

# **Arex Industries Limited**

**29<sup>TH</sup> ANNUAL REPORT 2017-18**



*We weave brands*

<b>Board of Directors</b>	Shri Dinesh A Bilgi (DIN:00096099)	Managing Director
	Shri Neel D Bilgi (DIN:00096180)	Managing Director
	Shri Chirag D Bilgi (DIN:02094970)	Managing Director
	Shri Pragnesh K Shah (DIN:00228223)	Whole-time Director
	Shri Laxman C Tilani (DIN:00632516)	Non- Executive Director
	Shri Vasant R Shah (DIN:00371634)	Non-Executive Director
	Shri Balkrishna I Makwana (DIN:00287931)	Independent Director
	Shri Dinesh H Pande (DIN:03147549)	Independent Director
	Smt Harsha H Parikh (DIN:06931405)	Independent Director
<b>Company Secretary &amp; Compliance Officer</b>	Smt Kairavi Bilgi (Membership No.ACS 21519)	
<b>Bankers</b>	State Bank of India	
<b>Auditors</b>	M/S SWETA PATEL & ASSOCIATES Chartered Accountants Ahmedabad Firm Regn No.139165W	
<b>Registrars and Transfer Agent</b>	Link Intime India Pvt. Ltd. 506-508, Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Near St. Xavier's College Corner, Off C. G. Road, Ellisbridge, Ahmedabad - 380 006. Tel: 079 26465179 /86 / 87 Email: ahmedabad@linkintime.co.in Web Site: www.linkintime.co.in	
<b>Registered Office &amp; Plant</b>	812, G. I. D. C. Estate, Chhatral, Tal.: Kalol, Dist : Gandhinagar - 382 729.	

**29<sup>th</sup> ANNUAL GENERAL MEETING**

Date : 20<sup>th</sup> September, 2018  
Day : Thursday  
Time : 12.30 P.M.  
Place : The Grand Amrit  
Mehsana Kalol Highway,  
Chhatral, Tal.: Kalol,  
Gandhinagar – 382 729.

Notice of the 29<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, 20<sup>th</sup> day of September, 2018 at 12:30 p.m. at The Grand Amrit, Mehsana-Kalol Highway, Chhatral, Ta. Kalol, Dist. Gandhinagar- 382 729, to transact the business mentioned therein is enclosed herewith. Shareholders are requested to bring their copy of the Annual Report while attending the Meeting.

## NOTICE

NOTICE is hereby given that the 29<sup>th</sup> Annual General Meeting of members of the Company will be held on Thursday, 20<sup>th</sup> day of September, 2018 at 12.30 p.m. at The Grand Amrit, Mehsana-Kalol Highway, Chhatral, Ta. Kalol, Dist. Gandhinagar- 382 729, to transact the following ordinary business:

1. To receive, consider and adopt audited financial statements for the year ended on 31<sup>st</sup> March, 2018 and the reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Pragnesh Kantilal Shah (DIN: 00228223), Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Laxman Chetandas Tilani (DIN: 00532516), Director who retires by rotation and being eligible, offers himself for re-appointment.
5. To ratify the appointment of Statutory Auditor M/s Sweta Patel & Associates, Chartered Accountants of Ahmedabad.

\*RESOLVED THAT pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and pursuant to the resolution passed by the members of the Company in their 28<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2017, appointment of M/s Sweta Patel & Associates, Chartered Accountants of Ahmedabad (having Firm Registration No.139165W), to hold office from the conclusion of this 29<sup>th</sup> Annual General Meeting until the conclusion of the next i.e. 30<sup>th</sup> Annual General Meeting of the Company, be and are hereby ratified, on a remuneration to be determined by the Board of Directors plus reimbursement of out of pocket expenses and applicable taxes on actual basis."

\*RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to do all such acts, deeds and things as may be necessary or expedient for the purpose."

By Order of the Board

Regd Office:

612, GIDC Estate

Chhatral, Tal: Kalol

Dist: Gandhinagar-382 729

Date : 13<sup>th</sup> August, 2018

Dinesh A Bilgi

Mg. Director/CFO

DIN:00096099

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. Proxies in order to be effective, should be stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies and other bodies corporate must be supported by appropriate resolution/authorities.
3. The Share Transfer Books and the Register of Members of the Company shall remain closed from Saturday, 15<sup>th</sup> September, 2018 to Thursday, 20<sup>th</sup> September, 2018 (both days inclusive) for determining the names of members eligible for dividend, if declared at the meeting.
4. The Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those Members whose names appear in the Register of Members of the Company as on 20<sup>th</sup> September, 2018, in respect of shares held in Physical form and in respect of shares held in the electronic form, to those "Deemed Members" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services Ltd (NSDL) and the Central Depository Services (India) Ltd (CDSL) at the end of business hours on Friday, 14<sup>th</sup> September, 2018.
5. Members desirous of any information or clarification on accounts are requested to write to the Company at least 10 days in advance of the meeting.
6. As per the provisions of Section 124 & 125 of the Companies Act, 2013 corresponding to 205A & 205C of the Companies Act, 1956 and the Rules made thereunder, the Company has to transfer the dividend amount remaining unpaid and/or unclaimed for a period of consecutive seven years along with relevant shares, to the Investor Education and Protection Fund (IEPF).
7. Pursuant to the provisions of Section 124 of the Companies Act, 2013 and the IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more has been transferred to the Investor Education Protection Fund Authority as notified by the MCA.
8. Members/claimants whose share, unclaimed dividend have been transferred to IEPF may claim the shares/ apply for refund by making an application to IEPF Authority in Form IEPF -5 (refer to [www.iepf.gov.in](http://www.iepf.gov.in)) alongwith requisite fees as may decided from time to time. The member/claimant can file only on consolidated claim in a financial year as per the IEPF Rules.
9. The particulars of declaration of dividend(s) by the Company and due date of transfer of unpaid dividend to IEPF are as under:

Financial Year	Date of Declaration	Dividend (%)	Dividend Type	Amount (Rs) per share	Tentative date of Transfer to IEPF
2010-11	17.09.2011	9	Final Dividend	0.90	16.10.2018
2011-12	18.09.2012	9	Final Dividend	0.90	17.10.2019
2012-13	29.08.2013	9	Final Dividend	0.90	30.09.2020
2013-14	11.09.2014	9	Final Dividend	0.90	10.10.2021
2014-15	19.09.2015	9	Final Dividend	0.90	18.10.2022
2015-16	27.09.2016	30	Final Dividend	3.00	26.10.2023
2016-17	21.09.2017	20	Final Dividend	2.00	19.10.2024

10. As per the provisions of Section 205C of the Companies Act, 1956 and the Rules made thereunder, the Company has transferred whole of the unpaid and/or unclaimed Final dividend amount for the year 2009-10 to the Investor Education and Protection Fund (IEPF) on 3.1.2018. Pursuant to the provisions of Investors Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has also uploaded the details of unpaid and unclaimed amounts lying with the Company as on 21<sup>st</sup> September, 2017 (date of last AGM).
11. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number(PAN) and Bank Details by every participant in Securities Market. Members holding shares in electronic form are, therefore, advised to submit PAN details to their respective Depository Participant (DP) and the members holding shares in physical form can submit PAN details to the Company or its Registrar, M/s Link Intime India Pvt Ltd.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar, M/s Link Intime India Pvt Ltd, for consolidation into a single folio.
13. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/document including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measure, members who have not registered their email addresses, so far, are requested to register their email addresses, in respect of electronic holding with the Depository through their concerned Depository Participants.
14. Members are requested to notify immediately any change in their addresses to the Company at its Registered Office or its Registrar & Share Transfer Agent M/s Link Intime India Pvt Ltd, M/s Link Intime India Pvt Ltd at its office at 506-508, Amamath Business Centre-1 (ABC-1), Beside Gala Business Centre, Near St. Xavier's College Corner, Off C G Road, Ellisbridge, Ahmedabad -380006 Tele: 079 26465179 /86 / 87, Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in), Web Site: [www.linkintime.co.in](http://www.linkintime.co.in)
15. Electronic copy of the Annual Report for Financial Year 2017-18 and the Notice convening 29<sup>th</sup> Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting alongwith Attendance Slip and Proxy Form are being sent to all members whose email IDs are registered with the Registrars and Share Transfer Agent/Depository Participants for communication purposes unless any member has requested for a hard copy of the said documents. For members who have not registered their email address, physical copies of the Annual Report for Financial Year 2017-18 is being dispatched in the permitted mode and also placed on Company's website: [www.arex.co.in](http://www.arex.co.in).
16. Kindly note that the members can opt only one mode for voting, i.e. either by Physical Ballot or e-voting. In case of voting by both modes, voting through electronic mode shall prevail.
17. The results shall be declared on or after the AGM of the Company. The results declared along with Scrutinizer's Report shall be placed on the Company's Website [www.arex.co.in](http://www.arex.co.in) and on the website of the CDSL within two(2) days of passing of the resolutions at the AGM of the Company and will also be forwarded to BSE Ltd, Mumbai.
18. Voting through electronic means:  
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Company is pleased to offer e-voting facility to all its members the facility of 'remote e-voting' (e-voting from a place other than the venue of the AGM) to exercise their right to vote on the resolutions proposed at the 29<sup>th</sup> Annual General Meeting (AGM). The business may be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL). The facility for voting, either through ballot/polling paper shall also be available at the venue of 29<sup>th</sup> AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.  
The Company has appointed Shri Narendra B Shah, practicing Company Secretary of Ahmedabad as a Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

**A. In case of members receiving e-mail:**

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 17<sup>th</sup> September, 2018 at 10:00 a.m. and ends on 19<sup>th</sup> September, 2018 at 05:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, 13<sup>th</sup> September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

- |                          |   |
|--------------------------|---|
| <b>PAN</b>               | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)   |
| <input type="checkbox"/> | Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. |

## Dividend Bank

## Details

## OR Date of

## Birth (DOB)

Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

- ☐ If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant AREX INDUSTRIES LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also use Mobile app - "m - Voting" for e voting. m - Voting app is available on Apple, Android and Windows based Mobile. Shareholders may log in to m - Voting using their e voting credentials to vote for the company resolution(s).
- (xix) Note for Non – Individual Shareholders and Custodians
- ☐ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- ☐ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- ☐ After receiving the login details, user would be able to link the account(s) for which they wish to vote on.
- ☐ The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- ☐ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

Information on Directors retiring by rotation seeking re-appointment at this Annual General Meeting as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

## Item No.3

Shri Pragnesh Kantilal Shah (DIN:00228223) aged about 66 years is an Engineer in Metallurgy from M S University, Baroda and hold Diploma in Marketing Management from K C College, Mumbai. He has excellent marketing skills to his credit. His insight knowledge of woven labels has been a guiding force for the growth of the Company. He has been a Director of the Company since 14<sup>th</sup> December, 1990. He was a member of Audit Committee. He was appointed as Whole-time Director of the Company with effect from 1<sup>st</sup> November, 2009. Thereafter, he has been re-appointed as Whole-time Director of the Company by the members of the Company in their 25<sup>th</sup> & 28<sup>th</sup> Annual General Meetings respectively. He holds 31100 shares in the share capital of the Company and does not hold any directorship in any other Companies.

None of the Directors Key Managerial Personnel, except Shri Pragnesh K Shah, is interested or concerned in the resolution.

## Item No. 4

Shri Laxman C Tilani (DIN:00532516) aged about 66 years is under Graduate having vast experience in marketing and other areas in woven, printed fabrics and label industries. He has been a Director of the Company since 14<sup>th</sup> December, 1990. He is member of Audit Committee. He has provided valuable services to the Company. He does not hold directorship in other Companies. He holds 78500 equity shares in the capital of the Company. None of the Directors, Key Managerial Personnel, except Shri Laxman Tilani, is interested or concerned in the resolution.

By Order of the Board

Regd Office:

612, GIDC Estate

Chhatral, Tal : Kalol

Dist : Gandhinagar-382 729

Date : 13<sup>th</sup> August, 2018

Dinesh A Bilgi  
Mg. Director/CFO  
DIN:00096099

**DIRECTOR'S REPORT**

The Members,

Your Directors are pleased to present this Twenty Ninth Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March, 2018.

**FINANCIAL RESULTS**

As per the notification issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> February, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "Ind AS" with effect from 1<sup>st</sup> April, 2017. Accordingly, the Financial Statement for the year 2017-18 have been prepared in compliance with the Companies (Indian Accounting Standard) Rules, 2015.

**Financial Performance**

	(Amount in Rupees in Lakhs)	
	31.03.2018	31.03.2017
Turnover	3765.82	3493.59
Profit before Depreciation	815.59	842.57
Less: Finance Cost	109.38	101.54
Depreciation & Amortisation Expenses	254.42	251.00
Profit before Tax	451.79	490.03
Tax Expenses- Current Taxation	126.00	160.00
Deferred Tax	(17.40)	12.00
Add/(Less):		
(Excess)/Short Provision of tax of earlier years	(2.01)	(3.59)
Profit for the year	345.20	321.62
Other comprehensive Income		
Items that will not be reclassified to profit or loss		
Gain/(Loss) on measurement of Equity Share Instruments at fair value	3.88	15.74
Income tax impact on above	0.00	0.00
Other comprehensive Income for the year	3.88	15.74
Other comprehensive Income for the year	349.08	337.36

**OPERATIONS**

Your Company continued to report satisfactory performance during the year under review. The revenue from operations (net) stood at Rs.3765.82 lakhs, i.e. an increase of 7.79% over the previous year's revenue. The Company continued to explore overseas market opportunities and the exports amounted to Rs. 152 lakhs, i.e. decrease of 21.25% over the previous year's exports due to adverse markets. There was heavy fluctuation in foreign exchange rates resulting into a gain of Rs.5.71 lakhs. The loss on sale of assets was amounted to 1.87 lakhs and bad debts amounting to Rs.2.62 lakhs were written off during the year. The raw material prices, fuel charges and other overheads were continued to increase during the year. The Company could earned lower profit of Rs.451.79 lakhs, i.e. decrease of about 7.80% over the previous year's profit before taxes.

Your Directors are pleased to report that the Company's strategic expansion project at Anjar (Dist. Kutch) in the State of Gujarat has started its operations during the year. Your Directors hope better results in the years to come.

**DIVIDEND**

Your Directors are pleased to recommend dividend at 20% (i.e. Rs.2/- per equity share of Rs.10/- each) out of the current profits / surplus in the profit and loss Account, subject to approval of the members in their ensuing Annual General Meeting. The final dividend if declared at the AGM, will absorb a sum of Rs.79,17,400/-, which will be further subject to applicable dividend distribution tax. Your Directors do not propose any amount to carry to the general reserves.

**FINANCE**

Your Company continued to avail financial assistance amounting to finance its present and proposed expansions on hand.

**PUBLIC DEPOSITS**

The Company has not accepted any deposit within the meaning of the provisions of Section 2(31) and 73 to 76 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

**INSURANCE**

All the assets of the Company including buildings, plant and machineries and stocks are adequately insured.

**DIRECTORS**

(1) Shri Pragensh Kantilal Shah (DIN00228223), Whole Time Director and (2) Shri Laxman Chetandas Tilani (DIN00532516), Directors of the Company are due to retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointments. The Board hereby re-commends their re-appointments.

**NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee of the Company review the composition of the Board, to ensure that there is an approximate mix of abilities, expertise, experience and diversity to serve the interest of the shareholders of the Company. The Policy ensures that (1) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company, (2) relationship of remuneration to performance is clear and meets appropriate performance benchmarks and (3) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company.

**INDEPENDENT DIRECTORS**

As per the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have confirmed and declared that they are not disqualified to act as independent directors and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

One separate meeting of the Independent Directors was held on 26.4.2017. The Independent Directors actively participated and provided guidance to the Company.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

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

**BOARD EVALUATION**

Pursuant to the provisions of Section 134 of the Companies Act, 2013, a structured questionnaire was prepared after taking into account various aspects like- company performance, contribution of individual directors, composition of Board and committees, performance of duties, culture, obligations, corporate ethics, risk management etc. for evaluation process. The Board noted that all directors have understood the opportunities and risks to the Company's strategy with good balance between the core values of the Company and the interest of the stakeholders. The Board also evaluated performance of the various committees and concluded with satisfaction. The Board expressed their satisfaction for the above evaluation process.

**PARTICULARS OF EMPLOYEES**

There was no employee covered under the purview of Section 134(3)(g) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Information required under the provisions of Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given by way of an Annexure 'E' to this Report.

**CHANGES IN NATURE OF BUSINESS**

There is no change in the nature of business of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 134(3)(c) of the Companies Act, 2013, the Directors hereby state that:

- i) in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the 31<sup>st</sup> March, 2018 and of the profits of the Company for the year ended on that date;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.
- v) the directors had laid down internal controls to be followed and such internal controls are adequate and were operating effectively.
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ORDERS BY REGULATORS, COURTS OR TRIBUNALS**

No significant and/or material orders were passed by any Regulator, Court or Tribunal impacting the going concern status and the Company's operations in future.

**COMPANY'S POLICIES****Code of Conduct**

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the code of conduct applicable to the Directors and employees of the Company. The Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

**Risk Management Policy**

The Company has already formulated risk management policy so as to identify, evaluate, monitor and minimize identifiable business risks in the organization.

**Vigil Mechanism/Whistle Blower Policy**

The Company has already adopted Whistle Blower Policy to deal with matters pertaining to fraud, mismanagement etc.

**Other Policies**

Company's Policies on Remuneration, Materiality of Related Party Transactions, Board diversity, Preservation of documents, Corporate Social Responsibility (CSR) are finalized in accordance with applicable laws.

**Donation**

The Company has voluntarily donated Rs. 5.01 lacs to Muni Nirbhay Sagar Jan Kalyan Samiti, Rs. 1.00 lac to Dr. Hedgewar Bhavan Punah Nirman, Rs. 15 lakhs to Shri Hombuja Jain Math, Rs. 0.15 lac to Lions Club of Kalol, Rs.0.50 lakh to Hare Krishna Movement, Ahmedabad and Rs.0.025 lakh for miscellaneous charitable activities during the year.

**INTERNAL FINANCIAL CONTROLS**

The Company has a proper, adequate and effective internal control system to ensure that all the assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

The Company has been taking steps for optimum utilisation of power and fuel. The information as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is given by way of Annexure 'A' forming part of this Report.

**EXTRACT OF ANNUAL RETURN**

As required under the provisions of Section 92(3) of the Companies Act, 2013, an extract of Annual Return in Form MGT-9 is given by way of an Annexure 'D' forming part of this Report.

**SECRETARIAL AUDIT**

As required under the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, a Secretarial Audit Report is given by way of an Annexure 'B' forming part of this Report. The Auditors observations are self explanatory.

**STATUTORY AUDITORS**

M/s Sweta Patel & Associates, Chartered Accountants of Ahmedabad having Firm Registration No. 139165W was appointed as Statutory Auditors of the Company for a term of five years by the members in their 28<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2017 subject to ratification at every subsequent Annual General Meeting. The requisite resolution is proposed at the 29<sup>th</sup> Annual General Meeting and the members are requested to ratify their appointment.

The Auditors observations read with the notes to the Accounts for the year ended on 31<sup>st</sup> March, 2018 are self-explanatory.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) & CORPORATE GOVERNANCE**

The Company's philosophy is based on trusteeship, transparency and accountability. It fosters a culture of ethical behaviour and disclosures which build a trust of our stakeholders. The Code of Conduct, ethics and Code of Conduct for Prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business practices, integrity, and compliances of both voluntary and statutory requirements.

The provisions relating to Corporate Governance as specified in Regulations 17 to 27, Clauses (b) to (l) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the aforesaid SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) are not applicable at present. However, a detailed note on Management Discussion and Analysis is given as an Annexure 'C' to this Report.

**BOARD OF DIRECTORS****a. Composition**

The Board consists of nine Directors, of whom four are Executive Directors, two are non-executive non-independent Directors and three are independent Directors including one Woman Director having no material pecuniary relationship or transactions with the Company. None of the Directors on the Board is a member of more than ten committees and Chairman of more than five committees across all Companies in which they are directors.

**b. Independent Directors**

The Non Executive Independent Directors fulfills the conditions of the independence specified in Section 149(6) of the Companies Act, 2013 and the Rules made thereunder.

## c. Board Procedure

Notice for the Meeting of the Board of Directors are served to all the Directors alongwith agendas and brief notes for their consideration and deliberations at the meeting. The Board usually meets once every quarter to reviewing and taking on record of the quarterly performance of the financial results of the Company alongwith limited review report submitted by the Auditors of the Company. The Board of Directors met five times on 22.5.2017, 25.7.2017, 13.9.2017, 11.12.2017 and 14.2.2018. The gap between any two meetings did not exceed 120 days.

## d. Code of Conduct

The Board Members and Senior Management team of the Company follow the Code of Conduct formulated and implemented by the Company. The code of conduct emphasizes the Company's commitment to compliances with the highest standards of legal and ethical behaviour.

## e. Conflict of interest

Each Director informs the Company on an annual basis about the Board and Committee position he occupies in other Companies and also notifies changes therein during the year. Members of the Board while discharging their duties avoid conflict of interest in the decision making process and also restricts themselves from discussion or voting in transactions in which they have concern or interest.

## f. Insider Trading Code

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## COMMITTEES OF THE BOARD

### a. Audit Committee

The Audit Committee reviews and recommends or suggests appropriate actions, financial results, related party transactions, appointment of auditors, internal controls etc from time to time. The Audit Committee comprised of (1) Shri Balkrishna I Makwana, (2) Shri Dinesh H Pande and (3) Shri Laxman C Tilani. Shri Balkrishna I Makwana is the Chairman of the Committee. The Committee met 5 times on 22.5.2017, 25.7.2017, 13.9.2017, 11.12.2017 and 14.2.2018 during the year.

### b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted and entrusted with the powers of determining remuneration packages of the Directors and Senior Executives of the Company, keeping in mind the qualifications, experience, expertise and industry trends. (1) Shri Balkrishna I Makwana, (2) Shri Dinesh H Pande, and (3) Shri Vasant R Shah are the members of the Nomination and Remuneration Committee. Shri Balkrishna Makwana is the Chairman of the Committee. The Committee met 2 times on 25.7.2017 and 14.2.2018.

## REMUNERATION POLICY

### 1. Remuneration to Non Executive Directors:

The Non Executive Directors are paid remuneration by way of sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the year was Rs.1.90 Lacs during the FY 2017 -18. Non executive Independent Directors do not have material pecuniary relationship or transactions with the Company.

### 2. Remuneration to Executive Directors:

The appointment and remuneration of Executive Directors including Managing Directors and Whole Time Directors is governed by the recommendation of the Nomination and Remuneration Committee and resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective agreements executed between them and the Company. The remuneration package of Managing Directors and Whole Time Director comprises of salary, perquisites, allowances, incentives, bonus, contribution to provident fund and other retirement benefits as approved by the shareholders at the general meeting. The details of remuneration to Directors are given in the Annual Accounts for the year ended on 31<sup>st</sup> March, 2018.

### 3. Performance Evaluation

The Board has carried out annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of Committees of the Board. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functions such as adequacy of composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Managing Director and Non- Independent Directors was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

### c. Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of (1) Shri Dinesh H Pande, (2) Shri Dinesh A Bilgi and (3) Shri Chirag D Bilgi. Shri Dinesh H Pande is a Chairman of the Committee. The Committee meets as and when required and looks after shareholders complaints and matters relating to transfer of shares, transmission, non-receipt of annual report, non-receipt of dividend, credit of shares to demat account etc. During the year under review, the Company had to received complaint/s from the shareholders. However, the Complaints are normally resolved within the stipulated period under the Listing Regulations. The requests for revalidation of dividend warrants and issue of duplicate share certificates or duplicate dividend warrants etc are normally attended after completion of necessary formalities and procedure. Smt

Kairavi Bilgi, Company Secretary of the Company has been appointed as the Compliance Officer of the Company. During the year, the Company (1) received: 2 complaints, (2) resolved: 2 Complaints and there is no complaint pending as on 31<sup>st</sup> March, 2018.

**d. Corporate Social Responsibility Committee**

The Company has constituted Corporate Social Responsibility Committee (CSR) which comprises (1) Smt Harsha H Parikh, (2) Shri Dinesh H Pande, and (3) Shri Balkrishna I Makwana. Smt Harsha Parikh is the Chairman of the CSR Committee. The CSR Policy has been formulated but the committee has concluded that the provisions relating to CSR activities do not apply to the Company at present.

**LISTING WITH BSE LTD**

The Equity Shares of the Company are listed at the BSE Ltd, Mumbai under Stock Code No. 526851 and ISIN No. is INE480H01011.

However, the Company continues to raise objections to the BSE Ltd for the exorbitant hikes, i.e. increase of 1233% in annual listing fees over the fees paid for 2013-14 and increase of the same every year since 2014-15 (i.e. Rs. 15000 to Rs. 1 lac in 2014-15 and from Rs. 1 lac to Rs. 2 lacs in 2015-16). Therefore, the Annual Listing Fees for the year 2015-16 and year 2016-17 to the BSE Ltd, Mumbai are belatedly paid. The Company has paid Annual Listing fees for the year 2017-18 and 2018-19 within due time. The Company has paid custodial charges to National Securities Depository Ltd and Central Depository Services (India) Ltd for the year 2018-19.

**REGISTRAR AND SHARE TRANSFER AGENT (RTA)**

M/s Link Intime India Pvt Ltd, Mumbai is the RTA of the Company to carry out the share transfers, transmission, dividend and other related activities.

**RELATED PARTY TRANSACTIONS**

All the transactions entered with related party during the year under review were on arm's length basis and in the ordinary course of business and approved by the Audit Committee. Hence these transactions are outside the purview of the provisions of Section 188 of the Companies Act, 2013. However, details of such transactions i.e. purchases, lease, services, etc., are given in the Notes to the Financial Statements for the year ended on 31<sup>st</sup> March, 2018 and therefore details in Form AOC-2 are not given.

**LOANS, GUARANTEES AND INVESTMENT**

The Company has not granted any inter-corporate loan, given guarantee or provided any security for availing loan by other Company. However, the Company has made investments in other Companies aggregating to Rs. 12.05 lakhs as per the Note No.4 to the Financial Statement for the year ended on 31<sup>st</sup> March, 2018.

**ENVIRONMENT AND SAFETY**

The Company considers clean and safe mode of operations in all respects. Further, as required under the provisions of Sexual Harassment (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted Internal Complaints Committee. There is no such complaint lodged during the year.

**ACKNOWLEDGEMENTS**

The Board of Directors of the Company appreciates continuous & comprehensive support and cooperation by the Company's bankers, shareholders, customers, suppliers and other business associates.

Your Directors place on record their deep appreciation for contribution and devoted services of the employees at all levels.

For and on behalf of the Board

Regd Office:

612, GIDC Estate

Chahtral, Tal: Kalol

Dist : Gandhinagar-382 729

Date: 13<sup>th</sup> August, 2018

Neel D Bilgi

Mg Director

DIN:00096180

Chirag D Bilgi

Mg Director

DIN:02094970

**Annexure – "A"**

**INFORMATION AS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2018.**

**A. Conservation of Energy :**

- (a) Steps taken or impact on conservation of energy
- (b) Steps taken for utilizing alternate source of energy
- (c) Capital investment on energy conservation equipment
- (d) Total energy consumption and energy consumption per unit of production

The Company always emphasizes conservation and reduction in consumption of energy.

The Company generates green energy through its 1.6MW wind turbine generators and consequent reduction of consumption of energy.

D.G. Sets of 400 KVA have been installed as stand by for continuous power supply.

As per Form A