

41st ANNUAL REPORT
ACE MEN ENGG WORKS LTD.

Financial Year – 2020-21

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|---------------------------|
| Board of Directors |
|---------------------------|

| | |
|-----------------------|--|
| Hardikkumar Vadnagara | Managing Director |
| Harshil Shah | Non-Executive Non Independent Director |
| Bhavya Patwa | Non-Executive Non-Independent Director |
| Dipak Ranglani | Non-Executive Non-Independent Director |

Key Managerial Personnel

| | |
|--------------------|--|
| Priti Sharma | Chief Financial Officer |
| Srity Agarwal | Company Secretary (upto 31.07.2020) |
| Khusboo Khandelwal | Company Secretary (w.e.f 01.08.2020 till 03.12.2020) |
| Deepak Khandelwal | Company Secretary (w.e.f 01.03.2021 till 20.07.2021) |

Auditors

M/s Doshi Maru & Associates, Chartered Accountants
(upto 14.08.2020)
217/218, Manek Centre, P.N. Marg, Jamnagar, 361001
(Gujrat), India

M/s. Motilal & Associates, Chartered Accountants,
(FRN: 106584W (w.e.f 28/08/2020)
304, Orchid Plaza, Behind Gokul Shopping Center, Off S.V.
Road, Borivali, West, Mumbai, Maharashtra 400092

Registered Office

Office No. SF/214, Sanidhya Arcade, Near Reliance Petrol
Pump, S P Ring Road, Vastral, Ahmedabad, 382418, Gujarat

**Share Transfer
Agents**

Purva Shareregistry (India) Private Limited,
Unit No. 9, Shiv Shakti Industrial Estate, Ground Floor, J. R.
Boricha Marg, Lower Parel (E), Mumbai - 400 011
website: www.purvashare.com
Email: busicomp@vsnl.com
Phone: 022- 2301 6761 / 8261

BOARD'S REPORT

Dear Members,

The Board of Directors hereby submits the 41st Annual Report of the business and operations of the Company together with the audited financial statements for the financial year ended 31st March, 2021. The summarized financial performance of the company is as follows:

1. Financial Statements

(Amount in Rs.)

| Particulars | Current Year 2020-21 | Previous Year 2019-20 |
|---|---------------------------------|----------------------------------|
| Total Income | 70,21,417.00 | 72,042.00 |
| Total Expense | 37,41,000.00 | 6,06,143.00 |
| Profit before Finance Cost and Depreciation | 32,80,417.00 | (534,101) |
| Less : Finance Cost | - | -- |
| Profit before Depreciation | 32,80,417.00 | (534,101) |
| Less : Depreciation | - | -- |
| Profit/(Loss) before Tax | 32,80,417.00 | (534,101) |
| Provision for Tax | | |
| Current Tax | 6,77,908 | -- |
| Deferred Tax | - | -- |
| Balance of Profit/(Loss) for the year | 24,27,509.00 | (534,101) |
| Earning per equity share: Basic & Diluted (Rs.10/- each) | 0.78 | (0.17) |

2. Performance Review

The revenue for the current financial year increased to Rs. 70,21,417/- as compared to previous year Rs. 72,042.00/-. The net profit after tax is Rs. 32,80,417/- as compared to Net Loss of Rs. 5,34,101/- during the previous year.

3. Dividend

Your Directors have thought it prudent not to recommend any dividend for the financial year under review.

4. Transfer to General Reserve

The Company has transferred Rs. 24,27,509/- to the Reserves for the year ended March 31, 2021.

5. Material Changes and Commitments, if any, affecting the Financial Position of the Company

No material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year of the company and the date of this report. There is no Change in the nature of business of company during the financial year.

6. Significant and Material Orders Passed by the Regulators or Courts

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

7. Subsidiary / Associates Companies

The Company does not have any Subsidiary, Joint venture or Associate Company. Hence, statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 under Form AOC-1, is not applicable to the Company.

8. Adequacy of internal financial controls

The Company has in place adequate and effective Internal Financial Controls with reference to financial statements. During the year, such controls were tested and upgraded and no reportable material weaknesses in the design or operation were observed.

9. Particulars of Loans, Guarantees or Investments

During the year under review, the Company has not directly or indirectly -

- Given any loan to any person or other body corporate other than usual advances envisaged in a contract of supply of materials, if any;
- Given any guarantee or provided security in connection with a loan to any other body corporate or person; and acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

10. Particulars of Contracts or Arrangements with Related Parties

No related party transaction(s) entered into during the financial year. The Company has not entered into any contract, arrangement or transaction with any related party which could be considered as material as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company (www.acumenengg.co.in).

11. Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- a) in the preparation of annual accounts for the year ended March 31, 2021, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) they 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 March 31, 2021 and of the Profit of the Company for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

12. Directors and Key Managerial Personnel

| | |
|---------------------------------|---|
| Hardikkumar Vadnagara | Managing Director (w.e.f 22.07.2020) |
| Sharwan Kumar Sarraf | Managing Director (upto 21.07.2020) |
| Shrena Kalpesh Shah | Non-Executive Independent Director |
| Priti Sharma | Executive Director (upto 10.08.2020) |
| Manoj Das | Non-Executive Independent Director (upto 31.12.2020) |
| Harshil Shah | Non-Executive Non-Independent Director (w.e.f 10.08.2020) |
| Bhavya Patwa | Non-Executive Non-Independent Director (w.e.f 07.10.2020) |
| Dipak Ranglani | Non-Executive Non-Independent Director (w.e.f 04.01.2021) |
| Jaipal Singh Barsi Singh Parmar | Non-Executive Independent Director (upto 12.03.2021) |

Key Managerial Personnel:

| | |
|--------------------|--|
| Priti Sharma | Chief Financial Officer |
| Srity Agarwal | Company Secretary (upto 31.07.2020) |
| Khusboo Khandelwal | Company Secretary (w.e.f 01.08.2020 till 03.12.2020) |
| Deepak Khandelwal | Company Secretary (w.e.f 01.03.2021 till 19.07.2021) |

None of the Company's directors are disqualified from being appointed as a director as specified in Section 164 of the Act.

13. Declaration by Independent Directors

The Company has received necessary declarations from all Independent Directors of the Company confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 as well as under Regulation 25 and 16(1)(b) of SEBI (LODR) Regulations. There has been no change in the circumstances which may affect their status as independent director during the year.

14. Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of Committees, attendance, prior study of materials given, participation at the meetings, level and effectiveness of Committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-executive Directors. The same was discussed in the board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and individual Directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the Independent Director being evaluated.

15. Familiarization Program for the Independent Directors

In compliance with the requirements of SEBI Regulations, 2015, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model, etc.

16. Policy on Directors' Appointment and Remuneration and other details

The Nomination and Remuneration Committee has laid down the criteria for Directors appointment and remuneration including criteria for determining qualification, positive attributes and independence of a Director. The following attributes/criteria for selection have been laid by the Board on the recommendation of the Committee:

1. the candidate should possess the positive attributes such as leadership, entrepreneurship, business advisor or such other attributes which in the opinion of the Committee are in the interest of the Company;
2. the candidate should be free from any disqualification as provided under Sections 164 and 167 of the Companies Act, 2013;
3. the candidate should meet the conditions of being independent as stipulated under the Companies Act, 2013 and Listing Agreement entered into with Stock Exchanges, in case of appointment as an independent director; and
4. the candidate should possess appropriate educational qualification, skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, corporate governance, technical operations, infrastructure or such other areas or disciplines which are relevant for the Company's business

17. Number of Meetings of the Board

During the year under review, Ten **(10)** Meetings of the Board of Directors, were held on 30th June, 2020, 10th August, 2020, 14th August, 2020, 29th August, 2020, 4th November, 2020, 31st December, 2020, 4th January, 2021, 11th February 2021, 1st March, 2021 and 12th March, 2021.

18. Audit Committee

The Audit Committee of the Board of Directors meets the criteria laid down under Section 177 of the Companies Act, 2013, read with Regulation 18 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015 in the terms of reference to the Audit Committee. The Composition of Audit Committee as on 31/03/2021:

| Name of Member | Designation | Nature of Directorship |
|----------------------|-------------|--|
| Shrena Kalpesh Shah | Chairman | Non-Executive Independent Director |
| Bhavya Patwa | Member | Non-Executive Non-Independent Director |
| Harshil Naishad Shah | Member | Non-Executive Non-Independent Director |

19. Material Changes and Commitments, if any, affecting the Financial position of the Company which have occurred between the end of Financial Year of the Company to which the Financial Statement relate and the date of the Report.

There were no material changes and commitments that have affected the financial position of the Company which have occurred during the financial year ended on 31st March, 2021.

20. Management Discussion and Analysis

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosures Requirements) Regulation 2015, the Management Discussion and Analysis has been given hereunder:

OPERATIONS

The Financial Year 2020-21 begin with the pandemic situation created by the spread of the Corona virus COVID-19, all over the world and day to day life across the globe came to a virtual stop and your Company was not an exception. Economic activity worldwide slowed down in 2020 for both advanced and emerging economies owing to trade and tariff-related uncertainties between the global powers, along with tepid consumer and investor sentiments. The operations were disrupted at all the manufacturing facilities of the Company. Your Company had to put a halt on its operations for some period during March, 2020 to May, 2020, considering the wellness and safety of its people and complying with Government and Health authorities' advisories during lockdown.

Financial Year 2020-21 has been a challenging year and having endured and managed to recover from the disruptions induced by a once-in-a-century event, the Company is cautiously looking forward to 2022 with hopes of putting up a better

show in the post-COVID-19 world.

The Company is taking all necessary measures in terms of mitigating the impact of the challenges being faced in the business. The Company is working towards being resilient in order to sail through the current situation. It is focused on controlling the fixed costs, maintaining liquidity and meticulously managing supply chain issues to ensure that the manufacturing facilities operate smoothly.

Your Company is focused on achieving volume growth, reduction in costs and improving product portfolio. These measures will continue to drive improvement in your Company's business.

Outlook

The International Monetary Fund (IMF) projects that global economic activity will grapple with unprecedented contraction in 2020, owing to the COVID-19-led lockdown and the consequent suspension of economic activity. As per the IMF's April World Economic Outlook, global growth will contract by 4.9% in 2020, vis-à-vis 2.9% growth in 2019, and subsequently, mark a V-shape normalisation to 5.4% growth in 2021, although half of it will come on a lower base. Further, the global trade volume in goods and services will slip into a degrowth of 11% in 2020 from an already sluggish growth of 0.9% in 2019, before growing by 8.4% in 2021.

INDIA

India continued to be one of the most robust and resilient economies of the world in 2020. During FY 21, the economy grew by 4.2%, suffering primarily from inadequate credit availability owing to challenges in the financial sector. The combined impact of muted domestic demand and export markets dragged down capacity utilisation of industries.

The Government of India undertook proactive initiatives such as reducing corporate tax rates and offering credit guarantee for financially sound Non-Banking Financial Corporations (NBFCs). The year also witnessed easing of monetary policy by the Reserve Bank of India (RBI) with significant reduction in the repo rate. Driven by fiscal and monetary policy initiatives, the economy began to show early signs of recovery. However, the COVID-19 outbreak in the fourth quarter of the year made recovery an uphill task.

The Government of India has already announced a significant relief package of Rs. 20 trillion, aimed at providing a safety net to the most vulnerable sections of society. Targeted relief measures have also been designed for sectors that are hardest hit by the pandemic such as financial services and micro, small & medium enterprises (MSMEs).

The positive indicators are moderate inflation and low crude prices resulting in declining trade deficit. These factors allow the Government of India adequate room for providing additional fiscal and liquidity support to the economy.

Strength:

India is today recognized as one of the best sourcing destinations for garments, textiles, accessories and finish: It provides a perfect blend of fashion, design, quality, patterns, textures, colours and finish. Labour is skilled and economical while process are highly without taking away from the quality of the final product. Amazing technological developments, superior design capabilities and companies that provide integrated logistics solutions are other highly prized support systems that the industry thrives on. Combined with these manmade assets are the country's natural assets which play a large role in boosting the garment industry- by providing raw materials of world class quality. India the largest producer of Jute the second largest producer of cotton, silk and cellulosic fibre, the third largest producer of raw cotton and the fourth largest producer of synthetic fibre.

Opportunities and Threats:

Exporters may find it challenging to manage liquidity in F.Y. amid increasing volumes coupled with along working capital cycle and the consequent higher use of working capital limits - a characteristic of the textile business. It is to be noted that India's position in global arena is on a shaky platform as it is facing tough competition from its neighbouring countries such as China & Bangladesh. Talking about these three Asian countries the labour in Bangladesh is cheapest and India's labour is costliest.

Risk Management:

In an interdependent, fast-moving world, organizations are increasingly confronted by risks that are complex in nature and global in consequence. Such risks can be difficult to anticipate and respond to, even for the most seasoned business leaders.

Internal Control System and their Adequacy:

The Company has adequate internal control systems including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorization and approval procedures. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board. The Company's internal control systems are supplemented by periodic reviews by the Management. The Audit Committee reviews its findings and recommendations at periodic intervals. Company's internal control system is adequate considering the nature, size and complexity of its business.

Human Resources/Industrial Relations:

The company places great emphasis on its employees and believes that they are the core of the Corporate Purpose. The HR mission is to empower employees to make continuous improvements and enhance their professional skills. The company believes in respecting the individual rights and dignity of the people. The company believes that human resources are the most valuable assets and a major driver for achieving its goals. Your company continues to invest in human resources to build new businesses while simultaneously improving the individual & organizational preparedness for future challenges

CAUTIONARY NOTE:

Certain statements in "Management Discussions and Analysis" section may be forward looking and are stated as required by law and regulations. Many factors, both external and internal, may affect the actual results which could be different from what the Directors envisage in terms of performance and outlook.

21. Risk Management

The Company has in place a Risk Management Policy pursuant to Section 134 of the Companies Act. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk.

The Internal Audit Department facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. Through this program, each Function carried on works, addresses opportunities and risks through a comprehensive approach aligned to the Company's objectives. The Company has laid down procedures to inform the Audit Committee as well as the Board of Directors about risk assessment and management procedures and status.

The Audit Committee of the Board of the Company has been entrusted with the task to frame, implement and monitor the risk management plan for the Company and it is responsible for reviewing the risk management plan and ensuring its effectiveness with an additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

22. Corporate Social Responsibility (CSR)

The Company does not fall in any of the Criteria of Section 135 of the Companies Act, 2015 read with the Companies (Corporate Social Responsibility Policy) Rules 2014 and hence the company does not require to comply the same.

23. Safety, Environment and Health

The Company's commitment to excellence in Health and Safety is embedded in the Company's core values. The Company has a stringent policy which drives all employees to continuously break new ground safety management for the benefit of people, property, environment and the communities where we operate on sites.

The Company respects human rights, values its employees and their communities. The Company considers safety, environment and health as the management responsibility. Regular employee training programmes are in place throughout the Company on Safety, Environment and Health and has well identified and widely covered safety management system in place for ensuring, not only the safety of employees but surrounding population of the works as well.

24. Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company has zero tolerance for sexual harassment at the workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Work place, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters

connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. All employees of the Company, those of contractors as well as trainees are covered under this Policy.

No complaint was received from any employee during the financial year 2020-2021 and hence no complaint is outstanding as on 31.03.2021 for redressal.

25. Vigil Mechanism/ Whistle Blower Policy

There is a Whistle Blower Policy in the Company and that no personnel have been denied access to the Chairman of the Audit Committee. The policy provides for adequate safeguards against victimization of persons who use vigil mechanism. The Whistle Blower Policy is posted on the Company's website www.acumenengg.co.in.

26. Code of Conduct

The Board has laid down a code of conduct for board members and senior management personnel of the Company. The code incorporates the duties of independent directors as laid down in the Companies Act, 2013. The said code of conduct is posted on Company's website www.acumenengg.co.in. The Board members and senior management personnel have affirmed compliance with the said code of conduct.

27. Prevention of Insider Trading

The Board has adopted a revised Code of Prevention of Insider Trading based on the SEBI (Prohibition of Insider Trading) Regulations, 2015. The same has been placed on the website of the Company www.acumenengg.co.in. All the Directors, senior management employees and other employees who have access to the unpublished price sensitive information of the Company are governed by this code. During the year under Report, there has been due compliance with the said code of conduct for prevention of insider trading.

28. Corporate Governance

As per SEBI LODR, Compliance with the provisions of regulation 17 through 27 and clauses (b) to of sub – regulations 46 and Para C, D and E of schedule V is not mandatory for the time being, in respect of the following class of Companies:

- a) Companies having paid –up equity share capital not exceeding Rs. 10 crore and Net Worth not exceeding Rs. 25 Crore, as on the last day of previous financial year;
- b) The listed entity which has listed its specified securities on the SME Exchange;

As such our Company falls in the ambit of aforesaid exemption, consequently Corporate Governance does not forms part of the Annual Report for the Financial Year 2020-21. However, the Company is following industry best corporate governance standards.

29. Human Resources

The human resource plays a vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relations with employees across various locations.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

30. Deposits from Public

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public, was outstanding as on the date of the balance sheet.

31. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo Technology absorption: NIL Foreign Exchange earnings and outgo: NIL

32. Particulars of Employees and Remuneration

Pursuant to the Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, no employee of the Company was paid remuneration exceeding the prescribed limits, during the financial year 2019-2020.

33. Insurance

All the properties and insurable interests of the Company including buildings, Plants & Machineries and Stocks, have been adequately insured.

34. Share Capital

The paid-up equity share capital of the Company as at 31st March, 2021 is Rs. 3,09,85,000/- . The Company currently has no outstanding shares issued with differential rights, sweat equity or ESOS.

35. Auditors

Statutory Auditors:

M/s. D G M S & Co. (Formerly known as M/s Doshi Maru & Associates), Chartered Accountants (F.R.No. 0112187W) has shown their inability to continue as Statutory Auditors of the Company for commercial considerations as the proposed fees was not commensurate to their time and efforts and have tendered their resignation, resulting into a casual vacancy in the office of Statutory Auditors of the company.

Pursuant to the provisions of Section 139(8) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and all other applicable laws, if any, casual vacancy caused by the resignation of Auditors, the Board of Directors had appointed M/s. Motilal & Associates, Chartered Accountants, (FRN: 106584W) as the Statutory Auditors of the Company to fill the casual vacancy and shall hold office up to the conclusion of this Annual General Meeting of the Company.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. Suhas Bhattbhatt of M/s. S Bhattbhatt & Co., Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the Financial Year 2021-22. The Secretarial Audit Report is annexed as **Annexure C**.

Cost Auditors:

Your Company does not require to get its cost records audited by the qualified Cost Auditors, in view of non-applicability. No appointment of Cost Auditors has been made.

36. Acknowledgement

The Board places on record its deep appreciation for the continued support received from various clients, vendors and suppliers and Bankers, Government Authorities, Employees at all levels and Stakeholders, in furthering the interest of the Company.

For and on behalf of the Board of Directors,

Date: 28/08/2021
Place: Ahmedabad

Sd/-
Hardikkumar Vadnagara
Managing Director
Ace Men Engg Works Limited