

**DIRECTORS' REPORT**

To  
The Members,  
**M/s. AUSOM ENTERPRISE LIMITED**  
**Ahmedabad**

Your Directors have pleasure in submitting their 35th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2019.

**1. FINANCIAL RESULTS**

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

(Amount in ₹)

PARTICULARS	Standalone & Consolidated*	
	Current Year 31 <sup>st</sup> March 2019	Previous Year 31 <sup>st</sup> March 2018
Net Sales /Income from Business Operations	4,41,45,55,878	3,47,33,09,772
Other Income	10,48,40,698	6,53,72,891
Total Income	4,51,93,96,576	3,53,86,82,663
Profit before Depreciation	12,69,57,396	23,12,51,459
Less: Depreciation	52,026	22,832
Profit after depreciation	12,69,05,370	23,12,28,627
Less: Current Income Tax	2,72,05,822	3,66,50,072
Less: Previous year/s adjustment of Income Tax ,	Nil	Nil
Less: Deferred Tax	Nil	Nil
Net Profit after Tax	9,96,99,548	19,45,78,555
Dividend (including Interim if any and final)	Nil	Nil
Net Profit after dividend and Tax	9,96,99,548	19,45,78,555
Amount transferred to General Reserve	Nil	Nil
Balance carried to Balance Sheet	9,96,99,548	19,45,78,555
Earnings per share (Basic)	7.32	14.28
Earnings per Share (Diluted)	7.32	14.28

\*The figures mentioned above remains the same for standalone statement and also for consolidated statement and hence not separately provide for.

The company has prepared its financial statements in accordance with IND-AS.

**2. DIVIDEND**

No Dividend was declared for the financial year under review due to inadequacy of profit.

**3. AMOUNTS TRANSFERRED TO RESERVES**

During the year, Company earned profit of Rs. 9.97 Cr. which has been transferred to surplus in the Statement of Profit and Loss. As a result as on 31-03-2019 the total reserve and surplus is amounting to Rs. 65.35 Cr.

**4. STATE OF COMPANY AFFAIRS AND OUTLOOK**

The Company, in the year under consideration, has carried out activities in the field of trading of commodities, bullions, shares & securities, units of mutual funds. The Company has generated revenue of Rs. 441.46 Cr. as against Rs. 347.33 Cr. for the previous year. Similarly, the Company has generated net profit amounting to Rs. 9.97 Cr. (PAT) as against Rs. 19.45 Cr. (PAT) for the previous year.

The Company during current year is anticipating to achieve gross turnover of Rs. 1000 Cr. and for that necessary efforts has been initiated. The management of the Company is of the view that the target of gross turnover will definitely be achieved and necessary resources for the same have also been generated.

During the year under review, there is no change in the nature of business.

#### **5. NOTE ON REDEMPTION OF PREFERENCE SHARES**

The Company has issued and allotted 2,00,00,000, 16.5 % Cumulative Redeemable Participating Preference Shares (CRPPS) of Rs. 10/- each aggregating to Rs. 20,00,00,000/- on 09th December, 1999. As per the terms and conditions of this issue, originally the CRPPS were to be redeemed in three equal installments i.e. on 9th December, 2006, 9th December 2007 and 9th December, 2008. However due to inadequacy of profit, the Company had obtained consent from the Preference shareholders for extension every year, which the company has been granted. Even due to said inadequacy of profit, a term of dividend of CRPS has been modified with effect from 01-04-2013 from 16.5% Cumulative to 1.5% Non-Cumulative Redeemable Participating preferences shares (NCRPPS).

The present financial position of the company and also tenure of CRPPS, the of Board of Directors of the Company, in their meeting held on 13th August, 2019 decided to redeem the said shares on or before 08th December, 2019, and to create Redemption Reserve in compliance with the requirements of Companies Act, 2013 and Accounting Standard (IND-AS). These shares are being held by promoters of the company and are not listed at any stock exchange.

On account of redemption of CRPPS, the right of existing equity shareholders and creditors will not effect.

#### **6. MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of signing of this report.

#### **7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL**

During the year no significant and material order were passed for or against the Company by any authorities.

#### **8. INTERNAL FINANCIAL CONTROLS**

The Company has adequate internal financial control system with reference to the Financial Statements. As a part of Internal Financial Control, the company has identified policy and procedure to ensure orderly and efficient conduct of its business including adherence to 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 financial information.

#### **9. DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review. Even the company does not have any unpaid or unclaimed deposit at the end of the year.

#### **10. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO SHAREHOLDERS**

Your Company has complied with all the mandatory requirements of Corporate Governance norms as mandated by Regulation 15(2) and 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance together with the Certificate regarding compliance of conditions of Corporate Governance as stipulated under Regulation 34(3) read with Schedule V of SEBI(LODR) Regulations, 2015 forming part of this Annual Report at **Annexure –'A'**.

The Management Discussion & Analysis report also forms part of this Annual Report at **Annexure –'B'**.

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

The Company has constituted a Corporate Social Responsibility Committee in compliance with Section 135 of the Companies Act, 2013 read with rules framed thereunder.

The Company for the year under consideration did not spent total amount required to be spent towards CSR activities mainly due to the reason that the Company could not identify the appropriate activities falls under Schedule VII and CSR policy. The Company will identify such activity in and around the Registered Office and accordingly will spend.

The Company as per Section 135(4) has adopted the CSR Policy and placed it on the Company's website: <http://ausom.in/PDF/POLICY/CORPORATE%20SOCIAL%20RESPONSIBILITY%20POLICY.pdf>

The requisite details on CSR activities pursuant to Section 135 of the Companies Act, 2013 that with its rules is attached at **Annexure- 'C'**.

## **12. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013, the Company has constituted the Nomination and Remuneration Committee and their policy and the same is approved by the Board. The Policy is attached at **Annexure – 'D'**.

## **13. EXTRACT OF ANNUAL RETURN**

The extract 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 furnished at **Annexure-'E'**.

The same is also available on the website of the Company:

**[www.ausom.in/PDF/Annual-Return/ANNUAL%20RETURN\\_MGT-7\\_2019\\_AUSOM%20ENTERPRISE%20LIMITED.pdf](http://www.ausom.in/PDF/Annual-Return/ANNUAL%20RETURN_MGT-7_2019_AUSOM%20ENTERPRISE%20LIMITED.pdf)**

## **14. AUDITORS AND QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY AUDITORS**

### **STATUTORY AUDITORS**

M/s. SWETA PATEL & ASSOCIATES, Chartered Accountants, Ahmedabad was appointed as Statutory Auditors at the 33<sup>rd</sup> Annual General Meeting of the Company held on 28th September, 2017 who shall hold such office for a period of 5 years until the conclusion of 38th Annual General Meeting. There is no qualification or adverse remarks or disclaimers made by the auditors in their report on the financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2019. The Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

### **SECRETARIAL AUDITOR**

The Board pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has appointed MR. NIRAJ TRIVEDI, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report in prescribed format MR-3 for the financial year ended March 31, 2019 is annexed here with marked at **Annexure-'F'** to this Report.

As regards the observations made in the said Secretarial Audit Report, in respect of not spending on CSR activities, explanation is given in this Board Report under the heading 'Corporate Social Responsibility'.

## **15. WHISTLE BLOWER POLICY (VIGIL MECHANISM)**

As per requirement of Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014, the Company has formulated a Whistle Blower policy to establish a vigil mechanism for Directors and Employees of the Company to report their genuine concern or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct. The said policy is attached at **Annexure –'G'**. No personnel have been denied access to the Audit Committee.

## **16. SHARES**

### **a) BUY BACK OF SECURITIES**

The Company has not bought back any of its securities during the year under review.

### **b) SWEAT EQUITY**

The Company has not issued any Sweat Equity Shares during the year under review.

### **c) BONUS SHARES**

No Bonus Shares were issued during the year under review.

### **d) EMPLOYEES STOCK OPTION PLAN**

The Company has not provided any Stock Option Scheme to the employees.

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

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 do not apply to our Company considering the nature of activities i.e. trading of commodities, bullions, gold jewellery, shares and securities, units of mutual funds, diamonds and derivatives.

During the year under consideration, the Company has earned Foreign Exchange amounting earning Rs. 420.33 Cr. (Previous years Nil) and outgo is Rs. 413.92 Cr. (Previous years Nil)

## **18. CHANGE IN DIRECTORS / KEY MANAGERIAL PERSONNELS**

### **RETIREMENT BY ROTATION:**

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 and Articles of Association of the Company, Mr. Zaverilal V. Mandalia will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his reappointment.

Smt. Nirupama H. Vaghjiani, Shri Hitesh B. Adeshara and Shri Ghanshyambhai B. Akbari were appointed as Independent Non-Executive Directors of the Company by the Members at the Annual General Meeting ("AGM") of the Company held on 29<sup>th</sup> September, 2014 to hold office for 5 (five) years from the conclusion of 30<sup>th</sup> AGM till the conclusion of the 35<sup>th</sup> AGM. Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Smt. Nirupama H. Vaghjiani, Shri Hitesh B. Adeshara and Shri Ghanshyambhai B. Akbari, being eligible for re-appointment as Independent Directors and offering themselves for re-appointment, are proposed to be re-appointed as Independent Directors for second term of five years from the conclusion of this AGM till the conclusion of the 40<sup>th</sup> (Fortieth) AGM.

At the Board Meeting held on 10<sup>th</sup> August, 2015 Mr. Kishor P. Mandalia was re-appointed as the Managing Director for a term of 5 years with effect from 7<sup>th</sup> August, 2015. The said appointment was confirmed by the Members at the meeting held on 29<sup>th</sup> September, 2015. The said term of appointment will be expired on 7<sup>th</sup> August, 2020. Considering his experience, dedication and leadership, the Board of Directors at their meeting held on 13<sup>th</sup> August, 2019 with the recommendation of Nomination and Remuneration Committee has decided to re-appoint Mr. Kishor P. Mandalia as Managing Director and CEO for further period of 5 years w.e.f. 7<sup>th</sup> August, 2020. The Board recommends his reappointment.

The detailed profiles of above Directors are provided in the Notice to this report as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, Mr. Ravikumar Pasi resigned as a Company Secretary & Compliance Officer and Key Managerial Personnel of the Company w.e.f. 31<sup>st</sup> August, 2018 and Mr. Yogesh Ghatge was appointed as a Company Secretary & Compliance Officer and Key Managerial Personnel of the Company w.e.f. 8<sup>th</sup> October, 2018.

### **FORMAL ANNUAL EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19(4) read with Schedule II, Part-D of the Securities and Exchange Board of India (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 its committees. The performance evaluation of the Independent directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

### **DECLARATION OF INDEPENDENT DIRECTOR(S)**

The definition of Independence of Directors is derived from Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015 and Section 149(6) of the Companies Act, 2013.

All the Independent Directors have submitted their declaration to the Board to the effect that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves as Independent Directors under the provisions of Section 149(7) of the Companies Act, 2013 and the relevant rules.

## 19. PERSONNEL

### A. Disclosure under section 197 (12) and rules 5(1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

The requisite details relating to ratio of remuneration, percentage increase in remuneration etc. as stipulated under the above rules are annexed at **Annexure–'H'** to this report.

### B. Statement of Particulars of top ten Employees Pursuant to Rule 5 (2) of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014

- (i) Name of top 10 Employees in terms of remuneration draw: The same shall be provided on request.
- (ii) Employed throughout the year and were in receipt of remuneration of not less than Rs. 1.02 Crore per annum: Not Applicable
- (iii) Names of employees employed for part of the year and were in receipt of remuneration of not less than Rs. 8.5 Lacs per month: Not Applicable.
- (iv) Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and hold by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: Not Applicable
- (v) None of the Company's employees is related to any directors.

## 20. NUMBER OF BOARD MEETINGS

During the Financial Year 2018-19, total 5 (Five) meetings of Boards were held respectively on 29/05/2018, 08/08/2018, 08/10/2018, 25/10/2018 and 07/02/2019.

## 21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans given, investments made, guarantees given and securities provided under Section 186 of the Companies Act, 2013 and Rules thereof along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statement at Note 4, 12 and 36 to this Financial Statement.

## 22. JOINT VENTURE

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements and the same is part of this Annual Report. Further, a statement containing salient features of the Financial Statements of the Company's joint venture is given in prescribed form AOC-1. The said form is attached at **Annexure – 'I'**.

## 23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties under Section 188 of Companies Act, 2013 and the Regulation 23 of SEBI (LODR), Regulations, 2015 were in the ordinary course of business and on an arm's length basis. 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.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link:

<http://www.ausom.in/PDF/POLICY/Material%20Related%20Party%20Transaction%20Policy.pdf>

The particulars in prescribed form AOC-2 is attached at **Annexure – 'J'**.

## 24. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its Responsibility Statement:—

- a) In 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 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;
- 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; and
- 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.

## **25. RISK MANAGEMENT POLICY**

your Directors have voluntarily constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. A Group Risk Management Policy was reviewed and approved by the Committee.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organizational structures, processes, standards, code of conduct and behaviours that governs how the Group conducts the business of the Company and manages associated risks.

The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by all three being fully aligned across Group wide Risk Management, Internal Control and Internal Audit methodologies and processes.

## **26. REPORT ON THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSEL) ACT 2013.**

In terms of Section 22 of the SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSEL) ACT 2013, we report that, during 2018-19, no case has been filed under the said act.

## **27. CONSTITUTION OF INTERNAL COMPLAINTS COMMITTEE UNDER SEXUAL HARRESSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSEL) ACT 2013.**

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **28. MAINTENANCE OF COST RECORDS**

The Company is not required to maintain any cost records as specified by Central Government under Section 148(1) of the Companies Act, 2013 and accordingly such accounts and records are not made and maintained by the Company.

## **29. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared in the past by the company.



**30. ACKNOWLEDGEMENTS**

Your Directors place on record their sincere thanks to bankers, business associates, consultants and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

**For AuSom Enterprise Limited  
For and on behalf of the Board of Directors,**

**Place: Ahmedabad  
Date: 13th August, 2019**

**Kishor P. Mandalia  
Managing Director  
Din: 00126209**

**Vipul Z. Mandalia  
Director  
Din: 02327708**