

Textual information (2)

Disclosure in board of directors report explanatory [Text Block]

BOARD'S REPORT

To

The Members,

Your Directors have pleasure in presenting their 24th Annual Report on the business and operations of the company along with the audited Financial Statements for the year ended 31st March, 2018 and Auditor's Report thereon.

FINANCIAL HIGHLIGHTS

The Company's financial performance for the year ended on 31st March, 2018 is summarized below:

FINANCIAL RESULTS:	(AMOUNT IN RS.)	
	2017-18	2016-17
Income:		
Revenue from operations	74,21,250	5,37,595
Other Income	1,87,96,078	--
Total Income	2,62,17,328	5,37,595
Total Expenditure	4,75,22,763	6,69,719
Profit / (Loss) before Tax	(2,18,38,112)	(1,32,124)
Less: Tax Expenses	Nil	Nil
Net Profit / (Loss) after Tax	(2,18,38,112)	(1,32,124)

FINANCIAL PERFORMANCE

During the Financial Year 2017-18, the Revenue from Operations of the Company were Rs. 74,21,250/- as compared to Rs. 5,37,595/- in the Financial Year 2016-17 where as the Loss for the Financial Year 2017-18 were Rs. 2,18,38,112/- as against Rs. 1,32,124/- in the Financial Year 2016-17. Your Directors and Management along with the entire team is taking all possible actions to ensure that we are able to sustain our financial growth and business operational developments despite of all adverse external conditions and competition.

DIVIDEND

In view of losses, your Directors do not recommend any dividend for the year ended 31st March, 2018.

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to general reserve for the financial year ended 31st March, 2018.

FIXED DEPOSITS

During the year under review, your company has neither invited nor accepted or renewed any fixed deposit from public in terms of provisions of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

Further, the amount of loan borrowed by the company from its directors and relatives of directors has been disclosed in note no. 8 of the Financial Statements of the company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

DIRECTORS

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vinod Kumar Gupta (DIN: 00193202), Director of the Company, who was retired and being eligible, was re-appointed with the approval of members at the Annual General Meeting held on 30th September, 2017.

Further, in accordance with the provisions of the Companies Act, 2013 and the articles of Association of the Company, Ms. Anita Kumari (DIN: 00479606), Director of the company retires at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment. The Board recommends their re-appointment.

Mr. Vaibhav Singh (DIN: 07716498) and Mr. Manoj Kumar (DIN: 06889364) are proposed to be appointed as Independent Directors at the ensuing AGM, for a term of 5 (five) consecutive years commencing from 29th September, 2018. Their appointment as Independent Directors of the Company is placed before the members for consideration and approval.

Mr. Vinod Kumar Gupta (DIN: 00193202) is proposed to be designated as Managing Director of the Company at the ensuing AGM, for a term of 3 (three) consecutive years commencing from 29th September, 2018. His appointment as Managing Director of the Company is placed before the members for consideration and approval.

KEY MANAGERIAL PERSONNEL

During the financial year under review, there were no changes in the Key Managerial Personnel of the company.

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(b) of SEBI LODR.

FORMAL ANNUAL EVALUATION

During the year under review, a separate mechanism was carried out for formal annual evaluation of its own performance & that of its committee and individual directors, including the Chairman of the Board. Performance evaluation of Independent Directors was carried out by the entire Board. Performance evaluation of the Chairman and non independent directors was also carried out in the Meeting of Independent Directors separately.

The Company has devised a Policy for performance evaluation of Independent Director, Board, Committees & other Individual Directors which includes criteria for performance evaluation of the Board as a whole. The Company's Nomination & Remuneration policy which includes the Director's appointment & remuneration including criteria for determining qualifications, positive attributes, independence of the director & other matters is available on the website of the Company.

The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters have been elaborately devised by the

top management and efforts are being made to create the awareness about the same.

CODE OF CONDUCT

The Chairman has confirmed and declared that all the members of the board and the senior management have affirmed compliance with the code of conduct.

AUDITORS

Statutory Auditors

M/s Rajvanshi & Associates, Chartered Accountants (Firm Registration No: 005069C) were appointed as the Statutory Auditors of the Company for a term of five years from the conclusion of AGM held on 27th September, 2014 till the conclusion of the AGM to be held in the calendar year 2019, subject to a yearly ratification of such appointment by shareholders at the AGM.

However, as per the provisions of the Companies (Amendment) Act, 2017 notified w.e.f. 7th May, 2018 by the Ministry of Corporate Affairs, the requirement for ratification of appointment of statutory auditor at every Annual General Meeting of the Company has been omitted and therefore, ratification of appointment of statutory auditors has not been sought from the members of the company.

As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained a written certificate from the above mentioned Auditors to the effect that they conform with the limits specified in the said Section and that they are not disqualified for appointment within the meaning of Section 141 of the said Act.

Secretarial Auditor

Pursuant to Provision of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board had appointed M/s V.M. & Associates, Practicing Company Secretary, Jaipur (FRN: P1984RJ039200) to conduct Secretarial Audit for the financial year 2017-18.

AUDITOR'S REPORT

Statutory Auditor's Report

Auditor's Report has following qualifications:

We draw your attention to the Note No. 23 other explanatory information: Point No. (b) regarding not providing depreciation as required by IND-AS-16 of Rs 10,06,207/- in respect of building, plant and Machinery and all other fixed assets due to its being not in operation; due to this loss has been understated by Rs 10,06,207/-.

We draw your attention to the Note No. 23 other explanatory information: Point No. (d) regarding not recognizing deferred tax liability as required by IND AS -12 considering absence of virtual certainty and amount is also not quantified.

The management is valuing old Raw Material of Rs 23,81,898/-, Finished Goods of Rs 43,11,223/-, Stores, spares and consumable/packing material of Rs 2,29,969/- whereas the possession of above material is with PNB bank who acquired u/s 13(4) of SARFAESI Act on 05.02.2015. and Land & Building and Plant & Machinery auctioned 04.12.2017. The net realizable value is not ascertained by the company as required by IND AS -2.

The management is considering good of old loans & advances to related and other parties, balances with statutory/ Government authorities and interest receivables of Rs 9,76,15,252/- and old sundry debtors of Rs 3,91,34,919/- whereas the actual recoverable value is not ascertained by the company.

Some of the closing bank balances could not be reconciled such as State Bank of India Dr. Balance of Rs.10,357/-, SIDBI Loan (HYD) Cr. Balance of Rs 32,43,920/-, as statements were not available for verification.

Management Response : All the 6 points are self explanatory and management does not call for further explanation. However, the management is of the firm view that the same shall be regularized in the future.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the year impacting the going concern status and the operations of the Company in future.

MEETINGS OF THE BOARD

The Board of Directors met five times during the year on 30.05.2017, 14.08.2017, 02.09.2017, 14.11.2017 & 14.02.2018. Frequency and quorum at these meetings were in conformity with the provisions of the Companies Act, 2013 and the SEBI LODR entered into by the company with the Stock Exchanges. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and Secretarial Standards-1 issued by Institute of Company Secretaries of India (ICSI). For further details, please refer report on Corporate Governance of this Annual Report.

BOARD'S COMMITTEES

The Board of Directors of the Company constituted the following Committees:

-Audit Committee

-Nomination & Remuneration Committee

-Stakeholders Relationship Committee

The Committees' composition and meetings held during the year and attendance thereat, are given in the Report on Corporate Governance forming part of this Annual Report.

PARTICULARS OF THE EMPLOYEES

Pursuant to Section 197 of the companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a detailed statement is attached as Annexure -I.

Further, with respect to Rule 5(2), no employee of the company is drawing salary as specified in the rule Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations.

The particulars relating to the energy conservation and technology absorption, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in the ANNEXURE II to this Report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The industrial structure, development, opportunities, threats, review of operational performance and risks of the company are reviewed in detail in the Management Discussions and Analysis Report attached as Annexure-III and form a part of the Report.

CONTRACTS & ARRANGEMENTS WITH THE RELATED PARTY

All related party transactions that were entered into during the financial year ended 31st March, 2018 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted. Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required.

CORPORATE GOVERNANCE

Your Company is fully compliant with the norms on corporate governance laid out in the notification dated September 2, 2015 of the Securities and Exchange Board of India enacting the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") which have replaced the erstwhile Listing Agreement w.e.f. 1st December, 2015. All the Directors and the senior management personnel have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company.

The details of the Code of Conduct are furnished in the Corporate Governance Report attached as ANNEXURE-IV to this Report.

EXTRACT OF ANNUAL REPORT

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 no. MGT-9 forms part of this Report as ANNEXURE-V.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Company promotes ethical behaviors in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a whistle blower policy wherein the directors and employees are free to report violations of law, rules, regulations or unethical conduct, actual or suspected fraud to their immediate supervisor or provide direct access to the Chairman of the Audit Committee in exceptional cases or such other persons as may be notified by the Board. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

RISK MANAGEMENT POLICY

The Company operates in conditions where economic, environment and social risk are inherent to its businesses. In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. The SEBI LODR requires that all listed Companies shall lay down the procedure towards risk assessment. It also requires that the company must frame, implement and monitor the risk management plan of the Company.

To overcome this and as per requirement of SEBI LODR, Board has framed a very comprehensive Risk Management policy to oversee the mitigation plan for the key risks faced by the Company. The objective of the policy is to make an effective risk management system to ensure the long term viability of the company's business operations. The same is reviewed quarterly by senior management and periodically also by the Board of Directors.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the company, which occurred between end of financial year of the company to which the financial statements relate and date of this report.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including the adherence to the Company's policies, including the adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable reliable financial disclosures.

LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

The particulars of the Loans and advances given and investments made by the company are provided in the Financial Statements of the company which forms part of this report. (Please refer to Note 2 in the financial Statements).

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2017-18.

No of complaints received: Nil

No of complaints disposed off: Nil

DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 134(5)

Your Directors hereby confirm 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 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 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 devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

Your Directors are happy to place on record their sincere appreciation of the dedicated services rendered by officers, staff and workers and their contribution towards successful performance of the Company during the year. Your Directors would also like to express their sincere thanks to the Company's Bankers, Financial Institutions and Shareholders for the continued co-operation and support and confidence reposed by them in the Company.

For and On behalf of Board of Directors

For Zyden Gentec Limited

sd/-

Vinod Shiv Kumar Gupta

Chairman

DIN: 00193202

Date: 01.09.2018

Place: Kota

ANNEXURE- II