

DIRECTORS' REPORT

To,
The Members,
METROGLOBAL LIMITED
Ahmedabad.

Your Directors have pleasure in presenting herewith their 27th Annual Report on the business and operations of the Company together with the Audited Statements of Accounts of the Company for the year ended on 31st March, 2019.

1. FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY (STANDALONE):-

| Particulars | 2018-19 | 2017-18 |
|--|------------------|-----------|
| Income for the year | 33,554.22 | 33,874.88 |
| Expenditure for the year excluding Depreciation and Amortization Exp. | 31,360.99 | 31,536.26 |
| Profit before Depreciation, interest and Amortization Exp. | 2,193.23 | 2,338.62 |
| Less: Depreciation and Amortization Exp. | 41.24 | 18.05 |
| Profit after Depreciation and Amortization Exp. Interest But before Tax | 2,151.99 | 2,320.57 |
| Exceptional items (Expense/income) | 511.21 | |
| Less: Current Tax | 375.00 | 550.00 |
| Comprehensive Income | 91.23 | 9.50 |
| Profit After Tax | 1,357.01 | 1,780.07 |

2. DIVIDEND:-

With a view to conserve the resources for the Company, the Board of Directors has not recommend any dividend on the Equity Shares for the year 2018-19.

3. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR:-

Total revenue of the company were **Rs. 33,554.22 lacs** and Rs. 33,874.88 lacs for the year **2018-19** and 2017-18 respectively.

Net Profit of the company was **Rs. 1,357.01 lacs** and Rs. 1,780.07 lacs for the year **2018-19** and 2017-18 respectively.

The management of the company is anticipating better performance in the future.

4. ARBITRATION PROCEEDING:-

You are aware that in June, 2009 the Company (erstwhile Metrochem Industries Limited) demerged one of its unit based in Vadodara (Including Building, Plant & Machineries, etc) in to Baroda Textile Effects Private Limited as a running unit to Huntsman International (India) Private Limited. ("Purchaser")

Certain disputes and differences arose between the Company and the Purchaser, as a result cross claims were filed in Arbitration Proceedings.

The Company is happy to announce that it has now settled its disputes with the Purchaser and as a result, the Company and the Purchaser now have no claim against each other.

5. DETAILS OF SUBSIDIARY COMPANIES:-

In terms of the General Exemption under Section 212 (8) of the Companies Act, 1956 granted by the Ministry of Corporate Affairs vide its circular no.02/2011 dated 8th February, 2011 and in compliance with the conditions enlisted therein, the Audited Statement of Accounts and the Auditors' Report thereon for the financial year ended 31st March, 2019 along with the Reports of the Board of Directors of the Company's subsidiary has not been annexed with the Balance Sheet of your Company.

The Annual Accounts and related documents of the Subsidiary Company shall be made available for inspection at the Registered Office of the Company. The same will also be made available upon request by any member of the Company interested in obtaining the same.

As directed by the said circular, the financial data of the Subsidiary has been furnished under 'Subsidiary Companies Particulars forming part of the Annual Report. Further Pursuant to Accounting Standard AS-110 issued by the Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report includes the financial information of its subsidiaries and Associate Companies..

6. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT:-

The Board's report shall contain a separate section wherein a report on the performance and financial position of each of the subsidiary companies, Associates Companies and LLP included in the consolidated financial statement of 2018-19 are presented.

7. REPORTS ON MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE:-

As required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, management discussion and analysis and corporate governance report are annexed as Annexure - 1 and Annexure - 2 respectively to this Report.

8. BUSINESS RESPONSIBILITY REPORT:-

As required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Business Responsibility Report describing the initiatives taken by the Company from an environment, social and governance prospective, it is applicable to BSE top 500 Companies, so it is not applicable to your company.

9. CORPORATE SOCIAL RESPONSIBILITY (CSR):-

Pursuant to the provisions of section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) rules 2014, the Company has constituted a CSR Committee vide resolution passed by the Board dated 27/05/2014. The Board of Directors, based on the recommendations of the Committee, formulated CSR Policy encompassing Company's philosophy for describing its responsibility as a Corporate Citizen, laying down the guidelines and mechanisms for undertaking socially relevant programmes for welfare and sustainable development of the Community at large .

The amount required to be spent on CSR activities during the year under report in accordance with the provisions of Section 135 of the Act is Rs. 36.88 lacs and the Company has spent Rs.130.31 lacs during the Current Financial Year. The Excess payment of Rs.62.54 Lacs after adjusting previous years shortfall of Rs.30.89 lacs will be considered CSR activities for the F.Y. 2019-20. The requisite details on CSR activities pursuant to Section 135 of the Act and attached as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed as **Annexure-3** to this Report.

10. RE-CLASSIFICATION AS PER REGULATION 31A OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015:-

The Company had, at its Annual General Meeting held on 28th September, 2018, obtained the approval of the shareholders for re-classification of the following Persons/Entities (not holding any shares in the Company) from "Promoter and "Promoter Group" category to Public category as per Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

| Sr No | Name of the Entity/Company | No.of Shares held | % of the total Equity Capital |
|-------|---|-------------------|-------------------------------|
| 1 | Spring Trading and Investment Pvt Limited | 4,87,666 | 2.99% |

Subsequent thereto, the Company had made applications to the Stock Exchanges for their approval for the afore mentioned reclassification. The Company has received the approvals from Stock Exchanges for the re-classification on 6th November, 2018.

11. APPONTMENT /CESSATION OF DIRECTORS OR KMP:-

As per the provisions of Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with the relevant Rules there under, the Company had appointed Mr. Nilesh R. Desai and Mr. Sandeep S. Bhandari as Independent Directors at its 22nd Annual General Meeting held on 30th September, 2014 was appointed as an Independent Director w.e.f. 1st October, 2014. As the above directors shall be completing their first term of appointment upon completion of five years from the respective dates of their appointment during the current year, they are eligible for re-appointment for another term of five consecutive years subject to approval of the Members by Ordinary Resolution. Further, Mr. Nilesh R. Desai (Date of Birth: 06-07-1960) and Mr. Sandeep S. Bhandari (Date of Birth : 19-12-1962) shall not cross the age of 75 years during their tenure. The continuance of these Directors as Independent Directors requires consent of the members by way of Ordinary Resolution. These Directors are active and keep good health. All the above named two directors have consented to their reappointment and confirmed that they do not suffer from any disqualifications for their re-appointment as Independent Directors.

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Prashant M. Kheskani, Chartered Accountant was appointed as an Additional Director on the Board of the Company with effect from 10th November, 2018 under Article 102 of the Articles of Association of the Company and Section 161 (1) of the Companies Act, 2013. He will hold office as an Additional Director up to the ensuing Annual General Meeting. Company signfine is intention to proposed Mr. Prashant M. Kheskani as a candidate for the office of the Director of the Company, subject to approval of the members at Annual General Meeting.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:-

Five meeting of the Board of Directors were held during the period under review and further details are set out in the Corporate Governance Report forming part of the Directors' Report.

13. AUDIT COMMITTEE:-

Five meeting of the Audit Committee were held during the period under review and further details are set out in the Corporate Governance Report forming part of the Directors' Report. The Board undertake and confirms in true spirit that the Composition of the Committee is in accordance with the provisions of Section 177(2) of Companies Act, 2013 with Regulation 18 of LODR.

14. BOARD EVALUATION:-

Pursuant to Section 134 (3) (p) and other applicable provisions, if any of the Act and Regulation 17 (10) and other applicable provisions, if any of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), the performance of the Board and Individual Directors was evaluated by the Board seeking relevant inputs from all Directors. The Nomination and Remuneration Committee (NRC) reviewed the performance of the individual Director. A separate meeting of the Independent Directors was held to review the performance of Non-independent Directors, performance of the Board as a whole and performance of the Chair-person of the Company.

The performance of the Board as a whole and even Directors individually was found satisfactory.

15. INDEPENDENT DIRECTORS' MEETING:-

The performance of the members of the Board, the Board levels Committees and the Board as a whole was evaluated at the meeting of the independent Directors of the Company. The Proper Records of the Minutes to this effect is maintained.

16. NOMINATION AND REMUNERATION COMMITTEE:-

Four meeting of the Nomination and Remuneration Committee were held during the period under review. The Composition of the Nomination and Remuneration Committee is in accordance with the provisions of Section 178 of Companies Act, 2013 with Regulation 19 of LODR and further details are set out in the Corporate Governance Report forming part of the Directors' Report.

17. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:-

Your company recognizes the value of the transparency and accountability in its administrative and management practices. Your Company has established the said Mechanism since long. According to the Provisions of Section 177(9) to be read with 177(10) the Company has established the same since long. The Company promotes the ethical behaviour in all its business activities. The Company has adopted the Whistle Blower Policy and vigil Mechanism in view to provide a mechanism for the Directors and employees of the company to approach Audit Committee of the Company to report existing /probable violation of laws, rules, regulations or unethical conduct.

18. EXTRACT OF THE ANNUAL RETURN:-

Extract of the Annual Return for the Financial Year ended on 31st March, 2019 as required by section 92(3) of the Act is annexed as **Annexure -4** to this Report Vide Form MGT-9.

19. DECLARATION BY INDEPENDENT DIRECTORS:-

The following Directors are independent in terms of Section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015,

1. Shri Sandeep S. Bhandari.
2. Shri Nilesh R. Desai
3. Shri Prashant M. Kheskani

The company has received requisite declarations/ confirmations from all the above directors confirming their independence,

20. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:-

The Policy on Appointment of Directors and remuneration approved by the Board of Directors as per **Annexure-5**.

21. LISTING FEES:-

Listing Fees for the year 2019-20 has been paid to the BSE (Stock Exchange) wherein the equity shares of the Company is listed and also paid fees to the Depositories i.e. CDSL & NSDL.

22. BUY BACK OF SHARES:-

Your Company has Offered to Buy-Back 40,00,000 Equity Shares of Metroglobal limited by Letter of Offer by tender bidding process and M/s Vivro Financial Services Private Limited has been appointed as a Manager to the Buy-Back. As on closure date, Company has received 39,92,367 Equity Shares through valid Tender Bidding Process online Facility Provided by BSE.

23. DEPOSITS:-

During the year under review, the Company has neither invited nor accepted / renewed any deposit from the public within the meaning of section 58A & 58AA of the Companies Act, 1956 to be read with Section 73 to 76 of Companies Act, 2013 to be read with Rules framed and notified there under and rules made there under and as on March 31, 2019 the Company had no unclaimed deposits or interest thereon with all possible riders and therefore all assets including Human Capital is sufficiently insured for the amount due to any depositor.

24. PARTICULARS OF EMPLOYEES:-

During the year under review. there were no employees drawing remuneration in excess of limits prescribed under sub rule (2) of clause 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

25. INSURANCE:-

During the year all insurable interests of the Company including inventories, building, equipment and others to the extent necessary were/are adequately insured.

26. STATUTORY AUDITORS:-

AMPAC & Associates, Chartered Accountants, Mumbai (ICAI Firm Registration FRN 112236 w, Membership No: 044062), Chartered Accountants (CAs), Mumbai were appointed as the statutory auditors of the Company at the 22nd Annual General Meeting (AGM) of the Company held on Tuesday, 30th September, 2014 have been the Auditors of the Company since 2011. As per the provisions of section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of five years from the date of commencement of the Act to comply with this requirement.

In accordance with Section 139 of the Act, Members are requested to ratify the appointment of the Auditors for the balance term to hold office the conclusion of 27th Annual General Meeting till the conclusion of the 28th Annual General Meeting of the Company to be held in the year 2019-20 (subject to ratification of their appointment at every AGM).

27. AUDITORS' REPORT:-

The explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor / secretarial auditor in his report shall be given.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Auditors in their report on the Financial Statements of the Company for the Financial Year ended on 31st March, 2019.

28. SECRETARIAL AUDIT REPORT:-

Pursuant to Section 204 of the Act, the Secretarial Audit Report for the Financial Year ended 31st March, 2019 given by C.S. Jignesh Shah, Practising Company Secretary is annexed as **Annexure-6** to this Report.

As regards observations made in the said Secretarial Audit Report regarding Excess Contribution to CSR activities, it will carried forward for CSR activities for F.Y.2019-20. The explanation is given in this Directors' Report under the heading "Corporate Social Responsibility".

29. RISK MANAGEMENT POLICY:-

The Company has adopted a Risk Management Policy in accordance with the provision of Companies Act,2013 and Regulation 17 (9) of LODR. It established various level of accountability and overview within the company. While vesting identified manager with responsibility for each significant risk.

30. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT:-

Particulars of loans given and of the investments made by the Company as on 31st March, 2019 are given in the Notes forming part of the Financial Statements.

31. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:-

The particulars of every contract or arrangements entered into by the Company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto shall be disclosed in Form AOC-2.

32. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS / OUTGO:-

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required, to be disclosed in terms of section 134 of the Act, read with The Companies (Accounts) Rules, 2014 is annexed as **Annexure-7** to this Report.

33. COST AUDITORS:

As per the requirements of Section 148 of the Act, read with The Companies (Cost Records and Audit) Rules, 2014, the Cost Audit is not applicable to the Company. It has not any kind of manufacturing facility.

34. INSTANCES OF FRAUD, IF REPORTED BY THE AUDITORS:-

There has been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

35. MANAGERIAL REMUNERATION:**DISCLOSURE UNDER SECTION 197 (12) AND RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The requisite details relating to ratio of remuneration, percentage increase in remuneration etc. as stipulated under the above rules are annexed as **Annexure-8** to this Report.

36. DISCLOSURE UNDER RULE 5 (2) AND 5 (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The requisite details relating to remuneration of the specified employees covered under the above rules are annexed as **Annexure-9** to this Report

37. DIRECTORS' RESPONSIBILITY STATEMENT:-

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- a) in the preparation of the annual accounts for financial year ended 31st March, 2019, the applicable accounting standards have been followed and there is no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- 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 Directors have prepared the annual accounts for the financial year ended 31st March, 2019 on a going concern basis.
- e) The directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

38. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:-

The Company has in place adequate internal financial controls with reference to financial Statements, during the period under review, such control were tested and no reportable material weakness in the design or operation was observed.

39. ENVIRONMENT, HEALTH SAFETY AND SOCIAL RESPONSIBILITY:-

Your Company is committed in maintaining the highest standards of environment compliances and therefore adopted a systematic approach towards environment management by embedding a vision of being an "Injury Free" and "Zero Environment Incident" organisation. Over the past many years, your company has been progressing well in terms of reducing injury frequency rates and has improved safety records.

40. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN OF WORKPLACE (PREVENTION AND REDRESSAL) ACT, 2013:-

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has set up Internal Complaints Committee at its workplaces to redress complaints received regarding sexual harassment. No complaints have been reported during the financial year 2018-19. All employees (Permanent, Contractual, temporary, trainees) are covered under this policy.

41. APPRECIATION

The Directors wish to place on record their appreciation of the devoted services of the employees, who have largely contributed to the efficient management of your Company. The Directors also place on record their appreciation for the continued support from the shareholders, the lenders and other associates.

For and on behalf of the Board

Sd/-

Gautam M. Jain

Chairman & Managing Director

(DIN 00160167)

Place : Ahmedabad
Date : 30th May, 2019