

DIRECTORS' REPORT

**To,
The Members,
CHEMTECH INDUSTRIAL VALVES LIMITED**

Your Directors are pleased to present 23rd Annual Report of company together with Audited Statement of Accounts and the Auditor's Report for the financial year ended 31st March 2019. The summarized financial results for the Financial year are as under:

➤ **Financial Results:**

The Financial performance of your Company for the year under review is summarized below:
(Rs. in lakhs)

PARTICULARS	31 st March 2019	31 st March 2018
Sales & Other Income	1687.35	4820.03
Profit before Interest & Tax	147.24	507.67
Less: Depreciation	106.04	108.87
Less: Finance Charges	146.49	189.92
Profit/(Loss) before Taxation	0.74	42.15
Less: Provision for Taxation	(22.57)	10.00
Net Profit/(Loss) after taxation	23.31	32.14

➤ **Company Performance:**

This year has been challenging year for the Company. Turnover of the Company has decreased from Rs.4820.03 lacs to Rs.1687.35 lacs however, your directors are confident about future performance and growth of the company.

➤ **Dividend:**

Your directors do not recommend any dividend for the financial year 2018-19.

➤ **Transfer to Reserves:**

No amount has been transferred to the Reserve during the year under review.

➤ **Transfer of Unclaimed Dividend to Investor Education and Protection Fund:**

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

➤ **Change in the Nature of Business, If any:**

There was no change in the nature of business during the year under review.

➤ **Deposit:**

The Company has not accepted or renewed any amount falling within the provisions of Section 73 of the Companies Act, 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence the requirement for furnishing details of deposits which are not in compliance with Chapter V of the Act is not applicable.

- **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**
During the year, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
- **Subsidiaries, Associates and Joint Venture Companies:**
Your Company is not having any subsidiary, associate or joint venture.
- **Extract of Annual Return:**
As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form MGT-9 is annexed as Annexure- I and forms part of this Annual Report.
- **Particulars of Loan, Guarantees and Investments under Section 186:**
The Company has not given any Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 and hence the details of the same is not provided.
- **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 sub-section (1) of section 188 of the Companies Act, 2013 (Form AOC-2) is annexed as Annexure-II and forms part of this Annual Report.
- **Meetings of the Board:**
The Board duly met eight (8) times during the year. The meeting details are provided in Corporate Governance Report that forms part of this Annual Report. The intervening period between two Board meetings was well within the maximum time gap of four months prescribed in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **Material Changes and Commitment affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report**
No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.
- **Directors And Key Managerial Personnel:**
During the year under review, there were no changes in board of directors of the company. There was no appointment, cessation and/or change in designation of directors on the board of the company.

Ms. Roma Bhagtani resigned from the post of company secretary and compliance officer of the company w.e.f 11.04.2019. As on the date of this report, the following are the directors and KMPs of the company:

- | | |
|---|----------------------|
| • Mr. Pradeep Shikharchand Badkur | Chairman & CFO |
| • Mr. Harsh Pradeep Badkur | Managing Director |
| • Mr. Ignatious David Chittatukarakaran Inasu | Whole- Time Director |
| • Ms. Barkha Deshmukh | Company Secretary |

Mr. Pradeep Badkur, Director, shall retire by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

➤ **Directors Responsibility Statement:**

In accordance with the provisions of Section 134(3)(c) of the Companies Act 2013 (the Act), your directors confirm that:

1. In the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. They have 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 as at 31st March, 2019 and of the profit /loss of the Company for that period.
3. They 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.
4. They have prepared the annual accounts on going concern basis.
5. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.
6. They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.

➤ **Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:**

In order to promote safe and indiscriminative environment, the Company has formed an Internal Complaints Committee where employees can register their complaints against sexual harassment. During the year under review Company has not received any complaint of harassment.

➤ **Declaration of Independent Directors:**

The Company has received necessary declarations from all Independent Directors of the Company under section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as prescribed both under the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

➤ **Familiarization program for Independent Directors**

The Company has conducted programmes to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company works and other allied matters.

➤ **Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report. The Company has drafted a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors.

➤ **Policy on director's appointment and remuneration:**

The current policy is to have optimum mix of executive and non-executive independent directors on the Board of the company. As on date of this report, the Board has 10 directors out of which 5 are independent directors and one woman director. The policy of the company on director's appointment and remuneration, including criteria for qualifications, positive attributes, independence of a director and other matters as required under section 178 of the Companies Act, 2013 which is available on the website of the company www.chemtechvalves.com

➤ **Particulars of Employees:**

The information required under section 197 of the Companies Act, 2013 read with 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the report and marked as Annexure-III. No employee of the company was in receipt of the remuneration exceeding the limits prescribed in rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

➤ **Corporate Social Responsibility (CSR) Policy:**

The Company doesn't fall under the ambit of Section 135 (1), hence, Corporate Social Responsibility policy is not applicable to the Company.

➤ **Committees of the Board:**

As on 31st March, 2019, the Board has three committees i.e Audit Committee, Nomination and Remuneration Committee and stakeholders relationship committee. A detailed note on composition of the board and its committees is provided in the corporate governance report.

➤ **Vigil Mechanism/Whistle Blower Policy:**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly the Board of Directors of the Company has, pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed the Whistle Blower Policy for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports etc. The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee. No person has been denied access to the chairman of the Audit Committee.

During the financial year 2018-19, all the directors and employees had full access to approach the Vigil Mechanism Officer. No complaint was received during the year 2018-19 of any sort from any directors and employee of your company. Whistle Blower Policy is disclosed on the website of the Company www.chemtechindustrialvalves.com

➤ **Adequacy of Internal Financial Control**

The Company has in place adequate internal financial controls with reference to financial statements. The Board has inter alia reviewed the adequacy and effectiveness of the Company's internal financial controls relating to its financial statements. During the year, no reportable weakness was observed.

➤ **Audit reports and auditors**

Audit reports

- The Audit report for financial year ending on 31st March, 2019 does not contain any qualification, reservation or adverse remark. The Auditor's report is enclosed with financial statements in this Annual report.
- The Secretarial Audit report for financial year ending on 31st March, 2019 does not contain any qualification, reservation or adverse remark. The Secretarial Auditor's report is enclosed as Annexure IV to the Board report in this Annual report.
- As required by Listing regulations, the auditors certificate on corporate governance is enclosed as Annexure V to this report. The auditor's certificate for financial year ending on 31st March, 2019 does not contain any qualification, reservation or adverse remark.

Auditors

Statutory Auditors

M/s. Raju & Prasad, Chartered Accountants, (Firm Registration No. 003475S), having office at 511, The Corporate Centre, Nirmal Lifestyle Mall, LBS Marg, Mulund (W), Mumbai -400 080, Statutory Auditors of the Company appointed in the Annual General Meeting held in the Financial Year 2017 for the consecutive term of 5 (Five) financial years i.e. from Financial Year 2017-18 to 2021-22 continues to hold the office as the Statutory Auditors of the Company. In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Company has received certificate from the statutory auditors to the effect that their appointment, is within the limits prescribed as per the provisions of Companies Act, 2013 and rules made thereunder.

Secretarial Auditors

Pursuant to the provision of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Pooja Vijay Gohil, Practising Company Secretary to undertake the Secretarial Audit of the Company.

Cost Auditors

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of section 148(1) of Companies Act, 2013 are not applicable for the business activities carried out by the company.

➤ **Conversation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

(A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy- N.A
- (ii) the steps taken by the company for utilising alternate sources of energy: N.A
- (iii) the capital investment on energy conservation equipments: N.A

(B) Technology absorption-

- (i) the efforts made towards technology absorption; None
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; None

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- None

(a) the details of technology imported; None

(b) the year of import; N.A

(c) whether the technology been fully absorbed; N.A

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; N.A

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo-

Foreign exchange earnings: Rs.548825/-

Foreign exchange Outgo: Nil

➤ **Corporate Governance:**

Your Company is committed to maintain the highest standard of Corporate Governance and adhere to the requirements set out by SEBI. The Report on Corporate Governance as stipulated under Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the shareholder's information and auditor's certificate on its compliance, forms a part of this Annual Report.

➤ **Management Discussion and Analysis Report:**

A detailed review of the operation, performance and outlook of the Company is given separately under the head Management Discussion and Analysis Report.

➤ **Appreciation:**

The Board of Directors expresses their deep gratitude for the co-operation and support extended to your Company by its customers, suppliers, Bankers and various Government agencies. Your Directors also place on record the commitment and involvement of the employees at all levels and looks forward to their continued co-operation.

For and on behalf of the Board of Director
Chemtech Industrial Valves Limited

sd/-

Pradeep Shikharchand Badkur
DIN- 00036822
Chairman

sd/-

Harsh Pradeep Badkur
DIN- 00676715
Managing Director

Place: Mumbai

Date: 13th August, 2019