividend(s) not encashed/

claimed within seven years from the date of declaration will be transferred to Investor Education and Protection Fund (IEPF). After transfer of said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

The following are the details of dividend paid by the Company and their respective due dates of transfer to such fund of the Central Government, which remain unpaid:

| Date of declaration of Dividend | Dividend for the year | Due date of transfer to the Govt. |
|---------------------------------|-----------------------|-----------------------------------|
| 29.09.2011 | 2010-11 | 28.10.2018 |
| 28.07.2012 | 2011-12 | 27.08.2019 |
| 29.07.2013 | 2012-13 | 28.08.2020 |
| 30.07.2014 | 2013-14 | 29.08.2021 |
| 29.09.2015 | 2014-15 | 28.10.2022 |
| 29.09.2016 | 2015-16 | 28.10.2023 |
| 29.09.2017 | 2016-17 | 28.10.2024 |

- k) The Company has intimated individually to all such shareholders, dividend on whose shares has remained unpaid or unclaimed for a continuous period of seven years and a notice in this regard has also been published in the news paper. Members are requested to approach the RTA of the Company to claim their unpaid dividend, if any.
- l) The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in security market. Members holding shares in demat form are therefore, requested to submit PAN details to the Depository Participants with whom they are maintaining their Demat Accounts.
- m) Members, who have not yet dematerialized their shares, are requested to get their shares dematerialised at the earliest.
- n) Members desiring any information, relating to the accounts are requested to write to the Company at least seven working days in advance so as to enable the management to keep the information ready.
- o) In accordance with the Articles of Association of the Company, Shri Rajeev Rungta, (DIN:00122221) Managing Director of the Company is liable to retire by rotation and being eligible offers himself for re-appointment. His brief resume is provided in the CG Report.
- Except Shri Rajeev Rungta and Shri Sanjeev Rungta, none of the other Directors or KMP of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution set out in Item No. 3 of the Notice as ordinary resolution.

An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business

Item No. 5

Smt. Rashmi Desai was appointed as an Additional Director by the Board with effect from 11th November, 2017. Pursuant to provisions of Section 161 of the Companies Act, 2013, Smt. Rashmi Desai holds office upto the date of this Annual General Meeting.

Smt. Rashmi Desai is a Science Graduate and also a Masters in Law. A practicing Advocate, with over four decades of very sound experience in Civil Litigation, Arbitration, Mediation and Negotiation, she also has salient knowledge of accounts.

Her continued association with the Company as a Director would be of great advantage. Your Directors therefore recommend her election to the office of Director of the Company.

The details of Smt. Rashmi Desai as required under the provisions of Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and provisions of Secretarial Standard 2 on General Meetings are disclosed under Corporate Governance Report.

Except Smt. Rashmi Desai, none of the Directors or KMP of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in Item No. 5 of the Notice as ordinary resolution.

29th ANNUAL REPORT

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 29th Annual Report along with the Audited Financial Statements for the year ended March 31, 2018.

(₹ in Lacs)

| PARTICULARS | 2017-18 | 2016-17 |
|--|---------|---------|
| Revenue from Operations | 3698.23 | 5635.14 |
| Profit before Exceptional Item and Tax | 477.69 | 927.40 |
| Profit After Tax | 319.39 | 613.34 |

DIVIDEND

Keeping in view the performance of the Company, the Directors recommend a dividend of 15% for the fiscal year ended 31st March, 2018. The dividend, if approved by the Members in the ensuing AGM, will absorb about ₹ 79.97 Lacs including dividend distribution tax of ₹ 13.64 Lacs out of the distributable profits available.

PERFORMANCE

The Company achieved total revenue of ₹ 3962.68 Lacs as compared to ₹ 5892.39 Lacs last year. Profit before tax is ₹ 477 Lacs and profit after tax stands at ₹ 319 Lacs during the year under review as against ₹ 927.40 Lacs and ₹ 613.34 Lacs respectively in the previous year.

The operations of the Company during the year declined substantially as compared to previous year due to reduced off take of the finished product due to various reasons.

PLANT OPERATIONS

Company has only one plant located at Savli, Baroda, Gujarat and the same is operating satisfactorily.

SHARE CAPITAL

The paid up capital as on 31st March, 2018 was ₹ 442.23 Lacs consisting of 44,22,346 numbers of Equity Shares of ₹ 10/- each. During the year under review, the Company has not issued any bonus shares, equity shares neither any right shares with differential voting rights etc., nor granted any stock options or sweat equity.

APPOINTMENT/REAPPOINTMENT/CESSATION OF DIRECTORS/ KMP

The following Directors / KMP were appointed / reappointed / resigned during the year:

| Name of Directors/ K.M.P. | DIN/PAN | Reappointment |
|---------------------------|-------------|--|
| Shri Abhishake Rungta | 00053730 | Liable to retire by rotation and reappointed in the 28th AGM |
| Smt. Shraddha Mookim | 06948233 | Resigned w.e.f. 11th November, 2017 |
| Smt. Rashmi Desai | 02281570 | Appointed w.e.f. 11th November, 2017 |
| Shri K.D Sharma | AJMPS 8854P | Resigned w.e.f. 9th September, 2017 |

| | | |
|----------------|-------------|--|
| Shri B K Mehta | ABZPM 2594F | Appointed on 9th September, 2017 & Resigned w.e.f. 7th March, 2018 |
|----------------|-------------|--|

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Independent Directors have carried out an evaluation of the Board as well as evaluation of the working of its Audit and Nomination & Remuneration Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANY

Please refer Form AOC 1 at "Annexure A".

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, KMP and their remuneration. The Remuneration Policy is spelt out in the Corporate Governance Report.

FINANCE / ACCOUNTS

The Company after very many years was suddenly facing issues of reduced offtake due to various reasons both in the domestic as well as in the international market. With reduced operations, a fresh look was taken at the expenses of the Company and wherever practical, expenses were curtailed for permanent long term financial benefits. The management is continuing to evaluate further prudent optimal financial deployment of funds for better contribution towards profitability of the Company. The overall generation was reduced due to decreased sales. The Company has in the past kept surplus funds invested prudently, without any undue risk so as to ensure safety and liquidity of the funds.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to all requirements as set out by law. The report on Corporate Governance as stipulated under SEBI (LODR) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) Committee has

formulated and recommended to the Board, a CSR Policy indicating the activities to be undertaken by the Company, which has been approved by the Board and hosted on the Company's website. The Annual Report on CSR activities is annexed herewith, marked as "Annexure B".

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES, SECURITIES OR INVESTMENTS

The Company has not given any guarantees or securities covered under the provisions of Section 186 of the Companies Act, 2013. However, the aggregate of loans and advances granted, as also investments are within the limits of Section 186 of the Act. These have been disclosed in the Financial Statements.

DECLARATION GIVEN BY INDEPENDENT DIRECTORS

The Company has received declaration from all Independent Directors of the Company to the effect that they meet the criteria of independence as stipulated u/s 149(6) of the Act.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f) they have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF CONTRACTS OR ARRANGMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188 OF THE COMPANIES ACT, 2013

There are no materially significant related party transactions made by the company with Promoters, KMP or other designated persons during the year, which may have potential conflict with interest of the Company at large.

AUDIT COMMITTEE RECOMMENDATIONS

During the year, the Board has accepted all recommendations of

Audit Committee and accordingly no disclosure is required to be made in respect of any non-acceptance of recommendation.

AUDITORS

a) Statutory Auditor

The Statutory Auditor M/s. Surendra Modiani & Associates, Chartered Accountant having F.R.N.126307W were appointed as Statutory Auditors of the Company in the 28th Annual General Meeting of the Company for a period of five consecutive years, subject to ratification by members every year in the AGM. Based upon the declaration of their eligibility, consent and terms of engagement, your Directors recommend ratification of their appointment from the 29th AGM until conclusion of the 30th AGM of the Company. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company for Financial Year 2017-18.

b) Internal Auditor

The Board of Directors has appointed M/s. Keyur Patel and Company (F.R.N.126346W) as Internal Auditors of the Company for the financial year 2018-19.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in form MGT-9 is placed on Company's website.

EXPLANATION / COMMENTS ON QUALIFICATION RESERVATION / ADVERSE REMARK/DISCLAIMER BY THE AUDITORS, IF ANY

Since there are no qualification/reservation/ adverse remark/ disclaimer either by the Auditors or Secretarial Auditors in their respective report, no explanation/comment is offered.

CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all Employees in the course of day to day business operations of the company. The details of the Code are available on the website of the Company. All the Board Members and the Senior Management Personnel have confirmed compliance with the Code. All KMP have been given appropriate briefing in this regard.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has a Vigil Mechanism/Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading pursuant to SEBI (Prohibition & Insider Trading) Regulations, 2015 with a view to regulate trading in securities by the Directors and Designated Employees of the Company. The details of the Code are available on the website of the Company. All Directors and the Designated Employees have confirmed compliance with the Code.

MEETINGS OF THE BOARD

Five meetings of the Board of Directors were held during the year. For details, please refer the Corporate Governance section of this Report.

29th ANNUAL REPORT

SECRETARIAL AUDITOR

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 Shri Upendra C. Shukla, Company Secretary in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed herewith marked as "Annexure C" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

RISK MANAGEMENT

The Company continuously keeps a watch regarding any possible risk threatening the existence of the Company and ensures necessary mitigation of the same.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS IMPACTING THE GOING CONCERN STATUS/COMPANY'S OPERATIONS IN FUTURE

No significant/material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company or company's operations in future.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of the Sexual Harassment of Women at Work place (Prevention, Prohibition & Redressal) Act, 2013 the company has proper system to receive the complaint and constituted Internal Complaints Committee. During the year, no complaint was received from any employee.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as per "Annexure D" to this Report.

Information required under Section 197 read with rules 5(2)(i) & 5(3) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is not attached. Members interested in inspecting these particulars, may do so at the Registered Office of the Company, 14 days before the 29th AGM and upto one day before of the said AGM during normal business hours on working days.

None of the employees was in receipt of remuneration exceeding ₹ 8,50,000/- p.m. or ₹ 1,02,00,000/- p.a.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review as stipulated under Regulations 34 and Schedule V of the SEBI (LODR) Regulations, 2015 is as under:

1. Industry Structure and Development

During the year under review, the Polypropylene Fibre market in the country remained somewhat subdued due to major shift in taxation policy of the Union Government viz. GST. There was no major increase in the consumption pattern domestically. However, not only does the potential loom large, there is certain movement in this direction which augurs well for the future. The management hopes the same will fructify at the earliest.

2. Segment wise Operational Performance

The Company operates only in one segment viz manufacturing

of Manmade Fibres.

Performances in terms of profits are commensurate to the production and sales and routine increase in costs:

(Quantity in MT)

| | 2017-18 | 2016-17 |
|------------|---------|---------|
| Production | 2693.62 | 3829 |
| Sales | 2494.59 | 3851 |

(₹ in Lacs)

| | 2017-18 | 2016-17 |
|-------------------|---------|---------|
| Net sales | 3593.92 | 5214.19 |
| Profit Before Tax | 477.69 | 927.40 |
| Profit After Tax | 319.39 | 613.34 |

Exports and sales of Yarn were 599.21MT (1198MT) and 681MT (770MT) respectively.

3. Quality & Future Outlook

The general outlook for the Polypropylene Staple Fibre is encouraging. All efforts are underway for growth in the international market whereby substantial potential exists. Product quality of the company is in consonance with international standards and all efforts are made to adhere to the same.

4. Threats and Concerns

The Company is committed to manufacture and deliver quality products strictly as per requirement of the customer. Constant feedback from the customers are received and all efforts made for continuous improvement in process performance and product quality, wherever required. With established production base of almost three decades, the Company is in a position to maintain production and supply of quality products smoothly. This testifies to the fact that there is virtually nil rejections of the Company's products. The Company has benefit of its long standing with its customers and can match the prices suitably as per pricing policy as and when required.

For the above reasons, no major threat is overseen and the Company is confident to face any threat from the competition. The Company is also maintaining healthy liquidity to meet any unforeseen exigencies.

5. Internal Control Systems and their adequacy

The Company has appropriate Internal Control Systems for business processes, financial reporting & controls, compliance with applicable laws, regulations etc. The Company has appointed statutory auditors to evaluate Internal Control System. Regular internal audits and checks ensure that system and procedures are continuously improved. The Audit Committee reviews the adequacy and effectiveness of Internal Control Systems and suggests ways of further strengthening them from time to time.

6. Human Resources and Industrial Relations

The Company has adequate and qualified human resources and enjoys cordial relations with its employees. Numbers of employees were 90 as on 31st March, 2018. The Board of