

**Arex Industries Ltd.** (CIN: L99999GJ1989PLC012213)

**MANUFACTURERS OF GARMENT LABELS**

Plant & Regd. Office : 612, G.I.D.C. Estate, Chhatral, Tal. Kalol, Dist. Gandhinagar 382 729, Gujarat, INDIA.  
Phone : +91 2764 233636 Fax : +91 2764 233635 E-mail : [mail@arex.co.in](mailto:mail@arex.co.in)



**Ref: AIL/BSE-33/1908/527**

August 20, 2019

To,  
The Manager  
Department of Corporate Services  
BSE Limited  
25<sup>th</sup> Floor, P. J. Towers  
Dalal Street  
**Mumbai – 400 001**

**Sub.: Annual Report 2018-19**

**Ref: Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**  
**Scrip Code: 526851**

Dear Sir,

Enclosed herewith the Annual Report for the Financial Year 2018-19 as per the provisions of Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please take the same on your records.

Thanking you,

Yours faithfully,

For **AREX INDUSTRIES LTD**

**Dinesh Bilgi**  
**(DIN: 00096099)**  
**Managing Director**





# **Arex Industries Limited**

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



*We weave brands*

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Board of Directors	Shri Dinesh A Bilgi (DIN:00096099) Shri Neel D Bilgi (DIN:00096180) Shri Chirag D Bilgi (DIN:02094970) Shri Pragadesh 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 SWETA PATEL & ASSOCIATES <i>Chartered Accountants</i> 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.
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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.

f. Insider Trading Code

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

## COMMITTEES OF THE BOARD

a. Audit Committee

The Audit Committee reviews and recommends or suggests appropriate actions, financial results, related party transactions, appointment of auditors, internal controls etc from time to time. The Audit Committee comprised of (1) Shri Balkrishna I Makwana, (2) Shri Dinesh H Pande and (3) Shri Laxman C Tilani. Shri Balkrishna I Makwana was the Chairman of the Committee. The Committee met 4 times on 29.5.2018, 13.8.2018, 25.10.2018 and 12.2.2019 during the year.

b. Nomination and Remuneration Committee

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

## REMUNERATION POLICY

1. Remuneration to Non Executive Directors:

The Non Executive Directors are paid remuneration by way of sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the year was Rs. 1.60 Lacs during the FY 2018-19. Non executive Independent Directors do not have material pecuniary relationship or transactions with the Company.

2. Remuneration to Executive Directors:

The appointment and remuneration of Executive Directors including Managing Directors and Whole Time Directors is governed by the recommendation of the Nomination and Remuneration Committee and resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective agreements executed between them and the Company. The remuneration package of Managing Directors and Whole Time Director comprises of salary, perquisites, allowances, incentives, bonus, contribution to provident fund and other retirement benefits as approved by the shareholders at the general meeting. The details of remuneration to Directors are given in the Annual Accounts for the year ended on 31<sup>st</sup> March, 2019.

3. Performance Evaluation

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

c. Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of (1) Shri Dinesh H Pande, (2) Shri Dinesh A Bilgi and (3) Shri Chirag D Bilgi. Shri Dinesh H Pande is a Chairman of the Committee. The Committee meets as and when required and looks after shareholders complaints and matters relating to transfer of shares, transmission, non-receipt of annual report, non-receipt of dividend, credit of shares to demat account etc. During the year under review, the Company has not received complaint/s from the shareholders. However, the Complaints are normally resolved within the stipulated period under the Listing Regulations. The requests for revalidation of dividend warrants and issue of duplicate share certificates or duplicate dividend warrants etc are normally attended after completion of necessary formalities and procedure. Smt Kairavi Bilgi, Company Secretary of the Company has been appointed as the Compliance Officer of the Company. During the year, the Company (1) received: NIL complaints, (2) resolved: NIL Complaints and there is no complaint pending as on 31<sup>st</sup> March, 2019.

d. Corporate Social Responsibility Committee

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

## LISTING WITH BSE LTD

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

The Company has paid Annual Listing fees for the year 2019-20. The Company has also paid custodial charges to National Securities Depository Ltd and Central Depository Services (India) Ltd for the year 2019-20.

## REGISTRAR AND SHARE TRANSFER AGENT (RTA)

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

## RELATED PARTY TRANSACTIONS

All the transactions entered with related party during the year under review were on arm's length basis and in the ordinary course of business and approved by the Audit Committee. Hence these transactions are outside the purview of the provisions of Section 188 of the Companies Act, 2013. However, details of such transactions i.e. purchases, lease, services, etc., are given in the Notes to the Financial Statements for the year ended on 31<sup>st</sup> March, 2019 and therefore details in Form AOC-2 are not given.



## LOANS, GUARANTEES AND INVESTMENT

The Company has not granted any inter-corporate loan, given guarantee or provided any security for availing loan by other Company. However, the Company has made investments in other Companies/banks aggregating to Rs. 1.90 lakhs as per the Note No.4 to the Financial Statement for the year ended on 31<sup>st</sup> March, 2019.

## ENVIRONMENT AND SAFETY

The Company considers clean and safe mode of operations in all respects. Further, as required under the provisions of Sexual Harassment (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace. There is no such complaint lodged during the year.

## ACKNOWLEDGEMENTS

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

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

Regd Office:

612, GIDC Estate

Chahtral, Tal: Kalol

Dist : Gandhinagar-382 729

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

For and on behalf of the Board

Neel D Bilgi  
Mg Director  
DIN:00096180

Chirag D Bilgi  
Mg Director  
DIN: 02094970

### Annexure – "A"

INFORMATION AS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2019.

#### A. Conservation of Energy:

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

The Company always emphasizes conservation and reduction consumption in of energy. The Company generates green energy through its 1.6MW wind turbine generators and consequent reduction of consumption of energy. D.G. Sets of 400 KVA have been installed as stand by for continuous power supply.

As per Form A

#### Form A

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2018-19	2017-18
Power and Fuel Consumption		
Electricity		
Purchased Unit	4310788	3774376
Total Amount (Rs)	31243063	27510149
Rate/Unit	7.25	7.29
Production in Million Units	593	401
Avg. KWH Consumption per million Units	7267	9406
Electricity Generated from Windmill – KWH	2564280	2176027
Wheeling of Electricity Generated – KWH	2307851	1958424

#### Form B

#### B Technology Absorption

- (1) Efforts made towards technology absorption
- (2) Benefits derived like product improvement cost reduction, product development or import substitution
- (3) In case of imported technology. (imported during the last 3 years)
  - a) Details of Technology imported
  - b) Year of Import
  - c) Has technology been absorbed
  - d) If not fully absorbed, areas where this has not taken place & reasons thereof and
- (4) The expenditure incurred on Research & Development

The Company utilizes indigenously developed production technology. The technology has already been fully absorbed.

N.A.

The Company does not have separate R&D activities and hence, separate expenses are not worked out.

#### C. Foreign Exchange Earnings and Outgo

(i) Foreign Exchange Used	
a) Import of Raw Material	: Rs. 5218033.04/-
b) Import of Capital Goods	: Rs. 54493450/-
c) Import of Stores & Spares	: Rs. 6117994.05/-
d) Travelling	: Rs. 262127/-
e) Commission & Others	: Rs. 921973/-
ii) Foreign Exchange Earned on account of exports	: Rs. 20733899/-

Annexure – “B”  
Form MR-3

SECRETARIAL AUDIT REPORT

for the financial year ended on 31<sup>st</sup> March, 2019

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

The Members  
AREX INDUSTRIES LIMITED  
Chhatral

We have conducted the secretarial audit of compliance of applicable statutory provisions and the adherence to good corporate practices by Arex Industries Ltd (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based by our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial period ended on 31<sup>st</sup> March, 2019, *generally* complied with the statutory provisions listed hereunder and also that the Company follows proper Broad-process and compliance mechanism in place to the extent, in the manner and subject to reporting hereinafter:

We have examined the books, papers, minute books, forms and returns and other records made available to us and maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made thereunder
- (ii) The Securities Contract (Regulation) Act, 1956 (SCRA) and the Rules made thereunder
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015,
  - (c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) \*The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999;
  - (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) \*The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
  - (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
  - (h) \*The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998.(\*No event took place under these Regulations during the year under audit)
- (v) We have relied on the representation made by the Company, its Officers for systems and mechanism formed by the Company for compliances under the other applicable Acts, Rules, Laws, Guidelines and Regulations as applicable to the Company and we are of the opinion that the Company has *generally* complied with the following specific laws applicable to the Company.
  1. The Factory Act, 1948
  2. The Electricity Act, 2003
  3. Textiles Committee Act, 1963
  4. Textiles (Development & Regulation) Order, 2001

We have also examined compliance of applicable clauses of the following:

- (a) The Secretarial Standards – I & II issued by the Institute of Company Secretaries of India as applicable.
- (b) Listing Agreement (LA) entered into by the Company with the BSE Ltd, Mumbai read with Listing Regulations entered into with the BSE Ltd under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (LODR).

During the period under review and as per the explanation, clarification and the representation made by the Management, the Company has *generally* complied with the provisions of the Act, Rules, Regulations, Standards, etc., mentioned above, subject to the following observations.  
(The Section for Investors/Stakeholders is not made fully functional on the website of the Company. As informed by the Management, special section for Investors/Stakeholders is under trial/final stage of development and will be made functional after resolution of technical problems).

As informed, the Company has responded notices for demands, claims, penalties levied by the various statutory and regulatory authorities and also initiated actions for corrective measures, wherever necessary.

We further report that the Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and system exists for seeking and obtaining further information and clarification on agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

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

No specific events like Public Issue, Right Issue, Redemption or Buy-back of securities, Resolutions u/s 180 etc, were observed during the year under audit.

The Report is to be read with our letter of even date which is annexed herewith and forms an integral part of this Report.

Place: Ahmedabad  
Date : 09.08.2019

CS Narendra B Shah  
FCS 3233 CP2168

CS Abraham Pingle  
FCS10290 CP13206

The Members  
Arex Industries Ltd  
Chhatral

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

1. Maintenance of secretarial record is the responsibility of management of Arex Industries Ltd (the company). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practises and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practises, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained management representation about the compliance of laws, rules and regulations and happening of an events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Ahmedabad  
Date : 09.08.2019

CS Narendra B Shah  
FCS 3233 CP2168

CS Abraham Pingle  
FCS10290 CP13206

## Annexure 'C' MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Overview

The Company is engaged in manufacturing of all types of woven and printed labels, which promotes brand image of the customers. The Company's product is largely used by the garment manufacturers within India and abroad.

### Industry Structure

Global economy witnessed US-China trade dispute in addition to overall slow down market conditions. The global economy achieved growth of 3.6% in 2018. However, emerging and developing markets of Asia maintained growth at 6.4% in 2018. India continues to be fastest growing economy with expectation of GDP growth of 7.3% in 2019. US Federal Reserve has appeased the markets by cutting the target range for its overnight lending rate by 25 basis point to 2%. The Reserve Bank of India has also reduced the interest rate by 0.35 bps. However, US-China trade tension, weak microeconomic situation and tight monetary policy in China have contributed to slowing down of growth.

Even though apparel industry is dominated by developed markets of EU and US, the emerging markets led by countries such India, China, Russia and Brazil are becoming consumption markets. Simultaneously, India and China have strong textile manufacturing base and also emerging as both sourcing and consuming nations. The Indian textile industry is the oldest industry of the Country. The Industry has a major contribution to the growth of domestic economy in terms of direct and indirect employment generation and net foreign exchange earnings. The Indian textile and apparel industry is estimated to have contributed 10% to industrial production, 4% to GDP and 14% to the Country's foreign exchange earnings on account of export of textiles and clothing.

### Opportunities, Threats, Risk and Concern

Textile industry contributing significantly to employment generation in India continues to remain most important sector with growth potential. Industry's future looks with strong and rising domestic consumption. Despite having favorable demographic profile, labour and skill shortage continues to be one of the key concerns for the Indian Textile industry. The Government has come up with a number of export promotion policies for the textile sector including steps for allowing 100% FDI in Textile sector under automatic route. The Government has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two sub-sectors of Textile Industry- Ready-made Garments and Made ups from 2% to 4%. The Government has also introduced Amended Technology Upgradation Fund Scheme (ATUFS) to accelerate the Industry with employment generation, exports, conversion of existing looms to better quality technology looms and improved quality of production to achieve the objects under 'Make in India' campaign for the textile sector. The structural reform of the Goods and Services Tax (GST) within a year of demonetization is also expected to boost economic growth and investments activities in the years to come.

The global textile and apparel industry will continue to grow along with growing consumption of textile and apparel products in developing countries and a gradual economic recovery of major developed economies. However, the demand for woven and printed labels largely depends on the demand for ready-made garments, fashion trends, expanding consumption patterns, rising income levels etc. The major concern for the textile and apparel industry is the rising production costs, power costs and interest costs in addition to the poor infrastructure, inflexible labour laws, competition from low cost neighbor countries etc. We hope for revival of overall market conditions with the mission of New India, Make in India, repealing of irrelevant existing laws and enactment of new laws by the Government of India. The Company has strategic plans for its operations with quality products and to face competitive markets, borrowing costs, inflationary conditions and entry of unorganized sector in the weaving and processing segment in textile industry.

## Outlook

The Company is vigilant to upgrade its technology for efficient and better productivity. The Company has spent amount of about Rs.3015.73 lakhs for installation of new machineries and other miscellaneous supporting systems. The Company's expansion project at Anjar (Kutch) has started its operations during the year. The Company is quality conscious and its product is also well accepted in domestic and overseas markets.

## Internal Control Systems

The Company has implemented adequate and effective control systems with proper checks and balances to safe guard the assets and to prevent frauds. The Audit Committee meets at regular intervals and actively reviews the internal control systems. The Company also takes suitable actions whenever necessary.

## Review of Financial Performance

The Company has sustained and continued on the path of growth. The Company's performance was satisfactory during the year under review despite adverse market conditions. The sales (net) were increased by 8.13 % over the previous year's sales but the profit before taxes was decreased by 23% over the previous years' profits. Your Directors are pleased to recommend dividend at 20% (i.e. Re.2/- per share) out of the current profits and balance out of the surplus in the profit and loss Account, subject to approval of the members in their ensuing Annual General Meeting.

## Human Resources

The relations between the employees and the management remained cordial throughout the year.

## Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, plans, exceptions or predictions may be forward looking. These statements are based on certain assumptions and exceptions of future events. Actual results could however differ materially from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

### FORM NO. MGT-9

#### Annexure "D"

EXTRACT OF ANNUAL RETURN as on financial year ended on 31<sup>st</sup> March, 2019 (Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014)

#### I. REGISTRATION & OTHER DETAILS:

CIN	L99999GJ1989PLC012213
Registration Date	10th May, 1989
Name of the Company	AREX INDUSTRIES LIMITED
Category / Sub-Category of the Company	Public Company Company limited by Shares
Address of the Registered office and contact details	612, GIDC Industrial Estate, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382729, Gujarat, India Phone: 02764-233437 Fax: 02764-233635 Email: mail@arex.in
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 506-508, Amarnath Business Centre –1 (ABC-1), Besides Gala Business Centre, Near ST Xavier's College Corner, Off. C.G. Road, Ellisbridge, Ahmedabad, Gujarat - 380006 Tel: 079-26465179 / 86 / 87 Email: ahmedabad@linkintime.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Manufacture of other Textile Materials	1729	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
NIL					

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category-wise Shareholding:

Category of Share holder	No. of Shares held at the beginning of the year [As on 01.04.2018]				No. of Shares held at the end of the year [As on 31.03.2019]				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) PROMOTERS									
1 Indian									
(a) Individuals/ HUF	2341161	95200	2436361	61.55	2433686	—	2433686	61.48	-0.07
(b) Central Government	—	—	—	—	—	—	—	—	—
(c) State Government	—	—	—	—	—	—	—	—	—
(d) Bodies Corporate	—	—	—	—	—	—	—	—	—
(e) Banks / FI	—	—	—	—	—	—	—	—	—
(f) Any Others	—	—	—	—	—	—	—	—	—
Sub Total(A)(1)	2341161	95200	2436361	61.55	2433686	—	2433686	61.48	-0.07
2 Foreign									
(a) NRI – Individual	—	—	—	—	—	—	—	—	—
(b) Other – Individual	—	—	—	—	—	—	—	—	—
(c) Bodies Corporate	—	—	—	—	—	—	—	—	—
(d) Banks / FI	—	—	—	—	—	—	—	—	—
(e) Any Others	—	—	—	—	—	—	—	—	—
Sub Total(A)(2)	—	—	—	—	—	—	—	—	—
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	2341161	95200	2436361	61.55	2433686	—	2433686	61.48	-0.07
(B) Public shareholding									
(1) Institutions	—	—	—	—	—	—	—	—	—
(a) Mutual Funds	—	—	—	—	—	—	—	—	—
(b) Banks / FI	—	—	—	—	—	—	—	—	—
(c) Central Government	—	—	—	—	—	—	—	—	—
(d) State Government	—	—	—	—	—	—	—	—	—
(e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
(f) Insurance Companies	—	—	—	—	—	—	—	—	—
(g) FIs	—	—	—	—	—	—	—	—	—
(h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
(i) Any Other (specify)	—	—	—	—	—	—	—	—	—
Sub-Total (B)(1)	—	—	—	—	—	—	—	—	—
2 Non-institutions									
(a) Bodies Corporate									
I Indian	3932	—	3932	0.10	3533	24300	27833	0.70	0.60
II Overseas	—	—	—	—	—	—	—	—	—
(b) Individuals									
I Individuals - Individual shareholders holding nominal share capital up to Rs 1 lakh	293845	431480	725325	18.32	258260	339670	597930	15.10	-3.22
II Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	541720	57200	598920	15.13	614824	24800	639624	16.16	1.03
(c) Any Other (HUF)	68492	—	68492	1.73	68370	—	68370	1.73	—
NRI (Non Repat)	50	—	50	0.001	50	—	50	0.001	0.001
NRI (Repat)	335	—	335	0.009	1487	—	1487	0.04	0.031
Clearing Member Investor Education Protection Fund Authority	1255	—	1255	0.03	790	—	790	0.02	-0.01
MCA	124030	—	124030	3.13	188930	—	188930	4.77	1.64
Sub-Total (B)(2)	1033659	488680	1522339	38.45	1136244	388770	1525014	38.52	0.07
Total Public Shareholding (B)= (B)(1)+(B)(2)	1033659	488680	1522339	38.45	1136244	388770	1525014	38.52	0.07
Shares held by Custodians and against which Depository Receipts have been issued	—	—	—	—	—	—	—	—	—
GRAND TOTAL (A)+(B)+(C)	3374880	583880	3958700	100.00	3569930	388770	3958700	100.00	—

(ii) Shareholding of Promoters		Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% of Change in share holding during the year
Sr. No.	Shareholder's Name	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Dinesh Apparao Bilgi	508060	12.83	12.36	508060	12.83	12.36	—
2	Bhavna Dinesh Bilgi	280020	7.07	4.45	280020	7.07	4.45	—
3	Chirag D Bilgi	252800	6.39	4.21	252800	6.39	4.21	—
4	Neel D Bilgi	252800	6.39	4.20	252800	6.39	4.20	—
5	Aashna D Bilgi	190000	4.80	—	190000	4.80	—	—
6	Neel Dinesh Bilgi (HUF)	700	0.02	—	1100	0.03	—	0.01
7	Chirag Dinesh Bilgi (HUF)	700	0.02	—	1100	0.03	—	0.01
8	Laxman C Tilani	78500	1.98	—	78500	1.98	—	—
9	Meeta Laxman Tilani	64600	1.63	—	64600	1.63	—	—
10	Dinesh A Bilgi (HUF)	182200	4.60	4.60	182200	4.60	4.60	—
11	Pragnesh Kantilal Shah	31100	0.79	—	31100	0.79	—	—
12	Jayesh Laxman Tilani	35000	0.88	—	35000	0.88	—	—
13	Akansha Laxman Tilani	7500	0.19	—	7500	0.19	—	—
14	Lalchand Tilani	3120	0.08	—	95	0.002	—	-0.08
15	Nirmala Lalchand Tilani	461	0.01	—	11	0.0002	—	-0.01
16	Kala Manoj Shah	119300	3.01	—	119300	3.01	—	—
17	Manoj Uttam Shah	130900	3.31	—	130900	3.31	—	—
18	Sushila Harkhchand Shah	35600	0.90	—	35600	0.90	—	—
19	Premal Vasant Shah	83700	2.11	—	83700	2.11	—	—
20	Hiren Vasant Shah	78800	1.99	—	78800	1.99	—	—
21	Harkhchand Ravji Shah	100500	2.54	—	100500	2.54	—	—
	<b>Total</b>	<b>2436361</b>	<b>61.54</b>	<b>29.82</b>	<b>2436686</b>	<b>61.48</b>	<b>29.82</b>	<b>-0.06</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change)		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
Sr. No.		No. of Shares	% of total shares	No. of Shares	% of total shares
1	At the beginning of the year	2436361	61.54	2436361	61.54
2	Date wise Increase / Decrease in Promoter Shareholding during the year specifying the reason for increase / decrease (eg. Allotment / transfer / bonus / sweat equity etc.)				
2.1	14.5.2018 – Promoter sold shares through Off-Market	3000	0.08	2433361	61.47
2.2	7.9.2018 – Promoter sold shares through Stock Exchange	200	0.005	2433161	61.46
2.3	14.9.2018 – Promoter sold shares through Stock Exchange	275	0.007	2432886	61.46
2.4	11.12.2018 – Promoter purchased shares through Off-Market	800	0.02	2433686	61.48
3	At the end of the year	2433686	61.48	2433686	61.48

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs):		Shareholding at the beginning of the year (01.04.2018)		Shareholding at the end of the year (31.03.2019)	
Sr. No.	Shareholder's Name	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Manoj Agarwal	265547	6.71	268146	6.77
2	Umesh Divyakant Desai	141086	3.56	154338	3.90
3	Nayan Jashwantlal Parikh (HUF)	52500	1.32	52500	1.32
4	Arjun Nayankumar Parikh	92500	2.34	92500	2.34
5	Investor Education and Protection Fund Authority				
	Ministry of Corporate Affairs	124030	3.13	188930	4.77
6	Rajuben V Patel	20800	0.53	-	-
7	Sachin A Barad	17410	0.44	17410	0.44
8	Rajesh R Patel	13300	0.34	13300	0.34
9	Dharmendra J Dodia	15300	0.39	15300	0.39
10	Ashok Maganlal Shah	13260	0.34	14630	0.37

(V) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Dinesh A Bilgi (Managing Director & Chief Financial Officer)	508060	12.83	508060	12.83
2	Neel D Bilgi (Managing Director)	252800	6.39	252800	6.39
3	Chirag D Bilgi (Managing Director)	252800	6.39	252800	6.39
4	Pragnesh K Shah (Whole-time Director)	31100	0.78	31100	0.78
5	Laxman C Tilani (Non Executive – Non Independent Director)	78500	1.98	78500	1.98
6	Vasant R Shah (Non Executive – Non Independent Director)	—	—	—	—
7	Dinesh H Pande (Independent Director)	5400	0.14	5400	0.14
8	Balkrishna I Makwana (Independent Director)	10	0.0002	10	0.0002
9	Harsha H Parikh (Independent Director)	10	0.0002	10	0.0002
10	Kairavi N Bilgi (Company Secretary)	100	0.002	100	0.002

V. INDEBTEDNESS

	(Rs. In lacs)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2865.30	—	—	2865.30
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	4.84	—	—	4.84
Total (i + ii + iii)	2870.14	—	—	2870.14
Change in Indebtedness during the financial year				
• Addition	6724.84	371.85	—	7096.69
• Reduction	(6267.70)	(371.85)	—	(6639.55)
Net Change	457.14	—	—	457.14
Indebtedness at the end of the financial year				
i) Principal Amount	3322.44	—	—	3322.44
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	4.84	—	—	4.84
Total (i + ii + iii)	3327.28	—	—	3327.28

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration Name of MD / WTD/ Manager	(Rs. In lacs)				Total Amount
		Shri Dinesh A Bilgi – Managing Director/ CFO	Shri Neel D Bilgi – Managing Director	Shri Chirag D Bilgi – Managing Director	Shri Pragnesh K. Shah WTD	
1	Gross Salary					
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	42.08	42.08	42.08	6.08	132.32
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	—	—	—	—	—
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	—	—	—	—	—

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2	Stock Option	---	---	---	---	---
3	Sweat Equity	---	---	---	---	---
4	Commission	---	---	---	---	---
	· As % of profit	---	---	---	---	---
	· Others, specify	---	---	---	---	---
5	Others, please specify (Incentive)	60.90	60.90	60.90	---	182.70
	Total (A)	102.98	102.98	102.98	6.08	315.02
	Ceiling as per the Act Remuneration Limit as per the resolution passed by the shareholders as special resolution					

B. Remuneration to other Directors:		(Rs. In lacs)			Total Amount
Sr. No.	Particulars of Remuneration	Name of the Directors			
		Shri Balkrishna I Makwana – Independent Director	Shri Dinesh Harishchandra Pande Independent Director	Smt Harsha Hemantkumar Parikh – Independent Director	
1	Independent Directors				
	· Fee for attending board / committee meetings	0.40	0.40	0.00	0.80
	· Commission	---	---	---	---
	· Others, please specify	---	---	---	---
	Total (1)	0.40	0.40	0.00	0.80
		Shri Laxman Chetandas Tilan - Non Executive & Non Independent Director	Shri Vasant Ravji Shah - Non Executive & Non Independent Director		

2	Other Non-Executives Directors				
	· Fee for attending board / committee meetings	0.40	0.40	---	0.80
	· Commission	---	---	---	---
	· Others, please specify	---	---	---	---
	Total (2)	0.40	0.40	---	0.80
	Total (B) = (1+2)				1.60
	Total Managerial Remuneration				
	Overall ceilings as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:		Key Managerial Personnel		Total
Sr. No.	Particulars of Remuneration	Kairavi Bilgi Company Secretary	CFO (Dinesh A Bilgi is the Managing Director and CFO)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3.08	42.08	45.16
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	---	---	---
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	---	---	---
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission	---	---	---
	· As % of profit	---	---	---
	· Others, specify	---	---	---
5	Others, please specify	---	60.90	60.90
	Total (A)	3.08	102.98	106.06
	Ceiling as per the Act			

## VIII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---
C. OTHER OFFICERS IN DEFAULT					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---



## Annexure “E”

Disclosure in the Board’s Report under Rule 5 of Companies (Appointment & Remuneration) Rules, 2014

(i)	Director’s Name	Ratio to mean remuneration
The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19	Mr. Dinesh A Bilgi, MD & CFO	31.87:1
	Mr. Neel D Bilgi, MD	31.87:1
	Mr. Chirag D Bilgi, MD	31.87:1
	Mr. Pragnesh K Shah, WTD	1.88:1
(ii)	Director’s/ CFO/ CEO/ CS/ Mgr Name	%age increase in remuneration
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any of the financial year 2018-19 compared to 2017-18	Mr. Dinesh A Bilgi, MD & CFO	3.95
	Mr. Neel D Bilgi, MD	3.95
	Mr. Chirag D Bilgi, MD	3.95
	Mr. Pragnesh K Shah, WTD	(19.66)
(iii)	Ms. Kairavi Bilgi – CS	18.72
	(3.65%)	
(iv)	As on 31.03.2019	As on 31.03.2018
Number of permanent employees on the roll of the Company	289	255
(v)	During 2017-18	During 2018-19
Average percentile increase in salaries of Employees other than managerial personnel	—	(3.65%)

The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

## Annexure “F”

1 Market Price Data on the BSE Ltd, Mumbai

The High, Low and number of shares traded during each month in the last financial year on the BSE Ltd is here given below:

Month	High (Rs.)	Low(Rs.)	Total No of Shares Traded
April, 2018	103.00	84.85	8,743
May,2018	110.50	78.50	11,464
June, 2018	91.15	75.05	3,739
July, 2018	90.30	76.10	3,145
August, 2018	94.35	77.70	1,686
September, 2018	90.80	78.00	5,211
October, 2018	88.70	68.00	5,257
November, 2018	73.50	66.50	1,279
December, 2018	75.00	66.30	1,075
January, 2019	71.40	66.00	6,693
February, 2019	73.95	66.05	909
March, 2019	73.80	64.00	2,045

2 Distribution of Shareholding as on 31<sup>st</sup> March, 2019

No of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shareholding
Less than 500	2858	93.25	343030	8.66
500 to 1000	77	2.51	62425	1.58
1001 to 2000	47	1.53	69592	1.76
2001 to 3000	22	0.72	55474	1.40
3001 to 4000	9	0.29	32400	0.82
4001 to 5000	8	0.26	37513	0.95
5001 to 10000	14	0.46	94232	2.38
10001 and above	30	0.98	3264034	82.45
Total	3065	100.00	3958700	100.00

3 Shareholding Pattern as on 31<sup>st</sup> March, 2019

Sr. No.		No of Shares Held	% of Shareholding
1.	Promoters		
	Indian Promoters	2433686	61.48
	Foreign Promoter	NIL	NIL
2.	Mutual Fund and UTI	NIL	NIL
3.	Banks, Financial Institutions, Insurance Companies	NIL	NIL
4.	Private Corporate Bodies	27833	0.70
5.	Foreign Institutional Investors	NIL	NIL
6.	NRIs/OCBs	1537	0.04
7.	Indian Public	1305824	32.99
8.	Clearing Members	790	0.02
9.	Investor Education & Protection Fund	188930	4.77
10.	NBFC’s registered with RBI	100	0.00
	Grand Total	3958700	100.00

4 Registrar and Share Transfer Agents

M/s Link Intime India Pvt. Ltd, Mumbai is the Registrar and Share Transfer Agents of the Company. All share transfers and communication regarding share certificates, complaints and change of address may be addressed to:

Link Intime India Pvt Ltd  
506-508, Amarnath Business Centre-1 (ABC-1),  
Besides Gala Business Centre, Near St. Xavier's College Corner,  
Off. C. G. Road, Ellisbridge, Ahmedabad 380006, Gujarat  
Tel: 079 26465179 / 86 / 87 Email: Ahmedabad@linkintime.co.in, Website: www.linkintime.co.in

## 5 Share Transfer System

The transfer of shares in physical form is processed and completed by the Registrar & Transfer Agent within a period of 7-15 days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

## 6 Dematerialisation of Shares

The Company has established connectivity with both the Depositories viz. National Securities Depository Ltd (NSDL) and Central Depository (India) Services Limited (CDSL) to enable the members to dematerialise their shares held in the Company, under ISIN No. INE480H01011.

## 7 Plant Location and Address for correspondence

612, G.I.D.C. Estate, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729.  
Email: mail@arex.in, website: www.arex.co.in

### INDEPENDENT AUDITOR'S REPORT

To the Members of Arex Industries Limited,  
Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Arex Industries Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit (including other comprehensive income), change in equity and its cash flow for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

In our opinion and based on audit of the financial statement of the Company, we have determined that there are no key audit matters to communicate in our report.

#### Other Information

The Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accountings records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

## Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to the financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (refer note no.29 to the Ind AS financial statements).
    - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay on transferring amounts required to be transferred to the Investor Education & Protection Fund by the company.
    - h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For, SWETA PATEL & ASSOCIATES  
Chartered accountants  
(Firm Registration No. 139165W)

Place : CHHATRAL

Date : 23-05-2019

(Hemang V Patel)  
Partner  
Membership No. 154494

## Annexure 'A' to Independent Auditors' Report

[Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) As explained to us, physical verification of Fixed Assets was conducted by the management during the year. In our opinion, frequency of physical verification is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.  
(c) The title deeds of immovable properties as disclosed in note no.3 to the financial statements are held in name of the Company.
2. As explained to us, during the year, the inventories have been physically verified by the management at regular intervals. In our opinion the frequency of such verification is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
3. During the year under review, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the provisions of Clause 3(iia), (iib) and (iic) of the said Order are not applicable to the Company.
4. During the year under review, the Company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
5. The Company has not accepted deposits from the public within the meaning of section 73 to 76 of the Companies Act, 2013 and the Rules framed there under.
6. According to the information and explanation given to us the maintenance of cost records has not been prescribed under sub-section (1) of Section 148 of the Companies Act, 2013.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Custom duty, Cess and any other statutory dues whichever is applicable during the year with the appropriate authorities and no undisputed dues payable in respect of outstanding statutory dues were in arrears as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, there are no amounts in respect of sales tax/ income tax/ custom duty/ excise duty/ service tax that have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the Statute	Nature of the	Amount( Rs.) dues	Period to which the	Forum where dispute is pending amount relates
Income tax Act	Income tax	1351672	Assessment year 1996-97	High Court of Gujarat

8. As informed to us, the Company has not defaulted in repayment of loans or borrowings to financial institution or banks.
9. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The term loans obtained during the year has been applied for the purposes for which they were raised.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us we have neither come across any instance of fraud by the Company or on the Company by its officer or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it; hence the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of sections 177 and section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (IndAS) 24, "Related Party Disclosures" specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For, SWETAPATEL & ASSOCIATES  
Chartered accountants

(Firm Registration No 139165W)

Place : CHHATRAL

Date : 23-05-2019

(Hemang V Patel)  
Partner

Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date]  
Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Arex Industries Limited ("the Company") as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the interne' control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies. the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

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

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For, SWETA PATEL & ASSOCIATES  
Chartered accountants  
(Firm Registration No 139165W)

Place : CHHATRAL  
Date : 23-05-2019

(Hemang V Patel)  
Partner  
Membership No. 154494

## Balance Sheet as at 31st March, 2019

	Note	Amount in Rupees in Lacs	
		As at 31st March, 2019	As at 01st April, 2018
<b>ASSETS</b>			
Non-current assets			
Property, Plant & Equipment	3	4634.68	1778.04
Capital Work in progress	3	0.00	2385.49
Other Intangible assets	3	0.90	0.34
Financial assets			
Investments	4	1.91	12.05
Other non-current financial assets	5	170.70	143.40
Income tax assets (net)	6	35.27	24.56
Other non-current assets	7	0.00	12.60
<b>Total Non-current assets</b>		<b>4843.46</b>	<b>4356.48</b>
Current assets			
Inventories	8	593.79	376.16
Financial assets			
Trade Receivables	9	1049.85	824.85
Cash and cash equivalents	10	3.75	29.75
Bank balances other than Cash and cash equivalents above	11	35.97	32.82
Other current assets	12	225.04	327.51
<b>Total Current assets</b>		<b>1908.40</b>	<b>1591.07</b>
<b>Total assets</b>		<b>6751.86</b>	<b>5947.56</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	13	395.87	395.87
Other Equity	14	2176.25	2021.12
<b>Total Equity</b>		<b>2572.12</b>	<b>2416.99</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Financial liabilities			
Non current Borrowings	15	2983.06	2593.39
Deferred tax liabilities (net)	33	93.06	75.00
<b>Total Non-current liabilities</b>		<b>3076.12</b>	<b>2668.39</b>
Current liabilities			
Financial liabilities			
Current Borrowings	16	339.38	271.91
Trade payables	17	240.30	94.17
Other current financial liabilities	18	486.25	423.82
Other current liabilities	19	37.70	64.50
Current tax liabilities (net)	20	0.00	7.77
<b>Total Current liabilities</b>		<b>1103.63</b>	<b>862.17</b>
<b>Total equity and liabilities</b>		<b>6751.86</b>	<b>5947.56</b>

## Significant Accounting Policies

2

Notes 1 to 41 are an integral part of the Financial Statements

As per our report of even date attached

For, Sweta Patel & Associates  
Chartered Accountants  
Firm Registration No. 139165W

For and on behalf of the Board

Dinesh Bilgi  
(DIN:00096099)  
Mg Director & CFO

Chirag Bilgi  
(DIN:02094970)  
Mg Director

Hemang V. Patel  
(Partner)  
Membership No. : 154494  
Place : Chhatral  
Date : 23rd May,2019

Neel Bilgi  
(DIN:00096180)  
Mg Director

Kairavi Bilgi  
Company Secretary

Place : Chhatral  
Date : 23rd May,2019

## Statement of Profit and Loss for the Year ended 31st March, 2019

	Note	Amount in Rupees in Lacs	
		2018-19	2017-18
<b>INCOME</b>			
Revenue from Operations	21	4071.93	3765.82
Other Income	22	42.04	12.62
	<b>Total Revenue</b>	<b>4113.97</b>	<b>3778.45</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	23	1160.28	1046.29
Purchases of Stock-in-Trade		24.68	47.84
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	24	(106.58)	(10.73)
Employee Benefits Expense	25	1145.12	955.07
Finance Costs	26	254.31	109.39
Depreciation and Amortisation Expenses	3	401.90	254.42
Other Expenses	27	885.90	924.39
	<b>Total Expenses</b>	<b>3765.61</b>	<b>3326.65</b>
Profit Before Tax		348.36	451.79
Tax Expenses			
Current Income Tax		75.00	126.00
(Excess) / Short Provision of Income tax for earlier years		3.09	(2.01)
Deferred Tax		18.06	(17.40)
Profit for the year		252.21	345.20
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Gain /(Loss) on measurement of Equity instruments at fair value		(1.64)	3.88
Income tax impact on above		0.00	0.00
Other comprehensive income for the year		(1.64)	3.88
Total Comprehensive income for the year		250.57	349.08
Earnings per equity share of face value of Rs.10 each			
Basic and Diluted (in Rs.)	34	6.37	8.72

Significant Accounting Policies

2

Notes 1 to 41 are an integral part of the Financial Statements

As per our report of even date attached

For, Sweta Patel & Associates

Chartered Accountants

Firm Registration No. 139165W

For and on behalf of the Board

Dinesh Bilgi  
(DIN:00096099)  
Mg Director & CFO

Chirag Bilgi  
(DIN:02094970)  
Mg Director

Hemang V. Patel  
(Partner)  
Membership No. : 154494  
Place : Chhatral  
Date : 23rd May,2019

Neel Bilgi  
(DIN:00096180)  
Mg Director

Kairavi Bilgi  
Company Secretary

Place : Chhatral  
Date : 23rd May,2019

## Cash Flow Statement for the year ended 31st March,2019

	Amount in Rupees in Lacs	
	As at 31st March, 2019	As at 31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	348.36	451.79
Depreciation and Amortisation Expenses	401.90	254.42
Finance Costs	254.31	109.39
Loss /(Profit) on sale of Assets	(34.23)	1.87
Movement in Other comprehensive income	(9.44)	0.00
Other Income	(7.80)	(9.87)
Operating Profit before Working Capital Changes	953.10	807.62
Trade Receivables	(225.00)	(37.58)
Inventories	(217.63)	29.32
Other non-current & current assets	87.76	(111.61)
Trade and Other Payables	181.75	203.48
Cash generated from Operations	779.98	891.22
Direct Tax	(96.58)	(118.23)
Net Cash Flow from Operating Activities (A)	683.40	773.00
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & Equipment	(3274.87)	(2405.63)
Sale of Property, Plant & Equipment	50.00	0.39
Other Bank balances	(3.15)	(6.16)
Movement in Capital work in progress	2385.49	0.00
Proceeds from sale of Investment in Mutual Fund	17.94	120.11
Other Income	7.80	9.87
Net Cash Used in Investing Activities (B)	(816.79)	(2281.43)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend & distribution tax paid	(95.45)	(95.29)
Long-term borrowings Raised / (Repaid)	389.67	1784.72
Short-term borrowings Raised / (Repaid)	67.48	(86.32)
Finance Costs paid	(254.31)	(109.38)
Net Cash Used in Financing Activity (C)	107.39	1493.72
Net Increase in Cash & Cash Equivalents (D = A+B+C)	(26.00)	(14.71)
Opening Cash & Cash Equivalents	29.75	44.46
Closing Cash & Cash Equivalents	3.75	29.75

Significant Accounting Policies

2

Notes 1 to 41 are an integral part of the Financial Statements

As per our report of even date attached

For, Sweta Patel & Associates

For and on behalf of the Board

Chartered Accountants

Firm Registration No. 139165W

Dinesh Bilgi  
(DIN:00096099)  
Mg Director & CFO

Chirag Bilgi  
(DIN:02094970)  
Mg Director

Hemang V. Patel  
(Partner)  
Membership No. : 154494  
Place : Chhatral  
Date : 23rd May,2019

Neel Bilgi  
(DIN:00096180)  
Mg Director

Kairavi Bilgi  
Company Secretary

Place : Chhatral  
Date : 23rd May,2019



## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 1. Corporate information

Arex Industries Limited (the 'Company') is a public limited Company incorporated in India with its registered office at 612, G.I.D.C. Estate, Chhatral, Taluka, Gandhinagar, Dist. Gandhinagar, Kalol, Gujarat-382729. The equity shares of the Company are listed on recognised stock exchange in India. The Company is principally engaged in the business of manufacturing & Trading of Woven & Printed Labels.

### 2. Significant accounting policies

#### 2.1 Basis of preparation of Financial Statement:

Statement of Compliance with Indian Accounting Standards (Ind AS) : The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act and other accounting principles generally accepted in India.

#### 2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates, and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The difference between the actual results and estimates are recognized in the period in which the results are known or materialised. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

#### 2.3 Critical accounting estimates

##### A. Useful lives and residual values of property, plant and equipment

Property, plant and equipment represent a material portion of the Company's asset base. The periodic charge of depreciation is derived after estimating useful life of an asset and expected residual value at the end of its useful life. The useful lives and residual values of assets are estimated by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on various external and internal factors including historical experience, relative efficiency and operating costs and change in technology.

##### B. Income taxes

The Company's tax jurisdiction is India. Significant judgments are sometimes involved in determining the provision for income taxes including amounts to be recovered or paid for uncertain tax positions. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

##### C. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

#### 2.4 Summary of significant accounting policies

##### a) Current versus non-current classification

An asset is treated as current when it is :

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

##### b) Revenue recognition

###### • Sale of Goods :

Revenue from the sale of goods is recognised when ownership in the goods is transferred to the buyer for a price, when significant risks and rewards of ownership have been transferred to the buyer and no effective control, to a degree usually associated with ownership, is retained by the Company. Sale of goods is stated net off VAT, CST, GST, discounts and rebates and excise duty.

- Interest Income :  
Interest income is recognised on a time proportion basis taking into account the amount outstanding and applicable interest rate.
- Dividend Income :  
Dividend Income is recognized when right to receive the same is established.
- c) Foreign currency  
The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees.

#### Transactions and balances

Foreign currency transactions are recorded in the functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. All foreign currency monetary assets and monetary liabilities as at the Balance Sheet date are translated into the functional currency at the applicable exchange rates prevailing on that date. All exchange differences arising on translation, are recognised in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Gain or losses upon settlement of foreign currency transactions are recognised in the Statement of Profit and Loss for the period in which the transaction is settled.

- d) Retirement and Other employee benefits :

#### Defined Benefit Plan

- Gratuity  
The Company provides for gratuity through a defined benefit plan covering all eligible employees. The plan provides a lump sum payment to eligible employees at retirement or on termination of employment based on the salary of the respective employee and the years of employment with the Company. The Company contributes to a gratuity fund maintained by Life Insurance Corporation of India. The amount of contribution is determined based upon actuarial valuations as at the year end. Such contributions are charged off to the Statement of Profit and Loss.

- Leave Encashment :

Leave liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services is recognised as a liability at the present value of defined benefit obligation as at the Balance Sheet less the fair value of the plan assets, if any, out of which the obligations are expected to be settled. Leave liability is funded with Life Insurance Corporation of India.

- Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

- Other employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

- e) Taxes

Income tax expense comprises current income tax and deferred income tax. Income tax expense is recognised in the Statement of Profit and Loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income or other equity as the case may be.

#### Current Income tax

Provision for current tax is made considering various allowances and benefits available to the Company under Income Tax Act. Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with applicable tax rates and the provisions of the Income tax Act, 1961.

#### Deferred tax

In accordance with Indian Accounting Standard -12 "Income Taxes", Deferred taxes resulting from temporary difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is measured using tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or deferred tax liability is settled.

- f) Property, Plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price (Net of Cenvat and VAT credit/GST input credit wherever applicable) and any attributable cost of bringing the assets to its working condition for its intended use. Such cost also includes the cost of replacing part of the Property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All Other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Depreciation on Property, plant and equipment is calculated on a straight-line basis, from the month of addition, using the estimated useful lives, as specified in schedule II to the Companies Act, 2013, except in respect of the following assets:

Assets description	Useful life as per management	Used life under schedule II
Office Equipment	10 Years	5 Years
Air Condition	8 Years	15 years
Vehicles	6 Years	8 years

Depreciation on Windmill is charged on written down value method based on the estimated useful life of the assets as specified under Schedule II of the Companies Act, 2013.

Gain or loss arising from de-recognition of property, plant & equipment are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives, and methods of depreciation of Property plant and equipment are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

g) Intangible Assets

Intangible assets acquired separately are measured at initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets being Software is amortised over a period of 3 years based on management assessment and assessed for impairment whenever there is an indication that the intangible may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss. Gain or loss arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

h) Leases

The Company's significant leasing arrangements are in respect of operating leases for premises. The leasing arrangements which are not cancellable range between eleven months to three years generally and are usually renewable by mutual consent at agreed terms. The aggregate lease rent payable is charged as rent in the statement of profit and loss.

i) Inventories

Inventories are valued as under:

- Raw Material : at weighted average cost or net realisable value whichever is lower.
- Work in Progress : at the aggregate of weighted average material cost and direct applicable standard overheads or net realisable value whichever is lower.
- Finished Goods : at the aggregate of weighted average material cost and direct applicable standard overheads or net realisable value whichever is lower.
- Trading Goods : at Weighted average cost or net realisable value whichever is lower.
- Store, Spare & Packing Material: Weighted average cost or net realisable value whichever is lower.

j) Impairment of non-financial assets

The carrying amount of assets is reviewed for impairment at the end of each reporting date if there is any indication of impairment based on internal/external factor. An impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's or cash generating unit's fair value less cost of disposal and value in use. In assessing value in use, the estimated future Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value, recent market transactions are taken into account.

The business plans which are approved on annual basis by senior management are the primary source of information for the determination of value in use. As an initial step in the preparation of these plans, various assumptions regarding market conditions, and cost inflation rates are set by senior management. These assumptions take account of existing prices and other macro-economic factors and historical trends and variability.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. Such reversal is recognised in the statement of profit and loss.

## a) Financial instruments

All financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting. Financial liabilities i.e. borrowing & trade payables are recognised net of directly attributable transactions cost.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition. For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories:

### ➤ Non derivative financial assets

#### 1) Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash payments of principal and interest on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transactions costs and subsequently carried at amortised cost using the effective interest method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and bank balances, other advances and eligible current and non-current assets.

#### 2) Financial assets at fair value through other comprehensive income (FVTOCI)

All equity instruments are measured at fair value. For all Equity instruments which are not held for trading, the Company may make an irrevocable election to present subsequent changes in the fair value in Other Comprehensive Income (OCI). This election is made on an investment to investment basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to the statement of profit and loss.

#### 3) Financial assets at fair value through profit and loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

### ➤ Non derivative financial liabilities

All financial liabilities are classified into following categories:

#### 1) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade payables and other liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

#### 2) Financial liabilities at fair value through profit and loss

Financial liabilities at FVTPL are measured at fair value with all changes recognised in the statement of profit or loss.

### De-recognition of financial instruments

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

#### Financial liabilities

The Company derecognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired.

#### Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset not designated as at FVTPL.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12 months expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on historical credit loss experience and adjusted for forward looking information.

- l) **Cash and cash equivalents**  
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits with banks other than deposits pledged with government authorities and margin money deposits.
- m) **Cash flow statement**  
Cash flows are reported using the indirect method, whereby profit/loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
- n) **Earnings per share**  
Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.
- o) **Provisions, Contingent liabilities, Contingent Assets :**  
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimate. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent Assets are neither recognised nor disclosed in the financial Statements.
- p) **Borrowing Cost:**  
Borrowing cost are recognised as an expense in the period in which they are incurred ,except to the extent where borrowing cost that are directly attributable to the qualifying asset till put for its intended use is capitalised as part of the cost of that asset.
- q) **Government Grant :**  
Government grants under TUF Scheme are recognised in the financial statement on accrual basis and the same is adjusted against interest expense for which it is granted in the nature of compensation.
- r) **Power Generation From Windmill :**  
Units generated from windmills are adjusted against the captive consumption of power at the factory. The monetary value of the units so adjusted, calculated at the prevailing UGVCL rates net of wheeling charges has been included in power and fuel. The value of unadjusted units as on the balance sheet date has been included in Short term loans and advances in current assets

## Statement of Changes in Equity for the year ended 31st March,2019

### (A) Equity share capital

Particulars	Note no.	Amount in Rupees in Lacs	
		As at 31st March,2019	As at 31st March,2018
Opening balance	13	395.87	395.87
Changes in equity share capital		0.00	0.00
Closing balance	13	<u>395.87</u>	<u>395.87</u>

### (A) Other Equity

Particulars	State Capital Subsidy	General reserve	Retained earning	Amount in Rupees in Lacs	
				Other Comprehensive income Fair value reserve	Total
Balance as at 01st April, 2017	23.92	10.00	1710.51	22.91	1767.34
Add/ (Less):					
Profit for the year	0.00	0.00	345.20	0.00	345.20
Fair valuation of Financial instrument	0.00	0.00	0.00	3.88	3.88
Transfer to Retained earnings	0.00	0.00	17.35	(17.35)	0.00
Payment of dividend and tax	0.00	0.00	(95.29)	0.00	(95.29)
Balance as at 31st March, 2018	23.92	10.00	1977.76	9.44	2021.12
Add/ (Less):					
Profit for the year	0.00	0.00	252.21	0.00	252.21
Fair valuation of Financial instrument	0.00	0.00	0.00	(1.64)	(1.64)
Transfer to Retained earnings	0.00	0.00	7.80	(7.80)	0.00
Payment of dividend and tax	0.00	0.00	(95.45)	0.00	(95.45)
Balance as at 31st March, 2019	23.92	10.00	2142.33	0.00	2176.25

Notes 1 to 41 are an integral part of the Financial Statements

As per our report of even date attached

For, Sweta Patel & Associates  
Chartered Accountants  
Firm Registration No. 139165W

For and on behalf of the Board

Dinesh Bilgi  
(DIN:00096099)  
Mg Director & CFO

Chirag Bilgi  
(DIN:02094970)  
Mg Director

Hemang V. Patel  
(Partner)  
Membership No. : 154494  
Place : Chhatral  
Date : 23rd May,2019

Neel Bilgi  
(DIN:00096180)  
Mg Director

Kairavi Bilgi  
Company Secretary

Place : Chhatral  
Date : 23rd May,2019

Notes to Financial Statements for the year ended 31st March, 2019

		Amount in Rupees in Lacs	
		As at 31st March, 2019	As at 31st March, 2018
4	Investments		
	Non-trade Investments :		
	Equity Shares (Quoted) :		
	- Premjyot Fabric Limited (Shares of Rs.10 each) [ Nil (31/03/2018: 1000)]	0.00	0.20
	- Welspun Corp Ltd (Shares of Rs.10 each) [ Nil (31/03/2018: 5000)]	0.00	6.73
	- Welspun Enterprise Ltd. (Shares of Rs.10 each) [ Nil (31/03/2018: 2275)]	0.00	3.21
	Equity Shares (Unquoted) :		
	- The Bhagyodaya Co-op Bank Ltd (Shares of Rs.100 each) [1905 share (31/03/2018: 1905)]	1.91	1.91
	TOTAL	1.91	12.05
	Aggregate carrying value of quoted Investments - Nil (31/03/2018: Rs.0.70 Lacs)		
	Aggregate carrying value of Unquoted Investments Rs.1.91 Lacs (31/03/2018: Rs.1.91 Lacs)		
	Aggregate market value of quoted Investments Rs.10.14 Lacs (31/03/2018: Rs.10.14 Lacs)		
	Aggregate amount of impairment in value of investment - Nil (31/03/2018: Nil)		
5	Other non-current financial assets		
	Unsecured and Considered good :		
	Security Deposits		
	Related parties (Refer Note no.36)	102.00	102.00
	Others	68.70	41.40
	TOTAL	170.70	143.40
6	Income tax assets (net)		
	Advance Payment of Taxes (Net)	35.27	24.56
	TOTAL	35.27	24.56
7	Other non-current assets		
	Unsecured and Considered good :		
	Advance for Capital Items	0.00	12.60
	TOTAL	0.00	12.60
8	Inventories		
	(valued at lower of cost and net realizable value)		
	Raw Materials	380.15	261.94
	Work in Process	53.11	9.56
	Finish Goods	89.34	26.30
	Stores and Spares	62.31	70.38
	Packing Materials	3.21	2.04
	Other Materials	5.67	5.94
	TOTAL	593.79	376.16
9	Trade Receivables		
	Unsecured and Considered good	1049.85	824.85
	TOTAL	1049.85	824.85
10	Cash and cash equivalents		
	Balance with Banks - In current account	0.02	25.03
	Cash on hand	3.73	4.71
	TOTAL	3.75	29.75
11	Bank balances other than Cash and cash equivalents above		
	Unclaimed Dividend Account	35.97	32.82
	TOTAL	35.97	32.82
12	Other current assets		
	Unsecured and Considered good		
	Advances to suppliers		
	Advance / Claims in Cash or Kind	36.33	26.54
	Loans & Advances to Employees	15.18	13.05
	Balances with statutory authorities	159.32	273.85
	Prepaid Expenses	14.20	14.06
	TOTAL	225.04	327.51

Notes to Financial Statements for the year ended 31st March, 2019

		Amount in Rupees in Lacs	
		As at	As at
		31st March, 2019	31st March, 2018
13	Equity		
	Authorised Share Capital :		
	5000000 (31/03/2018: 5000000) Equity Shares of Rs.10/- each	500.00	500.00
	Issued, Subscribed and Paid up Capital		
	3958700 (31/03/2018: 3958700) Equity shares of Rs.10/- each fully paid up	395.87	395.87
	<b>TOTAL</b>	<b>395.87</b>	<b>395.87</b>

Reconciliation of Equity Shares at the beginning and at the end of the year

Amount in Rupees in Lacs

Particulars	As at 31st March 2019		As at 31st March 2018	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	3958700	395.87	3958700	395.87
Shares issued during the year	Nil	Nil	Nil	Nil
Shares Bought back during the year	Nil	Nil	Nil	Nil
Shares outstanding at the end of the year	3958700	395.87	3958700	395.87

Details of each Shareholder holding more than 5% of the paid up capital of the Company

Name of the Shareholder	As at 31st March 2019		As at 31st March 2018	
	Nos.	%	Nos.	%
Dinesh A.Bilgi	508060	12.83	508060	12.83
Neel D.Bilgi	252800	6.39	252800	6.39
Chirag D.Bilgi	252800	6.39	252800	6.39
Bhavna D.Bilgi	280020	7.07	280020	7.07
Manoj Agrawal	268146	6.77	265547	6.71

Terms / Rights attached to Shares

Equity Shares : The Company has only one class of equity shares having at par value of Rs.10/- per share. Equity shares are pari passu in all respects and each shareholder is eligible for one vote per share held. The Company declares and pays dividend in indian rupees. The dividend proposed by the board of Directors is subject to the approval of the shareholders at the ensuing AGM. In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.

14	Other Equity		
	State Cash Subsidy	23.92	23.92
	General Reserve	10.00	10.00
	Retained Earnings	2142.33	1977.76
	Other Comprehensive Income	0.00	9.44
	<b>TOTAL</b>	<b>2176.25</b>	<b>2021.12</b>

14.1 For movement, refer statement of changes in Equity.



Notes to Financial Statements for the year ended 31st March, 2019

		Amount in Rupees in Lacs	
		As at 31st March, 2019	As at 31st March, 2018
15	Non current Borrowings		
	Secured		
	Term Loans From Banks	2803.79	2414.12
	From LIC	179.27	179.27
	TOTAL	2983.06	2593.39

Details of Secured Loans

		Amount in Rupees in Lacs			
Particulars	Outstanding Amount as on 31st March, 2019	Outstanding Amount as on 31st March, 2018	Details of Security	Rate of Interest	Other Major Terms and Conditions
Term Loans from SBI	367.84	493.78	Secured against entire Fixed Assets of the Company and further secured by second charge over entire current assets of the Company. Further secured by pledge of shareholding of promoters & personal guarantee of Managing Director.	MCLR plus 2%	Repayable by Quarterly Instalment of Rs.31 Lacs from Dec.2016 till Dec 2022 and Rs.25 Lacs in March, 2023
	2435.95	1918.65	Secured against entire Fixed Assets of the Company and further secured by second charge over entire current assets of the Company. Further secured by pledge of shareholding of promoters & personal guarantee of Managing Director.	MCLR plus 2%	Repayable in 96 monthly installments start from April 2019 and end on March-2027 and monthly installments ranging from Rs.18 Lacs to Rs.38.25 Lacs.
Term Loans from Bhagyodaya Co-Operative Bank	0.00	0.14	Secured against hypothecation of vehicles	11.00% p.a.	Repayable in 60 monthly installments Rs.33,000/- upto 31st March,2019
Term Loans from HDFC Bank	0.00	1.56	Secured against hypothecation of vehicles	10.50% p.a.	Repayable in 60 monthly installments of Rs. 23,333/- upto 31st March, 2019
Loan from LIC	179.27	179.27	Secured against Keyman Insurance Policies	9% p.a.	Repayment would be adjusted against maturity of Policies
Total Rs.	2983.06	2593.39	# Rs.216 Lacs (31/03/2018: Rs.130.51 Lacs) being current maturities disclosed under current maturities of Long-term debt in Note no. 18 Other Current Financial Liabilities.		

Notes to Financial Statements for the year ended 31st March, 2019

Amount in Rupees in Lacs

As at  
31st March,2019      As at  
31st March,2018

16	Current Borrowings		
	Secured		
	Cash Credit facilities from Bank	339.38	271.91
	TOTAL	339.38	271.91

Details of Secured short-term Borrowings

Particulars	Outstanding Amount as on 31st March, 2019	Outstanding Amount as on 31st March, 2018	Details of Security	Rate of Interest	Other Major Terms and Conditions
Cash Credit facilities	339.38	271.91	Exclusive Charge over entire Stock, Book Debts & other Current Assets. Further extension of Charge over Company's Fixed Assets & pledge of shareholding of promoters & personal guarantee of Managing Director	SBI Base Rate plus 2.75%	Repayable on demand

Amount in Rupees in Lacs

As at  
31st March,2019      As at  
31st March,2018

17	Trade Payables		
	Trade payables		
	(Please refer Note no.37 for dues to Micro, small and medium enterprises)		
	dues of micro and small enterprise	0.00	0.00
	dues of creditors other than micro and small enterprise	240.30	94.17
	TOTAL	240.30	94.17
18	Other current financial liabilities		
	Current maturities of Long-Term debt (refer Note no.15)	216.00	130.51
	Interest accrued but not due on borrowings	4.84	4.84
	Unclaimed Dividends	35.97	32.82
	Payable towards Capital Items	180.12	99.56
	Payable for Expenses	49.32	156.09
	TOTAL	486.25	423.82
19	Other current liabilities		
	Advance against Sales	13.93	8.26
	Payable towards Statutory Taxes	23.77	56.23
	TOTAL	37.70	64.50
20	Current tax liabilities (net)		
	Provision for Income Tax (Net of Advance Tax)	0.00	7.77
		0.00	7.77

Notes to Financial Statements for the year ended 31st March, 2019

		Amount in Rupees in Lacs	
		As at 31st March, 2019	As at 31st March, 2018
21	Revenue from Operations (Net)		
	Sale of Products (Net)	4071.93	3765.82
	TOTAL	4071.93	3765.82
22	Other Income		
	Interest Income	4.67	2.70
	Dividend on Non Current Investments	0.28	0.26
	Bad Debts Recovery	0.45	5.18
	Profit on sale of investment	0.00	2.76
	Profit on sale of Assets	34.23	0.00
	Other non-operating Income	2.40	1.73
	TOTAL	42.04	12.62
23	Cost of Materials Consumed		
	Opening Stock of Raw Materials	261.94	277.20
	Add : Purchases during year (net)	1278.49	1031.02
		1540.43	1308.23
	Less : Closing Stock of Raw Materials	380.15	261.94
	TOTAL	1160.28	1046.29
24	Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade		
	<u>Opening Stock :</u>		
	Finished goods	26.30	12.26
	Work in Process	9.56	12.87
	Total	35.86	25.13
	<u>Closing Stock :</u>		
	Finished goods	89.34	26.30
	Work in Process	53.11	9.56
	Total	142.44	35.86
	TOTAL	(106.58)	(10.73)
25	Employee Benefits Expenses		
	Salaries, Wages and Bonus	781.89	616.35
	Incentives & other benefits	325.95	301.66
	Contribution to Provident Fund and other funds	37.28	37.06
	TOTAL	1145.12	955.07
26	Finance Costs		
	Interest on Term Loans and Working Capitals	228.11	84.53
	Interest to Others	26.19	24.86
	TOTAL	254.31	109.39
27	Other Expenses		
	Power & Fuel (refer Note no.27.1)	184.03	170.22
	Freight inwards	16.29	10.30
	Spares & Other Materials consumed	141.38	137.82
	Repairs & Maintenance-Machinery	40.87	36.63
	Repairs & Maintenance-Building	4.08	9.81
	Repairs & Maintenance-Other asset	7.19	8.26
	Factory Expenses	73.11	154.13
	Packing Material Consumed	18.41	20.09
	Printing & Stationery	10.56	9.67
	Telephone	8.65	9.80
	Conveyance	42.42	38.12
	Travelling	22.00	18.83
	Rent	105.21	39.82
	Rates & Taxes	0.44	7.51
	Payment to Auditors	2.70	2.20
	Office & Misc. Expense	57.61	46.13
	Freight outward	78.34	86.04
	Selling Expense	10.41	14.13

Commission Expenses	46.14	64.34
Insurance	9.13	8.64
Bad Debts written off	4.17	2.62
Donation	9.91	21.69
Net loss / (gain) on Currency fluctuation and translation	(7.16)	5.71
Loss on Sale of Asset	0.00	1.87
<b>TOTAL</b>	<b>885.90</b>	<b>924.39</b>

27.1 Power & Fuel expenses are net off recovery value of units generated from Windmills of Rs.160.17 Lacs (P.Y. Rs.132.57 Lacs).

28 Estimated Amount of Contracts

Estimated Amount of Contracts remaining to be executed on capital account and not provided for	NIL	NIL
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29 Contingent Liabilities of

Disputed Liability in respect of Income Tax Demands (matters under appeal)	13.52	13.52
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Notes to Financial Statements for the year ended 31st March, 2019

		Amount in Rupees in Lacs	
		As at 31st March, 2019	As at 31st March, 2018
30	Payment to Auditors		
	Audit Fees	2.70	2.20
31	In the opinion of the Board, the current assets, loans and advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated.		
32	Employee Benefits in respect of Gratuity and Leave encashment		
	1. Present value of obligations as at the beginning of the year	85.01	76.77
	Interest Cost	6.80	6.14
	Current Service Cost	20.64	19.90
	Benefits Paid	0.00	0.00
	Actuarial (gain) / loss on obligations	(38.20)	(17.81)
	Present value of obligations as at end of year	74.24	85.01
	2. Fair Value of plan assets at beginning of year	112.06	104.43
	Expected return of plan assets	7.82	7.63
	Contributions	0.00	0.00
	Benefits Paid	0.00	0.00
	Actuarial (gain) / loss on Plan assets	0.00	0.00
	Fair Value of plan assets at the end of year	119.87	112.06
	3. Present value of obligations as at end of year	74.24	85.01
	Fair value of plan assets as at the end of the year	119.87	112.06
	Funded status	45.63	27.05
	Net asset / (liability)	45.63	27.05
	4. Current Service Cost	20.64	19.90
	Interest Cost	6.80	6.14
	Expected return of plan assets	(7.82)	(7.63)
	Net Actuarial (gain) / loss recognized in the year	(38.20)	(17.81)
	Expenses Recognized in statement of Profit and loss	(18.58)	0.61
	Discount Rate	8%	8%
	Salary Escalation	7%	7%

Note The Company has taken group gratuity and leave encashment policy from Life Insurance Company of India (LIC) for its liability to pay gratuity and leave encashment to its eligible employees at the time of their retirement. In view of this and based on materiality level, the Company does not envisage risks such as plan deficit in the fund. So, disclosures as required under Ind AS 19 "Employee Benefits" i.e. details of fund invested, sensitivity analysis, maturity profile of defined benefit obligation etc. are not provided.

33 The Deferred Tax Liability / (Asset) :

Tax effect of item constituting deferred tax liability on difference between carrying value and tax base of Property, plant and Equipment	Opening	75.00	92.40
	Current Year	18.06	(17.40)
	Closing	93.06	75.00

34 Earning Per Share

Profit attributable to Share Holders (Rs.)	252.21	345.20
Basic/Weighted Average No. of Equity Shares O/s during Year	39.59	39.59
Nominal Value of Equity Shares (Rs.)	10	10
Basic/Diluted Earning per Share (Rs.)	6.37	8.72

35 Segment Reporting

Company has only one primary segment of manufacturing and sale of labels and does not fall under secondary segment. In view of this, details of segment information is not given as required by Ind AS 108 "Operating Segment".

Notes to Financial Statements for the year ended 31st March, 2019

## 36 Related Party Disclosures

(A) Related Parties and nature of relationship

Sr. No. & Name of Related Party	Description of Relationship
Key Managerial Personnel	
1. Mr. Dinesh Bilgi	Managing Director & CFO
2. Mr. Neel Bilgi	Managing Director
3. Mr. Chirag Bilgi	Managing Director
4. Mr. Pragnesh K. Shah	Executive Director
5. Mrs. Kairavi Bilgi	Company Secretary
6. Mr. Laxman C. Tilani	Non-executive Director
7. Mr. Dinesh H. Pande	Non-executive Director
8. Mr. Balkrishna Makwana	Non-executive Director
9. Mr. Vasant R. Shah	Non-executive Director

Entities in which relatives of Key Managerial Personnel are interested

1. ANC Systems LLP	Firm in which relative of a Director is Partner
2. Latha Services LLP	Firm in which relative of a Director is Partner
3. Patel Warper LLP	Firm in which relative of a Director is Partner
4. ACN Estate LLP	Firm in which relative of a Director is Partner
5. Ultra Polydye Pvt. Ltd.	Company in which relative of a Director is member

(B) Transactions with Related Parties

Nature of Transaction	Amount in Rupees in Lacs	
	As at 31st March, 2019	As at 31st March, 2018
Key Managerial Personnel		
Remuneration	318.11	307.38
Deposit Taken	363.75	882.50
Deposit Repaid	363.75	882.50
Finance Cost	9.00	8.69
Sitting Fees	1.60	1.90
Entities in which relatives of Key Managerial Personnel are interested		
Purchases	427.09	379.48
Factory Expenses	33.20	33.78
Security Deposit	102.00	102.00
Rent	25.20	22.01

## 37 Disclosure under Companies Act, 2013 in respect of Micro, Small and Medium Enterprises

a. Principal amount remaining unpaid	NIL	NIL
b. Interest due thereon	NIL	NIL
c. Interest paid by the Company in term of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
d. Interest due and payable for the period of delay in payment	NIL	NIL
e. Interest accrued and remaining due and payable even in succeeding years,	NIL	NIL

This information as required to be disclosed has been determined to the extent such parties have identified on the basis of information available with the Company.

## 38 Proposed dividend

The Board of Directors have recommended final dividend of Rs.2 per equity shares to the equity shareholders. The dividend will be paid after the approval of shareholders at the ensuing Annual General Meeting.

## 39 Income tax

Reconciliation of effective tax rate & income tax recognized in the Statement of Profit and Loss :-

Particulars	Amount in Rupees in Lacs	
	As at 31st March, 2019	As at 31st March, 2018
Profit before tax	348.36	451.79
Tax using the Company's domestic tax rate	27.820%	27.553%
Tax at above rate	96.92	124.48
Add / (Less) :		
Tax exempt income	(0.08)	(0.83)
Non-deductible expense	114.57	76.59
Deductible expense	(196.12)	(74.89)
Others	59.72	0.65
Income tax expense	75.00	126.00
Add / (Less) :-		
Short/ (Excess) provision of income tax of earlier years	3.09	(2.01)
Deferred tax	18.06	(17.40)
Income tax recognised in Statement of Profit and Loss	96.15	106.59

Notes to Financial Statements for the year ended 31st March, 2019

40 Financial Instruments

a) The carrying value and fair value of financial instruments by categories at 31 March 2019 and 31 March 2018 is as follows :

Amount in Rupees in Lacs

Particulars	Carrying value		Fair value	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>Financial assets</b>				
At Fair value through other comprehensive income				
Investments	1.91	2.61	1.91	12.05
At Amortised cost				
Other non-current financial assets	170.70	143.40	170.70	143.40
Trade Receivables	1049.85	824.85	1049.85	824.85
Cash and Bank balances	39.72	62.56	39.72	62.56
<b>Total assets</b>	<b>1262.18</b>	<b>1033.42</b>	<b>1262.18</b>	<b>1042.86</b>
<b>Financial liabilities</b>				
At Amortised cost				
Non current Borrowings	2983.06	2593.39	2983.06	2593.39
Current Borrowings	339.38	271.91	339.38	271.91
Trade payables	240.30	94.17	240.30	94.17
Other current financial liabilities	486.25	423.82	486.25	423.82
<b>Total liabilities</b>	<b>4048.99</b>	<b>3383.29</b>	<b>4048.99</b>	<b>3383.29</b>

b) Fair value measurement :

Level 1 : Quoted price in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3 : Inputs for the assets or liabilities that are not based on observable market data (unobservable data)

Following table presents the Fair value measurement hierarchy for financial assets and financial liabilities :

Amount in Rupees in Lacs

Particulars	As at	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>					
At Fair value through other comprehensive income					
Investment	31 March 2019	1.91	0.00	0.00	1.91
	31 March 2018	12.05	10.14	0.00	1.91

c) Fair valuation method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

d) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

41 Financial risk management

The management monitors and manages the Financial Risks by reviewing, from time to time, the Cash Flows, during the year. The risk towards loss due to volatility in foreign currency is negligible, even though the Company takes precautionary measures like forward booking for payments of imports. The management takes due care for the credit risk of any default in contractual obligations. Obligations of interest and decrease in sale may be the highest risk on profitability of the Company. The Country is facing non-availability of skilled manpower which may adversely affect profitability of the Company.

As per our report of even date attached

For, Sweta Patel & Associates

Chartered Accountants

Firm Registration No. 139165W

Hemang V. Patel

(Partner)

Membership No. : 154494

Place : Chhatral

Date : 23rd May,2019

For and on behalf of the Board

Dinesh Bilgi

(DIN:00096099)

Mg Director & CFO

Neel Bilgi

(DIN:00096180)

Mg Director

Chirag Bilgi

(DIN:02094970)

Mg Director

Kairavi Bilgi

Company Secretary

Place : Chhatral

Date : 23rd May,2019

Notes to Financial Statements for the year ended 31st March, 2019  
 Note 3 : Property, Plant & Equipment, Capital work-in-progress and Other intangible assets :

Description	GROSS BLOCK					NET BLOCK				
	As at 01-04-2018	Additions (Deductions) upto 31-03-2019	As at 31-03-2019	As at 01-04-2019	During the year	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018	As at 01-04-2016	
<b>A. Tangible Assets :</b>										
Leasehold Land	7.79	0.00	7.79	0.00	0.00	0.00	7.79	7.79	0.00	
Factory Buildings	115.60	0.00	115.60	67.66	3.40	71.07	44.54	47.94	0.00	
Lease hold Improvement Building	25.08	16.00	41.08	24.20	0.89	25.08	16.00	0.89	0.00	
Other Buildings	30.78	0.00	30.78	11.79	1.63	13.43	17.36	18.99	0.00	
Plant and Machinery	5376.41	3015.73	8207.07	3865.35	341.61	4206.96	4165.95	1511.06	0.00	
		(185.07)		(165.84)		(165.84)				
Wind Mills	881.73	0.00	881.73	821.28	0.00	821.28	60.46	60.46	0.00	
Electrifications	80.64	118.05	198.69	61.44	10.96	72.40	126.29	19.20	0.00	
		0.00								
Furniture & Fixtures	91.87	79.46	171.33	67.82	9.09	76.91	94.42	24.04	0.00	
		0.00			0.00					
Office Equipment	16.40	19.53	35.93	6.52	3.89	10.40	25.53	9.89	0.00	
		0.00			0.00					
Computers	143.41	12.68	156.09	125.20	9.40	134.60	21.49	18.21	0.00	
					0.00					
Vehicles	170.50	12.56	183.06	112.30	17.26	129.57	53.49	58.20	0.00	
Resort (Leasehold) #	1.37	0.00	1.37	0.00	0.00	0.00	1.37	1.37	0.00	
Total Tangible Assets	6941.61	3274.00	10030.54	5163.56	398.13	5395.86	4634.68	1778.04	0.00	
		(185.07)		(165.84)						
<b>B. Other Intangible Assets :</b>										
Computer Software	117.40	0.87	118.26	117.06	0.31	117.36	0.90	0.34	0.00	
Total Other Intangible Assets	117.40	0.87	118.26	117.06	0.31	117.36	0.90	0.34	0.00	
<b>C. Capital Work-in-Progress :</b>										
Capital Work in Progress	2385.49	(2385.49)	0.00	0.00	0.00	0.00	0.00	2385.49	0.00	
Total (A + B + C)	9444.51	3274.87	10148.80	5280.62	398.44	5513.22	4635.58	4163.88	0.00	
		(2570.57)		(165.84)						

# Leasehold Resort "time Share" is not amortised over the period of lease.

**AREX INDUSTRIES LIMITED**  
**(CIN: L99999GJ1989PLC012213)**

**Regd. Office: 612, GIDC Industrial Estate, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382729, Gujarat, India, Tel. No.: 091- 02764-233437, Fax: 091-02764-233635, Website: [www.arex.co.in](http://www.arex.co.in) Email: [mail@arex.in](mailto:mail@arex.in)**

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint Shareholders may obtain additional attendance slips on request. (Folio Nos., DP ID\*, Client ID\* & Name of the Shareholder/Joint holders/Proxy in BLOCK LETTERS to be furnished below):

Shareholder / Proxy Holder	DP ID*	Client ID*	Folio No.	No. of Shares held

I hereby record my presence at the 30<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 17<sup>th</sup> September, 2019 at 12:30 p.m. at The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729.

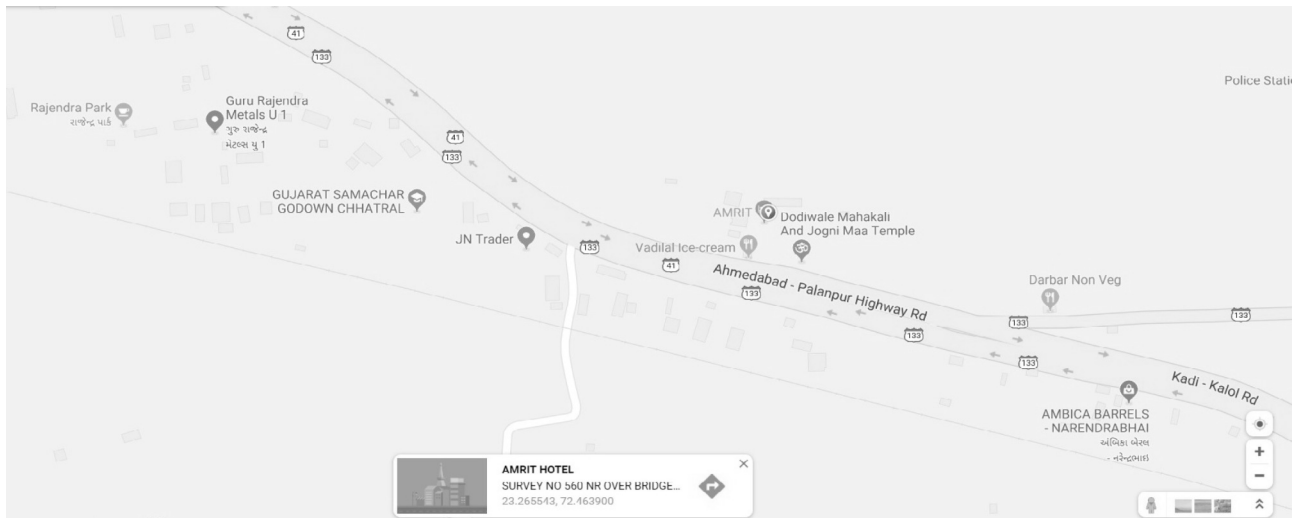
SIGNATURE OF THE SHAREHOLDER OR PROXY

Notes:

1. Shareholders/Proxy holders are requested to bring the attendance slip with them when they come to the Meeting and hand it over at the gate after affixing their signature on it.
2. Shareholders are requested to advise, indicating their folio Nos., DP ID\*, Client ID\*, the change in their address, if any, to the Registrar & Share Transfer Agents, at 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, Gujarat - 380006

\*Applicable for investors holding shares in Electronic (Demat) form.

**ROAD MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING:**





Form No. MGT-11  
PROXY FORM

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

AREX INDUSTRIES LIMITED  
(CIN: L99999GJ1989PLC012213)

Regd. Office: 612, GIDC Industrial Estate, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382729, Gujarat, India, Tel. No.: 091- 02764-233437, Fax: 091-02764-233635, Website: [www.arex.co.in](http://www.arex.co.in) Email: [mail@arex.in](mailto:mail@arex.in)

Name of the Member(s):	
Registered Address:	
Email ID:	
Folio No./Client ID / DP ID:	
No. of Shares:	

I/we, being the member(s) of the above named company, hereby appoint:

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
\_\_\_\_\_ Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
\_\_\_\_\_ Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
\_\_\_\_\_ Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, the 17<sup>th</sup> September, 2019 at 12:30 p.m. at The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729, and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description of Resolution
1. Ordinary Resolution	Adoption of Directors' Report, Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2019 and Auditors' Report thereon.
2. Ordinary Resolution	Declaration of Final Dividend
3. Ordinary Resolution	Re-appointment of Shri Chirag D Bilgi who retires by rotation
4. Special Resolution	Re-appointment of Shri Vasant R Shah who retires by rotation
5. Special Resolution	Re-appointment of Smt Harsha H Parikh (DIN:06931405) as Woman/Independent Director for second term of five Years.
6. Special Resolution	Re-appointment of Shri Dinesh Harishchandra Pande (DIN:03147549) as Independent Director for second term of five Years.
7. Special Resolution	Re-appointment of Shri Balkrishna Ishwarlal Makwana (DIN:00287931) as Independent Director for second term of five Years.

Signed this \_\_\_\_\_ day of September, 2019

Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder : \_\_\_\_\_

Affix Re. 1  
Revenue  
Stamp

Note: 1. This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 30<sup>th</sup> Annual General Meeting.