

## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors have pleasure in presenting the Tenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2016.

### Financial Results:

(Amount in ₹)

Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
<b>Loss for the year before Interest, Depreciation and Taxes</b>	<b>(6,818,090)</b>	<b>(11,852,434)</b>
Less: Finance Cost	897,451	362,170
Depreciation	-	17,264,325
Exceptional Items	-	-
<b>Loss before tax</b>	<b>(7,715,541)</b>	<b>(29,478,929)</b>
Less: Provision for taxation	-	(12,59,330)
<b>Loss after Tax</b>	<b>(7,715,541)</b>	<b>(28,219,599)</b>
Accumulated Losses Brought forward from earlier years	(727,281,645)	(655,211,424)
<b>Balance carried forward to Balance Sheet</b>	<b>(734,997,187)</b>	<b>(727,281,645)</b>

### Income Activities & Operations:

The turnover of the Company for the year under review has decreased to Nil as compared to the previous year turnover of ₹116.38 lacs. The net loss of the Company before tax for the current year is ₹77.16 lacs as compared to the loss of ₹294.79 lacs in the previous year. The Company has decided not to provide for depreciation for the financial year 2015-16 amounting to ₹229.92 lacs due to closure of factory unit located at Plot No. A-309, TTC Industrial Area, MIDC, Mahape, Navi Mumbai 400 701.

### Dividend:

Since the Company has incurred loss in the financial year 2015-16 the Board of Directors do not recommend any dividend.

### Transfer to Reserves:

The Company does not propose to transfer to the General Reserve any amount on account of the loss incurred during the year.

### Public Deposits:

During the financial year 2015-16, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

### Corporate Governance Report:

In compliance with the provisions of Clause 49 of the Listing Agreement, a separate report on Corporate Governance along with a certificate from the Auditors on its compliance forms an integral part of this Report.

### Listing:

The Equity Shares of the company are listed on Bombay Stock Exchange (BSE LTD) and National Stock Exchange of India Limited. The company's shares are tradable compulsorily in electronic form and the company has established connectivity with both the depositories, i.e. Central Depository Services (India) Ltd. & National Securities Depository Ltd. Sharepro Services (India) Private Limited has been registered as the Share Transfer Agent and Registrar of the Company. Shareholders are requested to send the matters relating to share transfers and/ or dematerialisation to the Company Registrars. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialisation of the company's shares on either of the Depositories as aforesaid. Total listing fees to Stock Exchanges and charges to Depositories not paid during the year amount to ₹7,43,220/- and ₹2,60,201/- respectively.

**Share Capital:**

The paid up equity share capital as on March 31, 2016 was ₹267,000,400/-. During the year under review, your Company did not issue any shares with differential voting rights/ sweat equity.

**Significant or Material Orders Passed By Regulators/Courts:**

During the year under review, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**Material Changes and Commitment Affecting Financial Position of the Company**

There are no material changes and commitments, affecting financial position of the Company which have occurred between the end of the financial year of the Company i.e. March 31, 2016, and the date of the Director's Report.

**Corporate Social Responsibility:**

With the enactment of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications issued by the Ministry of Corporate Affairs, every Company having the net worth of ₹500 crores or more or turnover of ₹1000 or more or net profit of ₹5 crores or more during any financial year have to spend at least 2% of the average net profit of the Company made during the three immediately preceding financial years.

Accordingly the provisions of CSR activities under Companies Act 2013 do not apply to your company.

**Related Party Transactions:**

All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. All the related party transactions are pre-approved by the Audit Committee. In view of this, disclosure in the form AOC-2 has not been provided as the same is not applicable to the Company.

During the year, the Company has not entered into any contract/arrangement with related parties which could be considered materially significant related party transactions.

The details of the transaction with Related Party are provided in the accompanying financial statements.

**Joint Venture Company/Associates**

The Company has no Joint Venture Company/Associates as on date of this Balance Sheet.

**Subsidiary**

The Company has no subsidiary as on date of this Balance Sheet.

**Consolidation of Accounts**

In accordance with the Notification issued by the Ministry of Corporate Affairs, Government of India to amend the Companies (Accounts) Rules, 2014, vide notification dated 14th October 2014, No. G.S.R. 723(E), in rule 6, after existing provision of the Companies (Accounts) Rules, 2014. As such Consolidation of Accounts is not Applicable for the current financial year.

**Composition of Board**

The board comprised with optimum combination of Executive and Non-Executive Directors. Board has two Independent Directors duly appointed as per the Provisions of the Companies Act, 2013

**Board Meetings**

During the year, Four Board Meeting and Four Audit Committee Meeting were convened and held.

**Extract of Annual Return :**

The details forming part of the Extract of Annual Return is annexed as per **Annexure 'A'**.

**Directors and Senior Management Personnel:**

- In accordance with the requirements of the Companies Act, 2013 and the Articles of Association of the Company Mr. Dharmesh Sukhadia retires by rotation and being eligible, offer himself for re-appointment. As required, the requisite details of Director seeking re-appointment are included in the Annual Report.
- In compliance with the Companies Act 2013, Mr. Hemang Engineer and Mr. Rohit Doshi appointed as Independent Director for the period of five years w.e.f April 01, 2014. The said Directors will not be liable to retire by rotation.

**Directors' Responsibility Statement:**

Pursuant to the requirement under Section 134 (3)(c) of the Companies Act, 2013, with respect to Directors Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were fairly reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended March 31, 2016 on a 'going concern' basis.
- (v) The Directors have laid down internal financial controls, which are adequate and are operating effectively.
- (vi) The Directors have devised proper system to ensure Compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

**Disclosure Relating to Remuneration of Directors, Key Managerial Personnel and Particulars of Employees:**

The Company has paid remuneration attracting the provision of Companies Section 197 of the Companies Act, 2013, as amended. Hence, the information required in respect of Directors/Employees of the Company is set out in 'Annexure B' to this Report.

**Particulars of Energy Conservation, Technology absorption & Foreign Exchange Earnings and outgo:**

Information as per Section 134 (3) (m) of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors)Accounts Rules 2014, and forming part of the Directors' Report for the year ended March 31, 2016 is annexed hereto.

**Auditors**

- M/s. Laxmikant Kabra & Co., Chartered Accountants, retires as Auditors of the Company at the ensuing Annual General Meeting and have given their consent for re-appointment..
- In terms of the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors of the Company requires approval of the shareholders by way of an ordinary resolution. An appropriate resolution has been included in the Notice of the ensuing Annual General Meeting for approval of the shareholders.
- As per the Companies (Cost Records and Audit) Rules, 2014 on 30th June 2014 Cost Audit is no longer applicable on your Company.

**Secretarial Audit**

Pursuant to the provision of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014, the company has appointed M/s Shivam Sharma and Associates, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "Annexure B"

**Auditor's observations**

With regard to the observations made by the auditors the management has already taken steps to strengthen the internal control system, efforts are been made to clear the undisputed statutory dues and the Company has initiated steps for clearance of dues of domestic financial institutions and the bankers. The rest of the observations are self explanatory and no comments are required.

**Corporate Governance:**

A certificate from auditors of the company on compliance of conditions of corporate governance is annexed to this report. The management discussion and analysis report and compliance report on corporate governance as required by clause 49 of the listing agreement forms part of this annual report.

As required under Section 134 (3) (m) of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors)Accounts Rules 2014, the particulars relating to conservation of energy, technology, absorption and foreign exchange earnings and outgo are given as under:

**Conservation of Energy**

**a) Energy conservation measures taken:**

The Company has been making optimum use of electrical energy by regular maintenance and overhauling of machines and equipment. Regular watch has been kept to prevent wastage of energy during production.

**b) Additional investments and proposals, if any, being implemented for reduction of energy consumption**

None

**c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production**

The above measures is expected to result in to the savings of consumption of electrical energy.

**d) Total Energy Consumption per unit of production is as below:**

**A. Power and Fuel Consumption**

Electricity	F.Y. 2015-16	F.Y. 2014-15
Purchased	Current Year	Previous Year
Unit (KWH)	N.A.	150745
Total amount	N.A.	1359718
Rate / Unit	N.A.	9.02

**B. Technology Absorption**

The Management of the company is trying to absorb new technology in the manufacturing and other activity.

**C. Foreign Exchange Earnings & Outgo**

The following foreign exchange earnings and outgo were there during the year:

Expenditure in Foreign Exchange: Nil (Previous Year Nil)

Income in Foreign Exchange: Nil (Previous Year Nil)

**Acknowledgement:**

The Directors record their thanks to all the banks for their co-operation. The Directors also acknowledged the cooperation received from all the shareholders, officers and staff of the Company.

**For and on behalf of the Board of Directors**

**Sd/-**

Place: Navi Mumbai

**Divyesh Sukhadia**

Date: 06<sup>th</sup> September, 2016

**Chairman & Managing Director**