

**DIRECTOR'S REPORT'**

**DEAR SHAREHOLDERS,**

Your Directors are pleased to present the 4<sup>th</sup> Annual Report of the Company, along with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019.

**1. FINANCIAL HIGHLIGHTS**

(Rs. in Lakhs)

Particulars	2018-19	2017-18
Net Sales/ Income from Operations	1454.63	2364.61
Other Income	68.60	75.96
<b>Total Income</b>	<b>1523.23</b>	<b>2440.57</b>
Less: Expenditure	(1503.12)	(2411.56)
<b>Profit/(Loss) before Interest &amp; Exceptional Items</b>	<b>20.11</b>	<b>29.01</b>
Less: Interest	(5.51)	(4.67)
Profit/(Loss) before Tax	14.6	24.34
Extra Ordinary Items	-	18.77
Profit/(Loss) before Tax	14.60	5.57
Less: Tax provisions	(2.76)	(5.30)
Deferred Tax	2.63	(4.60)
Profit/(Loss) After Tax	14.47	(4.33)

**2. OPERATIONS REVIEW**

The Income from operation for the financial year 2018-19, for the year under review was at Rs. 1455 Lakhs as compared to Rs. 2365 Lakhs during the financial year 2017-18 showing an decrease of 38.48%. The company total revenue has decreased by 37.58%. The EBIDTA excluding exceptional items, stood at Rs.14.60 lakhs during financial 2018-19, as compared to Rs. 24.34 lakhs in the Previous Financial year 2017-18. The Profit Before Tax in terms of value went up from Rs. 24.34 Lakhs to Rs.14.6 Lakhs showing a decrease of 40.75% and in terms of percentage of sales it marginally went up from 1.19% to 1.23%. as Far as Net Profit is concerned however the current year a Profit of Rs. 14.47Lakhs has been reported as Compared to loss of Rs.4.33 Lakhs in the previous year.

**3. DIVIDEND**

With a view to strengthen the financial position of the Company, Your Board of Director's have not recommended any dividend for the financial year 2018-2019.

**4. RESERVES**

Directors have not transferred any amount to general or other reserves.

**5. DIRECTORS & KEY MANAGERIAL PERSONNEL**

At the beginning of the year the Promoters viz. Mr.Chandu Jain and Mr.Kirit M Shah, Also Mr.Kirit Shah is the Directors who still are continuing as Directors.

During the year Ms. Diksha Upadhyay joined as Company Secretary the Board on 1<sup>st</sup> November, 2018 and Mr. JIKESH KIRITBHAI SHAH joined the Board on 11<sup>th</sup> December, 2018.



**6. BOARD COMMITTEES FORMED DURING THE YEAR**

During the year under review, the following committees have been formed by the Company:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Stakeholder Relationships Committee

The details of all the Committees of the Board along with their composition and meetings held during the year are provided below which:

**1) Audit Committee:**

Our Audit Committee was constituted pursuant to a resolution of our Board dated September 1, 2017.

The Audit Committee comprises:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Jitendra Jain	Chairman	Independent Director
Ms. Nilamben Vijaykumar Mehra	Member	Independent Director
Mr. Jikesh Shah	Member	Director

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To establish and review the functioning of the whistle blower mechanism;
- Approval of appointment of the chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI (LODR) Regulations or by any other regulatory authority; and
- Review :
  - (1) management discussion and analysis of financial condition and results of operations;
  - (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
  - (4) internal audit reports relating to internal control weaknesses;
  - (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
  - (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (LODR) Regulations; (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI (LODR) Regulations

The Committee was set up on September 1, 2017 and met three times in which all the members attended,

## 2) Stakeholders Relationship Committee:

The Stakeholders Relationship Committee was constituted pursuant to a resolution of our Board dated September 1, 2017. The Committee comprises:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Jikesh Shah	Chairman	Director
Ms. Nilamben Vijaykumar Mehra	Member	Independent Director
Mr. Jitendra Jain	Member	Independent Director

The Company Secretary of the Company shall act as the Secretary of the Committee.

The terms of reference of our Stakeholders' Relationship Committee is as follows :

- To look into the redressal of grievances of shareholders, debenture holders and other security Holders;
- To investigate complaints relating to allotment of shares, approval of transfer or transmission of shares;
- To consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends; and
- To carry out any other function as prescribed under the SEBI (LODR) Regulations as and when amended from time to time.

The Committee met two times and all the members attended.

## 3) Nomination & Remuneration Committee:

The Nomination & Remuneration Committee was constituted pursuant to a resolution of our Board dated September 1, 2017.

The Committee comprises:

Name of the Director	Status in Committee	Nature of Directorship
Ms. Nilamben Vijaykumar Mehra	Chairman	Independent Director
Mr. Jikesh Shah	Member	Director
Mr. Jitendra Jain	Member	Independent Director

The Company Secretary of the Company shall act as the Secretary of the Committee. The

terms of reference of the Committee.

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee shall, while formulating such policy ensure that
  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- Devising a policy on diversity of board of directors;
- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The Committee met three times during their tenure and all the members were present.

#### **7. NO. OF MEETINGS HELD**

The Company held 4

Board Meetings for the Financial Year 2018-19. The details of the Board Meetings are given below:

Date	Board Strength	No of Directors Present
30/05/2018	4	4
05/09/2018	4	4
14/11/2018	4	4
10/02/2019	4	4

#### **8. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 at the end of the financial year and of the profit and loss of the company for that period;
- c. the directors had 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. the directors had prepared the annual accounts on a going concern basis; and
- e. the directors 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 systems were adequate and operating effectively.

#### **9. BOARD EVALUATION**

The Companies Act, 2013 states that a formal annual performance evaluation needs to be made by the Board of its own performance, the directors individually as well as the evaluation of its Committees. As per Schedule IV of the Companies Act, 2013, the performance evaluation of independent directors, shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board.

**10. DEPOSITS**

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, during the financial year and as such, no amount on account of principal or interest on deposits from public was outstanding as on 31st March, 2019. The Company has no deposit which is not in compliance with the provisions of Chapter V of the Companies Act, 2013 and as the Companies (Acceptance of Deposit) Rules, 2014.

**11. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY**

Company has reviewed the Internal Financial Control Report which has been submitted last year by Internal Auditor, which required management intervention and actions. The actions taken by the management were reviewed by the internal auditor as per their report for the financial year 2018-19.

The Board of Directors hereby report that that the same has been considered and proper action as envisaged has been taken.

**12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT BY COMPANY**

During the year under review, your company has granted loans to the extent of Rs. 23.71 Lakhs and is compliant of the provisions of Section 186 of the Companies Act, 2013

During the year under review, your Company has not given any guarantee to any person falling under ambit of Section 186 of the Companies Act, 2013.

**13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions made during the financial year 2018-19 were on arm's length basis and were in the ordinary course of business. All transactions with related parties are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of afore seen and repetitive nature.

The transactions entered into pursuant to the omnibus approval so granted are audited and a statement specifying the nature, value and terms & conditions of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a Half yearly basis.

All transactions entered into with related parties during the year were on an arm's length basis and were in the ordinary course of business. Accordingly, there are no transactions that required to be reported in Form AOC-2.

**14. EXTRACT OF ANNUAL RETURN**

The details forming part of the extracts of Annual Return in Form MGT-9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is prescribed in “**Annexure - B**” and forms an integral part of this report.

**15. MATERIAL CHANGES AND COMMITMENTS**

There have been no material changes and commitments, affecting the financial position of the Company, which has occurred between the end of financial year of the Company and the date of this Report.

**16. RISK MANAGEMENT POLICY**

During the year under review, the Company has identified and evaluated elements of business risk. Business risk, inter alia, further includes fluctuations in foreign exchange, Raw Material Procurement risk, Environmental & Safety Risk, Working Capital Risk, Market Risk and Business Operations Risk. The risk management framework defines the risk management approach of the Company and includes periodic review of such risk and also documentation, mitigating controls and reporting mechanism of such risks. The Board of Directors and senior management team currently assess the operations and operating environment to identify potential risks and take necessary mitigation actions.

**17. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS /TRIBUNALS**

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

**18. CORPORATE GOVERNANCE**

As per Regulation 15 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, para C of Schedule V relating to Corporate Governance Report, shall not apply to company listed on SME Exchange. The Company being a company listed on BSE SME Platform, preparation of corporate governance is not applicable.

**19. MANAGEMENT DISCUSSION AND ANALYSIS**

In terms of the Regulation 34 read with Schedule V of SEBI (LODR) Regulations, 2015, Management Discussion and Analysis is set out in the Annual Report as "**Annexure-D**".

**20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****A. Conservation of energy, technology absorption**

As the Company does not fall under any of the industries listed out in the Schedule appended to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, particulars required to be disclosed with respect to conservation of energy and technology absorption, are not applicable to the Company.

The operations of your Company are not energy intensive. Your Company takes various measures to reduce energy consumption by using energy-efficient computer systems, electrical and electronic equipment and procuring energy efficient equipment and gadgets in its operation. As an ongoing process, your Company evaluates new technologies and techniques to make its infrastructure more energy efficient.

**B. Foreign Exchange Earning/Outgo:**

The Company has no Foreign Exchange Earning/ Outgo in Financial Year 2018-19.

**21. AUDITORS****25.1 Statutory Auditors**

Pursuant to the provisions of section 139, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. A. Puri & Co. Chartered Accountants, bearing Registration No.108231W, hold office up to the conclusion of the Annual General meeting to be held in the year 2022. The

Company has received a certificate from the said auditors that they are eligible to hold office as the Auditors of the company.

The Ministry of Corporate Affairs vide their notification dated 7<sup>th</sup> May, 2018 has amended the Section 139 of the Companies act, 2013 by omitting the necessity of ratification of the appointment of the Statutory Auditors by members of the Company at every subsequent Annual General Meeting. In order to align with the amended Section 139, the relevant subject matter is included in the notice of the ensuring Annual General Meeting for seeking approval of the members.

### **25.2 Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. Harsh Vijay Gor to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as “Annexure - E” and forms an integral part of this report.

There are no qualifications, reservations or adverse remark or disclaimer made by the auditor in their Report.

### **22. MANAGERIAL REMUNERATION**

The Companies Act, 2013 states that a formal annual performance evaluation needs to be made by the Board of its own performance, the directors individually as well as the evaluation of its Committees. As per Schedule IV of the Companies Act, 2013, the performance evaluation of independent directors, shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board

### **23. PARTICULARS OF EMPLOYEES**

The provisions of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring particulars of the employees in receipt of remuneration in excess of Rs.1.02 Crores per year to be disclosed in the Report of Board of Directors are not applicable to the Company since none of the employee was in receipt of remuneration in excess of Rs. 1.02 Crores during the financial year 2018-19.

### **24. DISCLOSURE ON WOMEN AT WORKPLACE**

The Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. During the year under review, no case was reported in this regard.

### **25. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

CSR related provisions of the Companies act, 2013 do not apply to the Company as the Company does meet profit, turnover or net worth criteria prescribed in this regard.

### **26. VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Company has established the Vigil Mechanism Policy/ Whistle Blower Policy for the Directors and employees for reporting the genuine concerns and grievances, significant deviations from the key managerial policies and reports any non-compliance and wrong practices, e.g unethical behaviour, fraud, violation of law, inappropriate behaviour/ conduct etc.

The functioning of the vigil mechanism is reviewed by the Audit Committee from time to time. None of the directors or employees has been denied access to the Audit Committee of the Board.



**27. ACKNOWLEDGEMENTS**

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by various Government Authorities, Company's Bankers, Dealers, Vendors, Customers, Suppliers, Shareholders, Stock Exchange and others who have supported the company during its difficult time and hope to receive their continued support.

The Directors also wish to place on record their appreciation for the all-round co-operation and contribution made by employees at all levels.

**For and on behalf of the Board of Directors of  
MRC Exim Limited**

**Sd/-**

**Kirit Kumar Shah  
Managing Director**

**DIN: 06668955**

**Place: Mumbai**

**Date: September 05, 2019**