



# **Urbaknitt Fabs Limited**

(Formerly known as Pankaj Polypack Limited)

6<sup>th</sup> ANNUAL REPORT  
2016 - 2017



Chandantara Dugar Group



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### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliance by Companies through electronic mode. In accordance with the circulars issued by the Ministry, Companies can now send various notices and documents including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants and in respect of physical holdings with the Company.



## Corporate Information

### Board of Directors

Shri. Manoj Kumar Dugar	–	Chairman & Managing Director
Shri. Rajesh Kumar Dugar	–	Director (w.e.f. 29.08.2016)
Shri. Dilip Kumar Surana	–	Director
Shri. Manoj Kumar	–	Director
Shri Arvind Surana	–	Director
Smt Renu Dugar	–	Director

### Audit Committee:

Shri. Manoj Kumar	–	Chairman
Shri Dilip Kumar Surana	–	Member
Shri. Manoj Kumar Dugar	–	Member

### Registered Office

"Plot No- 10 & 11, MCH No 1-8-304to 307/10  
Pattigadda Road, Hyderabad- 500003  
Telangana

### Auditors

M/s Luharuka & Associates  
5-4-184/3&4, Soham Mansion, 2<sup>nd</sup> Floor,  
M.G. Road, Secunderabad, Telangana-500003

### Internal Auditor

Suresh Chand Agrawal  
No.6, 2<sup>nd</sup> Floor, Hydri Complex,  
5-5-109 to 132, Pan Bazar Road  
Ranigung, Secundrabad-500003

### Secretarial Auditor

Y Koteswara Rao  
H.No.48-345,GaneshNagar Colony,  
Chinthal, HMT Road,  
Hyderabad, Telangana-500054

### Listing

BSE Limited (BSE)  
Mumbai

### Works

Plot No. 14, CIE, Expansion  
Programme Gandhi Nagar, Balangar,  
Hyderabad, Telangana- 500037.

### Nomination and Remuneration Committee

Shri. Dilip Kumar Surana	-	Chairman
Shri. Arvind Surana	-	Member
Shri. Manoj Kumar	-	Member

### Stakeholder Relationship Committee

Shri. Arvind Surana	-	Chairman
Shri. Dilip Kumar Surana	-	Member
Shri. Manoj Kumar	-	Member

### Company Secretary and Compliance officer

Mr. D. Giridhar Reddy

### Chief Financial Officer

Mr. N. Nageshwar

### Bankers

Industrial Development Bank of India Limited  
H.No.3-3-54/A, Kachiguda Station Road,  
Hyderabad, Telangana-500027

### Share Transfer Agents

M/s Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Finance District, Nanakramguda,  
Hyderabad, Telangana-500032



## NOTICE

Notice is hereby given that the 6<sup>th</sup> Annual General Meeting of the members of M/s Urbaknitt Fabs Limited (formally Known as Pankaj Polypack Limited) will be held on Friday, the 29<sup>th</sup> day of September 2017 at 11:00 A.M. at Lions Bhavan, IIIrd Floor, 1-8-179, Lakhapath Building, Behind HDFC Bank, Paradise Circle, Secundrabad-500003 to transact the following items of business:

### ORDINARY BUSINESS:

1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2017 and the Profit and Loss Account for the year ended 31<sup>st</sup> March 2017, together with the reports of the Directors' and Auditors' thereon.
2. To appoint M/s. Luharuka & Associates, Chartered Accountants, Hyderabad (Reg. No.01882S) as Auditors of the Company to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors of the Company to fix their remuneration.

By Order of the Board  
For Urbaknitt Fabs Limited  
(Formally known as Pankaj Polypack Limited)

Place: Secundrabad  
Date: 01.09.2017

Sd/-  
**Manoj Kumar Dugar**  
Chairman & Managing Director  
(DIN 00352733)

### NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself/herself. Such a proxy need not be a member of the company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.



2. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed **from Saturday, 23<sup>rd</sup> September, 2017 to Friday, 29<sup>th</sup> September, 2017 (both days inclusive)**.
4. Statement as required under Section 102 of the Companies Act, 2013, in respect of special business is not applicable.
5. In case you are holding the Company's shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses email id, ECS mandate. In case you are holding Company's shares in physical form, please inform Company's STA viz. M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Telangana by enclosing a photocopy of blank cancelled cheque of your bank account.
6. M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Telangana, the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
7. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/Company.

Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.

8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered office of the Company on all working days, between 11.00 A.M. to 1.00 P.M. up to the date of the meeting.
9. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.



10. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / STA.
12. Electronic copy of the Annual Report for 2016-17 which includes Notice of the 6<sup>th</sup> Annual General Meeting, Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016-17 is being sent in the permitted mode.
13. Voting through electronic means  
Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules 2014, the company is pleased to offer e-voting facilities to the members to cast their votes electronically on all resolutions set forth in this notice.  
Members who do not have e-voting facility can take the benefit of ballot form enclosed herewith.  
Complete instructions on e-voting and ballot are annexed herewith and forms part of this notice.

The instructions for e-Voting are as under:

- a) Launch internet browser by typing the following URL: <https://evoting.karvy.com>.
- b) User ID and Password for e-voting is provided in the table given at the bottom of this document.
- c) Click on Shareholder – Login.
- d) Enter user ID and password as initial password /PIN. Click login.



- e) The Password Change Menu will appear on your screen. Change the password/ PIN with new password of your choice with minimum 8 digits/characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
- g) Select the "EVEN" (e-voting Event Number) of Pankaj Polypack Limited.
- h) Now you are ready for e-voting as Cast Vote page opens.
- i) Cast your vote by selecting an appropriate option and click on "Submit" and also "Confirm" when prompted.
- j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- k) Once you have voted on the resolution, you will not be allowed to modify your vote.
- l) Corporate/ Institutional shareholders (i.e. other than individuals, HUFs, NRIs etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to: info@urbaknitt.com with a copy marked to evoting@karvy.com.
- m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of <https://evoting.karvy.com> alternatively you can also contact evoting@karvy.com for any queries or grievances connected with remote e-voting service.

#### **Other Instructions:**

- (i) If you are already registered with Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited (Karvy) for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- (ii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- (iii) The facility of the Ballot paper shall be made available at the meeting and the Members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting.
- (iv) Members who have acquired shares after the dispatch of Notice of AGM and holding shares as on **cut-off date i.e. Friday, 22<sup>nd</sup> September, 2017**, may obtain the user ID and Password by sending a request at evoting@karvy.com.



However, if you are already registered with Karvy Computershare Private Limited for remote e-voting, then you can use your existing user ID and Password /PIN for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot User Details/ Password" option available on <https://evoting.karvy.com> or contact Karvy at (040) 6716 1606 or at toll free number 1800 3454 001. Alternatively, you can also contact on [evoting@karvy.com](mailto:evoting@karvy.com) for any queries or grievances connected with remote e-voting service.

- (v) The remote e-voting period shall commence on **Tuesday, 26<sup>th</sup> of September, 2017 (9.00 a.m. IST) and ends on Thursday, 28<sup>th</sup> September, 2017 (5.00 p.m. IST)**. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the **cut-off date of Friday, 22<sup>nd</sup> of September, 2017**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Karvy Computershare Private Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, Member shall not be allowed to change it subsequently.
- (vi) Mr. Y Koteswara Rao, Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process, in a fair and transparent manner.
- (vii) The scrutinizer shall, immediately after the conclusion of voting at the 6<sup>th</sup> AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in presence of at least two (2) witnesses not in the employment of the Company and make within a period not exceeding three (3) days from conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman & Managing Director of the Company or person authorized by him of the Company.
- (viii) The results shall be declared after receiving consolidated Scrutinizer's Report from the Scrutinizer. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.urbaknitt.com](http://www.urbaknitt.com) and on the websites of Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited (Karvy) <https://evoting.karvy.com> immediately after the declaration of the results by the Chairman & Managing Director or person authorized by him and forwarded to the BSE Limited (Stock Exchange) where the shares of the Company are listed.
- (ix) The resolutions passed by members through e-voting is / are deemed to have been passed, as if, they have been passed at the AGM.



## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors are pleased to present herewith the 6<sup>th</sup> Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31<sup>st</sup> March 2017.

### 1. Financial Results and Operations

The summarized financial results for the year ended 31<sup>st</sup> March 2017 as compared with the previous year are as under:

Rs. In Lakhs			
S.No.	Particulars	For the year 2016-17	For the year 2015-16
a.	Sales	91.55	374.79
b.	Profit / Loss before Interest, Depreciation & Tax	(28.95)	(17.37)
c.	Less: Interest	-	0.01
d.	Less: Depreciation	11.78	13.58
e.	Profit before Tax	(40.74)	(30.96)
f.	Less: Tax	—	—
g.	Add: Deferred Tax	0.58	0.75
h.	Net Loss	(41.33)	(31.71)

During the year under review the company has achieved a turnover of ₹ 91.55 lakhs as against 374.79 lakhs in the previous year. During the Year the company incurred a Net loss before tax of 40.74 lakhs as against a loss of 30.96 lakhs in the previous year.

### 2. Dividend

Due to losses incurred, the Company has not recommended any dividend for the year under review.

### 3. Fixed Deposits

The Company has not accepted any fixed deposits from the public and no amount of principal or interest on public deposits was outstanding as on the balance sheet date within the meaning of section 73 and section 74(1) of the Companies Act, 2013 and Rule 2(c) of Companies (Acceptance of Deposits) Rules, 2014.



#### **4. Transfer to Reserves**

No amount was transferred to the Reserves for the year ending 31.03.2017 since the company has incurred losses during the period.

#### **5. Consolidated Financial Performance**

As on March 31, 2017, your company has only one subsidiary. A statement containing salient features of the financial statement of the subsidiary as required by the Companies Act, 2013, is enclosed. Accordingly, this annual report does not contain the Balance Sheet of Profit & Loss Account to have a certified copy of the Balance Sheet and the financial statements of the subsidiary may write to the company Secretary. These documents are available for inspection during the business hours at the registered office of the Company. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

#### **6. Board of Directors**

Relevant information on composition of the Board and number of meetings is provided in 'Board of Directors' section of Corporate Governance Report which forms part of this Annual Report.

- ♦ **Director appointments:**

During the year, the Board of Directors have not appointed any directors.

- ♦ **Director Resignations:**

During the year there were no changes in the Board.

- ♦ **Statement on Declaration given by Independent Directors under sub-Section (6) of Section 149**

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of Independence as provided in sub-section (6).

- ♦ **Disclosures about receipt of any commission by MD /WTD from company or any commission/remuneration from the subsidiaries**

The Managing Director, or Whole time directors are not in receipt of any commission from the company or any remuneration or commission from the subsidiaries.



**7. Evaluation of the Board's Performance.**

In compliance with the Companies Act, 2013 and Clause 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the performance evaluation of the Board and of its Committees was carried out during the year under review. More details on the same is in the Corporate Governance Report.

**8. Familiarization Programme for Independent Directors**

The company has formulated a familiarization programme for the Independent Directors to provide insights into the company to enable the Independent Directors to understand its business in depth and contribute significantly to the company.

**9. Nomination and Remuneration Policy**

The company follows a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination and Remuneration Committee and the Board. More details on the same are given in the Corporate Governance Report.

**10. Director's Responsibility Statement**

In accordance with clause (c) of sub-section 3 of section 134 of the Companies Act, 2013, the Directors of the Company state:

- a. That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review.
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2017 on a 'going concern basis'.

- e. That the directors have laid down internal financial controls to be followed by the company and that such financial controls are adequate and 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 efficiently.

## **11. Particulars of Employees**

The remuneration paid to your Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) for the time being in force). The salient aspects covered in the Nomination and Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this report.

The information required under Section 197 (12) of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure –I**.

## **12. Auditors**

### **a) Statutory Auditors**

The Statutory Auditors of the company M/s Luharuka & Associates, Chartered Accountants, Hyderabad (Firm No. 01882S) retire at the ensuing Annual General Meeting and are eligible for re-appointment. Your company has received intimation to the effect that, Proposed re-appointment, if made would be within the Prescribed limit under Section 141 of the Companies Act 2013 and also in compliance with the requirements of the Listing Agreement regarding Peer Review. They have confirmed their willingness to accept office, if re-appointed.

The Board based on the recommendation of the Audit Committee, recommended the appointment of M/s. Luharuka & Associates, Chartered Accountants as Statutory Auditors of the Company.

The Auditors' Report to the Shareholders for the year under review does not contain any Qualifications.

There are no qualifications, reservations or adverse remarks made by M/s. Luharuka & Associates, Chartered Accountants Statutory Auditors in their Consolidated and Standalone report for the Financial Year ended 31st March, 2017.

### **INDIAN ACCOUNTING STANDARDS (IND-AS)**

The Ministry of Corporate Affairs (MCA) on February 16, 2015, notified that Indian Accounting Standards (Ind AS) are applicable to certain classes of companies from April 1, 2016 with a transition date of April 1, 2015. Ind AS has replaced the previous Indian GAAP prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended). Ind AS is applicable to the Company from April 1, 2016. The reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been set out in the notes to accounts in the standalone financial statement and in the consolidated financial statement.

### **Internal Auditor**

The Board of Directors based on the recommendation of the Audit Committee have re-appointed Mr Suresh Chandra Agrawal, Chartered Accountant, as the Internal Auditor of your Company. The Internal Auditor is submitting their reports on quarterly basis.

#### **b) Secretarial Auditors**

The Board has appointed Mr Y Koteswara Rao, Company Secretary in Practice, to carry the Secretarial Audit under the provisions of section 204 of the Companies Act, 2013 for the financial year 2016-17. The Report of the Secretarial Auditor is annexed to this report as **Annexure - II**.

### **13. Risk Management Policy**

The company has instituted a proper mechanism for identifying and establishing controls to effectively manage different kinds of risks. At present the threats, risks and concerns being felt are stiff competition in the market, consolidation of manufacturers, who have branded products and fluctuations in prices as well as availability of raw materials.

### **14. Vigil Mechanism**

The Company has established a vigil mechanism and oversees through the committee, the genuine concerns expressed by the employees and other Directors.

The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co-employees and the Company. The company has also set out a whistle blower policy in terms of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, so as to ensure that the business is conducted with integrity and the company's financial information is accurate.

The Policy on Vigil Mechanism and whistle blower policy may be accessed on the company's website.

#### **15. Declaration about Compliance with Code of Conduct by Members of the Board and Senior Management Personnel**

The company has complied with the requirements about the Code of Conduct for Board members and Senior Management Personnel.

#### **16. 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 workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainee) are covered under the Policy. The following is a summary of sexual harassment complaints received and disposed off during each year:

- a) No. of Complaints Received : NIL
- b) No. of Complaints Disposed off : NIL

#### **17. Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo**

Particulars pursuant to the provisions of section 134 read with rule 8 of Companies (Accounts) Rules, 2014 of the Companies Act, 2013 are given in the **Annexure – III**, forming a part of this Report.

#### **18. Disclosures Under The Companies Act, 2013**

##### **i. Extract of Annual Return**

An Extract of Annual Return prepared in accordance with section 92(3) of the Companies Act, 2013 in Form MGT-9 is annexed as **Annexure – IV** to this Report.

**ii. Number of Board Meetings**

The Board of Directors met Seven (7) times during the year 2016-17. The details of Board Meeting and attendance of Directors is provided in the Corporate Governance Report.

**iii. Change in Share Capital**

The Company has not increased any Share Capital during the year 2016-17.

**iv. Composition of Audit Committee**

The Board has constituted the Audit Committee which comprises of Shri. Manoj Kumar, as the Chairman and Shri Manoj Kumar Dugar, and Shri. Dilip Kumar Surana are the members of the committee. More details on the Committee are given in the Corporate Governance Report, forming a part of this Report.

**v. Related Party Transaction**

All Related Party Transactions are entered on Arm's Length basis and are in compliance of the Companies Act, 2013 and the Listing Agreement.

There are no materially significant related party transactions made by the company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the company at large.

All Related Party Transactions are presented to the Audit Committee and the Board. Approval is obtained for transactions which are foreseeable and repetitive in nature. A statement of all Related Party Transactions is presented before the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of the transactions.

**vi. Loans/Guarantees/Investments under section 186 of Companies Act, 2013**

No Loans/ Guarantees/ Investments under section 186 of Companies Act, 2013 have been made during the year 2016-17.

**vii. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The provision section 135 of Companies Act, 2013 is not applicable to the company

**19. Corporate Governance**

Pursuant to Regulation 27 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, a separate report on corporate governance has been included in this Annual Report in **Annexure –V** together with a certificate

from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2016-17. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report.

## **20. Management Discussion and Analysis Report**

Pursuant to the provisions of Clause 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Management Discussion & Analysis is herewith annexed as **Annexure – VI** to this report.

## **21. Significant and Material Orders passed by the Regulators or Courts**

There are NO material significant orders passed by the Regulators or Courts which would impact the going concern status of the company and its future operations.

## **22. Human Resource**

Your company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and the work environment propels them to achieve higher levels of performance. The unflinching commitment of employees is the driving force behind the company's vision. Your company appreciates the dedication of its employees.

## **23. Details of Policy developed and implemented by the company on its Corporate Social Responsibility initiatives**

The Companies Act, 2013 lays down a mandatory provision wherein every company having

- ♦ Net worth of rupees five hundred crore or more, or
- ♦ Turnover of rupees one thousand crore or more or
- ♦ Net profit of rupees five crore or more

during any financial year, shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

As the said provisions are not applicable to the company, it has not developed and implemented any Corporate Social Responsibility initiatives.

**24. Transfer of Unclaimed Dividend to Investor Protection Fund.**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid.

**25. Shares**

**Buy back of Securities**

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

**Sweat Equity**

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

**Bonus Shares**

No Bonus Shares were issued during the financial year under review.

**Employees Stock Option Plan**

The Company has not provided for any Stock Options to its employees during the financial year under review.

**26. Acknowledgements**

Your Directors wish to express their appreciation for the cooperation and continued support received from the Industrial Development Bank of India, the Company's Bankers. Your Director's also take this opportunity to place on record their appreciation for the dedicated services rendered by the executives, managers, officers, employees and workers for the dedication and sense of commitment shown by the employees at all levels and their contribution towards the performance of the Company.

By Order of the Board  
For **Urbaknitt Fabs Limited**

(Formally known as Pankaj Polypack Limited)

Place: Secundrabad

Date: 01.09.2017

**Manoj Kumar Dugar**  
Chairman & Managing Director

## **Annexure -I**

### **Particulars of Employees information as per Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

#### **Introduction:**

The Remuneration Policy of the Company is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and Senior Officials of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with the Chairman of the Board as it deems appropriate. Remuneration of the Chairman is recommended by the Committee to the Board of the Company.

#### **Applicable:**

This Remuneration Policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company.

#### **Guiding principle:**

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel. While designing remuneration packages, industry practices and cost of living are also taken into consideration.

#### **Statutory Requirements:**

- ♦ Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.

- ♦ Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- ♦ The Company with the approval of the Shareholders and Central Government may authorise the payment of remuneration exceeding eleven percent of the net profits of the Company, subject to the provisions of Schedule V.
- ♦ The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.
- ♦ The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.
- ♦ The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

### **Directors:**

As per the Policy followed by the Company since inception the non-executive directors are paid remuneration in the form of sitting fees for attending Board and Committee meetings as fixed by the Board of Directors from time to time subject to statutory provisions.

Remuneration of Whole Time Directors including Managing Director reflects the overall remuneration philosophy and guiding principle of the Company. When considering the appointment and remuneration of Whole Time Directors, the Nomination & Remuneration Committee (NRC) considers pay and employment conditions in the industry, merit and seniority of the person and the paying capacity of the Company.

The NRC while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

The NRC while considering a remuneration package must ensure a balance between fixed and performance linked variable pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The NRC considers that a successful Remuneration Policy must ensure that some part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

The term of office and remuneration of Whole Time Directors are subject to the approval of the Board of Directors, shareholders and the limits laid down under the Companies Act, 2013 from time to time.

The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.

### **Reward principles and objectives:**

The Company's Remuneration Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Companies Act 2013, inter alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc.

### **Reward policies:**

Remuneration packages for Whole Time Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly.

The Whole Time Directors' remuneration comprises of salary, perquisites and performance based commission/ reward apart from retirement benefits like P.F., Superannuation, Gratuity, etc. as per Rules of the Company.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and longterm.

The Whole Time Directors are entitled to customary non-monetary benefits such as company cars, furnished accommodation, health care benefits, leave travel, communication facilities, etc. Their terms of appointment provide for severance payments as per the Companies Act.

**Key Managerial Personnel [KMP] Senior Management:**

Appointment of KMP & senior management and cessation of their service are subject to the approval of the NRC and the Board of Directors. Remuneration of KMP and other senior management personnel is decided by the Managing Director (MD) on the recommendation of the Whole Time Director concerned, where applicable, broadly based on the Remuneration Policy in respect of Whole Time Directors. Total remuneration comprises of:

1. A fixed base salary - set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
2. Perquisites – in the form of house rent allowance/ accommodation, furnishing allowance, reimbursement of medical expenses, conveyance, telephone, leave travel, etc.
3. Retirement benefits - contribution to PF, superannuation, gratuity, etc. as governed by respective acts and rules prevailing in the Company from time to time.
4. Motivation /Reward - A performance appraisal is carried out annually and promotions/ increments/ rewards are decided by MD based on the appraisal and recommendation of the concerned Whole Time Director, where applicable.
5. Severance payments - in accordance with terms of employment, and applicable statutory requirements, if any.

**Other employees:**

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policies of motivation / reward / severance payments are applicable to this category of personnel as in the case of those in the management cadre.

### **Removal:**

The Committee may recommend, to the Board removal of a Director, KMP or Senior Management Personnel due to following reasons:

- ♦ Any disqualification
- ♦ Misconduct
- ♦ Breach of Contract or trust
- ♦ Conflict in interest
- ♦ Such recommendation to the Board shall be with reasons recorded in writing.

### **Disclosure of information:**

Information on the total remuneration of members of the Company's Board of Directors, Whole Time Directors and KMP/ senior management personnel may be disclosed in the Company's annual financial statements as per statutory requirements.

### **Application of the Remuneration Policy:**

This Remuneration Policy shall continue to guide all future employment of Directors, Senior Management including Key Managerial Personnel and other employees. Any departure from the policy can be undertaken only with the approval of the Board of Directors.

**Annexure II**  
**FORM NO- MR-3**

**SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended 31<sup>st</sup> March , 2017**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**To**  
**The Members,**  
**URBAKNITT FABS LIMITED,**  
(Formally known as PANKAJ POLYPACK LIMITED),  
**Plot No 10 &11,MCH No 1-8-304 to 307/10 ,**  
**Pattigadda Road, Hyderabad, - 500003.**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Urbaknitt Fabs Limited (Formally known as Pankaj Polypack Limited) (CIN: L17120TG2011PLC072532)**, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion , the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Urbaknitt Fabs Limited (Formally known as Pankaj Polypack Limited)** for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits ) Regulations, 2014 **(Not Applicable during the audit period);**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **(Not Applicable during the audit period)**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. **(Not Applicable during the audit period)**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable during the audit period)**

**I have also examined compliance with the applicable clauses of the following:**

- i) Secretarial Standards issued by The Institute of Company Secretaries of India as notified from time to time.
- ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda was sent in advance except when board meetings were called by giving less than seven days notice in accordance with the provisions of section 173 of the act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out and are recorded in the minutes of the meeting of the Board of Directors or Committee of the Board as the case may be and majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**I further report that** as far as possible, there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



**I further report that** as far as possible, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

However, there were no other specific major events that took place during the audit period such as mentioned below:

- (i) Public/Rights /debentures/sweat equity
- (ii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iii) Merger/amalgamation/reconstruction etc.
- (iv) Foreign technical collaborations

Place: Hyderabad  
Date : 23-08-2017

Sd/-  
**Y. KOTESWARA RAO**  
Practicing Company Secretary  
ACS No. 3785  
C.P. No.: 7427

## **'ANNEXURE A'**

**To**  
**The Members,**  
**URBAKNITT FABS LIMITED,**  
(Formally known as PANKAJ POLYPACK LIMITED),  
**Plot No 10 &11, MCH No 1-8-304 to 307/10 ,**  
**Pattigadda Road, Hyderabad, - 500003.**

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Hyderabad  
Date : 23-08-2017

Sd/-  
**Y. KOTESWARA RAO**  
Practicing Company Secretary  
ACS No. 3785  
C.P. No.: 7427



### ANNEXURE-III

**Information under section 134 of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 and forming a part of Directors' Report.**

#### Conservation of Energy

The Company is striving to conserve energy by adopting innovative measures to reduce wastage and optimize consumption. The adoption of the above helps to control the proportionate increase in total energy usage consequent to overall increase in production. The total energy consumption is given as per form-A below:

#### FORM - A

#### Form for Disclosure of Particulars with respect to Conservation of Energy

PARTICULARS	2016-17	2015-16
POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
♦ Units	56066 (approx)	788860
♦ Total Amount (Rs.)	436194	6137336
♦ Rate Per Unit (Rs.)	7.78 (approx)	7.78
b) Own Generation		
♦ Through diesel generator	-	-
♦ Units (Litres)	-	-
♦ Total Cost (Rs.)	-	-
2. Coal (specify quality and where used)		
♦ Quantity	-	-
♦ Total Cost (Rs.)	-	-
♦ Average Rate (Rs.)	-	-
3. Furnace Oil		
♦ Quantity (Litres)	-	-
♦ Total Amount (Rs.)	-	-
♦ Average rate (Rs.)	-	-
4. Natural gas		
♦ Quantity	-	-
♦ Total Amount (Rs.)	-	-
♦ Average rate (Rs.)	-	-
CONSUMPTION PER UNIT OF PRODUCTION:		
The consumption of raw material per Kg. is	-	23.71



**FORM B (See Rule 2)**

Form for Disclosure of Particulars with respect to Technology Absorption (R&D)

**A. Research and Developed (R&D) Not Applicable**

**B. Technology absorption, adoption and innovation Not Applicable**

**C. Foreign Exchange Earnings and Outgo:**

		<b>Amount in Rs.</b>	<b>Amount in Rs.</b>
Earnings	....	70,20,000	NIL
Outgo	....	1,90,33,406	NIL

By Order of the Board  
For Urbaknitt Fabs Limited  
(Formally known as Pankaj Polypack Limited)

Sd/-

**Manoj Kumar Dugar**  
Chairman & Managing Director

Sd/-

**Rajesh Kumar Dugar**  
Director

Place: Secundrabad  
Date: 01.09.2017

**ANNEXURE - IV**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2017**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L55101TG2011PLC072532
2.	Registration Date	07/02/2011
3.	Name of the Company	URBAKNITT FABSLIMITED (Formally Known as PANKAJ POLYPACK LIMITED)
4.	Category/Sub-category of the Company	COMPANY HAVING SHARE CAPITAL
5.	Address of the Registered office & contact details	Plot No 10 &11,MCH No 1-8-304 to 307/10, Pattigadda Road Hyderabad, Telangana, 500003. Email-Id: info@urbaknitt.com
6.	Whether listed company	YES (LISTED-IN- BSE)
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s.Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana Ph: 040-6716 1606 / 1602

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated.

S.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Sale of Garments	2008 Item Code No. (ITC Code) 47711	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:

S.No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate company	% Of Shares	Applicable Section
1	Morbido Merchandise Pvt Ltd Shyam Arihant, 2 nd Floor, 1-8- 304-7/10 &11, Pattigadda Road, Secunderabad Rangareddi TG 500003 IN	U17100TG2016PTC110537	Subsidiary		2(87)
2	Ayushman Merchants Pvt Ltd Shyam Arihant: 5th Floor, Plot No.10 & 11, MCH No.1-8-304 to 307/ 10, Pattigadda Road, Secunderabad - 500 003. Telangana, INDIA	U51909TG2007PTC097280	Associate	—	2(6)
3	Dugar Polymers Limited Shyam Arihant: 5th Floor, Plot No.10 & 11, MCH No.1-8-304 to 307/10, Pattigadda Road, Secunderabad - 500 003. Telangana, INDIA	U17119GJ2003PLC042041	Associate	—	2(6)
4	Ayushman Solutions Private Limited Shyam Arihant: 5th Floor, Plot No.10 &11, MCH No.1-8-304 to 307/10, Pattigadda Road, Secunderabad-500003. Telangana, INDIA	U25203TG2013PTC086170	Associate	—	2(6)
5	Defodil Dealcom Private Limited Dugar Arcade, 1-11-240/5/1, 5th Floor, Shyamlal Bulding, Begumpet, Hyderabad - 500 016. Telangana,INDIA.	U51109WB2008PTC121716	Associate	—	2(6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup As Percentage Of Total Equity)

##### i. Category- Wise Shareholding Pattern

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters and Promoter Group</b>									
(1) Indian									
a) Individual/HUF	1911052	0	1911052	62.10	1911052	0	1911052	62.10	0
Central Govt	0	0	0	0	0	0	0	0	-
State Govt (s)	0	0	0	0	0	0	0	0	-
Bodies Corp.	0	0	0	0	0	0	0	0	0
Banks / FI	0	0	0	0	0	0	0	0	-
Any Other....(PAC)	0	0	0	0	0	0	0	0	-
<b>Sub-total(A)(1):-</b>	1911052	0	1911052	62.10	1911052	0	1911052	62.10	0.34
(2) Foreign									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	-
b) Other -Individuals	0	0	0	0	0	0	0	0	-
c) Bodies Corp.	0	0	0	0	0	0	0	0	-
d) Banks / FI	0	0	0	0	0	0	0	0	-
e) AnyOther....	0	0	0	0	0	0	0	0	-
<b>Sub-total(A)(2):-</b>	0	0	0	0	0	0	0	0	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	1911052	0	1911052	62.10	1911052	0	1911052	62.10	0.34
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	-
b) Banks / FI	0	0	0	0	0	0	0	0	-
c) Central Govt	0	0	0	0	0	0	0	0	-
d) State Govt(s)	0	0	0	0	0	0	0	0	-
e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
f) Insurance Companies	0	0	0	0	0	0	0	0	-
g) FIIs	0	0	0	0	0	0	0	0	-
h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	-
i) Others (specify)	0	0	0	0	0	0	0	0	-
<b>Sub-total(B) (1):-</b>	0	0	0	0	0	0	0	0	-
2. Non Institutions									
a) Bodies Corp.	215045	5789	220834	7.17	199980	5789	205769	6.68	(0.49)
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	459579	123211	582800	18.94	475342	122515	597857	19.43	0.49
ii) Individual shareholders holding nominal share capital in excess of Rs 1lakh	358890	0	358890	11.66	358890	0	358890	11.66	7.16
c) Others (specify)									
1. NRI	3268	0	3268	0.11	2852	0	3268	0.11	0
2. Clearing Members		662	662	0.02		662	662	0.02	0
<b>Sub-total (B)(2):-</b>	1036782	129666	1166448	37.90	1037488	128960	1166448	37.90	0
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	1036782	129666	1166448	37.90	1037488	128960	1166448	37.90	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	-
<b>Grand Total(A+B+C)</b>	2947834	129666	3077500	100	2988540	128960	3077500	100	-

## ii. Shareholding of Promoters/Promoters Group:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	RENU DUGAR	215360	7.00	0	215360	7.00	0	0
2	TARA DEVI DUGAR	369325	12.00	0	369325	12.00	0	0
3	MANOJ KUMAR DUGAR	256525	8.34	0	256525	8.34	0	0
4	RAJESH KUMAR DUGAR	276975	9.00	0	276975	9.00	0	0
5	RENU DUGAR	300362	9.76	0	300362	9.76	0	0
6	CHIRAG DUGAR	246250	8.00	0	246250	8.00	0	0
7	DIVAY DUGAR	246255	8.00	0	246255	8.00	0	0
	<b>TOTAL</b>	<b>1911052</b>	<b>62.10</b>	<b>0</b>	<b>1911052</b>	<b>62.10</b>	<b>0</b>	<b>0</b>

## iii. Change in Promoter Shareholding (please Specify, if there is No Change):

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	DIVAY DUGAR				
	At the beginning of the year	246255	8.00	246255	8.00
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc): Transfer/ Purchase				
	At the End of the year	246255	8.00	246255	8.00
2	CHIRAG DUGAR				
	At the beginning of the year	246250	8.00	246250	8.00
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc): Transfer/ Purchase				
	At the End of the year	246250	8.00	246250	8.00

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
3	TARA DEVI DUGAR				
	At the beginning of the year	369325	12.00	369325	12.00
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc): Transfer/ Purchase				
	At the End of the year	369325	12.00	369325	12.00
4	MANOJ KUMAR DUGAR				
	At the beginning of the year	256525	8.34	256525	8.34
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc): Transfer/ Purchase				
	At the End of the year	256525	8.34	256525	8.34
5	RENU DUGAR				
	At the beginning of the year	215360	6.99	215360	6.99
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc): Transfer/ Purchase				
	At the End of the year	215360	6.99	215360	6.99
6	RENU DUGAR				
	At the beginning of the year	300362	9.76	300362	9.76
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc): Transfer/ Purchase				
	At the End of the year	300362	9.76	300362	9.76
7	RAJESH KUMAR DUGAR				
	At the beginning of the year	276975	9.00	276975	9.00
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc): Transfer/ Purchase				
	At the End of the year	276975	9.00	276975	9.00



**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year				
1	Balram Chainrai	294000	9.55	294000	9.55
2	BMA Wealth Creators Ltd	0	0	64831	2.11
3	Bhagchand Maheshwari	40000	1.30	40000	1.30
4	Seahorse Merchantile Company Private Limited	30000	0.97	30000	0.97
5	Topstar Infrastructures Private Limited	0	0	25000	0.81
6	Radhagobind Commercial Limited	0	0	25000	0.81
7	Mayadevi Bihani	24890	0.81	24890	0.81
8	Ashok Humad	18750	0.61	19250	0.63
9	Narayan Prasad Mundhra	17761	0.58	17761	0.58
10	Bonanza Portfolio Ltd	18947	0.62	14982	0.49

**v. Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	<b>Rajesh Kumar Dugar</b>				
	At the beginning of the year	276975	9.00	276975	9.00
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): <b>Transfer/ Sell</b>				
	At the End of the year	276975	9.00	276975	9.00
<b>2</b>	<b>Arvind Surana</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): <b>NIL</b>				
	At the End of the year	0	0	0	0

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>3</b>	<b>Renu Dugar</b>				
	At the beginning of the year	215360	6.99	215360	6.99
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): <b>Transfer/ Purchase</b>				
	At the End of the year	215360	6.99	215360	6.99
<b>4</b>	<b>Manoj Kumar Dugar</b>				
	At the beginning of the year	256525	8.34	256525	8.34
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): <b>Transfer/ Purchase</b>				
	At the End of the year	256525	8.34	256525	8.34
<b>5</b>	<b>Manoj Kumar</b>	0	0	0	0
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): <b>NIL</b>				
	At the End of the year	0	0	0	0
<b>6</b>	<b>Dilip Kumar Surana</b>				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): <b>NIL</b>				
	At the End of the year	0	0	0	0

## V. INDEBTEDNESS (Indebtedness Of The Company Including Interest Outstanding/ Accrued But Not Due For Payment):

	Secured Loans exluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at thebeginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
i) Addition	-	-	-	-
ii) Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director:

		Name of MD / WTD / Manager			Total Amount
		Manoj Kumar Dugar (MD)	WTD	Manager	
1.	Gross salary	12,00,000	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	-	-	-

		Name of MD / WTD / Manager			Total Amount
		Manoj Kumar Dugar (MD)	WTD	Manager	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	-	-	-
2	Stock Option	0	-	-	-
3	Sweat Equity	0	-	-	-
4	Commission – as % of profit – others, specify...	0	-	-	-
5	Others, please specify	0	-	-	-
	<b>Total (A)</b>	12,00,000	-	-	-
	<b>Ceiling as per the Act</b>	0	-	-	-

#### B. Remuneration to others Directors:

		Name of Directors					Total Amount
		Rajesh Kumar Dugar	Dilip Kumar Surana	Manoj Kumar	Aravind Surana	Renu Dugar	
1	<b>Independent Directors</b>						
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	-	-	-	-	-	-
2	<b>Other Non-Executive Directors</b>						
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	-	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-	-	-	-
	<b>Overall Ceiling as per the Act</b>	-	-	-	-	-	-

### C. Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD

	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	1,60,000	0	<b>1,60,000</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	1,60,000	<b>0</b>	<b>1,60,000</b>

### VII. PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENSES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD /NCLT/ COURT]	Brief Description
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## **Annexure- V**

### **REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange)

#### **1. A brief statement on Company's philosophy on Corporate Governance**

The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of affairs of the Company and help the Company to achieve the goal of maximizing value for all its stake owners. Your Company's business objective is to manufacture and market the Company's product in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees & business partners. Your Company is conscious of the fact that the success of a Company is a reflection of the professional conduct and ethical values of its management & employees. Your Company affirms its commitment to follow good corporate governance practices proactively.

#### **2. Board of Directors**

- (i) **Composition of Board:** As on 31<sup>st</sup> March 2017, the Board consists of Six Directors. The Company has an optimum combination of Executive and Non-Executive Directors with one Woman Director. One half of the Board of Directors of the Company comprise of independent directors. The composition of the Board is in conformity with Clause 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the Stock Exchanges.
- (ii) **Board and Committee Meetings:** None of the Directors on the Board is a member of more than 10 companies or Chairman of more than 5 committees across all the companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as at 31<sup>st</sup> March 2017 have been made by the Directors.
- (iii) The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as

also the number of directorships and committee memberships held by them in other companies are given below:

Name	Category	No. of Board Meetings During the year 2016-17		Whether attended last AGM or not held on 28th September 2016	No. of Directorships in all other Companies	No. of Committee positions held	
		Held	Attended			Chairman	Member
Mr. Manoj Kumar Dugar	Promoter Managing Director	7	6	Yes	4	Nil	1
Ms. Renu Dugar	Promoter Non Independent Women Director	7	6	No	2	Nil	Nil
Mr. Vijay Sushil Kumar Surana\$	Independent Director	4	1	No	2	Nil	Nil
Mr. Dilip Kumar Surana	Independent Director	7	7	Yes	3	1	3
Mr. Manoj Kumar	Independent Director	7	5	Yes	4	1	3
Mr. Arvind Surana	Independent Director	7	7	Yes	4	1	2
Mr. Niraj Goel \$\$	Non Executive Non Independent Director	4	2	—	—	Nil	Nil
Mr Rajesh Kumar Dugar*	Executive Director	3	1	No	4	Nil	Nil
Mr Pankaj Goel	Non Executive Non Independent Director	4	2	—	—	Nil	Nil

\* Appointed as a Director on 29/08/2016.

\$ Resigned on 29/08/2016

\$\$ Resigned on 29/08/2016

\$\$\$ Resigned on 29/08/2016

- (iv) Seven (7) Board Meetings were held during the year 2016-17 and the gap between 2 meetings did not exceed 120 days. The dates on which the Board Meetings held were 13<sup>th</sup> April, 2016, 28<sup>th</sup> May, 2016, 22<sup>nd</sup> June, 2016, 13<sup>th</sup> August, 2016, 29<sup>th</sup> August, 2016, 12<sup>th</sup> November, 2016, and 11<sup>th</sup> February, 2017.
- (v) During the year, the Board of Directors have appointed Shri Rajesh Kumar Dugar as Additional Directors of the Company with effect from 29<sup>th</sup> August, 2016 and was regularized as in the capacity of Executive Director Annual General Meeting held on Friday, 30<sup>th</sup> day of September, 2016.
- (vi) During the year, Shri Pankaj Goel, Shri Niraj Goel and Shri Vijay Sushil Kumar Surana all Non Executive Independent directors, resigned from the office on the 29<sup>th</sup> August, 2016 citing personal preoccupations

### 3. **Code of Conduct**

The Code of Conduct has been adopted by the Board of Directors, which is applicable to all the Directors, both Executive and Non-Executive and Senior Management team comprising of members of Management one level below the Executive Directors, including all functional heads.

A declaration by Managing Director affirming the compliance of the Code of Conduct for Board Members and senior management executives is also annexed separately at the end of this report.

#### **Information placed before the Board**

- ♦ Agenda papers along with detailed notes are being circulated in advance of each meeting of the board.
- ♦ Corporate Governance Reports
- ♦ Quarterly Compliance Reports & Investor Grievance Reports.
- ♦ Directors with material pecuniary or business relationship with the company.
- ♦ Quarterly Financial Results Standalone & Consolidated with Notes thereon
- ♦ Minutes of the Previous Board Meetings.
- ♦ Materially important Litigations, demand, show cause, penalty, prosecution notices.
- ♦ Operations Review Information i.e contracts etc.

### 4. **Policy for the Formal Evaluation of the Board:**

#### **Objective:**

The Object of this policy is to formulate the procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board of the Company.

#### **Criteria for Evaluation:**

The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Independent Directors and also the other directors on the Board.

- ♦ Attendance and contribution at Board and Committee meetings.
- ♦ His/her stature, appropriate mix of expertise, skills, experience, and understanding of business, strategic direction to align company's value and standards.
- ♦ His/her knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.(this criteria is adopted based on the basic qualification and other acquired skills of the individual)

- ♦ Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
- ♦ Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company so as to achieve organizational successes.
- ♦ Quality of decision making in the various business processes, understanding financial statements and business performance.
- ♦ His/her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
- ♦ His/her contribution to enhance overall brand image of the Company.

#### **Evaluation of the performance:**

The Committee shall evaluate the performance of each Director of the Board of the Company with reference of the authority under the Nomination and Remuneration Policy of the Company and also based on the above mentioned criteria.

Based on the performance evaluation of each and every Director and the Chairman of the Company, the Committee shall provide the ratings based on each criteria and also based on Board member feedback.

#### **Effectiveness of the board:**

Based on the ratings given by the Nomination & Remuneration Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company.

### **5. Audit Committee**

- i. The Audit committees are responsible for overseeing the work of the auditors. They also need to ensure that the auditor has an appropriately independent mindset from management and is truly objective. Ultimately, this will enable the audit committee to draw conclusions about the effectiveness of the audit.
- ii. The committee establishes procedures for accepting confidential, anonymous concerns relative to financial reporting and internal control matters. Often referred to as a "whistle-blower policy," the procedures allow individuals to bring questions and issues to light without fear of retribution. It is the audit committee's responsibility to create an environment that accommodates an open discussion in a culture of integrity, respect and transparency between management and auditors. The audit

committee is responsible for the appointment, compensation and oversight of the work of the auditor, 2013.

- iii. During the year, the Audit Committee has re-constituted with the resignation of Shri Vijay Sushil Kumar Surana. The Company's Audit Committee comprises of the following Directors of whom 75% are Non-Executive, Independent Directors:

- |                            |   |          |
|----------------------------|---|----------|
| 1. Shri Manoj Kumar        | - | Chairman |
| 2. Shri Manoj Kumar Dugar  | - | Member   |
| 3. Shri Dilip Kumar Surana | - | Member   |

- iv. The terms of reference and the role of the audit committee is to overview the accounting systems, financial reporting and internal controls of the company. The Powers and role of audit committee are as set out in the listing agreement and section 177 of the Companies Act, 2013.

The Company continued to derive immense benefit from the deliberations of the Audit Committee comprising three Non-Executive and Independent Directors. Shri. Manoj Kumar, Independent Director was heading the Audit Committee as Chairman.

- v. During the year 2016-17 the Audit Committee met Four (4) times on 28<sup>th</sup> May 2016, 13<sup>th</sup> August 2016, 12<sup>th</sup> November 2016 and 11<sup>th</sup> February, 2017. Statutory auditors and Managing Director were invited for the meetings. The Company Secretary acts as the secretary of the Audit Committee. The attendance of the members of the committee is given below:

Name	Category	No. of Meetings during the year 2015-16	
		Held	Attended
Shri. Manoj Kumar – Chairman	Independent	4	4
Shri. Manoj Kumar Dugar – Member	Managing Director	4	3
Shri. Dilip Kumar Surana – Member	Independent	4	4
Shir. Vijay Sushil Kumar Surana – Member*	Independent	2	2

\*Resigned as member on 29/08/2016

#### vi. Recommendations of Audit Committee

The Audit committee has reviewed the Financial Statements submitted by the Management. The Management is responsible for the company's internal control over financial reporting

and the financial reporting process. The independent auditors are responsible for performing an independent audit of the company's financial statements in accordance with Generally Accepted Auditing Principles and issuing a report thereon. The committees responsibility is to monitor these processes.

Further the committee has recommended the following to the board

- (a) The standalone audited financial statements for the year ended 31<sup>st</sup> March 2017
- (b) Appointment of M/s Luharaka & Associates, Chartered Accountants as statutory auditors of the company to audit standalone and consolidated financial statements of the company from the conclusion of the ensuing AGM to the conclusion of the next AGM
- (c) The Appointment of Mr.Y.Koteswara Rao, Company Secretary as secretarial auditor for the financial year ending 31<sup>st</sup> March 2018.

## **6. Nomination and Remuneration Committee**

- i. During the year, the committee has reconstituted "Nomination and Remuneration Committee" in terms of Section 178 of the Companies Act, 2013 read with clause 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee was reconstituted as follows :

- |                            |   |          |
|----------------------------|---|----------|
| 1. Shri Dilip Kumar Surana | - | Chairman |
| 2. Shri Manoj Kumar        | - | Member   |
| 3. Shri Arvind Surana      | - | Member   |

- ♦ Formulation of the criteria for determining qualifications, positive attributes and independence of Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial personnel and other employees.
- ♦ Formulation of criteria for evaluation of Independent Directors on the Board.
- ♦ Devising a policy on Board diversity.
- ♦ Identifying persons who are qualified to become directors and person suitable to be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

- ♦ 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.
- ♦ Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

**ii. Remuneration policy:** The Company while deciding the remuneration package of the management takes into consideration the employment scenario, remuneration package of the industry, financial performance of the Company and talents of the appointee. The Executive Directors and Non Independent Directors of the Company are not entitled to sitting fees.

**iii.** During the financial year 2016-17, the committee has met on Five (5) occasions on 28<sup>th</sup> May 2016, 13<sup>th</sup> August 2016, 29<sup>th</sup> August, 2016, 12<sup>th</sup> November 2016 and 11<sup>th</sup> February, 2017.

**iv. Details of remuneration to all the Directors, as per format in main report:** During the year under review, remuneration was paid only to Managing Director.

The company does not have any stock option plan or performance linked incentives for any directors of the Company. The appointments are made for a period of five years on the terms and conditions in the respective resolutions passed by the members in the General Meetings, which do not provide for severance fees.

**v. Details of Shares of the Company held by the Directors as on March 31, 2017 are given below:**

Name	No. of Shares
Mr. Manoj Kumar Dugar	2,56,525
Mr. Renu M Dugar	2,15,360

## **7. Stakeholders' Relationship / Grievance Committee**

- i. In terms of Section 178 of the Companies Act, 2013 read with clause 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the stakeholders



relationship committee reviews and redresses shareholders grievances. The Committee meets at regular intervals in order to facilitate prompt and effective redressal of shareholders complaints to effect transfers, transmissions and give approval for issue of duplicate share certificates/name deletions etc. The company in coordination with the registrar and transfer agents takes all necessary steps for prompt resolution of all shareholder complaints and committee periodically reviews the report of the same.

- ii. This committee comprises of 3 members. The shareholders relationship committee was reconstituted as follows
  1. Shri Arvind Surana - Chairman
  2. Shri Dilip Kumar Surana - Member
  3. Shri Manoj Kumar - Member
- iii. During the financial year 2016-17, the committee has met on Four (4) occasions on 28<sup>th</sup> May 2016, 13<sup>th</sup> August 2016, 12<sup>th</sup> November 2016 and 11<sup>th</sup> February, 2017.
- iv. The committee looks into transfer and transmission, issue of duplicate share certificates, consolidation and sub-division of shares and investors grievances. The committee oversees the performance of the Registrars and Shares Transfer Agents and recommends measures for overall improvement in the quality of investor services.
- v. The Board has designated Shri. Giridhar Reddy Damegunta, Company Secretary as the Compliance Officer.
- vi. The total number of complaints received and replied to the satisfaction of shareholders during the year under review was NIL. There were no pending complaints, requests for transfers or transmissions or demat/remat, as on 31<sup>st</sup> March 2017.

## **8. Meeting of Independent Directors:**

During the year under review, the independent directors met on 11<sup>th</sup> February 2017, to discuss matters as prescribed under the Companies Act, 2013.

They have taken note of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The independent directors also discussed on the long term and short term objectives of the company, the fund raising plans and deployment of funds.

## Code of Conduct:

The Board of Directors of the company has laid down a code of conduct for all its members and senior management personnel of the company. This code of conduct is uploaded on company's website. The directors and senior management have affirmed their compliance with the code of conduct for the financial year 2016-17.

## 9. General Body Meetings

### i. Location & Time of Last 3 Annual General Meetings:

Year	Venue	Date	Time
2015-16	Lions Bhavan, 1-8-179, Lakhapath Building, Behind HDFC Bank, Paradise Circle, Secunderabad-500003	30.09.2016	11.00AM
2014-2015	Lions Bhavan, 1-8-179, Lakhapath Building, Behind HDFC Bank, Paradise Circle, Secunderabad-500003	28.09.2015	11.30AM
2013-2014	Lions Bhavan, 1-8-179, Lakhapath Building, Behind HDFC Bank, Paradise Circle, Secunderabad-500003	26.09.2014	11.30AM

- ii. During the last year, One(1) resolutions have been passed through postal ballot.
- ♦ To change the name of the Company from Pankaj Polypack Limited to Urbaknitt Fabs Limited.
- iii. Special Resolutions passed at the last Three Annual General Meetings.
1. At the AGM held on 26.09.2014.
    - ♦ No Special Resolution was transacted in this AGM.
  2. At the AGM held on 28.09.2015
    - ♦ Appointment of Smt. Manju Goel as a Director of the Company.
    - ♦ Appointment of Shri. Vijay Sushil Kumar Surana as an Independent Director of the Company.
    - ♦ Appointment of Shri. Dilip Kumar Surana as an Independent Director of the Company.
    - ♦ Appointment of Shri. Manoj Kumar as an Independent Director of the Company.

- ♦ Power to borrow in excess of Paid-up Capital and Free Reserves.
  - ♦ Power to Mortgage assets of the Company.
  - ♦ Maintenance of the Register of Members and related books at a place other than the Registered Office of the Company.
  - ♦ Adoption of New Articles of Association of the company containing regulations in conformity with the Companies Act, 2013
3. At the AGM held on 30.09.2016
- ♦ Appointment of Sri. Rajesh Kumar Duagr as a Director of the Company

## 10. Disclosures

### i. **Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large.**

During the year 2016-17, your company has not entered into any material transaction with its related parties that may have potential conflict of interests of the company at large.

Your company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transaction.

Approval was granted by the Audit Committee for transactions entered into with the Related Parties for the financial year 2016-17 and the same was reviewed/cleared by the Audit Committee at regular interval.

The necessary disclosures regarding the transactions with the related parties are given in the Notes to the Financial Statements, forming a part of this Report.

The policy on the Related Party Transactions is hosted on the company's website [www.urbaknitt.com](http://www.urbaknitt.com).

### ii. **Disclosure of Accounting Treatment**

Your Company has not adopted any alternative accounting treatment prescribed differently from Accounting Standard.

### iii. **Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.**

The company has in place a Whistle Blower Policy for Vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud and violation of Company's Code of Conduct. None of the personnel have been denied access to the Audit Committee.

iv. **Disclosure regarding Compliances made with Mandatory requirements and adoption of Non-Mandatory requirements.**

- ♦ The Company has complied with all the mandatory requirements of Clause 27 of SEBI (LODR) Regulations 2015 w.e.f. 02-09-2015
- ♦ Non-Mandatory requirements adopted are as follows:
  1. The Board: The Board was headed by a Chairman & Managing Director.
  2. Shareholder rights: Half-yearly reports were not sent to each household of shareholders as shareholders have been intimated through the press and the Company's Website [www.urbaknitt.com](http://www.urbaknitt.com).
  3. Audit Qualifications: There are no audit qualifications in the report.
  4. Separate posts of Chairman and CEO: There are separate posts for Chairman and CEO/Managing Director.
  5. Reporting of Internal Auditor: The Internal Auditor Submits his report to the Managing Director and also to the Audit Committee for review, where the company submits its replies and actions taken on the report.

**11. Means of Communication**

The Financial results and the other important information to shareholders are placed at company's website [www.urbaknitt.com](http://www.urbaknitt.com). Official news releases are sent to the stock exchanges at Mumbai where the shares of the Company are listed.

**12. Management Discussion and Analysis Report**

Information on management discussion and analysis forms a part of this Report.

**13. General Shareholders information**

- |    |                        |   |
|----|------------------------|---|
| a. | Date and Time          | : 29 <sup>th</sup> September, 2017 at 11.00 A.M.  |
|    | Venue                  | : Lions Bhavan, IIIRD Floor, 1-8-179,<br>Lakhapath Building, Behind HDFC Bank,<br>Paradise Circle, Secunderabad - 500003. |
| b. | Financial Year         | : 1st April to 31st March   |
|    | 1st Quarterly Results  | - 13th August, 2017   |
|    | 2nd Quarterly Results  | - On or before 14th November, 2017  |
|    | 3rd Quarterly Results  | - On or before 14th February, 2018  |
|    | Annual Audited Results | - On or before 30th May, 2018   |



- c. Dates of Book Closure : 23.09.2017 to 29.09.2017 (both days inclusive)
- d. Dividend payment date : No dividend was recommended by the Board for FY 2016-17.
- e. Listing on Stock Exchanges: BSE Ltd, Mumbai  
The Company has paid its annual listing fees to the stock exchange for the financial year 2016-17.
- f. Stock Code : 534796
- g. Market Price Data : High/Low price quotation in each month of the last financial year 2016-17 on the Stock Exchange, Mumbai is given below:

Month	The Stock Exchange, Mumbai	
	Share Price	
	High	Low
Apr-16	24.90	15.60
May-16	24.90	20.70
Jun-16	26.20	21.65
Jul-16	25.45	21.50
Aug-16	21.35	18.50
Sep-16	26.80	19.30
Oct-16	34.80	25.65
Nov-16	28.65	24.65
Dec-16	23.45	14.30
Jan-17	19.51	13.59
Feb-17	17.60	16.70
Mar-17	22.85	15.15

- h. Registrars and Transfer Agents (RTA):  
M/s. Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032, Telangana.  
Ph: 040 6716 1606 / 1602  
Toll Free No.18003454001  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

**i. Share Transfer System:**

In pursuance of SEBI notification No. D&CC/FITTC/CIR-15/2002 dated 27th December 2002 the Company had appointed M/s Karvy Computershare Private Limited as single agency for share registry work. Share transfers and communications regarding share certificates, change of address, etc., must be forwarded to the RTA.

The R & T Agent process the physical Share Transfers and the Shares sent for physical transfers are generally registered within a period of 30 days from the date of receipt, if the documents are clear in all respects.

**j. Shareholding Pattern of the Company as on 31st March 2017:**

Sl. No	Category	No. of Shares	% of Shareholding
1.	Promoters	1911052	62.10
2.	Mutual Funds and UTI	0	0.00
3.	Banks, Financial Institution, Insurance Companies	0	0.00
4.	Private Corporate Bodies	205769	6.69
5.	Indian Public	939649	30.53
6.	NRIs/OCBs	3268	0.10
7.	HUF's	17098	0.56
8.	Fractional Shares	662	0.02
	<b>Total</b>	<b>3077500</b>	<b>100.00</b>

**k. Distribution of Shareholding as on 31st March 2017**

Share holding of Nominal value of				Share Holders Amount	
Rs.	Rs.	Number	% to total	in Rs.	% to total
(1)	(2)	(3)	(4)	(5)	(6)
1 - 5000		1088	83.24	1660860.00	5.40
5001 - 10000		80	6.12	598250.00	1.94
10001 - 20000		59	4.51	847610.00	2.75
20001 - 30000		20	1.53	458720.00	1.49
30001 - 40000		11	0.84	398630.00	1.30
40001 - 50000		16	1.12	700960.00	2.28
50001 - 100000		11	0.84	802640.00	2.61
100001 - Above		22	1.68	25307330.00	82.23
<b>TOTAL</b>		<b>1307</b>	<b>100.00</b>	<b>30775000.00</b>	<b>100.00</b>

**l. De-materialization of shares and liquidity**

Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI. All requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories, i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 15 days of receipt and the company's' ISIN is INE698B01011.

Dematerializations of shares are done through M/s Karvy Computershare Private Limited., and on an average the dematerialization process is completed within a period of 7 days from receipt of a valid demat request along with all documents. 95.68% of the paid up capital has been dematerialized as on 31.03.2017.

- m. Outstanding ADRs/GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:

Not Applicable as the Company has not issued any of the above instruments

n. Address for Correspondence

Sl.No.	Shareholders Correspondence for	Address to
1.	Transfer/ Dematerialization/ consolidation/split of shares, issue of Duplicate share certificates, change of address of members and beneficial owners and any other query relating to the shares of the Company.	M/s.Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad -500 032, Telangana, Ph: 040 6716 1606 / 1602
2.	Investor Correspondence/queries on Annual Report etc.	COMPANY SECRETARY Urbaknitt Fabs Limited PLOT NO 10 &11, MCH No 1-8-304 to 307/ 10, PATTIGADDA ROAD HYDERABAD- 500 003 Tel : 040-27909001, 66494900 Email: <a href="mailto:info@urbaknitt.com">info@urbaknitt.com</a>

**12. Reconciliation of Share Capital Audit:**

The Company gets the Reconciliation of Share capital Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital. The Reconciliation of Share capital Audit Report is placed before the Board of Directors on a quarterly basis is also sent to the Stock Exchanges where the Company's shares are Listed.

**13. Other Shareholders related information:**

**Regulation 39 read with Schedule VI of the SEBI (LODR) Regulations 2015 with respect to Unclaimed Shares**

Urbaknitt Fabs Limited has all its shares claimed by the respective shareholders. Hence, this clause of the Regulation does not applicable to the company.

**Code of Conduct**

To uphold corporate philosophy, the Board of Directors of the company has laid down a code of conduct for all the board members and the senior management of the company as per the clause provided in the listing agreement.

I hereby confirm that the directors on board of the company, the senior management officials have provided an affirmation that they have complied with the code of conduct during the financial year 2016-17.

Sd/-

**Manoj Kumar Dugar**

Chairman & Managing Director

Sd/-

**Rajesh Kumar Dugar**

Director

Place: Secundrabad

Date: 01.09.2017



## CEO and CFO Certification

To  
The Board of Directors  
Urbaknitt Fabs Limited  
(Formally known as Pankaj Polypack Limited)  
Secunderabad.

Dear members of the Board,

We, Manoj Kumar Dugar, Managing Director & CEO , responsible for the finance function certify that

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, all the notes on accounts and the Boards Report.
2. These statements do not contain any materially untrue statement or omit to state any material fact or contain statements that might be misleading;
3. The financial statements and other financial information present a true and fair view of the Company's affairs, the Company's financial condition, results of operations, cash flows of the company for the period ended 31<sup>st</sup> March 2017 are in compliance with existing Accounting Standards, applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2017 are fraudulent, illegal or violative of the Company's code of conduct except as disclosed to the Company's auditors and the Company's audit committee of the Board of Directors.
5. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
6. We have indicated to the auditors and the audit committee of the board of directors
  - (a) Significant changes in internal control over financial reporting during the year
  - (b) Significant changes in accounting policies during the year that the same have been disclosed in notes to the financial statements and
  - (c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Sd/-

**Manoj Kumar Dugar**  
Chairman & Managing Director

Place: Secunderabad  
Date: 01.09.2017



## **CERTIFICATE ON CORPORATE GOVERNANCE**

**To**

The Members,  
URBAKNITT FABS LIMITED  
(Formally known as PANKAJ POLYPACK LIMITED),  
Plot No 10 &11, MCH No 1-8-304 to 307/10  
Pattigadda Road, Hyderabad, - 500003

I have examined the compliance of conditions of Corporate Governance by **M/s Urbaknitt Fabs Limited (Formally known as Pankaj Polypack Limited) (CIN: L17120TG2011PLC072532)** ('the Company'), for the year ended March 31, 2017, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period April 01, 2016 to March 31, 2017.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examinations has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

I state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place : Hyderabad  
Date : 23-08-2017

Sd/-  
**Y.KOTESWARA RAO**  
Practicing Company Secretary  
ACS No. 3785  
C.P. No.: 7427



## Declaration

I, Manoj Kumar Dugar, Managing Director of Urbaknitt Fabs Limited (formally Known as Pankaj Polypack Limited), hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2017.

I confirm that the Company has in respect of the said financial year, received from the senior management team and the members of the board of the Company a declaration of compliance with the code of conduct and the obligation with respect thereon as applicable to them

For and on behalf of the Board of Directors

Date : 01-09-2017  
Place : Secundrabad

Sd/-  
**Manoj Kumar Dugar**  
Chairman & Managing Director

## ANNEXURE – VI

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### a. **Industry Structure & Development**

**Urbaknitt Fabs Ltd** (formally Known as Pankaj Polypack Limited) founded by a team of professional entrepreneurs & qualified experts with the main objective to supply high quality product services to the diserving clients. The company is engaged in the manufacturing of knitted bags, agri shade / nets along with import, marketing and distribution of petro chemical resins.

Your Company has diversified its business profile through its subsidiary company (Morbido Merchandise Private Limited) as a distributor / merchant in the field of construction chemicals and other related products.

#### b. **Opportunities**

The Company has many growth opportunities and there is a demand for the Companies Products in the market.

#### c. **Threats, Risks & Concerns**

Investors should read the Risk Factors mentioned in this Information Memorandum.

Over the next few years, competition in the industry is also expected to rise considerably, as a result of Global trends. The Company will need to adopt new technology to reduce costs, improve market and customer services and management performance.

The international oil Prices have been constantly fluctuating leading to up and down in raw material prices.

The threats/ risks for the industry relate to stiff competition throughout and lesser margins. The same can gradually overcome by the industry in view of the wide usage of the products and also growing of demand with new technologies to reduce costs to become more competitive.

#### d. **Segment wise performance**

The segment wise performance is not applicable as the company has only one segment.

**e. Outlook**

The Company in the near future will commence manufacturing of technical fabrics, mattresses, pillows, mats, orthopedic goods, insulation sheets, tailor made tarpaulin (used in infrastructure and horticulture industries). The company is expecting high growth rate in this area.

**f. Discussion on financial performance with respect to operational performance**

During the year under review the company has achieved a turnover of Rs. 91.55 lakhs as against 374.79 lakhs in the previous year. During the Year the company incurred a Net loss before tax of 40.74 lakhs as against a loss of 30.96 lakhs in the previous year.

After the takeover of the Company by the new management, the company has discontinued the earlier business and ventured into its new business operations like kintted packaging bags, pillows, mattresses and agri shade products. Hence the comparison with the previous figures is not enviable.

**g. Internal Control system and their adequacy**

The Company has an internal control system commensurate with the size and nature of its business. There is a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against unauthorized use or disposition of assets. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

The Audit Committee supervises the checks and controls exercised, and reports any suggestions or deviation on a continuing basis. The authority and responsibility of every employee is defined, thus, leaving no space for any deviations.

**h. Material developments in Human Resources/Industrial Relation front, including number of people employed**

The focus is on capability development, performance management and employee engagement. This is expected to improve cost competitiveness through greater levels of employee participation, commitment and involvement.

The Company recognizes the importance and contribution of its employees to the growth and development of the Company. The Company continued to maintain cordial relations with employees and staff. The Company has 15 employees on the rolls, as on 31st March 2017.

## **II. Financial /operational performance:**

### **Sources of Funds**

#### **1. Share capital**

The Company has only one class of shares- equity shares of par value Rs. 10/- each.

Our Authorised share capital is Rs. 5,00,00,000 (50,00,000 shares of Rs. 10/- each) and issued and paid-up capital is Rs.3,07,75,000( 30,77,500 shares of Rs. 10/- each)

#### **2. Reserves and Surplus**

At the beginning of the year the company has Reserves as follows:

Share Premium Nil, General Reserve Nil and debit balance of Profit and Loss Account of Rs. 17,10,058/-.

During the year the company earned a turnover of Rs.374.79 lacs and loss before interest and depreciation is ( Rs 7.67 lakhs).

### **Application of Funds**

#### **3. Fixed Assets**

During the year the company did not incur any capital expenditure.

#### **5. Deferred taxes – Assets and Liabilities**

The Company has Deferred Tax Liability (Net) amounting to Rs. 32,363/- as against a liability of Rs 91,328/- in previous year, attributable to difference between depreciation as per companies act 2013 and Income Tax Act- 1961

#### **6. Trade Receivables**

During the year the company has trade receivables of Rs 76,05,074/- as against Rs 1,21,92,858/- in previous year.

#### **7. Inventories**

During the year the company has inventories are nil as against of Rs 60,71,807/- in previous year.

#### **8. Cash and Cash Equivalents**

The opening balance of cash and cash equivalents as at the beginning of the year is Rs. 5,28,807.

The closing balance of Cash and Cash Equivalents is Rs 2,18,652 held as cash, balances in current account and in deposit accounts.

**9. Liabilities**

The company has Rs 5,35,988 as long term liability as on 31<sup>st</sup> March, 2017.

**10. Trade Payables**

Trade payables at the beginning of the year were at Rs. 8,01,094/- and at the end of the year were Rs. 24,28,658/-.

Other Current Liabilities include an amount of Rs. 50,38,616/- as Advances from Customers and other liabilities.

**11. Provisions**

During the year the company has provisions of Rs 7,88,350/- as against Rs 9,64,729/- in previous year.

There being no taxable income for the year no additional provision for tax was made during the year.

**III. Results of Operations**

**1. Income**

The Company has generated an income of Rs.91,55,509 from its new business operations.

**2. Other Income- Net**

Other income of the company includes interest income, commition and sundry balances.

**3. Net Loss**

The company had reported a Net Loss of 41,33,200/- as against a Net Loss of Rs Rs 31,71,905/- in the previous period.

**4. EPS after Exceptions**

Negative Earnings per share for the year was (1.34) as against Rs. (1.03)

**5. Liquidity**

The Company has adequate working capital and is not depended on external resources for filling up of the gap. The company may consider to raising further equity to improve the working capital position and also for future business requirements.

## **6. Related Party Transactions**

Transactions with related parties have been made at an arms length basis and hence are not prejudicial to the interest of the company.

These have been discussed in detail in Notes on Accounts point no 2 to the standalone financial statements in this Annual report.

## **IV. Opportunities and Threats**

- ♦ **Our Strengths**
- ♦ **Our Strategy**
- ♦ **Our Competition**

We compete with small and midsize companies in Government and large corporations in Manufacturing Sector.

## **V. Outlook, Risks & Concerns**

- ♦ Our revenue and expenses are difficult to predict and can vary significantly from period to period.
- ♦ Our success largely depend upon retaining skilled technology professionals and our ability to hire, motivate and retain them.
- ♦ We are a company in mid segment space and may not be providing adequate confidence to companies / customers for long term contracts.
- ♦ We may not be able to sustain the working capital cycles.
- ♦ Our success depends on our management team and key personnel and our ability to attract and retain them.
- ♦ Our failures to complete fixed price and fixed time frame contracts or transaction based pricing contracts within budget and on time may adversely affect our profitability.
- ♦ We may not be able to provide end to end business solutions for our clients which could lead to clients discontinuing their work with us which in turn could impact our business.

## **VI. Internal Control Systems and their adequacies**

The CEO and CFO certification provided in the Annual report discusses the adequacy of our internal control systems and procedures.



## **VII. Material Developments in Human Resources / industrial relations, number of people employed.**

### **Human Capital**

As at March 31st 2017, the company employed about 15 employees which includes, trainees, process executives and administration.

### **Risk Management Framework:**

In today's economic environment, Risk Management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business. Your Company's Board believes that to ensure sustainable business growth with stability of affairs and operations of the Company, periodical review of various risks having a bearing on the business and operations is vital to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. Further, it is also belief of your management that Risk Management Framework enables a systematic approach to risk identification, leverage of any opportunities and provides treatment strategies to manage, transfer and avoid or minimize the impact of the risks.

Keeping in view of the above, your Company's risk management is embedded in the continuous business processes and as a part of review of business and operations, your Board with the help of the management periodically reviews various risks associated with the business and products of the Company and considers appropriate risk mitigation process. However there are certain risks which cannot be avoided but the impact can only be minimized.

The risks and concerns associated with each segment of your company's business are discussed while reviewing segment-wise Management and Discussion Analysis. The other risks that the management reviews also include:

- a. **Industry & Services Risk:** this includes Economic risks like demand and supply chain, Profitability, Gestation period etc.; Services risk like infrastructure facilities;  
Market risk like consumer preferences and distribution channel etc.; Business dynamics like inflation/deflation etc.; Competition risks like cost effectiveness

- b. Management and Operational Risk: this includes Risks to Property; Clear and well defined work process; changes in technology / up gradation; R&D Risks; Agency network Risks; Personnel & labour turnover Risk; Environmental and Pollution Control Regulations etc.; Locational benefits near metros
- c. Market Risk: this includes Raw Material rates; Quantities, quality, suppliers, lead time, interest rates risk and forex risk.
- d. Political Risk: this includes Elections; War risk; Country/Area Risk; Insurance risk like Fire, strikes, riots and civil commotion, marine risk, cargo risk etc.; Fiscal/Monetary Policy Risk including Taxation risk.
- e. Credit Risk: this includes Creditworthiness; Risk in settlement of dues by clients and Provisions for doubtful and bad debts
- f. Liquidity Risk: this includes risks like Financial solvency and liquidity; Borrowing limits, delays; Cash/Reserve management risks and Tax risks
- g. Disaster Risk this includes Natural calamities like fires, floods, earthquakes etc.; Man made risk factors arising under the Factories Act, Mines Act etc.; Risk of failure of effective disaster Management plans formulated by the Company.
- h. System Risk this includes System capacities; System reliability; Obsolescence risk; Data Integrity risk & Co-ordination and Interface risk.
- i. Legal Risk: this includes Contract risk; Contractual liability; Frauds; Judicial Risk and Insurance risk
- j. Government Policy: This includes Exemptions, import licenses, income tax and sales tax holidays, subsidies, tax benefits etc.

Further your Board has constituted a Risk Management Committee, inter-alia, to monitor and review the risk management framework

## **CAUTIONARY STATEMENT**

Statements in Management Discussion and Analysis describing the Company' objectives, projections, estimates and expectation may be "forward looking" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied in the statement.



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of URBAKNITT FABS LIMITED**

#### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of **URBAKNITT FABS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

2. The Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

### **Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2017, its profit for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.
8. As required by section 143(3) of the Act, we further report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;



- e. on the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company does not have any pending litigations which would impact its financial position.
  - (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.
  - (iv) The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in specified Bank notes during the period from 8<sup>th</sup> November, 2016 to 31<sup>st</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note 11 to the Notes to account of financial statements.

**For Luharuka & Associates**

Chartered Accountants

Firm Reg No:- 01882S

Sd/-

**Ramesh Chand Jain**

(Partner) Membership No.023019

Place: Secunderabad

Date: 30<sup>Th</sup> May 2017



**Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March, 2017, we report that**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;
  - (b) As explained to us, some fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanation given us, no material discrepancies were noticed on such verification;
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company does not have any immovable properties and therefore we have not reported on the related matter.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company has granted unsecured loan to one of the party covered in the register maintained under section 189 of the Act.
  - (a) In our opinion, the rate of interest and other terms and conditions were not, prima facie, prejudicial to the interest of the company.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

- (v) The Company has not accepted any deposits from the public.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues, including Provident Fund, , Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty and other statutory dues, as applicable, with the appropriate authorities in India;  
(b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes other than mentioned below:
- (viii) According to the records of the company examined by us and as per the information and explanations given to us, the company has not defaulted in repayment of loans from any financial institution or banks or government and has not issued debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

**For Luharuka & Associates**

Chartered Accountants

Firm Reg No:- 01882S

Sd/-

**Ramesh Chand Jain**

(Partner)Membership No.023019

Place: Secunderabad

Date: 30<sup>th</sup> May 2017



## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of URBAKNITT FABS LIMITED ("the Company") as of 31 March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the 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, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating

effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Luharuka & Associates**

Chartered Accountants

Firm Reg No:- 01882S

Sd/-

**Ramesh Chand Jain**

(Partner)

Membership No.023019

Place: Secunderabad

Date: 30<sup>th</sup> May 2017

## Balance Sheet as on 31st March 2017

(Amount in INR)

PARTICULARS	Note	As on 31st March 2017		As on 31st March 2016	
<b>EQUITY AND LIABILITIES</b>					
<b>Share Holders' Fund</b>					
Share Capital	1	30,775,000		30,775,000	
Reserves and Surplus	2	(767,618)		(4,881,964)	
			30,007,382		25,893,036
<b>Non Current Liabilities</b>					
Long Term Borrowing	3		535,988		-
<b>Current Liabilities</b>					
Trade Payables	4				
-Micro, Small and Medium Enterprises		-		-	
-Others		2,428,658		801,095	
Other Current Liabilities	5	5,038,616		3,835,183	
Short Term Provisions	6	788,350		964,729	
			8,255,623		5,601,006
<b>TOTAL</b>			<b>38,798,993</b>		<b>31,494,042</b>
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Fixed Assets					
-Tangible Assets	7	1,134,030		4,831,093	
- Intangible Assets		5,508,004		6,609,605	
- Capital WIP		15,561,697		-	
Long Term Loans and Advances	8	941,100		1,006,100	
Non-Current Investments	9	997,000		-	
Deferred tax Asset (Net)	10	32,363		91,328	
			24,174,194		12,538,126
<b>Current Assets</b>					
Inventories	11	-		6,071,807	
Trade Receivables	12	7,605,074		12,192,858	
Cash and Bank Balances	13	218,654		528,807	
Short Term Loans and Advances	14	6,565,978		-	
Other Current Assets	15	235,093		162,444	
			14,624,799		18,955,916
Significant Accounting Policies Notes on Financial Statements	1 to 23				
<b>TOTAL</b>			<b>38,798,993</b>		<b>31,494,042</b>

**AS PER OUR REPORT OF EVEN DATE ATTACHED**

**For URBANKITT FABS LIMITED**

For LUHARUKA & ASSOCIATES,  
Chartered Accountants  
FR NO.01882S

Sd/-  
**MANOJ DUGAR**  
Chairman & Managing Director  
(DIN:00352733)

Sd/-  
**RAJESH KUMAR DUGAR**  
Director  
(DIN:00730059)

**(RAMESHCHAND JAIN)** Partner  
M.No. 023019  
Place: Secunderabad  
Date: 30-05-2017

Sd/-  
**Giridhar Reddy**  
Company Secretary



## Statement of Profit and Loss for the year ended 31st March 2017

(Amount in INR)

PARTICULARS	Note	As on 31st March 2017	As on 31st March 2016
<b>INCOME</b>			
Revenue From Operations	<b>16</b>	9,155,509	37,479,421
Other Income	<b>17</b>	168,172	104,231
<b>TOTAL REVENUE</b>		<b>9,323,681</b>	<b>37,583,652</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	<b>18</b>	5,036,612	24,492,765
Changes in Inventories of finished goods stock-in-process and stock-in-trade	<b>19</b>	-	558,248
Employee Benefit Expenses	<b>20</b>	2,501,311	614,363
Finance Cost	<b>21</b>	20,632	704
Depreciation Expenses	<b>7</b>	1,178,405	1,358,887
Other Expenses	<b>22</b>	4,660,956	13,655,168
<b>TOTAL EXPENSES</b>		<b>13,397,916</b>	<b>40,680,135</b>
Profit/(Loss) before Tax		(4,074,235)	(3,096,482)
<b>Tax Expenses</b>			
Current Tax		-	-
Deferred Tax		58,965	75,423
MAT Credit		-	-
Profit/(Loss) for the period from continuing operation		<b>(4,133,200)</b>	<b>(3,171,905)</b>
<b>Profit/(Loss) for the period from discontinuing operation (Refer Note No.</b>		<b>8,745,448</b>	-
<b>Tax Expense of discontinuing operation (Refer Note No.</b>		497,902	-
<b>Profit/(Loss) for the period from discontinuing operation after tax (Refer Note No.</b>		8,247,546	-
<b>Profit/(Loss) for the period after tax Earning Per Equity Share of Face Value of Rs.10/- each</b>		4,114,346	(3,171,905)
Basic and Diluted in Rs		1.34	(1.03)
Significant Accounting Policies			
Notes on Financial Statements	<b>1 to 23</b>		

**AS PER OUR REPORT OF EVEN DATE ATTACHED**

**For URBANKITT FABS LIMITED**

For LUHARUKA & ASSOCIATES,  
Chartered Accountants  
FR NO.018825

Sd/-  
**MANOJ DUGAR**  
Chairman & Managing Director  
(DIN:00352733)

Sd/-  
**RAJESH KUMAR DUGAR**  
Director  
(DIN:00730059)

**(RAMESHCHAND JAIN)** Partner  
M.No. 023019  
Place: Secunderabad  
Date: 30-05-2017

Sd/-  
**Giridhar Reddy**  
Company Secretary



### Cashflow Statement for the year ended 31st March 2017

Particulars	As at 31.03.16 (Rs.)		As at 31.03.15 (Rs.)	
<b>Net Profit Before Taxation &amp; Extraordinary items</b>		4,671,213		(3,096,483)
<b>Adjustment for:</b>				
Depreciation & Amortisation Expenses	1,178,405		1,358,887	
Finance Cost	51,146		704	
Sundry Balance written off	2,879,063		4,903	
Interest Income	(148,853)		(99,328)	
Profit on Sale of Assets	(12,689,518)		-	
		(8,729,757)		1,265,166
<b>Operating profit before working capital changes</b>		<b>(4,058,545)</b>		<b>(1,831,317)</b>
Trade Receivables	1,708,721		4,366,645	
Inventories	6,071,807		607,978	
Short term advances & other current assets	(6,569,429)		1,194,175	
Trade Payables	1,627,563		(718,590)	
Other Current Liability & Provision	459,954		(4,496,342)	
<b>Cash generated from Operations</b>		3,298,616		953,866
Income Taxes paid		(759,929)		(877,450)
<b>Cashflow before extraordinary activities</b>		<b>(759,929)</b>		<b>(1,276,946)</b>
Extraordinary activity		-		-
<b>Net Cash from Operating Activities</b>		<b>(759,929)</b>		<b>(1,276,946)</b>
<b>Cashflow from Investing activities</b>				
Purchase of Fixed assets	(16,767,419)		-	
Proceeds from Sale of fixed assets	17,515,502		-	
Payment of Long Term Advances	65,000		-	
Investment in Investment	(997,000)			
Interest Income	148,853		99,328	
<b>Net Cash from Investing activities</b>		<b>(35,066)</b>		<b>99,328</b>
<b>Cashflow from financing Activities</b>				
Repayment of Short Term borrowings	-		-	
Proceeds from Long Term borrowings	535,988		(101,049)	
Interest Paid	(51,146)		(704)	
<b>Net cash from Financing activity</b>		<b>484,842</b>		<b>(101,753)</b>
Net Increase in cash and cash equivalents		(310,153)		(1,279,371)
Cash and Cash equivalents at the beginning of the year		528,807		1,808,178
Cash and Cash equivalents at end of the year		218,654		528,807

**AS PER OUR REPORT OF EVEN DATE ATTACHED**

**For URBANKITT FABs LIMITED**

For LUHARUKA & ASSOCIATES,  
Chartered Accountants  
FR NO.01882S

Sd/-  
**MANOJ DUGAR**  
Chairman & Managing Director  
(DIN:00352733)

Sd/-  
**RAJESH KUMAR DUGAR**  
Director  
(DIN:00730059)

**(RAMESHCHAND JAIN)** Partner  
M.No. 023019  
Place: Secunderabad  
Date: 30-05-2017

Sd/-  
**Giridhar Reddy**  
Company Secretary



### Notes on Schedules forming part of Balance Sheet

<b>Note: 1 : SHARE CAPITAL</b>	<b>AS AT 31st March 2017</b>		<b>AS AT 31st MARCH 2016</b>	
<b>Authorised Share Capital</b>				
Equity Share of Rs 10/- each	5000000	<b>50000000</b>	5000000	<b>50000000</b>
(a) <b>Issued, Subscribed and Paid Up:</b> 30,77,500 Equity Share of Rs 10/- each	3077500	<b>30775000</b>	3077500	<b>30775000</b>
(b) <b>Reconciliation of the number of equity share and share Capital</b>	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
Issued, Subscribed and fully paid up equity shares outstanding at beginning of the year	3077500	<b>30775000</b>	3077500	<b>30775000</b>
Add: Shares issued during the year	-	-	-	-
Issued, Subscribed and fully paid up equity shares outstanding at beginning of the year	<b>3077500</b>	<b>30775000</b>	<b>3077500</b>	<b>30775000</b>
(c) <b>The Details of Share Holders holding more than 5% shares:</b>	<b>As at 31-03-17</b>		<b>As at 31-03-16</b>	
<b>Name of the Share Holder</b>	<b>No. of Shares</b>	<b>% Held</b>	<b>No. of Shares</b>	<b>% Held</b>
Tara Devi Dugar	369325	12.00	369325	12.00
Renu R Dugar	300362	9.76	300362	9.76
Balram Chainrai & Anita Chainrai Advani	294000	9.55	294000	9.55
Rajesh Kumar Dugar	276975	9.00	276975	9.00
Manoj Kumar Dugar	256525	8.34	256525	8.34
Divay Dugar	246255	8.00	246255	8.00
Chirag Dugar	246250	8.00	246250	8.00
Renu M Dugar	215360	7.00	215360	7.00

### 2 RESERVES AND SURPLUS

<b>Profit and Loss Account</b>				
As per the Last Balance Sheet	(4,881,964)		(1,710,058)	
<b>Add: Profit for the year</b>	<b>4,114,346</b>		(3,171,906)	
		<b>(767,618)</b>		<b>(4,881,964)</b>

### 3 LONG TERM BORROWINGS

<b>Secured</b>				
Vehicle Loan from bank (against hypothecation of vehicle) (repayable in equal 60 number of instalment at an average rate of 9.61% )		535,988	-	-
		<b>535,988</b>		-



<b>4 TRADE PAYABLES</b>				
Micro, Small and Medium Enterprises	-		13,328	
Others	2,428,658		787,767	
		<b>2,428,658</b>		<b>801,095</b>

<b>5 OTHER CURRENT LIABILITIES</b>				
Advance from customers	1,086,186		753,556	
other liabilities	2,687,408		3,000,000	
Statutory liabilities	40,003		81,627	
Current Maturity of Long Term Debts (against hypothecation of vehicle) (repayable in equal 60 number of instalment at an average rate of 9.61%)	194,964		-	
Book Overdraft	1,030,055		-	
		<b>5,038,616</b>		<b>3,835,183</b>

<b>6 SHORT -TERM PROVISIONS</b>				
Provision for Employee benefits	-		31,798	
Other Provisions	221,250		932,931	
Provision for Income tax	567,100		-	
		<b>788,350</b>		<b>964,729</b>

<b>7 TANGIBLE &amp; INTANGIBLE ASSETS</b>				
Land	-		1,592,591	
Building Factory	-		918,940	
Plant and Machinery	-		2,023,011	
Electrical installations	-		88,025	
Furniture & fixtures	-		3,238	
Vehicles	940,989		106,361	
Office Equipments	-		57,607	
Computers	193,040		-	
Moulds	-		41,320	
<b>TOTAL</b>		<b>1,134,030</b>		<b>4,831,093</b>
<b>INTANGIBLE ASSETS</b>				
Goodwill (To the extent not written off)		5,508,004		6,609,605
<b>Capital Work In Progress</b>		15,561,697		-
		<b>22,203,731</b>		<b>11,440,698</b>

<b>8 LONG TERM LOANS AND ADVANCES</b>				
Unsecured and Considered Good Security Deposits	941,100		1,006,100	
		<b>941,100</b>		<b>1,006,100</b>

<b>9 NON-CURRENT INVESTMENTS</b>				
<b>Investment in Subsidiary Co.</b> Unquoted at Cost (Morbido Merchandise Pvt. Ltd) (99700 Equity Shares @ Rs.10/-each fully paid up)	997,000		-	
		<b>997,000</b>		-

<b>10 DEFERRED TAX ASSET (NET)</b>				
Arising on Account of: Depreciation	32363		91,328	
		-		<b>91,328</b>

<b>11 INVENTORIES</b>				
Raw Materials		-	1,695,075	
Work-in-progress		-	264,605	
Finished Goods		-	3,591,377	
Consumables and Stores		-	250,000	
Scrap/wastages		-	270,750	
		-		<b>6,071,807</b>

<b>12 TRADE RECEIVABLES</b>				
Unsecured and Considered Good				
i) Over six months	5,446,790		1,121,613	
ii) Others	2,158,284		11,071,245	
		<b>7,605,074</b>		<b>12,192,858</b>

<b>13 CASH AND BANK BALANCES</b>				
Cash in Hand	218,652		209,497	
Cash at Bank	-		319,310	
	<b>218,652</b>		<b>528,807</b>	

<b>14 SHORT TERM LOANS AND ADVANCES</b>				
Unsecured and Considered Good				
Advance recoverable in cash or in kind	308,716		-	
Capital Advance	5,472,262		-	
Advance to Subsidiary Company	785,000		-	
	<b>6,565,978</b>		-	

<b>15 OTHER CURRENT ASSETS</b>					
Balance with Statutory Authorities		31,928		89,762	
Interest Receivable		133,967		72,682	
MAT Credit Entitlement		69,198		-	
		<b>235,093</b>		<b>162,444</b>	

<b>16 REVENUE FROM OPERATIONS</b>					
Sale of Garments		9,155,509	<b>9,155,509</b>	37,479,421	<b>37,479,421</b>

<b>17 OTHER INCOME</b>					
Discount received	19,319	89,350		99,328	
Interest Income (TDS - 14,485/-) (from Subsidiary company)	148,853	-		4,903	
Profit on sale of Assets	-	12,689,518		-	
		<b>12,778,868</b>	<b>168,172</b>		<b>104,231</b>

<b>18 COST OF MATERIAL CONSUMED AND PURCHASE OF TRADED GOODS</b>					
Opening Stock	-	-		1,694,805	
Add Purchases of Raw Material and Semi Finished Goods	-	-		24,493,035	
Add: Purchases of traded goods	5,036,612			-	
Less Closing Stock	-	-		1,695,075	
	-	<b>5,036,612</b>			<b>24,492,765</b>

<b>19 CHANGES IN INVENTORY AND STOCK IN TRADE</b>					
Inventories (at close)		-		3,591,377	
Finished Goods		-		264,605	
Work-in-progress				270,750	
Scrap/Wastage		-		<b>4,126,732</b>	
	<b>TOTAL A</b>				
Inventories (at opening)		3,591,377		4,212,600	
Finished Goods		264,605		246,000	
Work-in-progress		270,750		226,380	
Scrap/Wastage		<b>4,126,732</b>	-	<b>4,684,980</b>	
	<b>TOTAL B</b>				
	<b>TOTAL(B-A)</b>		-		<b>558,248</b>



<b>20 EMPLOYEE BENEFIT EXPENSES</b>					
Salaries and Wages		1,301,311		540,525	
Contribution to Provident Funds and ESI		-		73,838	
Director Remuneration		1,200,000		-	
			<b>2,501,311</b>		<b>614,363</b>
<b>21 FINANCE COST</b>					
Interest Expenses		20,632		704	
			<b>20,632</b>		<b>704</b>
<b>22 OTHER EXPENSES</b>					
Consumables Stores and Spares Consumed	-	729,068		3,184,741	
Electricity and Fuel	-	436,194		6,178,848	
Freight	710,440	17810		319,107	
Repair & Maintenance	379,349	5686		87,590	
Professional Charges	449,338	4000		-	
Rent, Rates and Taxes	134,651	985420		2,777,103	
Travelling Expenses	1,011,554	-		-	
Membership subscription fee	1,023,576	-		-	
Miscellaneous Expenses	634,308	118389		1,067,704	
<b>Payment to Auditors</b>					
Statutory Audit Fee	69,000			40,075	
Foreign Exchange fluctuation	248,740				
		<b>2,296,567</b>	<b>4,660,956</b>		<b>13,655,168</b>

## **Notes and Significant Accounting Policies Forming Part of Accounts for the year ended March 31, 2017**

### **I. Significant Accounting Policies**

#### **a) Basis of Accounting**

The Financial Statements have been prepared under the historical cost convention on accrual basis in conformity in all material aspects with the generally accepted accounting principles in India and comply with Accounting Standards referred to in Section 133 of the Companies Act, 2013.

#### **b) Revenue Recognition**

Sale of goods is recognized on dispatches to customers, and is inclusive of excise duty and sales tax (wherever applicable).

#### **c) Use of Estimates**

The Preparation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### **d) Fixed Assets**

Fixed Assets are stated at historical cost of acquisition less accumulated depreciation and net of Excise Duty eligible for Cenvat. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. In respect of Intangible assets consisting of goodwill the same is being amortized over a period of 10 years beginning from the financial year 2012-13.

#### **e) Depreciation**

Depreciation on Fixed assets has been provided over the useful life of the asset on SLM basis as per the new method prescribed under Schedule II of Companies Act 2013.

**f) Investments**

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investment is made only if such decline is other than temporary in the opinion of the management.

**g) Impairment:**

The carrying amounts of assets are revised at each balance sheet date if there is any indication of Impairment based on internal and external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount.

**h) Inventories**

Raw Materials, Stores, Spares and work in progress are valued at cost including Cenvat credit wherever applicable on first in first out basis. Finished goods are valued at lower of cost and or estimated net realizable value. Finished goods and work in progress includes cost of conversion and other costs including Excise Duty incurred in bringing the inventories to their present location and condition. Materials in transit are stated at actual cost. Scrap is valued at net realizable value.

**i) Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rate, prevailing on the date of transaction or at the exchange rates under the related forward exchange contracts. Profit/Loss on outstanding Foreign Currency contracts have been accounted for at the exchange rates, prevailing at the yearend rates as per FEDAI/RBI.

**j) Employee Retirement Benefits**

Company's contribution to Provident Fund and Superannuation Fund are charged to Profit and Loss Account.

**k) Provision for Current and Deferred Tax:**

- i) Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

- ii) Deferred tax resulting from “timing differences” between book and taxable profit accounted for using tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.
- l) Provision, Continent Liabilities and Contingent Assets :**  
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities which are not recognized are disclosed in notes. Contingent Assets are neither recognized nor disclosed in Statements.
- m) Turnover**  
Turnover includes sale price of goods, sales tax, excise duty. Inter-segment sales are excluded in the Main Profit and Loss account.
- n) Segment Reporting**  
Company’s operating Business, organized & Managed unit wise, according to the nature of the products and services provided, are recognized in segments representing one or more strategic business units, that offer products or services of different nature and to different Markets.
- o) Prior Period Expenses / Income**  
Prior period items, if material are separately disclosed in Profit & Loss Account together with the nature and amount. Extraordinary items & changes in Accounting Policies having material impact on the financial affairs of the company are disclosed.
- p) Sundry Debtors, Loans and Advances**  
Doubtful Debts/Advances are written off in the year in which those are considered to be irrecoverable.
- q) Earnings per Share**  
The Company reports basic and diluted earnings per share in accordance with Accounting Standard-20 (AS-20) issued by the Institute of Chartered

Accounts of India. Basic earnings per share are computed by dividing the net Profit or Loss for the year by the Weighted Average number of equity share outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

**r) Cash Flow Statement:**

Cash Flow Statement has been prepared in accordance with requirement of Accounting Standard – 3 “Cash Flow Statement” issued by the Institute of Chartered Accountants of India.

**II. Notes on Accounts:**

**1. Related Party Disclosures:** Related party disclosures as required under AS-18 are as follows.

➤ **Relationship: Associates:** Following are the associates till Jun'16

M/s. Pankaj Polymers Limited	M/s.Aman Tubes Private Ltd
M/s.Pankaj Polyteck Pvt. Ltd.	M/s. Pankaj Polychem (P) Ltd

**Other Related Parties:**

AYUSHMAN MERCHANTS PRIVATE LIMITED.	AYUSHMAN SOLUTIONS PRIVATE LIMITED
--	---------------------------------------

➤ **Key Management Personnel:** Mr. Manoj Kumar Dugar.

➤ **Subsidiary Company:** M/s. MORBIDO MERCHANDISE PRIVATE LIMITED

A. The following transactions were carried out with related parties in the ordinary course of business. (Figs in bracket shows Previous year figs)

## 1. Transactions with Associates till June'16:

Nature of Transactions	M/s. Pankaj Polymers Limited	M/s. Aman Tubes Private Ltd	M/s. Pankaj Polychem (P) Ltd	M/s.Pankaj Polyteck Pvt. Ltd
Repayment of advances	3,50,000/- (48,57,155/-)	6,00,000/- (41,50,000/-)	-	-
Sale of Goods	-	-	44,22,214/- (Nil)	-
Sale of Assets (net)	-	-	185,00,000/- (Nil)	-
Purchase of Goods		(3,47,879/-)		
Closing balance	26,50,000/- (30,00,000/-)	-	-	-

## 2. Other Related party Transactions:

Nature of Transactions	M/s. Morbido Merchandise Pvt. Ltd.	M/s. Ayushman Solutions Pvt Ltd	Ayushman Merchants Pvt Ltd	Manoj Kumar Dugar
Advance given	61,33,853/- (Nil)	-	-	
Interest receivable	1,48,853/- (Nil)	-	-	
Purchase of goods	-	20,83,423/- (Nil)	-	
Investment	9,97,000/- (Nil)	-	-	
Reimbursement of TDS	-	58,351/- (Nil)	47,136/- (Nil)	
Remuneration	-	-	-	12,00,000/- (Nil)
Closing balance	9,33,853/- (Nil)	20,95,923/- (Cr.)(Nil)	12,753/- (Cr.)(Nil)	-

- 2. Earnings per Share:** The numerator and denominator used to calculate basic/ diluted earning per share:

	<b>2016-17</b>	<b>2015-16</b>
Profit / Loss after tax (Numerator)	41,14,346/-	31,71,905/-
Basic/weight in average No. of Equity Shares (Denominator)	3077500	3077500
Basic/Diluted earning per share	1.34	(1.03)
Nominal face value of shares.	10/-	10/-

**3. Contingent Liabilities:**

- ♦ Estimated amount of contracts remaining to be executed on capital accounts net of advance Rs. Nil (P.Y.-Nil)
  - ♦ Bank Guarantee given : Nil (P.Y.-Nil)
4. In accordance with the provisions of the accounting standards, AS-22 "Accounting for Taxes on Income" the deferred tax liability of Rs.58,965/- has been recognized in the profit & loss account for the year issued by the Institute of Chartered Accountants of India the Company has recognized tax effect of the timing differences, representing the difference between Taxable Income and Accounting Income.
5. The information relating to the registration status of suppliers under the Micro, Small & Medium Enterprises Development Act 2006 is complied & disclosed to the extent of information available with the Company.
6. The company has discontinued its operation manufacturing PP Disposables wef 12th May 2016 and is setting up a new business of manufacturing knitted products (knitted bags, agri shed and mattress, pillows this year.
7. This year company has invested in shares of M/s. MORBIDO MERCHANDISE PRIVATE LIMITED of 99700 shares @ F.V. Rs.10/- each by virtue of which it become its subsidiary.
- M/s. MORBIDO MERCHANDISE PRIVATE LIMITED has incorporated its business this year and has started dealing in construction chemical activities and represents M/s. AK. ChemTech Co. ltd of South Korea in India.

8. The company has discontinued its operation manufacturing PP Disposables w.e.f 12<sup>th</sup> May 2016 and has sold its plant and machinery, land & building and inventory detail of which is as follows:

Particulars	Land & Building	Plant and Machinery	Inventory
Book value as on 31st March 2016	25,00,000/-	20,64,331/-	60,71,807/-
Sale value	160,00,000/-	15,07,031/- (net of electricity deposit INR 10,04,500/-)	60,71,807/-

- ♦ Expenditure in Foreign Currency: CIF value of Import of Machinery- Rs.1,90,33,406/- (USD 2,08,585.59)
  - ♦ Earning in foreign Currency: Export value of goods in foreign Currency - Rs.70,20,000/- (USD 104,000)
9. The Company discontinued one of its segment, its revenue and results for the year ended 31st March 2017 its are as follows:

PARTICULARS	Note	AS AT 31st March 2017
<b>INCOME</b>		
Revenue From Discontinued Operations	1	9,072,551
Other Income	2	12,778,868
<b>TOTAL REVENUE FROM DISCONTINUED OPERATIONS</b>		<b>21,851,419</b>
<b>EXPENDITURE</b>		
Cost of Material Consumed and purchase of traded goods	3	3,765,678
Changes in Inventories of finished goods		
stock-in-process and stock-in-trade	4	4,126,732
Employee Benefit Expenses	5	59,467
Finance Cost	6	51,146
Other Expenses	7	5,102,948
<b>TOTAL EXPENSES FROM DISCONTINUED OPERATIONS</b>		<b>13,105,971</b>
<b>PROFIT/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS</b>		<b>8,745,448</b>
<b>Tax Expenses</b>		
Current Tax		5,67,100
MAT Credit		(69,198)
<b>PROFIT /(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>		<b>82,47,546</b>
<b>Earning Per Equity Share of Face Value of Rs.10/- each</b>		
Basic and Diluted in Rs		2.68

## NOTES TO PROFIT AND LOSS ACCOUNT

As at 31st March 2017

Note	Particulars	Amount (INR)
<b>1</b>	<b>REVENUE FROM OPERATIONS</b>	
	Sale of PP Disposable Containers (discontinued operations)	9,072,551
<b>2</b>	<b>OTHER INCOME</b>	
	Discount received	89,350
	Profit on sale of Assets	12,689,518
		<b>12,778,868</b>
<b>3</b>	<b>COST OF MATERIAL CONSUMED AND PURCHASE OF TRADED GOODS</b>	
	Opening Stock	1,695,075
	Add: Purchases of Raw Material and Semi Finished Goods and purchase of traded goods	2,070,603
	Less: Closing Stock	-
		<b>3,765,678</b>
<b>4</b>	<b>CHANGES IN INVENTORY AND STOCK IN TRADE</b>	
	Inventories (at close)	-
	Finished Goods	-
	Work-in-progress	
	Scrap/Wastage	
	<b>TOTAL (A)</b>	
	Inventories (at opening)	3,591,377
	Finished Goods	264,605
	Work-in-progress	270,750
	Scrap/Wastage	
		<b>4,126,732</b>
	<b>TOTAL (B)</b>	
	<b>TOTAL (B-A)</b>	4,126,732
<b>5</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>	
	Salaries and Wages	42,737
	Contribution to Provident Funds and ESI	16,730
	Director Remuneration	<b>59,467</b>
<b>6</b>	<b>FINANCE COST</b>	
	Interest Expenses	138
	Bank charges	51,008
		<b>51,146</b>
<b>7</b>	<b>OTHER EXPENSES</b>	
	Consumables Stores and Spares Consumed	729,068
	Electricity and Fuel	436,194
	Miscellaneous Expenses	12,10,885
	Bad debts written off	28,06,381
	Rent, Rates and Taxes	9,85,420
		<b>51,02,948</b>

10. As the Company discontinued one of its segment, its revenue and results for the year ended 31st March 2017 are not comparable with it previous year figures.

### 11. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below: (INR)

Particulars	SBNs*	SBNs* Other denomination notes	Total
Closing cash in hand as on November 8, 2016	47,95,500/-	3,28,835/-	51,24,335/-
(+) Permitted receipts	-	84,000/-	84,000/-
(-) Permitted payments	-	65,250/-	65,250/-
(-) Amount deposited in Banks	47,95,500/-	84,500/-	48,80,000/-
Closing cash in hand as on December 30, 2016	-	2,63,085/-	2,63,085/-

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November, 2016.

### 12. Segment Reporting:

Based on the guiding principle given in Accounting Standard on "Segment Reporting" (AS-17) as per applicable Accounting Standard, the Company's primary Segments are disposable wares (discontinued), knitted products and garments.

<b>A. Primary Segment</b>		
<b>1. Segment Revenue</b>	<b>2016-17</b>	<b>2015-16</b>
Net Sales/Income from each Segment		
a) Disposable Wares (discontinued operations)	<b>9,072,551</b>	<b>37,479,421</b>
b) Knitted Product and garments	<b>9,155,509</b>	-
Total	<b>18,228,060</b>	<b>37,479,421</b>
Less; Inter Segment Revenue	-	-
<b>Total</b>	<b>18,228,060</b>	<b>37,479,421</b>

<b>2. Segment Results</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Profit(+) / Loss (-) before tax and Interest</b>		
a) Disposable Wares (discontinued operations)	<b>8,745,448</b>	<b>32,00,009</b>
b) Knitted Product and garments	<b>(42,21,775)</b>	<b>-</b>
<b>Total</b>	<b>45,23,673</b>	<b>32,00,009</b>
<b>Less:</b>		
i) Interest	<b>20,632</b>	<b>704</b>
ii) Other Un-allocable Expenditure net of other unallocable income(+)/(-)	<b>(1,68,172)</b>	<b>(104,231)</b>
<b>Total Profit Before Tax</b>	<b>46,71,213/-</b>	<b>30,96,482</b>

<b>3. Capital Employed (Segment Assets - Segment Liabilities)</b>	<b>2016-17</b>	<b>2015-16</b>
a) Disposable Wares (discontinued operations)	<b>-</b>	<b>31,494,042</b>
b) Knitted Product and garments	<b>31,055,710</b>	<b>-</b>
d) Unallocated	<b>7,743,283</b>	<b>-</b>
<b>Total</b>	<b>38,798,993</b>	<b>31,494,042</b>

<b>4. Capital Expenditure, including CWIP and depreciation/ amortization for the year</b>	<b>2016-17</b>		<b>2015-16</b>	
	<b>Capital expenditure</b>	<b>Depreciation/ Amortization</b>	<b>Capital expenditure</b>	<b>Depreciation/ Amortization</b>
a) Disposable Wares (discontinued operations)	<b>-</b>	<b>-</b>	<b>4,831,093/-</b>	<b>257,286/-</b>
b) Knitted Product and garments	<b>16,695,727/-</b>	<b>76,804/-</b>	<b>-</b>	<b>-</b>
d) Unallocated	<b>5,508,004/-</b>	<b>1,101,601/-</b>	<b>6,609,605/-</b>	<b>1,101,601/-</b>
<b>Total</b>	<b>22,203,731/-</b>	<b>1,178,405/-</b>	<b>11,440,698/-</b>	<b>1,358,887/-</b>

<b>B. Secondary Segment</b>			
	<b>INDIA</b>	<b>REST OF WORLD</b>	<b>TOTAL</b>
<b>Segment Revenue</b>	112,08,060/-	70,20,000/-	<b>18,228,060/-</b>
<b>(Previous Year)</b>	<b>37,479,421/-</b>	-	<b>37,479,421/-</b>
<b>Segment Assets</b>	<b>333,52,203/-</b>	54,46,790/-	<b>38,798,993/-</b>
<b>(Previous Year)</b>	<b>31,494,042/-</b>	-	<b>31,494,042/-</b>
<b>Capital expenditure</b>	22,203,731/-	-	22,203,731/-
<b>(Previous Year)</b>	11,440,698/-	-	11,440,698/-

**Note:** The Company has disclosed business segment as the Primary segment.

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR LUHARUKA & ASSOCIATES  
Chartered Accountants  
FR No.01882S

FOR URBAKNITT FABRS LIMITED

**RAMESHCHAND JAIN**  
Partner  
M.No.23019

Sd/-  
**MANOJ KUMAR DUGAR**  
Chairman & Managing Director  
DIN: 00352733

Sd/-  
**RAJESH KUMAR DUGAR**  
Director  
DIN: 00730059

Place: Secunderabad.  
Date : 30/05/2017

Sd/-  
**Giridhar Reddy**  
(Company Secretary)

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of M/s. URBAKNITT FABS LIMITED**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **M/s. URBAKNITT FABS LIMITED** ('the Company'), its subsidiary company (the Company and its subsidiary company together referred to as 'the Group') which comprise the Consolidated Balance Sheet as at **March 31 2017**, the Consolidated Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information ('the consolidated financial statements').

#### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position and consolidated financial performance in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act as applicable. The respective Board of Directors of the company and its subsidiary companies including one of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of these consolidated financial statements by the Board of Directors of the Company.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the

provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017 and its consolidated profit for the year ended on that date.

## **Report on other Legal and Regulatory Requirements**

As required by section 143(3) of the Act, we report, the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
- e. On the basis of the written representations received from the Directors of the Company as on March 31, 2017, taken on record by the Board of Directors of the Company, none of the Directors of the Group Companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A" which is based on the Auditors' Reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company and its subsidiary company, incorporated in India.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group do not have any pending litigations which would impact its financial position.
  - ii. The Group did not have any material foreseeable losses on long - term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

- iv. The Group has provided requisite disclosures in its financial statements as to holdings as well as dealings in specified Bank notes during the period from 8<sup>th</sup> November, 2016 to 31<sup>st</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note 12 to the Notes to account of financial statements.

**For Luharuka & Associates**

Chartered Accountants

Firm Reg No:- 01882S

Sd/-

**Rameshchand Jain**

(Partner) Membership No.023019

Place: Secunderabad

Date: 30<sup>th</sup> May 2017

**Annexure 'A' to the Independent Auditors' Report  
(Referred to in paragraph (f) under 'Report on Other Legal and  
Regulatory Requirements' section of our report on even date)**

**Report on the Internal Financial Controls over Financial Reporting under  
Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the  
Act')**

We have audited the internal financial controls over financial reporting of **URBAKNITT  
FABS LIMITED** ('the Company'), its subsidiary company as at March 31 2017 in  
conjunction with our audit of the consolidated financial statements of the Company for  
the year ended and as on that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company, its subsidiary company are responsible  
for establishing and maintaining internal financial controls based on the respective  
internal control over financial reporting criteria established by the Company, its subsidiary  
companies considering the essential components of internal control stated in the Guidance  
Note on Audit of Internal Financial Controls Over Financial Reporting issued by the  
Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities  
include the design, implementation and maintenance of adequate internal financial  
controls that were operating effectively for ensuring the orderly and efficient conduct of  
its business, including adherence to the respective 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, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls  
over financial reporting based on our audit. We conducted our audit in accordance with  
the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance  
Note, to the extent applicable to an audit of internal financial controls over financial  
reporting. Those Standards and the Guidance Note require that we comply with the  
ethical requirements and plan and perform the audit to obtain reasonable assurance  
about whether adequate internal financial controls over financial reporting was established  
and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Company, its subsidiary company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31 2017, based on the internal control over financial reporting criteria established by the Company and its subsidiary incorporated in India considering the essential components of internal control stated in the Guidance Note.

## **For Luharuka & Associates**

Chartered Accountants

Firm Reg No:- 01882S

Sd/-

**Rameshchand Jain**

(Partner)Membership No.023019

Place: Secunderabad

Date: 30<sup>th</sup> May 2017

## CONSOLIDATED FINANCIAL STATEMENTS

### BALANCE SHEET as at 31st March, 2017

(Amount in INR)

PARTICULARS	Note	As at 31st March 2017	
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	30,775,000	
Reserves and Surplus	2	(676,479)	
		30,098,521	
<b>Minority Interest</b>	3		3,410
<b>Non Current Liabilities</b>			
Long Term Borrowings	4		535,989
<b>Current Liabilities</b>			
Trade Payables	5		
-Total outstanding dues of micro enterprises and small enterprises		-	
-Total outstanding dues of creditors other than micro enterprises and small enterprises		21,025,750	
Other Current Liabilities	6	5,098,101	
Short-Term Provisions	7	1,138,850	
			27,262,701
<b>TOTAL</b>			<b>57,900,621</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
Tangible Assets	8	1,134,030	
Intangible Assets		5,508,004	
Capital WIP		15,561,697	
Long Term Loans and Advances	9	1,069,700	
Deferred tax Asset (Net)	10	32,363	
			23,305,794
<b>Current Assets</b>			
Trade Receivables	11	27,753,705	
Cash and Bank Balances	12	830,777	
Short Term Loans and Advances	13	5,909,219	
Other Current Assets	14	101,126	
			34,594,827
Significant Accounting Policies			
Notes on Financial Statements	1 to 22		
<b>TOTAL</b>			<b>57,900,621</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2017

(Amount in INR)

PARTICULARS	Note	For the year ended 31st March 2017	
<b>INCOME</b>			
Revenue From Operations (Net)	15	33,669,608	
Other Income	16	320,749	
<b>TOTAL REVENUE</b>			<b>33,990,357</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	17	28,623,008	
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	18	-	
Employee Benefits Expenses	19	2,851,311	
Finance Costs	20	53,501	
Other Expenses	21	5,221,817	
Depreciation Expenses	8	1,178,405	
<b>TOTAL EXPENSES</b>			<b>36,749,638</b>
Profit/(Loss) before Tax and Depreciation			(2,759,281)
<b>PROFIT BEFORE TAX</b>			<b>(3,937,686)</b>
<b>Tax Expenses</b>			
Current Tax			45,000
Deferred Tax			58,965
MAT Credit			-
<b>Profit/(Loss) for the period from continuing operation</b>			(4,041,651)
<b>Profit/(Loss) for the period from discontinuing operation (Refer Note no.11)</b>			8,745,448
<b>Tax Expense of discontinuing operation (Refer Note no.11)</b>			497,902
<b>Profit /(Loss) for the period from discontinuing operation after tax (Refer Note no.11)</b>			8,247,546
<b>Profit /(Loss) for the period after tax</b>			4,205,895
<b>Profit /(Loss) for the Year before minority Interest</b>			<b>4,205,895</b>
<b>Less: Minority Interest</b>			<b>410</b>
<b>PROFIT AFTER TAX</b>			<b>4,205,485</b>
Earning Per Equity Share of Face Value of Rs.10/- each Basic and Diluted in Rs			1.37
Significant Accounting Policies Notes on Financial Statements	1 to 22		

## CONSOLIDATED FINANCIAL STATEMENTS

### Notes to Financial Statements for the year ended 31st March, 2017

		<b>(Amount in Rs.) As at 31-03-2017</b>	
<b>1</b>	<b>SHARE CAPITAL</b>		
	<b>Authorised Share Capital</b>		
	Equity Share of Rs 10/- each	5,000,000	<b>50,000,000</b>
(a)	<b>Issued, Subscribed and Paid Up:</b>		
	30,77,500 Equity Share of Rs 10/- each	3,077,500	<b>30,775,000</b>
(b)	<b>Reconciliation of the number of equity share and share Capital</b>	<b>No. of Shares</b>	<b>Amount</b>
	Issued, Subscribed and fully paid up equity shares outstanding at beginning of the year	3,077,500	<b>30,775,000</b>
	Add: Shares issued during the year	-	-
	Issued, Subscribed and fully paid up equity shares outstanding at beginning of the year	<b>3,077,500</b>	<b>30,775,000</b>
(c)	<b>The Details of Share Holders holding more than 5% shares:</b>		
	<b>Name of the Share Holder</b>	<b>No. of Shares</b>	<b>% Held</b>
	Tara Devi Dugar	369325	12.00
	Renu R Dugar	300362	9.76
	Balram Chainrai & Anita Chainrai Advani	294000	9.55
	Rajesh Kumar Dugar	276975	9.00
	Manoj Kumar Dugar	256525	8.34
	Divay Dugar	246255	8.00
	Chirag Dugar	246250	8.00
	Renu M Dugar	215360	7.00
<b>2</b>	<b>RESERVES AND SURPLUS</b>		
	<b>Profit and Loss Account</b>		
	As per the Last Balance Sheet	(4,881,964)	
		-	
		(4,881,964)	
	<b>Add: Profit for the year</b>	<b>4,205,485</b>	
			<b>(676,479)</b>

<b>3</b>	<b>MINORITY INTEREST</b> Share of Capital Share of Current Year's Profit	3,000 410	<b>3,410</b> <b>3,410</b>
<b>4</b>	<b>LONG TERM BORROWINGS</b> <b>Secured</b> Vehicle Loan from bank (against hypothecation of vehicle) (repayable in equal 60 number of instalment at an average rate of 9.61% )		535,989 <b>535,989</b>
<b>5</b>	<b>TRADE PAYABLES</b> Micro, Small and Medium Enterprises Others	- 21,025,750	
			<b>21,025,750</b>
<b>6</b>	<b>OTHER CURRENT LIABILITIES</b> Advance from customers Other liabilities Statutory liabilities Current Maturity of Long Term Debts (against hypothecation of vehicle) (repayable in equal 60 number of instalment at an average rate of 9.61% ) Book Overdraft	1,086,186 2,715,488 71,408  194,964  1,030,055	
			<b>5,098,101</b>
<b>7</b>	<b>SHORT -TERM PROVISIONS</b> Provision for Employee benefits Other Provisions Provision for Income tax	- 526,750 612,100	
			<b>1,138,850</b>
<b>8</b>	<b>TANGIABLE &amp; INTANGIBLE ASSETS</b> Vehicles Computers	940,989 193,040	
	<b>TOTAL</b>		1,134,030

	<b>INTANGIBLE ASSETS</b>		
	Goodwill (To the extent not written off)		5,508,004
	<b>Capital Work In Progress</b>		15,561,697
			<b>22,203,731</b>
<b>9</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
	Unsecured and Considered Good		
	Security Deposits	1,069,700	
			<b>1,069,700</b>
<b>10</b>	<b>DEFERRED TAX ASSET (NET)</b>		
	Arising on Account of:		
	Depreciation	32,363	
			<b>32,363</b>
<b>11</b>	<b>TRADE RECEIVABLES</b>		
	Unsecured and Considered Good		
	i) Over six months	5,446,790	
	ii) Others	22,306,915	
			<b>27,753,705</b>
<b>12</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in Hand	369,169	
	Balances with Banks	461,606	
			<b>830,775</b>
<b>13</b>	<b>SHORT TERM LOANS AND ADVANCES</b>		
	Unsecured and Considered Good		
	Advance recoverable in cash or in kind	436,957	
	Capital Advance	5,472,262	
			<b>5,909,219</b>
<b>14</b>	<b>OTHER CURRENT ASSETS</b>		
	Balance with Statutory Authorities	31,928	
	MAT Credit Entitlement	69,198	
			<b>101,126</b>
<b>15</b>	<b>REVENUE FROM OPERATIONS</b>		
	Sale of Chemical	24,514,099	
	Sale of Garments	9,155,509	
			<b>33,669,608</b>

<b>16</b>	<b>OTHER INCOME</b>		
	Discount received	19,319	
	Interest Income	183,189	
	Commission	118,241	
			<b>320,749</b>
<b>17</b>	<b>COST OF MATERIALS CONSUMED</b>		
	Opening Stock	-	
	Add Purchases of Raw Material and Semi Finished Goods	-	
	Add: Purchases of Stock in Trade (Garments)	5,036,612	
	Add: Purchases of Stock in Trade (Chemicals)	23,586,396	
	Less Closing Stock	-	
			<b>28,623,008</b>
<b>18</b>	<b>(INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS</b>		
	Inventories (at close)	-	
	Finished Goods	-	
	Work-in-progress		
	Scrap/Wastage		-
	<b>TOTAL A</b>		
	Inventories (at opening)		
	Finished Goods		
	Work-in-progress		
	Scrap/Wastage		
	<b>TOTAL B</b>		-
	<b>TOTAL (B-A)</b>		-
<b>19</b>	<b>EMPLOYEE BENEFITS EXPENSES</b>		
	Salaries and Wages	1,451,311	
	Director Remuneration	1,400,000	
			<b>2,851,311</b>
<b>20</b>	<b>FINANCE COSTS</b>		
	Interest Expenses	20,632	
	Bank charges	32,869	
			<b>53,501</b>

<b>21 OTHER EXPENSES</b>		
Freight	710440	
Professional Charges	500958	
Rent, Rates and Taxes	235714	
Travelling Expenses	1103713	
Membership subscription fee	1062676	
Miscellaneous Expenses	1350946	
<u>Payment to Auditors</u>		
Statutory Audit Fee	97750	
Foreign exchange fluctuation (net)	159620	
	5,221,817	

## **22. URBAKNITT FABS LIMITED (CONSOLIDATED FINANCIAL STATEMENTS) NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> March 2017**

### **1. SIGNIFICANT ACCOUNTING POLICIES :**

a) Since this is the first year of consolidation, previous year figures have not been given.

b) **Basis of Accounting:**

The Financial Statements have been prepared under the historical cost convention on accrual basis in conformity in all material aspects with the generally accepted accounting principles in India and comply with Accounting Standards referred to in Section 211 (3C) of the Companies Act, 2013.

c) **Basis of Consolidation:**

**M/s. Urbaknitt Fabs Limited** has prepared the Consolidated Financial Statements in accordance with relevant Accounting Standards as specified u/s 133 of the Companies Act, 2013 read with rule 7 of Companies (Account) Rules, 2014.

The Consolidated Financial Statements comprise Financial Statements of **M/s. Urbaknitt Fabs Limited** and its only **subsidiary (Morbido Merchandise Private Limited.)** Uniform accounting policies have been adopted for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements.

d) **Companies included in Consolidation:**

The consolidated financial statements are prepared by consolidating financial statements of **M/s. Urbaknitt Fabs limited (Holding Company) and its subsidiary (M/s. Morbido Merchandise Private Limited)**

## I. Notes on Accounts:

1. **Related Party Disclosures:** Related party disclosures as required under AS- are as follows.

➤ **Relationship: Associates:** Following are the associates till the Jun'17

M/s. Pankaj Polymers Limited	M/s.Aman Tubes Private Ltd
M/s.Pankaj Polytech pvt Ltd	M/s. Pankaj Polychem (P) Ltd
M/s. Ayushman merchants private limited.	M/s. Ayushman solutions private limited

## Kashish dugar beneficiary trust Lakshya dugar beneficiary trust

A. **Key Management Personnel:** Mr. Manoj Kumar Dugar, : Mr. Chirag Dugar

B. The following transactions were carried out with related parties in the ordinary course of business. Transactions with **Associates till June'16:**

Nature of Transactions	M/s. Pankaj Polymers Limited	M/s.Aman Tubes Private Ltd	M/s. Pankaj Polychem(P)Ltd	M/s.Pankaj Polytech Pvt Ltd
Repayment of advances given	3,50,000/-	6,00,000/-		-
Sale of Goods	-	-	44,22,214/-	-
Sale of Assets (net)		-	185,00,000/-	-
Closing balance	26,50,000/-	-		-

## 2. Other Related party Transactions:

Nature of Transactions	Kashish Dugar Beneficiary Trust	Lakshya Dugar Beneficiary Trust	M/s. Ayushman Solutions Pvt Ltd	Ayushman Merchants Pvt Ltd
Advance given	5,04,740/-	22,95,000/-	-	-
Interest received	19,330/-	87,713/-	-	-
Purchase of goods	-	-	20,83,423/-	-
Reimbursement of TDS	-	-	58,351/-	47,136/-
Closing balance	-	-	20,95,923/- (Cr.)	12,753/- (Cr.)

## 3. Remuneration paid to

- Mr. Manoj Dugar (Director)	12,00,000/- (Nil)
- Mr. Chirag Dugar(Director)	2,00,000/- (Nil)

**4. Expenditure in Foreign Currency:**

a. CIF value of Import of goods	2,35,86,396/-
b. CIF value of Import of machinery	1,90,33,406/-
c. Earning in foreign Currency: Commission earned	1,18,241/-
d. Earning in foreign Currency Export value of goods in foreign Currency	70,20,000/-

**5. Earnings per Share:** The numerator and denominator used to calculate basic/diluted earning per share:

	<b>2016-17</b>
Profit / Loss after tax (Numerator)	42,05,485/-
Basic/weight in average No. of Equity Shares (Denominator)	3077500
Basic/Diluted earnings per share	1.37
Nominal face value of shares.	10/-

**6. Contingent Liabilities:**

- ♦ Estimated amount of contracts remaining to be executed on capital accounts net of advance : Rs. Nil
  - ♦ Bank Guarantee given : Nil
7. In accordance with the provisions of the accounting standards, AS-22 "Accounting for Taxes on Income" the deferred tax liability of Rs. 58,965/- has been recognized in the profit & loss account for the year issued by the Institute of Chartered Accountants of India the Company has recognized tax effect of the timing differences, representing the difference between Taxable Income and Accounting Income.
  8. The information relating to the registration status of suppliers under the Micro, Small & Medium Enterprises Development Act 2006 is compiled & disclosed to the extent of information available with the Company.
  9. This year company has invested in shares of M/s. MORBIDO MERCHANDISE PRIVATE LIMITED of 9,97,000 shares @ F.V. Rs.10/- each by virtue of which it become its subsidiary. M/s. MORBIDO MERCHANDISE PRIVATE LIMITED has incorporated its business this year and has started dealing in construction chemical activities and represents M/s. AK. ChemTech Co. Ltd of South Korea in India.
  10. The company has discontinued its operation manufacturing PP Disposables wef 12th May 2016 and is setting a new business of manufacturing knitted products (knitted bags, agri shed and mattress, pillows this year.

11. The company has discontinued its operation manufacturing PP Disposables w.e.f 12<sup>th</sup> May 2016 and has sold its plant and machinery, land & building and inventory detail of which is as follows:

Particulars	Land & Building	Plant and Machinery	Inventory
Book value as on 31st March 2016	25,00,000/-	20,64,331/-	60,71,807/-
Sale value	160,00,000/-	15,07,031/- (net of electricity deposit INR 10,04,500/-)	60,71,807/-

12. The Company discontinued one of its segment, its revenue and results for the year ended 31st March 2017 its are as follows:

PARTICULARS	Note	As at 31st March 2017
<b>INCOME FROM DISCONTINUED OPERATIONS</b>		
Revenue From Operations	1	9,072,551
Other Income	2	12,778,868
<b>TOTAL REVENUE FROM DISCONTINUED OPERATIONS</b>		<b>21,851,419</b>
<b>OPERATIONS EXPENDITURE</b>		
Cost of Material Consumed and purchase of traded goods	3	3,765,678
Changes in Inventories of finished goods stock-in-process and stock-in-trade	4	4,126,732
Employee Benefit Expenses	5	59,467
Finance Cost	6	51,146
Other Expenses	7	5,102,948
<b>TOTAL EXPENSES FROM DISCONTINUED OPERATIONS</b>		<b>13,105,971</b>
<b>PROFIT/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS</b>		8,745,448
<b>Tax Expenses</b>		
Current Tax		5,67,100
MAT Credit		(69,198)
<b>PROFIT /(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>		<b>82,47,546</b>
<b>Earning Per Equity Share of Face Value of Rs.10/- each</b>		
Basic and Diluted in Rs		2.68

<b>NOTES TO PROFIT AND LOSS ACCOUNT</b>		<b>For the period ended 31st March 2017</b>
<b>Note</b>	<b>Particulars</b>	<b>Amount (INR)</b>
<b>1</b>	<b>REVENUE FROM OPERATIONS</b>	
	Sale of PP Disposable Containers (discontinued operations)	9,072,551
<b>2</b>	<b>OTHER INCOME</b>	
	Discount received	89350
	Profit on sale of Assets	12,689,518
		<b>12,778,868</b>
<b>3.</b>	<b>COST OF MATERIAL CONSUMED AND PURCHASE OF TRADED GOODS</b>	
	Opening Stock	1,695,075
	Add: Purchases of Raw Material and Semi Finished Goods and purchase of traded goods	2,070,603
	Less: Closing Stock	-
		<b>3,765,678</b>
<b>4.</b>	<b>CHANGES IN INVENTORY AND STOCK IN TRADE</b>	
	Inventories (at close)	-
	Finished Goods	-
	<b>TOTAL A</b>	
	Inventories (at opening)	3,591,377
	Finished Goods	264,605
	Work-in-progress	270,750
		<b>4,126,732</b>
	<b>TOTAL B</b>	
	<b>TOTAL (B-A)</b>	4,126,732
<b>5.</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>	
	Salaries and Wages	42737
	Contribution to Provident Funds and ESI	16,730
		<b>59,467</b>
<b>6</b>	<b>FINANCE COST</b>	
	Interest Expenses	138
	Bank charges	51,008
		<b>51,146</b>
<b>7</b>	<b>OTHER EXPENSES</b>	
	Consumables Stores and Spares Consumed	729,068
	Electricity and Fuel	436,194
	Miscellaneous Expenses	1,45,885
	Bad debts written off	28,06,381
	Rent, Rates and Taxes	9,85,420
		<b>5,102,948</b>

### 13. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below: (INR)

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	47,95,500	3,38,265	51,33,765
(+) Permitted receipts	-	84,000	84,000
(-) Permitted payments	-	72,700	72,700
(-) Amount deposited in Banks	47,95,500	84,500	48,80,000
Closing cash in hand as on December 30, 2016	-	2,65,065	2,65,065

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November, 2016.

### 14. Segment Reporting:

Based on the guiding principle given in Accounting Standard on "Segment Reporting" (AS-17) as per applicable Accounting Standard, the Company's primary Segments are disposable wares (discontinued), knitted products and garments.

<b>A. PRIMARY SEGMENT</b>	
<b>Segment Revenue</b>	<b>2016-17</b>
Net Sales/Income from each Segment	
a) Disposable Wares (discontinued operations)	<b>9,072,551</b>
b) Knitted Product and garments	<b>9,155,509</b>
c) Chemicals	<b>24,514,099</b>
Total	<b>42,742,159</b>
Less; Inter Segment Revenue	-
<b>Total</b>	<b>42,742,159</b>



<b>B. Segment Results</b>	<b>2016-17</b>
<b>Profit(+) / Loss (-) before tax and Interest</b>	
a) Disposable Wares (discontinued operations)	<b>8,745,448</b>
b) Knitted Product and garments	<b>4,221,775)</b>
c) Chemicals	<b>169,418</b>
<b>Total</b>	<b>4,693,091</b>
<b>Less:</b>	
<b>i) Interest</b>	<b>53,501</b>
<b>ii) Other Un-allocable Expenditure net of other unallocable income(+)/(-)</b>	<b>(168,172)</b>
<b>Total Profit Before Tax</b>	<b>4,807,762</b>

<b>C. Capital Employed</b>	<b>2016-17</b>
<b>(Segment Assets - Segment Liabilities)</b>	
a) Disposable Wares (discontinued operations)	-
b) Knitted Product and garments	<b>31,055,710</b>
c) Chemicals	<b>21,117,482</b>
d) Unallocated	<b>5,812,430</b>
<b>Total</b>	<b>57,985,622</b>

<b>Capital Expenditure, including CWIP and depreciation/ amortisation for the year</b>	<b>2016-17</b>	
	<b>Capital expenditure</b>	<b>Depreciation/ Amortisation</b>
a) Disposable Wares (discontinued operations)	-	-
b) Knitted Product and garments	16,695,727	76,804
c) Chemicals	-	-
d) Unallocated	5,508,004	1,101,601
<b>Total</b>	<b>22,203,731</b>	<b>1,178,405</b>

#### **D. Secondary Segment**

	<b>INDIA</b>	<b>REST OF WORLD</b>	<b>TOTAL</b>
<b>Segment Revenue</b>	357,22,159/-	70,20,000/-	<b>42,742,159/-</b>
<b>Segment Assets</b>	<b>525,38,882/-</b>	54,46,790/-	<b>57,985,622</b>
<b>Capital expenditure</b>	22,203,731/-	-	22,203,731/-

**Note: The Company has disclosed business segment as the Primary segment.**



**15. Additional Information, as required under Schedule III of the Companies Act, 2013, of enterprise consolidated as Subsidiary.**

Particulars	Net Assets i.e. Total Assets minus Total Liabilities		Share of Profit or (Loss)	
	As % of Consolidated Net Assets	Amount (in Rs.)	As % of Consolidated Profit or Loss	Amount (in Rs.)
<b>Parent</b>				
Urbaknitt Fabs limited	99.66	300,29,853/-	97.77	41,36,817/-
<b>Subsidiary (Indian)</b>				
Morbido Merchandise Private Limited	0.34	97,355/-	2.23	94,355/-
<b>TOTAL</b>	<b>100.00%</b>	<b>301,27,208/-</b>	<b>100.00%</b>	<b>42,31,172/-</b>

**16. Salient features of the financial statement of subsidiaries/ associate companies**

Part "A": Subsidiaries	
Name of the Subsidiary	Morbido Merchandise Pvt Limited
1. Share Capital	10,00,000/-
2. Reserves & Surplus	91,550/-
3. Total Assets	210,17,595/-
4. Total Liabilities	210,17,595/-
5. Investments	-
6. Turnover	245,14,099/-
7. Profit before taxation	1,36,550/-
8. Provision for taxation	45,000/-
9. Profit after taxation	91,550/-
10. Proposed Dividend	-
11. % of shareholding	99.70

**Note:** The above mentioned Subsidiary has reporting period as same as holding company. The above mentioned Subsidiary is not a foreign subsidiary company.

**PART "B" : Associates**

There are no Associates

17. As the Company discontinued one of its segment, its revenue and results for the year ended 31st March 2017 are not comparable with it previous year figures. Since this is the first year of consolidation, previous year figures are not available

AS PER OUR REPORT ON EVEN DATE ATTACHED.

**FOR LUHARUKA & ASSOCIATES**

CHARTERED ACCOUNTANTS

FRN No. 01882S

By Order of the Board  
For Urbaknitt Fabs LIMITED

Sd/-

**Rameshchand Jain**

Partner

(M.No. 23019)

Sd/-

**Manoj Kumar Dugar**

Chairman & Managing Director

(DIN No: 00352733)

Sd/-

**Rajesh kumar Dugar**

Director

(DIN No: 00730059)

Place : Secunderabad

Date: 30/05/2017

**URBAKNITT FABS LIMITED**

(Formally known as PANKAJ POLPACK LIMITED)

**Regd.Office: Plot No.10&11, MCH No.1-8-304 to 307/10 Pattigadda Road Hyderabad-500 003**

**Tel : +91 40 27909001**

**E-mail : [info@urbaknitt.com](mailto:info@urbaknitt.com): Website : [www.urbaknitt.com](http://www.urbaknitt.com)**

**ATTENDANCE SLIP**

(Please present this slip at the Meeting venue)

I/We hereby record my/our presence at the **SIXTH ANNUAL GENERAL MEETING** of the Company, at IIIrd Floor, Lions Bhavan, 1-8-179, Lakhapath Building, Behind HDFC Bank, Paradise Circle, Secunderabad- 500 003, at 11.00 A.M. on Friday, the 29<sup>th</sup> day of September 2017 and at any adjournment thereof.

Shareholders/Proxy's Full Name (In Block Letters): \_\_\_\_\_

Folio No./Client ID : \_\_\_\_\_

No. of Shares Held : \_\_\_\_\_

Notes:

1. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip/ Proxy from as the case may be meeting and handover at the entrance duly signed.
2. Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.
3. A Proxy need not be a member of the company.
4. Incase of joint holders, the vote of the senior who tends a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.

Signature of the Shareholder(s)/Proxy's: \_\_\_\_\_

Signed this .....day of .....2017

## URBAKNITT FABS LIMITED

(Formally known as PANKAJ POLPACK LIMITED)

**Regd.Office: Plot No.10&11, MCH No.1-8-304 to 307/10 Pattigadda Road Hyderabad-500 003**

**Tel : +91 40 27909001**

**E-mail : info@urbaknitt.com: Website : www.urbaknitt.com**

### PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L55101TG2011PLC072532  
Name of the company : URBANKNITT FABS LIMITED (formally known as PANKAJ POLYPACK LIMITED)  
Registered office : Plot No 10 &11, MCH No 1-8-304 to 307/10 Pattigadda Road,  
Hyderabad, Telangana - 500003

Name of the member(s):  
Registered address:  
E-mail Id:  
Folio No/ Client Id:  
DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: ..... Address: .....

E-mail Id:

Signature: ..... or failing him

2. Name: ..... Address: .....

E-mail Id:

Signature: ..... or failing him

3. Name: ..... Address: .....

E-mail Id:

Signature: ..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **SIXTH ANNUAL GENERAL MEETING** of the company, to be held on the IIIrd Floor, Lions Bhavan, 1-8-179, Lakhapath Building, Behind HDFC Bank, Paradise Circle, Secunderabad- 500 003, at 11.00 A.M. on Friday, the 29<sup>th</sup> day of September 2017 and at any adjournment thereof in respect of such resolutions as are indicated below:

SNO	RESOLUTION
1.	To Receive, Consider and Adopt the Audited Balance Sheet as at 31 <sup>st</sup> March, 2017 and the Profit and Loss Account for the year ended 31 <sup>st</sup> March 2017, together with the Reports of Auditors' and Directors' thereon.
2.	To appoint M/s. Luharuka & Associates, Chartered Accountants, Hyderabad as Auditors of the Company.

Signed this \_\_\_\_ day of September 2017

Signature of shareholder

Signature of Proxy holder(s)

Affix  
Re.1/-  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



## URBAKNITT FABS LIMITED

(Formally known as PANKAJ POLPACK LIMITED)

**Regd.Office: Plot No.10&11, MCH No.1-8-304 to 307/10 Pattigadda Road Hyderabad-500 003**

**Tel : +91 40 27909001**

**E-mail : info@urbaknitt.com: Website : www.urbaknitt.com**

### Form No. MGT-12

### POLLING PAPER

(Pursuant to Section 109(5) of the Companies Act 2013 and Rule 21(1)(C) of the Companies (Management and Administration) Rules, 2014)

S.No	Particulars	Details
1	Name of the First Named Shareholder(in block letters)	
2	Postal Address	
3	Registered Folio No/Client ID)	
4	Class of Share	Equity
5.	No of Shares held	

I Hereby exercise my vote in respect of Ordinary/Special Resolution enumerated below by recording my assent or dissent to the said resolution in the following manner :

Resolution No.	Matter of Resolution	I assent to the resolution	Assent to No of shares	I dissent from the resolution	Dissent to No of shares
1	Adoption of Financial Statements and Report of Board of Directors and Auditors thereon, for financial year ended March 31, 2017 – Ordinary Resolution.				
2	To appoint M/s. Luharuka & Associates, Chartered Accountants, Hyderabad as Auditors of the Company.				

Place:

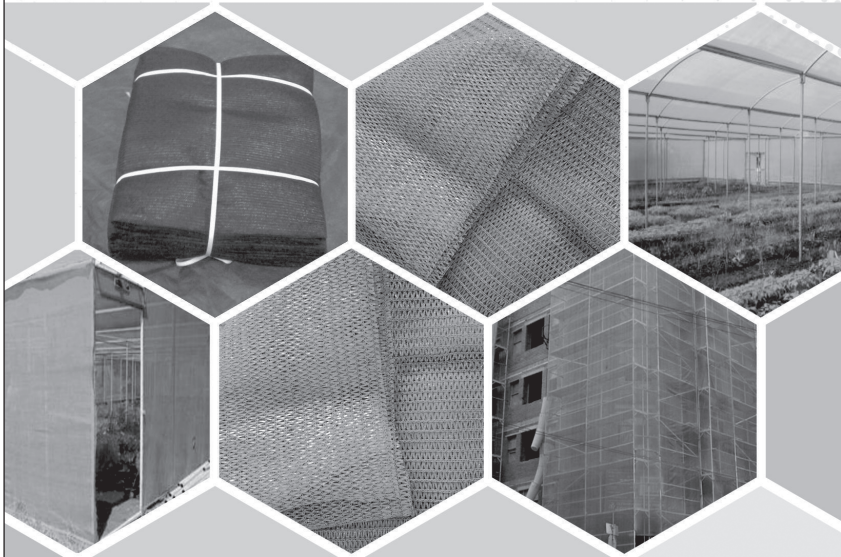
Date:

Signature of Shareholder/ Proxy



# Agri Shade Net

**ayushman**  
Agri Shade Net



## ISO 9008:2015 Certified Company

**Ayushman net**, well established unit at Hyderabad has its design, manufacture and supply of a wide range of high performing Technical Textiles for a highly ranging domains. Ayushman net are distinctly different as, these are made by new knitting and weaving techniques; techniques being used presently in Europe countries. Ayushman net is one of the strongest products available in the market. Our inter-locking knitting techniques enable us to provide up to 3 times more impact and load bearing capacity than other products in the market. Highly suitable for produce that requires higher ventilation and protection for pests. Protects crops from natural weather disturbances such as wind, rain, hail, frost, snow, bird and insects. Allows controlled flow of air and avoids tears and repeated changing of nets. Helps in quality drying of various agro products.

### Applications

<b>Horticulture</b> Tomatoes Veg Seeding Cabbage Peppers Lettuce Grapes	<b>Floriculture</b> Pot Plants Gerbera Carnations Nursery Plantation Crop Anthurium Chrysanthus Roses Dieffenbachia Orchids	<b>Plantation</b> Tea Coffee Cardamom	<b>Domestic</b> Cattle Shed Fencing Domestic Shading Scaffolding Net Car Shed Interior Designing
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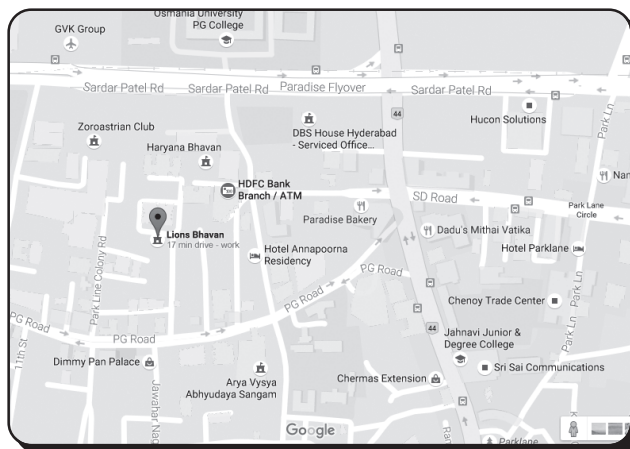
### Features

- UV Stabilize for long life
- Width up to 8mm, Length Customised
- Made from Virgin PE tapes
- Consistent shade factor
- Manufactured on the best of Machines, with new Techniques.

**Urbaknitt**   
Beyond the Obvious

"Shyam-Arihant", 2nd Floor, 1-8-304-7/10 & 11, Patigadda Road,  
Secunderabad-500 003, Telangana, INDIA.

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## ROUTE MAP

## ayushman™

Knitted Bags

Ayushman Knitted Bags are manufactured in India by Urbaknitt Fabs Limited, Hyderabad, using new knitting and weaving techniques which makes it distinctively different from others. The range of products is wide and is structured and designed to deliver high functionality. The products' uniqueness is that they are 100% Green Products, that fulfil the parameters of health, comfort and utility. The products are: breathable, waterproof, hypoallergenic and maintenance free.

### Other Features:

- More stronger than leno bags and other conventional bags in the market.
- Promotes high ventilation to avoid dampening but at the same time withholds produces hydration by upto 20% more than traditional leno bags
- Manufactured by modified knitting techniques with high strength interlocking designed to minimize tear if ever it occurs, to a minimum.
- Close knitting and interlocking in knitting promotes storage of smaller and items of smaller size than potatoes, onions such as : turmeric (haldi), peas, ladyfinger, beans etc.
- Highly durable and reusable packaging solution
- Made from 100% recyclable materials
- Maintains bag structure and spacing permanently to avoid spillage. Normal conventional Leno bag spillage % is more, where as in this technology 0% spillage.



### Applications

- Horticulture
- Floriculture
- Industrial Usage

### Specifications

Size	Capacity
10" x 15"	5 kg
12" x 25"	10 kg
22" x 40"	50 kg
28" x 40"	60 kg
30" x 42"	75 kg

Sizes can be customised as per customer's requirement.

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## Urbaknitt Fabs Limited

(Formerly known as Pankaj Polypack Limited)

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