

## DIRECTORS REPORT

To,  
**The Members,**  
**Choksi Imaging Limited**

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

### FINANCIAL STATEMENTS & RESULTS:

The Company's performance during the year ended 31<sup>st</sup> March, 2019 as compared to the previous financial year, is summarized below:

Particulars	2018-2019	2017-2018
Total Revenue	1936.95	2432.52
Profit/(Loss) Before Depreciation, Amortisation, Exceptional & Extraordinary Items and Tax	121.74	204.72
Less: Depreciation and Amortisation expense	21.21	21.84
Profit/(Loss) Before Exceptional & Extraordinary Items And Tax	100.53	183.13
Net Profit/(Loss) Before Tax (NPBT)	100.53	183.13
Less: Tax expenses	14.95	54.58
Net Profit/(Loss) After Tax (NPAT)	85.58	128.55
Add: Surplus brought forward from previous year	1134.82	1041.79
Amount available for Appropriations	1220.40	1170.34

### FINANCES

The total long term borrowings of your Company as on 31st March, 2019 stood at NIL, Cash and Cash Equivalent stood at Rs.1095.21 Lac and total investments is 292.59 Lac at the end of the year.

### OPERATIONS

Your Company is engaged in the business of manufacturing & trading of X ray films and supply of other products for the Healthcare Industry.

During the year under the review, your Company earned a total income of Rs.1936.95 Lac as against Rs.2432.52 Lac during the previous year.

### DIVIDEND

Your Directors are pleased to recommend dividend of 5% i.e. Rs.0.50/- (Paise Fifty Only) per share on 3900000 fully paid-up Equity Shares of Rs.10/- each of the Company for the year ended March 31, 2019. The proposed dividend, if approved, at the Annual General Meeting, will absorb a sum of Rs.19.50 lac and Dividend Tax of Rs. 4.01 lac.

### TRANSFER TO RESERVES:

The Company has not transferred any amount to General Reserves.

### SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2019 stood at Rs.390 lac. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

### REVISION OF FINANCIAL STATEMENTS:

During the year under the review, there is no change in accounting policy of the Company.

### REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

During the year under review, your Company did not have any subsidiary, associate and joint venture company.

## CORPORATE GOVERNANCE REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

A detailed report on Industry Structure and Developments, operations, performance, Business Outlook, Opportunities & Threats and Risks and Concerns, is presented in a separate section forming a part of the Annual Report.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL:

- **Director Retiring by Rotation:**

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Anil Choksi and Mr. Samir Choksi retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. Your Directors recommend his approval.

- **Appointment of Managing Director & Whole time Director:**

The Nomination & Remuneration Committee and the Board, have approved the re-appointment of Mr. Anil Choksi as Managing Director for period of 1 year w.e.f 1st September, 2019, at a remuneration of Rs.6,00,000/- (Rupees Six Lac only) per annum i.e. Rs.50,000/- (Rupees Fifty Thousand only) per month. Approval of the shareholders is sought for the same in this ensuing Annual General Meeting.

The Nomination & Remuneration Committee and the Board, have approved the re-appointment of Mr. Gaurav Choksi as Whole time Director for period of 3 years w.e.f 1st July, 2019, at a remuneration of Rs.6,00,000/- (Rupees Six Lac only) per annum i.e. Rs.50,000/- (Rupees Fifty Thousand only) per month. Approval of the shareholders is sought for the same in this ensuing Annual General Meeting.

The Nomination & Remuneration Committee and the Board, have approved the re-appointment of Mr. Naimish Choksi as Whole time Director for period of 3 years w.e.f 1st January, 2020, at a remuneration of Rs.6,00,000/- (Rupees Six Lac only) per annum i.e. Rs.50,000/- (Rupees Fifty Thousand only) per month. Approval of the shareholders is sought for the same in this ensuing Annual General Meeting.

- **Appointment of Independent Directors and declaration of independence:**

During the year, The Company has not appointed any Independent Director.

During the year, Mr. Vikram Maniar – Non executive Independent Director of the Company has resigned due to health issue, w.e.f. 29.03.2019.

The Nomination & Remuneration Committee and the Board, have approved the re-appointment of Mr. Himanshu Kishanadwala, Mr. Tushar Parikh and Mrs. Samanthakamaniprakash Sagarkatte – Non Executive Independent Directors of the Company for the period of 5 years.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

- **Appointment of Key Managerial Personnel:**

No Key Managerial Person has been appointed or has retired or resigned during the year.

### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulation and SEBI Circular dated 6th February, 2019, the committee update the criteria of Board evaluation.

The Board has carried out performance evaluation. The manner in which the evaluation has been carried out has been explained in Corporate Governance Report.

### REMUNERATION POLICY

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Act and the Listing Regulations. The policy on Nomination & Remuneration of Directors and KMP is available on website of the Company at [www.choksiworld.com](http://www.choksiworld.com).

### DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2019, the Board of Directors hereby confirms that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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, 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 systems were adequate and operating effectively.

## **DETAILS OF BOARD AND COMMITTEES MEETING:**

- **Board Meetings:**

Details of the Board meetings and attendance of the directors are provided in the Corporate Governance Report, which forms part of this Annual Report.

- **Committees of the Board:**

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee.

The details with respect to the compositions, roles, terms of reference, etc. of relevant committees are provided in the Corporate Governance Report of the Company, which forms part of this Annual Report.

## **RELATED PARTY TRANSCATIONS:**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties are given in Annexure I in form AOC-2.

Further, during the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The details of the related party transactions as required under Accounting Standard - 18 are set out in Note to the financial statements forming part of this Annual Report.

The Policy on Related Party Transactions as approved by the Board has been uploaded on the website of the Company.

## **DEPOSITS**

Your Company has not accepted any public deposits during the financial period under review.

## **AUDITORS**

- **Statutory Auditors:**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. KARIA & SHAH, Chartered Accountants, has been appointed by the Board of Directors as Statutory Auditors of the Company from conclusion of 25th Annual General Meeting held on 23rd September, 2017 till conclusion of 30th Annual General Meeting. The Company has received a confirmation from the Auditors that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company.

- **Secretarial Auditors:**

Provisions of Section 204 read with rules made thereunder, Ms. Nikita Pedhdiya, M/s. Nikita Pedhdiya & Associates, Practicing Company Secretaries (C.P No. 14295) had been appointed to undertake Secretarial Audit of the Company for the year 2018-2019. The report of the Secretarial Auditor is annexed herewith as Annexure II and forms part of this Report.

The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

- **Internal Auditors:**

Pursuant to provisions of Section 138 read with read with rules made thereunder, the Board had appointed Ms. Sheetal Khoja, Chartered Accountants, as an Internal Auditors of the Company for the period 2018-2019 to check the internal controls and functioning of the activities and recommend ways of improvement. The Internal Audit is carried out half yearly basis, the report is placed in the Audit Committee Meeting and the Board Meeting for their consideration and direction.

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

## AUDITORS' REPORT

In the opinion of the directors, the notes to financial statements are self-explanatory and adequately explain the matters, which are dealt within the Auditors' Report.

**The said report does not contain any observation or qualification requiring explanation or comments.**

## COST AUDITORS

Provisions of Section 148 of the Companies Act, 2013 read with Notifications/Circulars issued by the Ministry of Corporate Affairs from time to time, the requirement of appointment of Cost Auditor is not applicable to your Company.

## INTERNAL CONTROL & FINANCIAL REPORTING SYSTEMS

The Company has in place an adequate system of internal controls & policy on closure of Financial Statements. It has policies and procedures covering all financial and operating functions and processes. These have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations.

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations has been recognized. Internal control systems ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

## RISK MANAGEMENT:

In accordance with Section 134 of Companies Act, 2013, the Company has in place the Risk Assessment and Minimization Policy to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the business plans and in periodic management reviews.

The Constitution of Risk Management Committee is not applicable to your Company.

Some of the risks and threats that the company is exposed to are;

- **TECHNOLOGICAL OBSOLESCENCE**

The company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis. The use of technology is mainly concentrated in the area of manufacturing of Medical and Industrial X-ray films. The innovation and advancement in technology is concentrated on improving the quality of the films, increasing the output by reducing the time-lag involved and reducing the wastages.

- **FLUCTUATIONS IN FOREIGN EXCHANGE**

While our functional currency is the Indian rupee, we transact a non-significant portion of our business in USD, Euro, Yen and other currencies and accordingly face foreign currency exposure from our purchase in other countries and from our purchases from overseas suppliers in U.S. dollars and other currencies and are exposed to substantial risk on account of adverse currency movements in global foreign exchange markets.

- **LEGAL FACTORS**

Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, where the Company is exposed to legal risk exposure.

- **HUMAN RESOURCES:**

The Company regards its human resource as amongst its most valuable assets and proactively reviews policies and processes by creating a work environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potentials of its employees.

At CIL, there is consistent emphasis on each individual's sense of responsibility, while simultaneously as part of a team. This results in our people's ability to work in perfect harmony despite coming from different disciplines. As of 31st March 2019, the number of employees on our payroll was 53.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### (A) Conservation of energy-

#### (i) The steps taken or impact on conservation of energy;

We have replaced Voltas Air Condition Plant which was having rotary compressors with Bluestar Scroll compressor based plant. In the year 2018, this has resulted in 25% saving in energy consumption.

(ii) **The steps taken by the company for utilising alternate sources of energy;**

None

(iii) **The capital investment on energy conservation equipments;**

During the year there is no capital investment on energy conservation equipments.

**(B) Technology absorption-**

(i) **the efforts made towards technology absorption;**

The interleaving operation has been partially automated.

(ii) **the benefits derived like product improvement, cost reduction, product development or import substitution;**

Improvement in product quality and reduction in production cost.

(iii) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -**

N.A.

(iv) **the expenditure incurred on Research and Development.**

N.A.

**A. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Forex market conditions were volatile during the year gone by. The fluctuations in the market were high due to depreciation of rupee against the dollar. But your Company was able to manage the volatility in a prudent manner due to which losses were minimized.

Sr. No	Particulars	Current Year (₹ in lakh)	Previous year (₹ in lakh)
1	Foreign Exchange Earnings	Nil	Nil
2	Foreign Exchange Outgo	7.86	5.39

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is provided in Annexure III forming part of this report.

**DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014.**

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year under review has been marked as Annexure III.

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

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

**SEXUAL HARASSMENT POLICY**

In accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder, the Company has framed and adopted the a policy for Prevention of Sexual Harassment at Workplace. The company has registered its committee with Ministry of Women and Child Development.

The Company has not received any complaint of sexual harassment during the financial year 2018-19.

**CORPORATE SOCIAL RESPONSIBILITY**

The Provisions of Section 135 of Companies Act, 2013 is not applicable to your Company.

**EXTRACT OF ANNUAL RETURN.**

Extract of the Annual Return in form MGT-9 pursuant to Section 92(3) of the Companies Act, 2013 for the financial year ended 31st March, 2019 is provided in Annexure IV forming part of this report.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY.**

The Company has made an investment during the year of Rs.292.59 lac in Reliance Liquid Fund. The Investment is calculated at market value as on 31.03.2019.

The Company has not given any loans or provided any security during the year.



**OTHER DISCLOSURE**

- No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.
- The Company is in receipt of order from Commissioner of Customs from the Authority for payment of Special Additional Duty along with penalty against exemption availed by the Company pursuant to Notification No. 45/2005 - Customs dated May 16, 2005.

The Company has filed an appeal against order with Customs, Excise & Service Tax Appellate Tribunal, west zonal bench, Mumbai on 25.06.2015.

**HEALTH AND SAFETY MEASURES**

The standards of health of workers and safety measures to be taken as provided by the Factories Act, 1948 and the rules framed there under have been maintained by your Company.

**CAUTIONARY STATEMENT**

Statements in this Board's Report and Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include change in government regulations, tax laws, economic & political developments within and outside the country and such other factors.

**ACKNOWLEDGEMENTS AND APPRECIATION**

Your Directors wish to thank all the employees of the Company for their dedicated service during the year. They would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from bankers, financial institutions, business partners and other stakeholders.

Your Directors give their warm gratitude to the shareholders for their faith in the Company. The directors also sincerely appreciate the professionalism and dedication displayed by the employees of the Company.

**On behalf of the Board of Directors**

**Sd/-  
Anil Choksi  
Director**

**Sd/-  
Gaurav Choksi  
Director**

Registered Office :

**Choksi Imaging Limited**

**(CIN:L24294DN1992PLC005560)**

Plot No. 10, Survey No. 121/P,

Off. 66 K.V.A. Road, Amli,

Silvassa - 396 230 (U.T.)

Place: Mumbai

Date: 25<sup>th</sup> May, 2019