



# **Arex Industries Limited**

**30<sup>TH</sup> ANNUAL REPORT 2018-2019**



*We weave brands*

---

Board of Directors	Shri Dinesh A Bilgi (DIN:00096099) Shri Neel D Bilgi (DIN:00096180) Shri Chirag D Bilgi (DIN:02094970) Shri Pragnesh K Shah (DIN:00228223) Shri Laxman C Tilani (DIN:00532516) Shri Vasant R Shah (DIN:00371634) Shri Balkrishna I Makwana (DIN:00287931) Shri Dinesh H Pande (DIN:03147549) Smt Harsha H Parikh (DIN:06931405)	Managing Director Managing Director Managing Director Whole-time Director Non- Executive Director Non-Executive Director Independent Director Independent Director Independent Director
Company Secretary & Compliance Officer	Smt Kairavi Bilgi (Membership No.ACS 21519)	
Bankers	State Bank of India	
Auditors	M/S SWETAPATEL & ASSOCIATES Chartered Accountants Ahmedabad Firm Regn No.139165W	
Registrars and Transfer Agent	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	
Registered Office & Plant	612, G. I. D. C. Estate, Chhatral, Tal.: Kalol, Dist : Gandhinagar - 382 729.	

30<sup>TH</sup> ANNUAL GENERAL MEETING  
 Date : 17<sup>TH</sup> September, 2019  
 Day : Tuesday  
 Time : 12.30 P.M.  
 Place : The Grand Amrit  
 Mehsana-Kalol Highway,  
 Chhatral, Tal.: Kalol,  
 Gandhinagar – 382 729.

Notice of the 30<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 17<sup>th</sup> day of September, 2019 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 30<sup>th</sup> Annual General Meeting of members of the Company, will be held on Tuesday, 17<sup>th</sup> day of September, 2019 at 12.30 p.m. at The Grand Amrit, Mehsana-Kalol Highway, Chhatral, Ta. Kalol, Dist. Gandhinagar- 382 729, to transact the following business:

1. To receive, consider and adopt audited financial statements for the year ended on 31<sup>st</sup> March, 2019 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 Chirag Dinesh Bilgi (DIN:02094970), Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (LODR), Shri Vasant Ravji Shah (DIN:00371634), Director of the Company, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as Non-Executive Director of the Company, liable to retire by rotation.”

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

**SPECIAL BUSINESS:**

5. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Smt Harsha Hemantkumar Parikh (DIN:06931405), who was appointed as Independent Director of the Company by the members of the Company in their Annual General Meeting (AGM) held on 11<sup>th</sup> September 2014, and who meets criteria of independence under Section 149 (6) of the Act, be and is hereby re-appointed as Independent Director of the Company, for a second term of five consecutive years from 12<sup>th</sup> September, 2019 to 11<sup>th</sup> September, 2024 and who is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to determine and pay such fees and remuneration within the limits and ceilings, as may be prescribed, from time to time, to Smt Harsha Hemantkumar Parikh, (DIN:06931405) as Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose.”

6. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Dinesh Harishchandra Pande (DIN:03147549), who was appointed as Independent Director of the Company by the members of the Company in their Annual General Meeting (AGM) held on 11<sup>th</sup> September 2014, and who meets criteria of independence under Section 149 (6) of the Act, be and is hereby re-appointed as Independent Director of the Company, for a second term of five consecutive years from 12<sup>th</sup> September, 2019 to 11<sup>th</sup> September, 2024 and who is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to determine and pay such fees and remuneration within the limits and ceilings, as may be prescribed, from time to time, to Shri Dinesh Harishchandra Pande (DIN:03147549), as Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Shri Balkrishna Ishwarlal Makwana (DIN:00287931), who was appointed as Independent Director of the Company by the members of the Company in their Annual General Meeting (AGM) held on 11<sup>th</sup> September 2014, and who meets criteria of independence under Section 149 (6) of the Act, be and is hereby re-appointed as Independent Director of the Company, for a second term of five consecutive years from 12<sup>th</sup> September, 2019 to 11<sup>th</sup> September, 2024 and who is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to determine and pay such fees and remuneration within the limits and ceilings, as may be prescribed, from time to time, to Shri Balkrishna Ishwarlal Makwana (DIN:00287931), as Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose.”

*Regd Office:*

612, GIDC Estate

Chhatral, Tal : Kalol

Dist : Gandhinagar-382 729

Date : 9<sup>th</sup> August, 2019

By Order of the Board

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.

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. Proxy Form 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. Proxy Form submitted on behalf of the companies and other bodies corporate must be supported by appropriate resolution/authorities.

2. M/s Sweta Patel & Associates, Chartered Accountants of Ahmedabad having Firm Registration No.139165W were appointed as Statutory Auditors of the Company for a period of five years by the members of the Company in their 28<sup>th</sup> Annual General Meeting (AGM) held on 21<sup>st</sup> September, 2017. This appointment was subject to the ratification at every subsequent AGM held thereafter. However, in view of the amended provisions of Section 139, such ratification is not required with effect from 7<sup>th</sup> May, 2018.

M/s Sweta Patel & Associates, Chartered Accountants of Ahmedabad having Firm Registration No.139165W have submitted their willingness to continue to act as Statutory Auditor of the Company and certificate to the effect that they are eligible for such appointment and are not disqualified to act as such. The remuneration shall be determined by the Board of Directors upon recommendation by the Audit Committee and mutually agreed upon by the said Auditors.

3. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, Secretarial Standards-2 on General Meetings and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure) Requirements, 2015 (LODR) in respect of item No.3 to 7 of the Notice, is annexed hereto.
4. A brief resume of each of the Directors seeking re-appointments are provided pursuant to the provisions of LODR and SS-2.
5. As per SEBI Notification No.SEBI/LED-NRO/GN/2018/24 dtd 8<sup>th</sup> June, 2018 and Notification No.SEBI/LED-NRO/GN/2018/49 dtd 30<sup>th</sup> November, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from 1<sup>st</sup> April, 2019 unless the securities are held in dematerialized form with the Depositories. Accordingly, shareholders are once again requested to dematerialize their shareholdings as early as possible.
6. The Share Transfer Books and the Register of Members of the Company shall remain closed from Wednesday, 11<sup>th</sup> September, 2019 to Tuesday, 17<sup>th</sup> September, 2019 (both days inclusive) for determining the names of members eligible for dividend, if declared at the meeting.
7. 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 17<sup>th</sup> September, 2019, 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 Tuesday, 10<sup>th</sup> September, 2019.
8. 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.
9. 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).
10. 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.
11. Members/claimants whose shares and unclaimed dividend 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 be decided from time to time. The member/claimant can file only consolidated claim in a financial year as per the IEPF Rules.
12. 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
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
2017-18	20.09.2018	20	Final Dividend	2.00	18.10.2025

13. The Company has transferred whole of the unpaid and/or unclaimed Final dividend amount for the year 2010-11 to the Investor Education and Protection Fund (IEPF) on 19.11.2018. 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 20<sup>th</sup> September, 2018 (date of last AGM). The Company has also filed IEPF-4 on 20.2.2019 for transfer of 64900 equity shares on which dividend remain unpaid/ unclaimed for seven years, to the IEPF.
14. 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 holdings shares in physical form can submit PAN details to the Company or its

Registrar, M/s Link Intime India Pvt Ltd.

15. 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 /update their email addresses, in respect of electronic holding with the Depository through their concerned Depository Participants.
16. 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, Amarnath 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, Web Site: www.linkintime.co.in
17. Electronic copy of the Annual Report for Financial Year 2018-19 and the Notice convening 30<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 2018-19 is being dispatched in the permitted mode and also placed on Company's website: www.arex.co.in.
18. 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.
19. 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 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.
20. 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 30<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 30<sup>th</sup> AGM. The members attending the meeting, who have not 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 14<sup>th</sup> September, 2019 at 10.00 am and ends on 16<sup>th</sup> September, 2019 at 5.00 pm. 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 10<sup>th</sup> September, 2019 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.
- (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 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

**PAN** Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders):

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.

**Dividend Bank Details** 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.

**OR Date of Birth (DOB)** • 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).

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) 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.

- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant AREX INDUSTRIES LIMITED on which you choose to vote.
- (x) 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.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) 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.
- (xvi) 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).
  - 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.
- (xvii) 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).

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and 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 Chirag D Bilgi (DIN:02094970) aged about 36 years (DOB 17.3.1983) is a BBA (Marketing). He joined the Company as Executive Officer of the Company since 1<sup>st</sup> July, 2007. The Board of Directors considered his contribution and valuable services and promoted to the post of Executive Director effective from 1<sup>st</sup> August, 2010. He was further promoted to the post of Vice Chairman and Joint Managing Director with effect from 1<sup>st</sup> June, 2013. He has been rendering services as Managing Director (Production and Technical) with effect from 1<sup>st</sup> August, 2014. The Board of Directors considered his expertise, contribution and dedicated services and upon recommendation of the Nomination and Remuneration Committee for his continuous services, re-appointed him for a further period of three years with effect from 1<sup>st</sup> August, 2017. Shri Chirag Bilgi is a relative of Shri Dinesh A Bilgi, Shri Neel D Bilgi and Smt Kairavi Bilgi (KMPs). He does not hold directorship in other Companies. He holds 255750 equity shares in the capital of the Company. He has attended Board Meetings held on 29.5.2018, 13.8.2018, 25.10.2018 and 12.2.2018. He is also a member of the Stakeholders Grievance Committee and has attended the meetings held during the year from time to time.

None of the Directors or Key Managerial Personnel, except Shri Chirag D Bilgi, Shri Dinesh A Bilgi, Shri Neel D Bilgi and Smt Kairavi Bilgi (KMPs), being relatives, is concerned or interested in the above resolution.

**Item No.4**

Shri Vasant R Shah (DIN:00371634) aged about 74 years (DOB: 12.8.1945) is a Non Matriculate. He has very wide experience in the marketing of woven label industry. He has been a Director with effect from 11<sup>th</sup> July, 1994. He is a promoter Director of the Company. He has been providing valuable guidance and expert advice to the Company from time to time. He is a member of Nomination and Remuneration Committee. He does not hold shares in the share capital of the Company.

Since his appointment in 1994, the Company and its Board of Directors have been guided with his wide range of expertise in the field of marketing and label manufacturing industries with innovative ideas. He also guided Board of Directors during various discussions on matters concerning label industries and issues relating to labour problems. Although, he is aged about 74 years, the Board of Directors felt his continuous services and guidance necessary for complex compliance structure at present. The Board is fully justified to continue his services. Accordingly, the Board of Directors, upon recommendation of the Nomination and Remuneration Committee, considered his continuous services for betterment of the Company. A notice has been received from a member proposing Shri Vasant R Shah as a candidature for the office of Non-Executive Director of the Company.

Shri Vasant R Shah will attain the age of 75 years during the current year. As per the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (LODR), approval of the members by way of special resolution is required for his continuous appointment. He has attended Board Meetings held on 29.5.2018, 13.8.2018, 25.10.2018 and 12.2.2019.

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

**Item No.5**

Smt Harsha Hemantkumar Parikh (DIN:06931405) is B.A. and aged about 61 years. She has very vast experience in the field of Administration and Human Resources Departments. She is a woman director and was also appointed as Independent Director by the members of the Company in their 25<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> September, 2014 for a term of five years with effect from 12<sup>th</sup> September, 2014. She continues to meet the criteria and conditions as laid down under the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder for appointment as an Independent Director. She has also submitted her consent to continue to act as Independent Director. The Board of Directors,

upon recommendation of the Nomination and Remuneration Committee, considered her appointment as an Independent Director for a further term of five years with effect from 12<sup>th</sup> September, 2019. A notice has been received from a member proposing Smt Harshaben Parikh as a candidature for the office of Woman Director and/or Non-Executive Independent Director of the Company.

A copy of the draft letter for appointment of Smt Harsha Hemantkumar Parikh as an Independent Director is available for inspection without any fee by the members at the registered office of the Company during business hours.

She holds 10 equity shares in the capital of the Company. She has attended Board Meetings held on 13.8.2018, 25.10.2018 and 12.2.2019.

The Board considers that her association would be of immense benefit to the Company and also recommends the special resolution for the appointment of Smt Harsha Hemantkumar Parikh as an Independent Director for a further period of five years.

Except Smt Harsha Hemantkumar Parikh, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the special resolution set out at item No.5.

#### Item No.6

Shri Dinesh Harishchandra Pande (DIN:03147549) is a Commerce and Law Graduate. He is also Diploma holder in Business Management. He is aged about 69 years. He has very rich experience in the field of marketing for more than three and half decades. He was appointed as Director with effect from 1<sup>st</sup> August, 2010 and was also designated as Non-executive Independent Director. He has been an active member of the Audit Committee. He acts as Chairman of the Stakeholder Grievance Committee and Nomination and Remuneration Committee.

Shri Pande was appointed as an Independent Director by the members of the Company in their 25<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> September, 2014 for a term of five years with effect from 12<sup>th</sup> September, 2014. He continues to meet the criteria and conditions as laid down under the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder for appointment as an Independent Director. He has also submitted his consent to continue to act as an Independent Director. The Board of Directors, upon recommendation of the Nomination and Remuneration Committee, considered his appointment as an Independent Director for a further term of five years with effect from 12<sup>th</sup> September, 2019. A notice has been received from a member proposing Shri Pande as a candidature for the office of Non-Executive Independent Director of the Company.

A copy of the draft letter for appointment of Shri Dinesh Harishchandra Pande as an Independent Director is available for inspection without any fee by the members at the registered office of the Company during business hours.

He holds 5400 equity shares in the capital of the Company. He has attended all Board Meetings and Audit Committee Meetings held on 29.5.2018, 13.8.2018, 25.10.2018 and 12.2.2019 during the year. He is also Chairman of the Stakeholders Grievance Committee and has attended the meetings held during the year from time to time.

The Board considers that his continued association would be of immense benefit to the Company and also recommends the resolution for the appointment of Shri Dinesh Harishchandra Pande as Independent Director for a further period of five years.

Except Shri Dinesh Harishchandra Pande, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No.6.

#### Item No.7

Shri Balkrishna Ishwarlal Makwana (DIN:00287931) is B Sc (Agr). He has a wide experience with banking, accounting and finance departments for over 3 decades. He had worked as Bank Manager. He was appointed as Independent Director of the Company with effect from 1<sup>st</sup> February, 2003. He rendered services as Chairmen of both the Audit Committee and the Nomination & Remuneration Committee of the Company. Shri Balkrishna Makwana was appointed as an Independent Director by the members of the Company in their 25<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> September, 2014 for a term of five years with effect from 12<sup>th</sup> September, 2014. He continues to meet the criteria and conditions as laid down under the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder for appointment as an Independent Director. He has also submitted his consent to continue to act as an Independent Director.

Since his appointment in 2003, the Company and its Board of Directors have been guided with his wide range of expertise in the field of banking, accounts and finance as and when needed for the growth and betterment of the Company. He also guided Independent Directors during various discussions on matters concerning audit, evaluation of performance of directors and other compliances and legal matters. Although, he is aged about 72 years and he will attain the age of 75 years during his tenure, the Board of Directors felt his continuous services and guidance necessary for complex compliance structure at present. The Board is fully justified to continue his services. Accordingly, the Board of Directors, upon recommendation of the Nomination and Remuneration Committee, considered his appointment as an Independent Director for a further term of five years with effect from 12<sup>th</sup> September, 2019. A notice has been received from a member proposing Shri Makwana as a candidature for the office of Non-Executive Independent Director of the Company.

As per the provisions of Section 149 of the Companies Act, 2013 and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (LODR), approval of the members by way of special resolution is required for his appointment for second term of five years.

A copy of the draft letter for appointment of Shri Balkrishna Ishwarlal Makwana as an Independent Director is available for inspection without any fee by the members at the registered office of the Company during business hours. He holds 10 shares in the capital of the Company. He has attended all Board Meetings and Audit Committee Meetings held on 29.5.2018, 13.8.2018, 25.10.2018 and 12.2.2019 during the year.

The Board considers that his continued association would be of immense benefit to the Company and also recommends the resolution for the appointment of Shri Balkrishna Ishwarlal Makwana for a term of five years.

Except Shri Balkrishna Ishwarlal Makwana, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No.7.

#### Regd Office:

612, GIDC Estate  
Chhatral, Tal : Kalol  
Dist : Gandhinagar-382 729  
Date : 9<sup>th</sup> August, 2019

Dinesh A Bilgi  
Mg. Director/CFO  
DIN:00096099

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present this Thirtieth Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March, 2019.

**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 2018-19 have been prepared in compliance with the Companies (Indian Accounting Standard) Rules, 2015.

**Financial Performance**

	(Amount in Rupees in Lakhs)	
	31.03.2019	31.03.2018
Revenue from operations	4071.93	3765.82
Profit before Depreciation	1004.57	815.59
Less: Finance Cost	254.31	109.38
Depreciation & Amortisation Expenses	401.90	254.42
Profit before Tax	348.36	451.79
Tax Expenses- Current Taxation	75.00	126.00
Deferred Tax	18.06	(17.40)
Add/(Less):		
(Excess)/Short Provision of tax of earlier years	3.09	(2.01)
Profit for the year	252.21	345.20
Other comprehensive Income/Items that will not be reclassified to profit or loss		
Gain/(Loss) on measurement of Equity Share instruments at fair value	(1.64)	3.88
Income tax impact on above	0.00	0.00
Other comprehensive Income for the year	(1.44)	3.88
Total comprehensive Income for the year	250.57	349.08

**OPERATIONS**

Your Company continued to report satisfactory performance during the year under review. The revenue from operations (net) stood at Rs.4071.93 lakhs, i.e. an increase of 8.13% over the previous year's revenue. The Company continued to explore overseas market opportunities and the exports amounted to Rs.207 lakhs, i.e. increase of 1.72% over the previous year's exports. There was heavy fluctuation in foreign exchange rates resulting into a loss of Rs.7.16 lakhs. The profit on sale of assets was amounted to Rs. 34.23 lakhs and bad debts amounting to Rs.4.17 lakhs were written off during the year. The raw material prices, fuel charges, finance cost and other overheads were continued to increase during the year. The Company has earned lower profit of Rs.348.36 lakhs, i.e. decrease of about 23% over the previous year's profit before taxes. 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 projects 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 Chirag Dinesh Bilgi (DIN:02094970) and (2) Shri Vasant Ravji Shah (DIN:00371634), Directors of the Company are due to retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointments. The tenure of (1) Smt Harsha H Parikh (DIN:06931405), (2) Shri Dinesh H Pande (DIN:03147549) and (3) Shri Balkrishna I Makwana (DIN:00287931) expires on 11<sup>th</sup> September, 2019 as Independent Directors and they continue to fulfill the criteria laid down under the provisions of Section 149 (6) of the Companies Act, 2013 and have also given relevant declaration/ consents to the Company for re-appointments for second term of five years.

Under the provisions of the Companies Act, 2013 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (LODR), approval of the members are required by way of special resolutions for such re-appointments of Independent Directors and Shri Vasant R Shah for attaining the age of 75 years during the current year.

The Board hereby recommends these 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 30.4.2018. 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)(q) 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, 2019, 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, 2019 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.7 Lakhs to Parsvananth Digamber Jain Trust, Rs. 2 Lakhs to Shree Digamber Jain Veer Vidya Sang Trust, Rs.0.15 Lakhs to Lions Club of Kalol, Rs.0.26 Lakhs to Ahmedabad Frolic Round Tabel, 0.50 Lakhs to Lions Club of Chhatral for 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.

## CEO/CFO CERTIFICATION

Shri Dinesh A Bilgi (DIN:00096099), Managing Director and CFO has given necessary certificate to the Company.

## 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 were appointed as Statutory Auditors of the Company for a period of five years by the members of the Company in their 28<sup>th</sup> Annual General Meeting (AGM) held on 21<sup>st</sup> September, 2017. This appointment was subject to the ratification at every subsequent AGM held thereafter. However, in view of the amended provisions of Section 139, such ratification is not required with effect from 7<sup>th</sup> May, 2018. The said Auditors have submitted their willingness to continue to act as Statutory Auditor of the Company and certificate to the effect that they are eligible for such appointment and are not disqualified to act as such. The remuneration shall be determined by the Board of Directors upon recommendation by the Audit Committee and mutually agreed upon by the said Auditors.

The Auditors observations read with the notes to the Accounts for the year ended on 31<sup>st</sup> March, 2019 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 (i) 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 during the year under report. 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 four times on 29.5.2018, 13.8.2018, 25.10.2018 and 12.2.2019. 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.