



**SINTEX INDUSTRIES LIMITED**  
**ANNUAL REPORT 2019-2020**

# Contents

Corporate Information	1
Directors' Report	2
Management Discussion and Analysis	34
Report on Corporate Governance	42
Standalone Financial Statements	60
Consolidated Financial Statements	105
Form AOC-1	146

## FORWARD LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set our anticipated results based on management plans and assumptions. We have tried, where possible, to identify such statements by using words such as 'anticipate', 'expect', 'project', 'intend', 'plan', 'believe', and words of similar substance in connection with any discussion of future performance.

We cannot, of course, guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. Achievement of results is subject to risks, uncertainties, and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

# Corporate Information

## BOARD OF DIRECTORS :

**Mr. Rahul A. Patel** (DIN: 00171198)  
Chairman & Managing Director

**Mr. Amit D. Patel** (DIN: 00171035)  
Managing Director

**Dr. Rajesh B. Parikh** (DIN: 00171231)  
Independent Director

**Mr. Sunil Kumar Kanojia** (DIN: 00490259)  
Independent Director

**Mr. Sudatta Mandal** (DIN: 00942070)  
Nominee Director  
(w.e.f. 13.08.2019)

**Mr. Samuel George** (DIN: 06952669)  
Independent Director  
(w.e.f. 13.11.2019)

**Mr. Mayank Devashrayee** (DIN: 05313186)  
Independent Director  
(w.e.f. 13.11.2019)

**Mr. Pratit Patel** (DIN: 07841812)  
Independent Director  
(w.e.f. 13.11.2019)

**Mrs. Keerti Lachhwani** (DIN: 08757712)  
Independent Director  
(w.e.f. 25.06.2020)

**Mr. Jayesh Khatsuria** (DIN: 08626274)  
Non-Executive Director  
(w.e.f. 07.12. 2019)

**Mr. Vimal R. Ambani** (DIN: 00351512)  
Independent Director  
(upto 24.06.2019)

**Mr. Gagan Deep Singh** (DIN: 01895911)  
Non-Executive Director  
(upto 02.11.2019)

**Dr. Narendra Kumar Bansal** (DIN: 03086069)  
Independent Director  
(upto 04.02.2020)

**Ms. Maitri Mehta** (DIN: 07549243)  
Independent Director  
(upto 12.05.2020)

## BANKERS :

Punjab National Bank  
Bank of Baroda  
Canara Bank  
Punjab & Sind Bank  
Bank of India

## AUDITORS :

**M/s. R Choudhary and Associates**  
Chartered Accountants  
Ahmedabad

## REGISTRAR & SHARE TRANSFER AGENT :

**Link Intime India Pvt. Ltd.**  
5th Floor, 506 to 508,  
Amarnath Business Center-1 (ABC-1),  
Besides Gala Business Center,  
Opp. Wagh Bakri Tea Lounge, Off C.G. Road,  
Ellisbridge, Ahmedabad - 380 006, India.  
Phone : +91-79-2646 5179  
Email : ahmedabad@linkintime.co.in

## COMPANY SECRETARY & COMPLIANCE OFFICER :

**Mr. Hitesh T. Mehta**

## REGISTERED OFFICE :

Kalol - 382 721, Dist: Gandhinagar, Gujarat, India.  
Phone : +91-2764-253000  
CIN : L17110GJ1931PLC000454

## INVESTOR RELATIONSHIP CELL:

7<sup>th</sup> Floor, Abhijeet Building-I, Mithakhali Six Roads,  
Ellisbridge, Ahmedabad - 380 006, Gujarat, India.  
Phone. : +91-79-26420045, +91-6358855979  
E-mail : share@sintex.co.in  
Website : www.sintex.in

# Directors' Report

To,  
The Shareholders,

Your Directors presenting the 89<sup>th</sup> Annual Report highlighting the business and operations of the Company on a standalone basis and the audited financial statements for the financial year ended 31<sup>st</sup> March, 2020.

## Financial highlights

(₹ in crores)

Particulars	2019-20	2018-19
<b>Gross turnover</b>	1634.92	2820.77
<b>Gross profit</b>	(1050.27)	268.83
Less: Depreciation	284.40	232.42
<b>Profit before tax</b>	<b>(1334.67)</b>	<b>36.41</b>
Less: Provision for taxation — current tax	-	8.66
Provision for taxation – Earlier Year	(6.12)	(1.72)
Deferred tax	(78.57)	10.27
<b>Profit/(loss) after tax</b>	<b>(1249.98)</b>	<b>19.20</b>
<b>Profit/(loss) for the Year</b>	<b>(1249.98)</b>	<b>19.20</b>

Note: Previous years figures have been regrouped/re-classified, wherever required.

## Financial performance

Fiscal 2019-20 was complex year for the Company as reflected in the financials. Your Company reported 42.04% decrease in gross sales from ₹ 2820.77 crore in 2018-19 to Rs 1634.92 crore in 2019-20.

EBIDTA reduced to ₹ (308.24) crore in 2019-20 from ₹ 477.65 crore in 2018-19. Net loss for the year is ₹ 1249.98 against the previous year's profit of ₹ 19.20 crores. The earnings per share (face value of Re. 1) stood at ₹ (21.04) (basic) and ₹ (21.04) (diluted) for 2019-20 against ₹ 0.32 (basic) and ₹ 0.32 (diluted) for 2018-19.

## Transfer to Reserves

The Company has not transferred any amount to the general reserve during the current financial year.

## Dividend

In view of losses incurred by the Company, the Board of Directors of your Company has not recommended dividend on the equity shares of the Company for the Financial Year 2019-20.

## Dividend Distribution Policy

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") the Company has formulated its Dividend Distribution Policy and the same has been uploaded on the website of the Company which can be accessed at [http://sintex.in/wp-content/uploads/2016/11/Dividend\\_Distribution\\_Policy.pdf](http://sintex.in/wp-content/uploads/2016/11/Dividend_Distribution_Policy.pdf)

## Share Capital

During the year, the Company has not issued any shares on exercise of conversion by the FCCBs holder. As at 31<sup>st</sup> March, 2020, FCCBs worth US\$ 13.50 million (of the US\$ 110 million FCCB issue) were outstanding for conversion into equity shares.

The Company's paid-up Equity Share Capital continues to stand at ₹ 59,40,95,088/- divided into 59,40,95,088 equity shares of Re. 1/- each as on 31<sup>st</sup> March, 2020.

## Fixed deposits

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

## State of Company's affairs

Sintex is a respected name in the textile industry in India. The Company is engaged into the cotton and 100% wet linen yarn manufacturing. It produces premium quality compact and specialized blended yarns. The high-quality yarn has been widely accepted by weavers, knitters, composite textile mills and large buying houses who are working for brands in India and in across the globe.

The company is presently undergoing substantial financial stress and severe liquidity constraints coupled with changed industrial dynamics, time and cost overrun in completion of its projects, reduction in subsidies and incentive benefits with delay in disbursements, Covid related disruptions etc. which has resulted into reduction in capacity utilization of its plants and, therefore, steep fall in sales volume and incurring of losses.

On account of the high cost of operations and to create synergies of having operations at a single location, the company is evaluating to shift manufacturing facilities of structured fabrics from its plant located at Kalol to its Yarn division at Village Lunsapur Tal. Jafrabad, Dist. Amreli. In view of this, the manufacturing operations of structured fabrics at Kalol is being gradually discontinued effective from 1<sup>st</sup> July, 2019. The land and factory building of its Kalol plant will be disposed of after obtaining requisite approvals including from lenders, the proceeds of which, shall be utilized for repayment of borrowings.

#### **Comprehensive Resolution Plan**

Comprehensive Resolution Plan had been submitted to all the lenders involving the re-structuring of debt availed. The proposal was prepared in accordance with the requirement set out in the circular issued by the Reserve Bank of India No. RBI/2018- 19/203.DBR.NO.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019, which was not accepted in all lenders meeting held on 5<sup>th</sup> July, 2019. However, an Inter-Creditor Agreement (ICA) for a potential restructuring of the company's liabilities was signed on 6<sup>th</sup> July, 2019. The company submitted a revised Resolution Plan to lenders on 16<sup>th</sup> December, 2019, which was not accepted by the lenders due to higher provisioning requirement, post which petition has been filed by the financial creditors before the National Company Law Tribunal (NCLT), Ahmedabad under Section 7 of Insolvency and Bankruptcy Code, 2016 for initiating Corporate Insolvency Resolution Process (CIRP) against the company. The ability of the company to continue as going- concern is predicated upon the outcome of CIRP and scale up of company level of operations.

#### **Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report & Covid-19 impact**

The Company's Amreli plant was closed on 22<sup>nd</sup> March, 2020 due to lockdown. The Company lost sales of approximately Rs. 50 crore in March 2020 and ended month of March 2020 with negative EBITDA. The EBITDA was not available to the Company in subsequent months to service the fixed cost. The Company started its Amreli plant on 12<sup>th</sup> April, 2020 with very low capacity utilization of 0.8 lakhs spindles and is targeting to reach operations of 5 lakhs + spindles by Q2/Q3 FY 2021 (same level as March 2020). The scale up of operations may be different then targeted, considering substantial volatility in market and risk averseness due to Covid 19, and is subject to opening of textile value chain (fabric/ garmenting) and pickup of exports.

The Company's Kalol plant manufacturing structured fabrics (except bleaching facility) was discontinued effective 1<sup>st</sup> July, 2019 and the same status continues.

The company is undergoing substantial financial stress and severe liquidity constraints during the year coupled with changed industrial dynamics, time and cost overrun in completion of its projects, reduction in subsidies and incentive benefits with delay in disbursements, Covid-19 related disruptions etc. which has resulted into reduction in capacity utilization of its plants and, therefore, steep fall in sales volume and incurring of losses.

#### **Performance of subsidiary – BVM Overseas Limited**

Sintex's presence in domestic as well as export market is through its wholly owned subsidiary, BVM Overseas Limited.

Sintex is trading its products in domestic and international markets which includes yarn, shirting and bottom weights through this subsidiary.

#### **BVM Overseas Limited**

The Company is the trading arm of Sintex Industries in India and in international markets. While the Company currently trades in yarn, other products like fabrics, sheeting etc. will be brought under the Company's fold at a later date for capitalising on trading opportunities in India and with international customers over time.

During the financial year under review, the turnover decreased to ₹ 595.04 crores against ₹ 2098.75 crores in 2018-19. Out of the total turnover, about 56% accrued from the international market. The Company reported an EBITDA Loss of ₹ 2.12 crore in 2019-20.

For information relating to contribution of subsidiary company to the over all performance of the Company, please refer AOC-1 forming part of this Annual Report.

#### **Changes in subsidiaries, associates and joint ventures/wholly-owned subsidiaries:**

During the year under review, there was no change in the status of subsidiaries and joint ventures/ wholly-owned subsidiaries.

#### **Corporate Social Responsibility initiatives**

The Company has constituted Corporate Social Responsibility (CSR) Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company. The Annual Report on CSR activities is annexed herewith as 'Annexure - A'.

#### **Internal Financial Control (IFC) systems and their adequacy**

As per the provisions of the Companies Act, 2013, the Directors have the responsibility for ensuring that the Company has implemented robust system / framework for IFCs to provide them with reasonable assurance regarding the adequacy and operating effectiveness of controls, to enable the Directors to meet with their responsibility.

The Company has in place, a sound financial control system and framework in place to ensure:

- The orderly and efficient conduct of its business including adherence to Company's policies,
- Safeguarding of its assets,
- The prevention and detection of frauds and errors,
- The accuracy and completeness of the accounting records and
- The timely preparation of reliable financial information.

A formal documented IFC framework has been implemented by the Company. The Board regularly reviews the effectiveness of controls and takes necessary corrective actions where weaknesses are identified as a result of such reviews. This review covers entity level controls, process level controls, fraud risk controls and Information Technology environment. Based on this evaluation, there is nothing that has come to the attention of the Directors to indicate any material break down in the functioning of these controls, procedures or systems during the year. There have been no significant events during the year that have materially affected, or are reasonably likely to materially affect, our internal financial controls. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company.

#### **Statutory Auditors and Auditors' Report**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with rules made thereunder, M/s. R Choudhary and Associates (FRN:101928W), Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company in 88<sup>th</sup> Annual General Meeting to hold their office till the conclusion of 93<sup>rd</sup> Annual General Meeting of the Company.

The Report given by M/s. R Choudhary and Associates, Chartered Accountants on the financial statement of the Company for the financial year 2019-20 does not have any qualifications, reservation, disclaimer or adverse comments. The notes on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. Further, the observation/s made therein read with concerned notes to financial statements, provide sufficient information and need no clarification.

#### **Reporting of Fraud**

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder, either to the Company or to the Central Government.

#### **Cost Auditor**

As per requirement of Central government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the cost account records maintained by the Company are required to be audited.

The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. Shah Mehta & Co., Cost Accountants, Ahmedabad as Cost Auditor to audit the cost records of the Company for the financial year 2020-21. The Cost Auditors have submitted a certificate of their eligibility for such appointment. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. Shah Mehta & Co., Cost Accountants, Ahmedabad is included in the Notice convening the Annual General Meeting.

#### **Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Chirag Shah & Associates, Company Secretaries, Ahmedabad to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2019-20 is annexed herewith as 'Annexure - B'. There were no qualifications, observations, reservation or comments or other remarks in the Secretarial Audit Report, which have any adverse effect on the functioning of the Company.

#### **Directors and Key Managerial Personnel**

Mr. Amit D. Patel (DIN : 00171035), Director is due to retire by rotation at this Annual General Meeting in terms of Section 152(6) of the Companies Act, 2013 and is eligible for reappointment.

During the year under review, Mr. Prashant D. Shah resigned from the post of Head – Accounts & Audit and CFO of the Company w.e.f. 17<sup>th</sup> August, 2019. The Board of Directors based on recommendation of Nomination and Remuneration Committee & Audit Committee has appointed Mr. Hitesh K. Dihiye as a Chief Financial Officer and Key Managerial Personnel (KMP) of the Company w.e.f. 13<sup>th</sup> November, 2019.

Mr. Vimal R. Ambani (DIN: 00351512) and Ms. Maitri Mehta (07549243) ceased to be Independent Directors w.e.f. 24<sup>th</sup> June, 2019 and 12<sup>th</sup> May, 2020 respectively. Dr. Narendra Kumar Bansal (DIN: 03086069) ceased to be Independent Director w.e.f. 4<sup>th</sup> February, 2020 due to his sad demise. Mr. Gagan Deep Singh (DIN: 01895911) ceased to be Non-Executive Director w.e.f. 2<sup>nd</sup> November, 2019.

The Board places on record its deep appreciation of the valuable services rendered as well as advice and guidance provided by Mr. Vimal R. Ambani, Ms. Maitri Mehta, Mr. Gagan Deep Singh and Late Shri Narendra Kumar Bansal during their tenure.

Mr. Sudatta Mandal, (DIN: 00942070), Chief General Manager of Export-Import Bank of India ("Exim Bank") has been appointed as Nominee Director on behalf of Exim Bank on the Board of the Company w.e.f. 13<sup>th</sup> August, 2019 in terms of the provisions of loan documentation entered between Exim Bank & the Company and pursuant to Section 32 of the Export-Import Bank of India Act, 1981.

Board of Directors on 5<sup>th</sup> December, 2019, appointed Mr. Jayesh Hasmukhrai Khatsuria, (DIN: 08626274) as an Additional Non-Executive Director on the Board of Directors of the Company w.e.f. 7<sup>th</sup> December, 2019, liable to retire by rotation. He holds the office up to the ensuing Annual General Meeting. The Company has received notice from member pursuant to the provisions of Section 160 of the Companies Act, 2013 proposing the appointment as a Director of the Company.

During the year, the Board of Directors, on the recommendations of the Nomination and Remuneration Committee, appointed Mr. Mayank Devashrayee (DIN: 05313186), Mr. Samuel George (DIN: 06952669) and Mr. Pratit Patel (DIN: 07841812) as Additional Non-Executive Directors in the Category of Independent Directors w.e.f. 13<sup>th</sup> November, 2019 and Mrs. Keerti Lachhwani (DIN: 0008757712) appointed as an Additional Independent Woman Director w.e.f. 25<sup>th</sup> June, 2020. The Board of Directors of the Company has recommended appointment of Mr. Mayank Devashrayee, Mr. Samuel George, Mr. Pratit Patel and Mrs. Keerti Lachhwani as Independent Directors under the Companies Act, 2013, to hold office till the conclusion of the 93<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2024.

The above Additional Independent Directors hold the office up to the ensuing Annual General Meeting. The Board considers it desirable to avail their services. The Company has received notices from members pursuant to the provisions of Section 160 of the Companies Act, 2013 proposing the appointment of all such Directors of the Company.

Nomination and Remuneration Committee held on 25<sup>th</sup> June, 2020 recommended to continue the terms of appointment of Mr. Mayank Devashrayee, Mr. Samuel George, Mr. Pratit Patel and Mrs. Keerti Lachhwani as Independent Directors and Mr. Jayesh Khatsuria as Non Executive Director of the Company.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) read with Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, all Independent directors of the Company appointed during the year have integrity, relevant expertise and experience required for effectively performing their roles and discharging responsibilities. Also, your Company has received annual declarations from all the Independent Directors of the Company confirming that they have already registered their names with the data bank maintained by the Indian Institute of Corporate Affairs [“IICA”] as prescribed by the Ministry of Corporate Affairs under the relevant rules.

As stipulated under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 issued by the Institute of Company Secretaries of India, brief profiles of the Directors proposed to be appointed/reappointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and membership/Chairmanship of Committees of the Board, shareholding in the Company and disclosure of relationship between directors inter-se are provided in the Notice attached forming part of the Annual Report.

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarise with the Company’s procedures and practices.

#### Awards and Recognitions

During this year, the company has received 2 prestigious awards. These awards are received for contributing to highest export of its products and the high employment generation, the names of the awards are as follows:

For F.Y. 2018-19, the company received two Gold trophies from The Cotton Textile Export Promotion Council (TEXPROCIL)

- 1) Cotton Yarn Exports Category III – Above ₹ 250 Crores: Counts Ne 50s and below: Gold Trophy
- 2) Highest Employment Generation (Overall): Gold Trophy

Sintex yarns has successfully accredited with over 11 certifications for efficient management practices, sustainable raw materials, premium range of yarns coupled with highest quality standards of products. The company is renewing it from time to time.

#### Insurance

The Company’s plant, property, equipments and stocks are adequately insured against major risks. The Company has also taken Directors’ and Officers’ Liability insurance Policy to provide coverage against the probable liabilities arising on them, if any.

#### Directors’ Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013 that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) the Directors had prepared the annual accounts on a going concern basis; and
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) the systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

#### **Sintex ESOP 2018**

The Company instituted the Sintex Industries Limited -Employees Stock Option Plan-2018 (ESOP Plan) to grant equity based incentives to eligible employees of the Company and directors of the Company, excluding independent directors. The Scheme of ESOP Plan is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. During the year under review, the Company has not granted any stock options pursuant to ESOP Plan.

A total of 30,00,000 options would be available for grant to the eligible employees of the Company and directors of the Company, excluding independent directors under the ESOP Plan.

The details as required to be disclosed under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 has been uploaded on the Company's website at the link <http://www.sintex.in/wp-content/uploads/2019/04/ESOP-2018-Disclosure-under-SEBI-SBEB-Regulations-2014-1.pdf>

The Certificate from the Statutory Auditors of the Company certifying that the Company's Stock Option Plans are being implemented in accordance with the ESOP Regulations and the resolution passed by the Members of the Company, would be available electronically for inspection by members.

#### **Secretarial Standards**

Pursuant to the provisions of Section 118 of the Companies Act, 2013, the Company has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

#### **Meetings of Board of Directors**

Regular Meetings of the Board are held to discuss and decide on various business strategies, policies and other issues. During the year, four meetings of the Board of Directors were convened and held on 22<sup>nd</sup> May, 2019, 13<sup>th</sup> August, 2019, 13<sup>th</sup> November, 2019 and 6<sup>th</sup> February, 2020. The intervening gap between two consecutive meetings was not more than one hundred and twenty days. Detailed information on the Meetings of the Board is included in the Corporate Governance Report, which forms part of the Annual Report.

#### **Committees of the Board of Directors**

In compliance with the requirement of applicable laws and as part of the best governance practice, the Company has following Committees of the Board as on 31<sup>st</sup> March, 2020:

- i. Audit Committee
- ii. Stakeholders Relationship Committee
- iii. Nomination and Remuneration Committee
- iv. Corporate Social Responsibility Committee
- v. Share and Debenture Transfer Committee

#### **Audit Committee**

The Audit Committee consists of Members viz. Mr. Samuel George (Chairperson), Mr. Mayank Devashrayee, Mr. Pratit Patel, Mr. Sunil Kanojia and Mr. Amit D. Patel. There were no instances, where recommendations of Audit Committee were not accepted by the Board of Directors.

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

#### **Board evaluation**

Pursuant to the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process and it covers various aspects of the Board functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgement, governance issues etc.

Annual evaluation of the Committees of Board of Directors of the Company's performance carried out on the basis of criteria and manner as specified by the Nomination and Remuneration Committee and also the terms of reference of the committees.

The performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.



### Independent director databank registration

Pursuant to a notification dated 22<sup>nd</sup> October, 2019 issued by the Ministry of Corporate Affairs, all directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the directors in this regard. Your Company has received annual declarations from all the Independent Directors of the Company confirming that they have already registered their names with the data bank maintained by the Indian Institute of Corporate Affairs [“IICA”] as prescribed by the Ministry of Corporate Affairs under the relevant rules.

### Independent Directors’ Meeting

The Independent Directors met on 6<sup>th</sup> February, 2020, without the attendance of Non-Independent Directors and Members of the Management. The Independent Directors reviewed the performance of non-independent directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Extra Ordinary General Meetings / Postal Ballot

During the year under review, the Company has neither convened any Extra Ordinary General Meeting of the members of the Company nor passed any resolution through Postal Ballot.

### Consolidated financial statements

The Board reviewed the affairs of the Company’s subsidiary during the year at regular intervals. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and its subsidiary, which form part of this Annual Report. The consolidated Financial Statements have been prepared on the basis of audited financial statements of the Company and its subsidiary, as approved by their respective Board of Directors. Further a statement containing salient features of the Financial Statements of each subsidiary in Form AOC-1 forms part of the Consolidated Financial Statements. The statement also provides the details of performance and financial position of subsidiary.

### Transfer of shares to IEPF demat account

The Company has transferred 64,235 Equity Shares to the IEPF demat account held with Central Depository Services (India) Limited (CDSL) in terms of Section 124 (6) of the Companies Act, 2013 and the notified Rules of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, in respect of those shareholders, who have not claimed the dividend for the period of seven consecutive years or more.

### Policies

#### • Remuneration policy

The Board has on the recommendation of the Nomination and Remuneration Committee framed and adopted the Policy for selection and appointment of directors, senior management and their remuneration. The Board recognizes that the various Committees of the Board have very important role to play to ensure highest standards of corporate governance. The remuneration policy is stated in the Corporate Governance Report.

#### • Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

Pursuant to the amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015 vide the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 the Board of Directors of the Company has adopted new code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“UPSI”) (“Fair Disclosure Code”) incorporating a policy for determination of “Legitimate Purposes” as per Regulation 8 and Schedule A to the said regulations w.e.f. 1<sup>st</sup> April, 2019.

#### • Whistle blower policy

The Company has adopted a Whistle Blower Policy through which the Company encourages its employees to bring to the attention of Senior Management, including Audit Committee, any unethical behaviour and improper practices and wrongful conduct taking place in the Company. The details of the same is explained in the Corporate Governance Report and also posted on the website of the Company at the link [http://www.sintex.in/wp-content/uploads/2016/07/Whistle\\_blower\\_policy.pdf](http://www.sintex.in/wp-content/uploads/2016/07/Whistle_blower_policy.pdf)

#### • Code of Conduct to Regulate, Monitor and Report Trading by Insiders

Pursuant to amendments in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 vide the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company adopted the revised “Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons” as per Regulation 9 and Schedule B to the said regulations w.e.f. 1<sup>st</sup> April, 2019.

#### • Policy for Determining Material Subsidiaries

Pursuant to amendments in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, the Company has adopted the revised “Policy for Determining Material Subsidiaries” for laying down a criterion for determining Material Subsidiaries and their governance as per Regulation 16(1)(c) to the said regulations w.e.f. 1<sup>st</sup> April, 2019.

**Particulars of loans given, investments made, guarantees given and securities provided**

Particulars of loans given, investments made, guarantees given and securities provided under Section 186 of the Companies Act, 2013 are provided in the standalone financial statement (Please refer to Note No. 7,8,12,16 and 51 to the standalone financial statement), which are proposed to be utilized for the general business purpose of the recipient.

**Contracts and arrangements with related parties**

Related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business in accordance with relevant provisions of the Companies Act, 2013. Further, there were material related party transactions which were entered into in the ordinary course of business and on arm's length basis under Section 188(1) of the Companies Act, 2013 during the financial year under review, details of which are provided in form AOC-2 pursuant to provisions of Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014. Form AOC-2 is attached herewith as 'Annexure - C' to the Board's Report.

Disclosures of Related Party transactions as per Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided as note 39 to Standalone Financial Statements.

**Management Discussion and Analysis Report**

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in a separate section and forms part of this Annual Report.

**Corporate Governance**

Corporate Governance is, essentially, a philosophy. It encompasses not only the regulatory and legal requirements, but also the voluntary practices developed by the Company to protect the best interests of all stakeholders. The Company complies with all the Standards, Guidelines and Principles governing disclosures and obligations set out by the Securities and Exchange Board of India (SEBI) and the Stock Exchanges on corporate governance.

A separate report on Corporate Governance along with Certificate from M/s. Chirag Shah & Associates, Practicing Company Secretaries, Ahmedabad on compliance with the conditions of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided as a part of this Annual Report.

Your Company has made all information, required by investors, available on the Company's website [www.sintex.in](http://www.sintex.in).

**Conservation of energy, technology absorption and foreign exchange earnings and outgo**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, as amended from time to time is annexed to this Report as 'Annexure - D'.

**Extract of the annual return**

As required under the provisions of sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of annual return in Form No. MGT-9 forms part of this Report as 'Annexure - E' and the same is also available on website of the Company under Investor's Section, accessible at <http://www.sintex.in/investors/>.

**Business Responsibility Report**

The Business Responsibility Report for the year ended 31<sup>st</sup> March, 2020 as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed, which forms part of this report as 'Annexure -F'.

**Particulars of employees**

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as 'Annexure-G'.

The statement containing particulars of employees as required under Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

**Significant and Material Orders impacting going concern status of the Company passed by the regulators or courts or tribunals**

No significant or material orders impacting going concern status of the Company were passed by the regulators or courts or tribunals, which impact the going concern status and Company's operations in future.