

# **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 233437 Fax : +91 2764 233635 E-mail : [mail@arex.in](mailto:mail@arex.in)



**Ref: AIL/BSE-33/2109/599**

September 2, 2021

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 2020-21**

**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 2020-21 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**

*Neel Bilgi*  
**(DIN: 00096180)**  
**Managing Director**





# **Arex Industries Limited**

**32<sup>ND</sup> ANNUAL REPORT 2020-2021**



*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)  
ShriPragnesh K Shah (DIN:00228223)  
ShriLaxman C Tilani (DIN:00532516)  
ShriVasant R Shah (DIN:00371634)  
ShriBalkrishnaMakwana (DIN:00287931)  
Shri Dinesh H Pande (DIN:03147549)  
(Upto: 27.03.2021)  
SmtHarsha H Parikh (DIN:06931405)  
Shri Aviv J Divekar (DIN:00689884)  
(w.e.f.: 01.09.2021)

*Managing Director & CFO*

*Managing Director*

*Managing Director*

*Whole-time Director*

*Director*

*Director*

*Independent Director*

*Independent Director*

*Independent Director*

*Additional cum Independent Director*

**Company Secretary & Compliance Officer**

SmtKairavi Bilgi  
(Membership No.ACS 21519)

**Bankers**

State Bank of India

**Auditors**

M/s Sweta Patel & Associates  
*Chartered Accountants*  
Ahmedabad  
Firm Regn No.139165W

**Registrars and Transfer Agent**

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

**Registered Office & Plant**

612, GIDC Industrial Estate  
Chhatral, Tal.: Kalol  
Dist : Gandhinagar - 382 729

**32<sup>ND</sup> ANNUAL GENERAL MEETING**

Date : 27<sup>th</sup> September, 2021  
Day : Monday  
Time : 12.30 P.M. (IST)  
Place : Registered Office  
(through video conference)

Notice of the 32<sup>nd</sup>AGM along with the Annual Report for Financial Year 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / National Securities Depository Limited and Central Depository Services (India) Limited ('the Depositories').

## NOTICE

NOTICE is hereby given that the 32<sup>nd</sup> Annual General Meeting of members of the Company will be held on Monday, 27<sup>th</sup> day of September, 2021 at 12.30 p.m. (IST) through video conference (VC)/ OAVM to transact the following business:

**ORDINARY BUSINESS:**

- To receive, consider and adopt audited financial statements for the year ended on 31<sup>st</sup> March, 2021 and the reports of the Directors and Auditors thereon.
- To appoint a Director in place of ShriChirag Dinesh Bilgi (DIN:02094970), Director who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of ShriVasant R Shah (DIN: 00371634), Director who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

- 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 Section 149, 150, 152, 161 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 force) read with Schedule IV of the Companies Act, 2013, Shri Aviv J Divekar(DIN: 00689884), who was appointed as an Additional Director with effect from 1<sup>st</sup> September, 2021 as Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Independent Director of the Company, for a term of five consecutive years from 1<sup>st</sup> September, 2021 to 31<sup>st</sup> August, 2026 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 Aviv J Divekar (DIN: 00689884) as an Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose."

**By Order of the Board**

**Regd Office:**

612, GIDC Industrial Estate  
Chhatral, Tal :Kalol  
Dist : Gandhinagar-382 729  
Date :12<sup>th</sup> August, 2021

Dinesh A Bilgi  
Mg. Director/CFO  
DIN:00096099

**Notes:**

- The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013 ('the Act'), Secretarial Standard – 2 on General Meetings and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) in respect of the Special Business under Item Nos. 4 of the accompanying Notice is annexed hereto.
- As per the directions of SEBI and MCA, the option of appointing proxies will not be available for this AGM. However, Institutional/Corporate Members intending to attend and vote at the said AGM, are requested to send a certified copy of the board resolution authorising their representative to attend and/or vote on their behalf, to the Company.
- 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.
- A brief resume of each of the Director seeking appointment / re-appointments are provided pursuant to the provisions of LODR and SS-2 and is given in the Explanatory Statement annexed hereto.
- The venue of the meeting shall be deemed to be the registered office of the Company, i.e. 612, GIDC Industrial Estate, Chhatral, Ta: Kalol, Dist. Gandhinagar 382729.
- The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 20<sup>th</sup> September, 2021 to Monday, 27<sup>th</sup> September, 2021 (both days inclusive) for the purpose of AGM.
- In view of the ongoing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide circular no. 02/2021 dated 13<sup>th</sup> January, 2021 read with General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 2020 (collectively referred to as 'MCA Circulars') permitted the holding of the AGM through Video Conference (VC)/OAVM without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, provisions of LODR and MCA Circulars, the AGM of the Company is being held through VC. In accordance with the MCA Circulars, special business mentioned at Item No. 4, of the Notice are considered as unavoidable in nature by the Board of Directors of the Company.
- Since this AGM is being held through VC, physical attendance of the members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
- 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.
- In compliance with the MCA Circulars and the Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO /CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Notice of the 32<sup>nd</sup>AGM along with the Annual Report for Financial Year 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / National Securities Depository Limited and Central Depository Services (India) Limited ('the Depositories'). A copy of this Notice along with the Annual Report for Financial Year 2020-21 is uploaded on the Company's website [www.arex.co.in](http://www.arex.co.in), websites of the Stock Exchanges i.e. The BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of Central Depository Services (India) Limited at [www.evotingindia.com](http://www.evotingindia.com).
- In case the shareholder's e-mail ID is already registered with the Company/Link Intime India Private Limited, the Registrar and Transfer Agent ('LIPL')/Depositories, log in details for e-voting shall be sent on the registered e-mail address.
- In case the shareholder holding shares in physical mode has not registered his/her e-mail address with the Company/LIPL/Depositories, he/she may do so by sending a duly signed request letter to the Company by providing Folio No. and Name of shareholder at its Registered Office or its Registrar & Share Transfer Agent 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 Telephones: 079 26465179 /86 / 87, Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in), Web Site: [www.linkintime.co.in](http://www.linkintime.co.in)
- In the case of shares held in demat mode, the shareholder may contact the Depository Participant ('DP') and register the e-mail address in the demat account as per the process followed and advised by the DP.
- Relevant documents as required by law and referred to in the accompanying Notice and in the Explanatory Statement shall be available for inspection through electronic mode. Members may write to the Company on [mail@arex.in](mailto:mail@arex.in) for inspection of said documents and the same will also be available for inspection by the members during the AGM, upon login at CDSL e-voting system at [www.evotingindia.com](http://www.evotingindia.com).

16. With effect from April 01, 2019, in terms of SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not being processed unless the securities are held in the dematerialized form with the depositories. Therefore, members holding shares in physical form are requested to dematerialize shares held in physical form at the earliest available opportunity.
17. Members are advised to avail the nomination facility in respect of shares held by them pursuant to the provisions of Section 72 of the Act. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No.SH-13 duly filled in to LIPL. Members holding shares in dematerialized form may contact their respective DP for availing this facility.
18. 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.
19. Members are requested to notify immediately any change in their addresses (including e-mail) 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.
20. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) and Bank Details by every participant in Securities Market. Members holding shares in electronic form are, therefore, advised to submit PAN details to their respective Depository Participant (DP) and the members holding shares in physical form can submit PAN details to the Company or its Registrar, M/s Link Intime India Pvt Ltd.
21. 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).
22. 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.
23. 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) 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.
24. 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
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
2018-19	17.09.2019	20	Final Dividend	2.00	20.10.2026

25. The Company has transferred whole of the unpaid and/or unclaimed dividend amount for the year 2012-13 to the Investor Education and Protection Fund (IEPF) on 19.02.2021. 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 24<sup>th</sup> September, 2020 (date of last AGM). The Company has also transferred 24400 equity shares on which dividend remain unpaid/ unclaimed for seven years, to the IEPF on 30.03.2021.
26. The Company has appointed Shri Abraham Pingle, 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.
27. The results of e-votings 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 48 hours of passing of the resolutions at the AGM of the Company and will also be forwarded to BSE Ltd, Mumbai.

#### CDSL e-Voting System – For Remote e-voting and e-voting during AGM

##### INSTRUCTIONS FOR E-VOTING

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at www.arex.co.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited on www.bseindia.com. The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. www.evotingindia.com.
7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.

##### THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/EGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

- (i) The voting period begins on 24<sup>th</sup> September, 2021 at 10:00 a.m. and ends on 26<sup>th</sup> September, 2021 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 20<sup>th</sup> September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders.

- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on "Shareholders" module.
- 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
  - 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
  - 6) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual 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) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• 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 (v).</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 shareholders 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 <Company Name> 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) Facility for Non – Individual Shareholders and Custodians –Remote Voting
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - 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 a Compliance User should be created using the admin login and password. The Compliance 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.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address [viz.mail@arex.in](mailto:viz.mail@arex.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

#### PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr.RakeshDalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

**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.2**

Shri Chirag D Bilgi (DIN:02094970) aged about 38 years (DOB 17.3.1983) is a BBA (Marketing). He joined the Company as Executive Officer of the Company since 1st July, 2007. The Board of Directors considered his contribution and valuable services and promoted to the post of Executive Director w.e.f. 1st August, 2010. He was further promoted to the post of Vice Chairman and Joint Managing Director with effect from 1st June, 2013. He has been rendering services as Managing Director (Production and Technical) with effect from 1st 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 1st August, 2020. Shri Chirag Bilgi is a relative of Shri Dinesh A Bilgi, Shri Neel D Bilgi and SmtKairavi 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 26.6.2020, 17.8.2020, 10.11.2020, and 12.2.2021. He is also a member of the Stakeholders Grievance Committee and has attended the meetings held during the year from time to time. He does not hold Directorship and/or membership of any committee in any listed entities.

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

**Item No.3**

ShriVasant R Shah (DIN:00371634) aged about 76 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 July, 1994. He is a promoter Director of the Company. He has been providing his 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. He has attended Board Meetings held on 10.11.2020 and 12.2.2021. He does not hold Directorship and/or membership of any committee in any listed entities.

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

**Item No.4**

Shri Aviv Divekar (DIN: 00689884) aged about 53 years is an A.M.I.E., Chartered Engineer. Mr. Aviv Divekar is the founder and Director of M/s. Astech Informatics Ltd an I.T. Company founded in the year 2000. Mr. Aviv Divekar also runs computer classes and other Professional Training Institute. He is also involved with different State Governments as Consortium Partner for setting up of Health-IT Projects. He is also involved in FMCG distribution since 2014. He has expertise in Information Technology which will add value towards growth of the Company. The Board of Directors considered him fit and proper person as Independent Director of the Company in view of the provision of Section 149 of the Companies Act, 2013 and the Rules made thereunder. Further he meets the criteria and conditions for appointment as an Independent Director as laid down under the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Accordingly, the Board of Directors in their meeting held on 12th August, 2021 appointed him as an Additional Director with effect from 1st September, 2021. The Board further seeks approval of the members for his appointment as Independent Director for a period of five years with effect from 1st September, 2021. He does not hold any shares in the capital of the Company. A notice has been received from a member proposing Shri Aviv Divekar as a candidature for the office of Independent Director of the Company.

A copy of the draft letter for appointment of Shri Aviv Divekar as an Independent Director is available for inspection as mentioned in point no. 15 of the notes to the notice.

The Board considers that his association would be of immense benefit to the Company and also recommends the resolution for the appointment of Shri Aviv Divekar for a period of five years.

Except Shri Aviv Divekar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/are concerned or interested.

The above explanatory statement may be regarded as a disclosure under 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

By Order of the Board

Regd Office:  
612, GIDC Industrial Estate  
Chhatral, Tal :Kalol  
Dist : Gandhinagar-382 729  
Date :12th August, 2021

Dinesh A Bilgi  
Mg. Director/CFO  
DIN:00096099



## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present this Thirty Second Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March, 2021.

**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 2020-21 has been prepared in compliance with the Companies (Indian Accounting Standard) Rules, 2015.

**Financial Performance**

	(Amount in Rupees in Lakhs)	
	31.03.2021	31.03.2020
Revenue from operations	4087.78	4716.75
Profit before Depreciation	694.06	942.46
Less: Finance Cost	298.48	312.84
Depreciation & Amortisation Expenses	476.38	485.08
Profit before Tax	(80.80)	144.54
Tax Expenses- Current Taxation	0.00	24.00
Deferred Tax	19.67	32.25
Add/(Less):		
(Excess)/Short Provision of tax of earlier years		
Profit/(Loss) for the year	(100.47)	88.29
Other comprehensive Income		
Items that will not be reclassified to profit or loss		
Gain/(Loss) on measurement of Equity Share instruments at fair value	0.00	0.00
Income tax impact on above	0.00	0.00
Other comprehensive Income for the year	0.00	0.00
Total comprehensive Income/(Loss) for the year	(100.47)	88.29

**OPERATIONS**

The Operations of the Company were affected due to the ongoing pandemic. The revenue from operations (net) stood at Rs.4087.78, i.e. andecrease of 13.33% over the previous year's revenue. The Company continued to explore overseas market opportunities but due to the worldwide pandemic the exports amounted to Rs.288 lakhs, i.e. decrease of 13.53% over the previous year's exports. There was heavy fluctuation in foreign exchange rates resulting into a gain of Rs.4.09 lakhs. The profit on sale of assets amounted to 3.60 lakhs. The bad debts amounting to Rs.3.65 lakhs were written off during the year as against bad debts of Rs. 18.07 lakhs written off during the previous year. The raw material prices, fuel charges, finance cost and other overheads were continued to increase during the year.

The Company has made a loss of Rs.100.47 lakhs as against profit of Rs.88.29 lakhs earned before taxes during the previous year. Your Directors hope better results in the years to come.

**DIVIDEND**

Your Directors do not recommend dividend for the year under review in view of losses and financing activities on hand. Your Directors also 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/or 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/REAPPOINTMENT OF KMPs**

(1) ShriChirag Dinesh Bilgi (DIN02094970), Managing Director and (2) ShriVasantRavji Shah (DIN00371634), Directors of the Company are due to retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointments. The Board hereby re-commends their re-appointments.

Shri Dinesh HarishchandraPande (DIN03147549), Chairman and Independent Director of the Company, expired on 27<sup>th</sup> March, 2021 due to COVID related complications. The Company appreciates his valuable contribution towards the growth of the Company during his tenure on the Board of the Company.

Shri Aviv Joseph Divekar (DIN00689884), has been appointed as Additional Independent Director of the Company w.e.f. 1<sup>st</sup> September, 2021 by the Board of Directors of the Company at their meeting held on 12<sup>th</sup> August, 2021. The appointment being made pursuant to Section 149, 150, 152, 161 of the Companies Act, 2013 and his appointment being upto the date of Annual General Meeting and subject to approval of the members, the Board hereby recommends his appointment. In the opinion of the Board he possesses requisite expertise, integrity and experience (including proficiency) for appointment as Independent Director of the Company.

**BOARD AND COMMITTEE MEETINGS**

During the year under review, 4 meetings of the Board were held. The details of the Board and Committee meetings are provided in the Corporate Governance Report forming part of this report.

**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 25<sup>th</sup> June, 2020. The Independent Directors actively participated and provided guidance to the Company. The Independent Directors reviewed the performance of the non-Independent Directors and the Board as a whole.

**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, except impact of COVID-19 pandemic conditions followed by lockdowns even during the year under review. The impact of COVID-19 continues till the date of the report and various complete/partial lockdowns/restrictions had been implemented by various statutory authorities from time to time.

**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 'F' 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, 2021, 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, 2021 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 report genuine concerns or grievances and to safeguard victimization of persons while using this mechanization.

**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. 5lacsto Shree and Rs. 0.22 lacs to Akshaypatra Foundation 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 amended provisions of Section 92(3) of the Companies Act, 2013, copy of Annual Return is available at [www.arem.co.in](http://www.arem.co.in).

**CEO/CFO CERTIFICATION**

Shri Dinesh A Bilgi (DIN00096099), Managing Director and CFO has given necessary certificates/compliance reports 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. The explanation to the query raised by the Secretarial Auditor pertaining to website is that the website of the Company is under development and would be operative in coming time.

**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 Auditors 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, 2021 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. A detailed note on Management Discussion and Analysis is given as an Annexure 'C' to this Report.

#### CORPORATE GOVERNANCE REPORT

As per Regulation 34(3) read with Schedule V of the Listing Regulations, a separate section with detailed note on corporate governance practices followed by the Company is given by way of an Annexure 'D' forms an integral part of this Report.

#### 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 2021-22. The Company has also paid custodial charges to National Securities Depository Ltd and Central Depository Services (India) Ltd for the year 2021-22.

#### 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, 2021 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 nor made any investments during the financial year under review.

#### 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.

*For and on behalf of the Board*

#### Regd Office:

612, GIDC Industrial Estate  
Chahtral, Tal: Kalol  
Dist : Gandhinagar-382 729  
Date: 12<sup>th</sup> August, 2021

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, 2021.

##### A. Conservation of Energy:

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

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

##### Form A

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

	2020-21	2019-20
Power and Fuel Consumption		
Electricity		
Purchased Unit	3844926	5075328
Total Amount (Rs)	27709491	38234145
Rate/Unit	7.21	8.00
Production in Million Units	11246	15083
Avg. KWH Consumption per million Units	342	336
Electricity Generated from Windmill – KWH	1833459	2254211
Wheeling of Electricity Generated – KWH	1650110	2028789

##### 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

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

- 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

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. 3182282/-
b) Import of Capital Goods	:	Rs. NIL
c) Import of Stores & Spares	:	Rs. 9495208.98/-
d) Travelling	:	Rs. NIL
e) Commission & Others	:	Rs. 2165899.39/-
ii) Foreign Exchange Earned on account of exports	:	Rs. 28806357/-

*For and on behalf of the Board*

**Regd Office:**

612, GIDC Industrial Estate  
 Chahtral, Tal: Kalol  
 Dist : Gandhinagar-382 729  
 Date: 12<sup>th</sup> August, 2021

Neel D Bilgi  
 Mg Director  
 DIN:00096180

Chirag D Bilgi  
 Mg Director  
 DIN: 02094970

**Annexure – “B”****Form MR-3****SECRETARIAL AUDIT REPORT**

*for the financial year ended on 31<sup>st</sup> March, 2021*

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  
 Chahtral

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, 2021, *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, 2021 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; - Not Applicable
  - (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not Applicable
  - (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 – Not Applicable; 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 the stage of development and will be made functional in near future).*

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 :** 12.08.2021

CS Abraham Pingle  
FCS10290 CP13206  
UDIN:F010290C000817184

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 :** 12.08.2021

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**

The Global economy was impacted by COVID-19 pandemic in the year 2020 which infected crores of people and causing deaths in lacs. Manufacturing and Service sectors were significantly impacted during the initial months but proactive measures by various governments across the globe helped various economies to recover from the impact. However the employment and social impacts are far reaching. As per the World Bank's January report, it was mentioned that the Global Gross Domestic Product (GDP) shrank by 4.3% in the year 2020, being sharpest contraction in the decade.

The Indian Economy shrank by 7% during the financial year ending March 2021. The economy which had contracted sharply in the first quarter started to show quick recovery primarily powered by government expenditure and exports. The contraction of over 15% in the first half was offset by 3% growth in the second half. The textile sector largely depends on discretionary spending of the consumer and consumer spending was severely affected during the fiscal year 2020-21 in wake of the pandemic. The industry witnessed significant contraction of demand in both domestic and international markets, till the second quarter. However, consumption and production improved during the latter half of the year on account of improved demand as economy started to revive. Overall the Indian apparel market is estimated to have declined by 27% during 2020.

**Opportunities, Threats, Risk and Concern**

Business environment for the Textile Industry in which the Company operates is highly dependent on discretionary spending by consumers and movements of people. The various lockdowns imposed by the authorities across the Country to restrict the spread of the pandemic the performance of the Company were affected during the first and second quarter of the year under review. The Company had to witness loss of production, order cancellations and loss of revenue alongwith continued burden of fixed costs. During the Financial year 2020-21 the Industry witnessed US – China trade disputes, worldwide Anti-China sentiments providing opportunities to textile industry in India. Various companies have shifted their businesses from China to other countries including India. The Government Amended Technology Upgradation Fund Scheme (ATUFS) scheme being introduced 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. The various relief packages announced by the Government in addition to the concept of building New India under the campaign of 'Make in India' is helping the industry to recover from the effects of the pandemic. Various countries opening up and now recovering from the effects of the pandemic leading to movements of people are providing growth opportunities to the Industry.

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. Non-availability of skilled manpower also affects the industry. With the availability of vaccines and aggressive vaccination drive adopted by various countries including India, it is hopeful for revival of overall market conditions. 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 continues its vigilant to upgrade its technology for efficient and better productivity. The Company has spent amount of about Rs. 83.44 lacs for installation of machineries and other miscellaneous supporting systems. The Company's overall business was affected due to the ongoing global pandemic which has affected businesses worldwide. The Company's operation at the two units, i.e. at Chhatral and Anjar were affected due to the pandemic during the first and second half of the quarter for the year under review, but its operations thereafter has been satisfactory. The Company believes in providing quality products and it's such belief leads towards its products being 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's operations were affected during the first and second quarter during the year under review. The sales (net) were decreased by 13.33% over the previous year's sales and the Company has incurred a loss of Rs. 100.47 lacs as against profit of Rs. 88.29 lacs in the previous year. Your Directors do not recommend dividend for the current year.

**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.

**Annexure 'E'****REPORT ON CORPORATE GOVERNANCE**

This Report sets forth the disclosures for the F.Y. 2020-21, pertaining to Corporate Governance of Arex Industries Limited ("the Company"), as required by SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("Listing Regulations"):

**1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company's philosophy is based on trusteeship, transparency and accountability. Our business fosters a culture of ethical behaviour and disclosures 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.

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

The Board consists of nine Directors, of whom five are non-executive 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. Shri Dinesh A Bilgi, Managing Director and CFO, Shri Neel D Bilgi, Managing Director and Shri Chirag D Bilgi, Managing Director of the Company are related to each other. No other Directors are related to each other. Shri Dinesh HarishchandraPande expired on 27.03.2021 due to COVID related complications creating a casual vacancy. Shri Aviv J Divekar has been appointed as an Additional Independent Director w.e.f. 1.9.2021.

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 in every quarter to review 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 26.6.2020, 17.8.2020, 10.11.2020 and 12.2.2021. The gap between any two meetings did not exceed 120 days, except wherein extensions were provided by SEBI and Ministry of Corporate Affairs due to the COVID-19, pandemic situation.

The attendance record of each of the Directors at the Board Meetings held during 2020-21 and during the last annual general meeting is as under:

Name of the Director	Category	No. of Board Meeting attended	Attendance at the last AGM (Y/N)	Directorship in public other companies	No. of committees in which Chairman / member in other Public Companies.	No. of Shares Held by Each Director as at the end of the Financial Year
Dinesh A Bilgi (DIN:00096099)	MD/CFO	4	Y	Nil	Nil	508060
Neel D Bilgi (DIN:00096180)	MD	4	Y	Nil	Nil	253550
Chirag D Bilgi (DIN:02094970)	MD	4	Y	Nil	Nil	256500
Pragnesh K Shah (DIN:00228223)	WTD	2	Y	Nil	Nil	31100
Laxman C Tilani (DIN:00532516)	Director	2	Y	Nil	Nil	78500
Vasant R Shah (DIN:00371634)	Director	2	N	Nil	Nil	NIL
Balkrishna I Makwana (DIN:00287931)	NED	4	Y	Nil	Nil	10
Dinesh H Pande (DIN:03147549) (upto: 27.3.2021)	NED	4	Y	Nil	Nil	5400
SmtHarsha H Parikh (DIN:06931405)	NED	4	Y	Nil	Nil	10

**Notes:**

**MD/CFO:-** Managing Director cum Chief Financial Officer (KMP)

**MD:-** Managing Director. Appointments are contractual

**WTD :-** Whole-time Director. The appointment is contractual.

**NED-** Non Executive Director and Independent Director.

**b. Familiarisation Programme:**

The Company and business familiarisation process for Independent Directors was an ongoing process during the Financial Year and largely carried out by way of special discussions at Board / Committee meetings on important matters such as key regulatory changes, material legal matters, changing industry trends, periodic operations review, strategy discussions and exceptional developments, if any, in the Company.

The details of such familiarisation program have been disclosed on the Company's website at [www.arex.co.in](http://www.arex.co.in)

**c. Chart Setting out Skills/Expertise/Competence of the Board of Directors:**

Skills, Expertise, Competencies	Dinesh Bilgi	Neel Bilgi	Chirag Bilgi	Pragnesh Shah	LaxmanTilani	Vasant Shah	BalkrishnaMakwana	Dinesh Pande	Harsha Parikh
Strategic Leadership	Significant Leadership experience to think strategically and develop effective strategies to drive change and growth in context of the Company's overall objectives								
Industry Experience	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Financial Expertise	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
Governance, Risk and Compliance	Qualifications and / or Experience in Financial Matters								
	Yes	Yes	Yes	-	-	-	Yes	Yes	-
	Knowledge and experience of best practices in governance, policies and processes including establishing risk and compliance frameworks, identifying and monitoring risks								
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

**d. Independent Directors**

The Non Executive Independent Directors fulfills the conditions of the independence specified as per the Companies Act, 2013 and the Rules made thereunder and requirements under Listing Regulations. A formal letter of appointment as provided in the said Act and the Listing Regulations have been issued to the Independent Directors respectively. One separate meeting of the Independent Directors was held on 25.6.2020 and all the Independent Directors were present.

**e. 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.

**f. 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.

**g. 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.

**3. AUDIT COMMITTEE**

**a. Terms of Reference:** The terms of reference of the Audit Committee cover all the areas mentioned under Part C of the Schedule II to the

SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Board has also included in the terms of reference of the Audit Committee, the monitoring, implementing and review of risk management plan as required under Regulation 18 and as per part C (Role of Audit Committee) of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The broad terms of reference of the Audit Committee therefore include review of financial reporting process and all financial results, statements and disclosures and recommending the same to the Board, reviewing the internal audit reports and discussing the same with the internal auditors, reviewing internal control systems and procedures, to meet the statutory auditors and discuss their findings, their scope of audit, post audit discussion, adequacy of internal audit functions, audit qualifications, if any, appointment / removal and remuneration of auditors, change in accounting policies and practices, reviewing approval and disclosure of all related party transactions, reviewing with the management, the performance of the statutory and internal auditors and their remuneration, compliance with listing agreements / SEBI (LODR) Regulations, 2015 and other legal requirements and the Company's financial and risk management plans and policies and its implementation, disaster recovery policies and compliance with statutory requirements.

**b. Composition and Committee Meetings:** The Audit Committee comprised of (1) ShriBalkrishna I Makwana (2) Shri Dinesh H Pande and (3) ShriLaxman C Tilani. ShriBalkrishna I Makwana is the Chairman of the Committee. The Committee met 4 times on 26.6.2020, 17.8.2020, 10.11.2020 and 12.2.2021 during the year. The attendance record of each of the Directors at the Audit Committee Meetings held during 2020-21 is as under: ShriBalkrishna I Makwanaattended 4 meetings, Shri Dinesh H Pande attended 4 meetings, and ShriLaxman C Tilani attended 2 meetings. The Committee was reconstituted on 9.4.2021 and the reconstituted committee comprises of (1) ShriBalkrishna I Makwana (2) SmtHarsha H Parikh and (3) ShriLaxman C Tilani. ShriBalkrishna I Makwana continues to be the Chairman of the Committee.

**4. NOMINATION AND REMUNERATION COMMITTEE**

**a. 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) ShriBalkrishna I Makwana, (2) Shri Dinesh H Pande, and (3) ShriVasant R Shah are the members of the Nomination and Remuneration Committee. ShriBalkrishna I Makwana is the Chairman of the Committee. The Nomination & Remuneration Committee met once on 26.6.2020 during the financial year and all the Members of the Committee except ShriVasant R Shah attended the meeting. The Committee was reconstituted on 9.4.2021 and the reconstituted committee comprises of (1) ShriBalkrishna I Makwana, (2) SmtHarsha H Parikh, and (3) ShriVasant R Shah. ShriBalkrishna I Makwana continues to be the Chairman of the Committee.

**b. Performance Evaluation Criteria for Independent Directors:** 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 Directors express their satisfaction with the evaluation process.

**5. REMUNERATION OF DIRECTORS**

**a. 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. 1.20 Lacs during the FY 2020-21. Non executive Independent Directors do not have material pecuniary relationship or transactions with the Company.

**b. 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, 2021.

**6. STAKEHOLDERS GRIEVANCE COMMITTEE**

The Stakeholders Grievance Committee comprises of (1) Shri Dinesh H Pande, (2) Shri Dinesh A Bilgi, and (3) Shri Chirag D Bilgi, for addressing the grievances of the investors. Shri Dinesh H Pande is the Chairman of the Committee. The Committee meets as and when

required and looks after shareholders complaints and matters relating to transmission, non-receipt of annual report, non-receipt of dividend, credit of shares to demat account etc. During the year under review, the Company had received NIL complaints from the shareholders, and there is no complaint pending as on 31<sup>st</sup> March, 2021. The Complaints are normally resolved within the stipulated period under the Listing Agreement. 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. SmtKairavi Bilgi is the Company Secretary and Compliance Officer of the Company. The Company has not received any complaint during the year. The Committee met as and when required during the financial year. The Committee was reconstituted on 9.4.2021 and the reconstituted committee comprises of (1) SmtHarsha H Parikh, (2) Shri Dinesh A Bilgi, and (3) Shri Chirag D Bilgi. SmtHarsha H Parikh is appointed as the Chairperson of the Committee.

#### 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted Corporate Social Responsibility Committee (CSR) which comprises (1) SmtHarsha H Parikh, (2) Shri Dinesh H Pande, and (3) ShriBalkrishna I Makwana. SmtHarsha Parikh is the Chairman of the CSR Committee. The committee has concluded that the provisions relating to CSR activities do not apply to the Company at present. The Committee was reconstituted on 9.4.2021 and the reconstituted committee comprises of (1) SmtHarsha H Parikh (2) ShriBalkrishna I Makwanaand (3) ShriLaxman C Tilani.

#### 8. GENERAL BODY MEETINGS

##### a. Location and time, where last three Annual General Meetings were held is given below:

Year	Location/Venue	Date	Time
2017-2018	The Grand Amrit, MehsanaKalol Highway, Chhatral, Tal.: Kalol, Gandhinagar, Gujarat – 382729	20.9.2018	12.30 p.m.
2018-2019	The Grand Amrit, MehsanaKalol Highway, Chhatral, Tal.: Kalol, Gandhinagar, Gujarat – 382729	17.9.2019	12.30 p.m.
2019-2020	612, GIDC Estate, Chhatral, Tal.: Kalol, Dist.: Gandhinagar, Gujarat – 382729 through Video Conference (VC)/Other Audio Visual Means(OAVM)	24.9.2020	12.30 p.m.

##### b. Special Resolutions passed at the Previous Three Annual General Meetings:

The following resolutions were passed as Special Resolutions at the previous three Annual General Meetings:

- Reappointment of ShriVasant R Shah as Director of the Company (At 30<sup>th</sup> AGM)
- Reappointment of Smt. Harsha H Parikh as Independent Director of the Company for a period of five years (At 30<sup>th</sup> AGM)
- Reappointment of Shri Dinesh H Pande as Independent Director of the Company for a period of five years (At 30<sup>th</sup> AGM)
- Reappointment of ShriBalkrishna I Makwana as Independent Director of the Company for a period of five years (At 30<sup>th</sup> AGM)
- Reappointment of Shri Dinesh A Bilgi as Managing Director of the Company for a period of three years (At 31<sup>st</sup> AGM)
- Reappointment of Shri Neel D Bilgi as Managing Director of the Company for a period of three years (At 31<sup>st</sup> AGM)
- Reappointment of Shri Chirag D Bilgi as Managing Director of the Company for a period of three years (At 31<sup>st</sup> AGM)
- Reappointment of ShriPragnesh K Shah as Whole-time Director of the Company for a period of three years (At 31<sup>st</sup> AGM)

##### c. Passing of resolutions by Postal Ballot:

No resolution was passed through Postal Ballot during the Financial Year.

#### 9. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the un-audited financial results alongwith the Limited Review Report submitted by the Auditors of the Company and informs the said financial results to the BSE Ltd, Mumbai where the shares of the Company are listed. Further, the quarterly/half yearly results are normally published in the daily 'Western Times'. Notice are being sent through emails or permitted modes.

#### 10. GENERAL SHAREHOLDER INFORMATION

##### a) Annual General Meeting

Date and Time : Monday, 27<sup>th</sup> September, 2021 at 12.30 p.m.(IST)  
Venue : Video Conference (VC)/Other Audio Visual Means(OAVM)

##### b) Financial Calendar for 2021-2022 (Tentative)

Un-audited Results for First Quarter : 12<sup>th</sup> August, 2021  
Annual General Meeting for the year 2020-21 : 27<sup>th</sup> September, 2021  
Un-audited Results for Second Quarter/Half Year : By 14<sup>th</sup> of November, 2021  
Un-audited Results for Third Quarter : By 14<sup>th</sup> of February, 2022  
Audited Annual Results 2021-22 : By 30<sup>th</sup> of May, 2022

##### c) Date of Book Closure

The Book Closure for payment of dividend, if any, is from **Monday, 20<sup>th</sup> September, 2021 to Monday, 27<sup>th</sup> September, 2021**(both days inclusive).

##### d) Dividend Payment

The Board has not recommended dividend during the Financial Year.

##### e) Listing on Stock Exchange

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 the Annual Listing Fees. The Company has also paid custodial charges to National Securities Depository Ltd and Central Depository Services (India) Ltd for the year 2021-22.

##### g) 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, 2020	37.80	31.40	4,385
May, 2020	38.20	31.50	1,177
June, 2020	51.10	38.15	3,573
July, 2020	54.90	42.80	1,700
August, 2020	107.90	52.20	14,956
September, 2020	107.00	83.00	1,613
October, 2020	80.00	63.00	2,106
November, 2020	65.00	58.35	1,560
December, 2020	66.00	60.00	1,413
January, 2021	63.00	58.90	7,589
February, 2021	60.90	52.05	2,082
March, 2021	71.40	53.05	908

##### f) Distribution of Shareholding as on 31<sup>st</sup> March, 2021

No of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shareholding
Less than 500	2504	93.36	300554	7.59
500 to 1000	60	2.24	49044	1.24
1001 to 2000	42	1.57	61590	1.56
2001 to 3000	17	0.63	43186	1.09
3001 to 4000	8	0.30	29750	0.75



4001 to 5000	6	0.22	28369	0.72
5001 to 10000	16	0.60	105784	2.67
10001 and above	29	1.08	3340423	84.38
<b>Total</b>	<b>2682</b>	<b>100.00</b>	<b>3958700</b>	<b>100.00</b>

g) Shareholding Pattern as on 31<sup>st</sup> March, 2021

Sr. No.	Category	No of Shares Held	% of Shareholding
1.	<b>Promoters</b>		
	Indian Promoters	2438536	61.60
	Foreign Promoter	NIL	NIL
2.	Mutual Fund and UTI	NIL	NIL
3.	Banks, Financial Institutions, Insurance Companies	100	0.00
4.	Private Corporate Bodies	24701	0.62
5.	Foreign Institutional Investors	NIL	NIL
6.	NRIs/OCBs	1642	0.04
7.	Indian Public	1265764	31.98
8.	Clearing Members	3076	0.08
9.	Investor Education & Protection Fund	224881	5.68
	<b>Grand Total</b>	<b>3958700</b>	<b>100.00</b>

## h) 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](http://www.linkintime.co.in)

## i) Share Transfer System

The transfer of shares in physical form has been stopped as per the circular issued by the SEBI. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

## j) 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.

## k) Plant Location and Address for correspondence

612, G.I.D.C. Industrial Estate, Chhatral, Tal.:Kalol, Dist.: Gandhinagar – 382 729.

Email: mail@arex.in, website: www.arex.co.in

## AFFIRMATION AND DISCLOSURES

## a) Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Listing Regulations during the year were in ordinary course of business and on arm's length basis. The Company has already taken approval for the related party transactions from the members of the Company. There were no materially significant transactions with related parties during the financial year. The Related Party Transactions have been disclosed under Note No.34 of the significant accounting policies and Notes forming part of the financial statements in accordance with Indian Accounting Standards.

## b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

The Company has complied with all requirements of the Listing Regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

## c) Whistle Blower Policy

Pursuant to section 177(9) and (10) of the Companies Act, 2013 and Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. No personnel has been denied access to the Audit Committee during the year 2020-21.

## d) Compliance with all the mandatory requirements of Corporate Governance

The Company has complied with all the mandatory requirements of Corporate Governance applicable to the Company.

## e) Policy for determining 'material' subsidiaries

The Company does not have subsidiary Company.

## f) Certificate from Practicing Company Secretary:

The Company has obtained a certificate from M/s Abraham Pingle & Associates, Practicing Company Secretary, Ahmedabad, stating that none of the Directors on the Board of the Company have been debarred / disqualified from being appointed / continuing as Directors of any Company, by the SEBI and the Ministry of Corporate Affairs or any such Statutory Authority.

## g) Fees Paid to Statutory Auditors

During the year under review, the total fees, for all services (including out of pocket expenses and taxes), paid by the Company, to the Statutory Auditors – M/s. Sweta Patel & Associates was aggregating to Rs. 2.70 lacs.

## h) Protection of Women against Sexual Harassment at Work Place

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.

## i) Compliance with Corporate Governance

The Company has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations as may be applicable to the Company.

## CERTIFICATE OF COMPLIANCE WITH THE CODE OF BUSINESS CONDUCT

To,  
The Members,  
Arex Industries Limited

Arex Industries Limited has in place a Code of Business Conduct (the 'Code') for its Board of Directors, Senior Management Personnel and other employees of the Company. I report that the Board of Directors have received affirmations on compliance with the Code from the members of the Board and Senior Management of the Company for the year under review.

For and on behalf of the Board

Place: Chhatral  
Date: 12<sup>th</sup> August, 2021

Dinesh Bilgi  
(DIN:00096099)  
Managing Director

## CERTIFICATE

I, Dinesh Apparao Bilgi, Managing Director and Chief Financial officer and Neel Dinesh Bilgi, Managing Director, certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) These statements do not contain any materiality untrue statement or omit any material fact or contain statements that might be misleading.
  - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting, and we have not noticed any deficiency in the design of operation of such internal controls, or of which we are aware that needs to be rectified or informed to the auditors and the Audit Committee.
- D. During the year it was disclosed to the Auditors and the Audit Committee that:
- (1) There were no significant changes in internal control over financial reporting;
  - (2) No significant changes in accounting policies were made during the year that require disclosures in the notes to the financial statements; and
  - (3) No instances of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting, has come to our notice.

Place: Chhatral  
Date: 12<sup>th</sup> August, 2021

Dinesh Bilgi  
(DIN:00096099)  
Mg. Director & CFO

Neel Bilgi  
(DIN:00096180)  
Mg. Director

## AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of **AREX INDUSTRIES LIMITED**

1. This certificate is issued in accordance with terms of our engagements with AREX INDUSTRIES LIMITED ("the Company").
2. We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31<sup>st</sup> March, 2021, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').
3. The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.
4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ('the ICAI'), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
8. In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2021.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Place : AHMEDABAD  
Date : 12-08-2021

(Hemang V Patel)  
Partner  
Membership No. 154494  
UDIN:21154494AAAACB5361

Remarks: It is to be noted that this certificate has been issued on 12<sup>th</sup> August, 2021, however due to unavoidable circumstances/technical reason UDIN cannot be generated on the same date, hence it was generated on 13<sup>th</sup> August, 2021. The same has been informed to management.

## Annexure "F"

## Disclosure in the Board's Report under Rule 5 of Companies (Appointment &amp; 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 2020-21	Mr. Dinesh A Bilgi, MD & CFO	34.48:1
	Mr. Neel D Bilgi, MD	34.48:1
	Mr. Chirag D Bilgi, MD	34.48:1
	Mr. Pragnesh K Shah, WTD	1.02:1
(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 2020-21 compared to 2019-20	Mr. Dinesh A Bilgi, MD & CFO	(25.38)
	Mr. Neel D Bilgi, MD	(25.38)
	Mr. Chirag D Bilgi, MD	(25.38)
	Mr. Pragnesh K Shah, WTD	(8.64)
(iii)	Ms. Kairavi Bilgi – CS	(73.96)
	(27.99)	
(iv)	As on 31.03.2021	As on 31.03.2020
	302	271
(v)	During 2019-20	During 2020-21
	--	(27.99)%
Average percentile increase in salaries of Employees other than managerial personnel		

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

**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 2021, and the statement of Profit and Loss (including other comprehensive income), 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, 2021, and its loss (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, loss (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

- 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.
- As required by section 143(3) of the Act, we report that:
  - 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.
  - 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.
  - 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.
  - 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;
  - On the basis of written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of section 164(2) of the Act.
  - 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.
  - 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:
    - The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (refer note no.27 to the Ind AS financial statements).
    - The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - 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 : 28-06-2021

(Hemang V Patel)  
Partner  
Membership No. 154494  
UDIN : 21154494AAAABH4022

#### 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]

- (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.
- 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.
- 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.
- 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.
- 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, 2021 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 dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
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, SWETA PATEL & ASSOCIATES  
Chartered accountants  
(Firm Registration No 139165W)

Place : CHHATRAL  
Date : 28-06-2021

(Hemang V Patel)  
Partner  
Membership No. 154494  
UDIN : 21154494AAAABH4022

#### **Annexure 'B' to Independent Auditors' Report**

*[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, 2021 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 to 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, 2021, 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 : 28-06-2021

(Hemang V Patel)  
Partner  
Membership No. 154494  
UDIN : 21154494AAAABH4022

## Balance Sheet as at 31st March, 2021

	Note	Amount in Rupees in Lacs	
		As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant & Equipment	3	3941.02	4320.65
Other Intangible assets	3	0.25	0.61
Financial assets			
Investments	4	100.90	0.00
Other non-current financial assets	5	87.97	77.70
Income tax assets (net)	6	33.93	39.13
<b>Total Non-current assets</b>		<b>4164.07</b>	<b>4438.09</b>
<b>Current assets</b>			
Inventories	7	830.73	758.87
Financial assets			
Trade Receivables	8	1155.95	1067.66
Cash and cash equivalents	9	3.67	6.17
Bank balances other than Cash and cash equivalents above	10	36.48	39.43
Other current assets	11	75.29	107.45
<b>Total Current assets</b>		<b>2102.11</b>	<b>1979.58</b>
<b>Total assets</b>		<b>6266.19</b>	<b>6417.67</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	12	395.87	395.87
Other Equity	13	2069.53	2169.10
<b>Total Equity</b>		<b>2465.40</b>	<b>2564.97</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Non current Borrowings	14	2515.77	2633.51
Deferred tax liabilities (net)	31	144.98	125.31
<b>Total Non-current liabilities</b>		<b>2660.75</b>	<b>2758.82</b>
<b>Current liabilities</b>			
Financial liabilities			
Current Borrowings	15	129.54	278.19
Trade payables	16	396.80	382.86
Other current financial liabilities	17	522.37	361.81
Other current liabilities	18	91.33	71.03
<b>Total Current liabilities</b>		<b>1140.03</b>	<b>1093.88</b>
<b>Total equity and liabilities</b>		<b>6266.19</b>	<b>6417.67</b>
Significant Accounting Policies	2		
Notes 1 to 38 are an integral part of the Financial Statements			
As per our report of even date attached			
For, <b>Sweta Patel &amp; Associates</b>		<b>For and on behalf of the Board</b>	
<b>Chartered Accountants</b>			
<b>Firm Registration No. 139165W</b>		Dinesh Bilgi	Neel Bilgi
		(DIN:00096099)	(DIN:00096180)
		Mg. Director & CFO	Mg. Director
			Chirag Bilgi
			(DIN:02094970)
			Mg. Director
<b>Hemang V. Patel</b>		Balkrishna Makwana	Kairavi Bilgi
<b>(Partner)</b>		(DIN:00287931)	(ACS:21519)
Membership No. : 154494		Director	Company Secretary
UDIN : 21154494AAAABH4022			
Place : Chhatral			
Date : 28th June,2021			
			Place : Chhatral
			Date : 28th June,2021

## Statement of Profit and Loss for the Year ended 31st March, 2021

	Note	Amount in Rupees in Lacs	
		2020-21	2019-20
<b>INCOME</b>			
Revenue from Operations	19	4087.78	4716.75
Other Income	20	4.15	11.31
<b>Total Revenue</b>		<b>4091.93</b>	<b>4728.05</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	1370.07	1390.04
Purchases of Stock-in-Trade		38.71	36.05
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	22	(60.43)	(32.59)
Employee Benefits Expense	23	1160.27	1418.32
Finance Costs	24	298.48	312.84
Depreciation and Amortisation Expenses	3	476.38	485.08
Other Expenses	25	889.23	973.78
<b>Total Expenses</b>		<b>4172.73</b>	<b>4583.50</b>
Profit Before Tax		(80.80)	144.55
<b>Tax Expenses</b>			
Current Income Tax		0.00	24.00
Deferred Tax		19.67	32.25
<b>Profit for the year</b>		<b>(100.47)</b>	<b>88.30</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Gain /(Loss) on measurement of Equity instruments at fair value		0.90	0.00
<b>Other comprehensive income for the year</b>		<b>0.90</b>	<b>0.00</b>
<b>Total Comprehensive income for the year</b>		<b>(99.56)</b>	<b>88.30</b>
<b>Earnings per equity share of face value of Rs.10 each</b>			
Basic and Diluted (in Rs.)	32	-2.54	2.23
Significant Accounting Policies	2		
Notes 1 to 38 are an integral part of the Financial Statements			
As per our report of even date attached			
For, <b>Sweta Patel &amp; Associates</b> <b>Chartered Accountants</b> <b>Firm Registration No. 139165W</b>	For and on behalf of the Board		
	Dinesh Bilgi (DIN:00096099)	Neel Bilgi (DIN:00096180)	Chirag Bilgi (DIN:02094970)
	Mg. Director & CFO	Mg. Director	Mg. Director
	Balkrishna Makwana (DIN:00287931)	Kairavi Bilgi (ACS:21519)	
	Director	Company Secretary	
<b>Hemang V. Patel</b> <b>(Partner)</b> Membership No. : 154494 UDIN : 21154494AAAABH4022 Place : Chhatral Date : 28th June,2021	Place : Chhatral Date : 28th June,2021		



## Cash Flow Statement for the year ended 31st March,2021

	Amount in Rupees in Lacs	
	As at 31st March, 2021	As at 31st March, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	(80.80)	144.55
Depreciation and Amortisation Expenses	476.38	485.08
Finance Costs	298.48	312.84
Loss /(Profit) on sale of Assets	(3.60)	(3.70)
Movement in Other comprehensive income	0.00	0.00
Other Income	(4.15)	(11.30)
<b>Operating Profit before Working Capital Changes</b>	<b>686.31</b>	<b>927.45</b>
Trade Receivables	(88.29)	(17.81)
Inventories	(71.85)	(165.09)
Other non-current & current assets	21.89	210.59
Trade and Other Payables	194.80	51.46
<b>Cash generated from Operations</b>	<b>742.86</b>	<b>1006.61</b>
Direct Tax	5.20	(27.86)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>748.06</b>	<b>978.75</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & Equipment	(103.54)	(170.75)
Sale of Property, Plant & Equipment	10.74	3.71
Other Bank balances	2.95	(3.46)
Purchase of Investment in Mutual Fund	(457.00)	0.00
Movement in Capital work in progress	0.00	0.00
Proceeds from sale of Investment in Mutual Fund	357.71	1.91
Other Income	3.44	11.30
<b>Net Cash Used in Investing Activities (B)</b>	<b>(185.69)</b>	<b>(157.29)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend & distribution tax paid	0.00	(95.45)
Long-term borrowings Raised / (Repaid)	(117.74)	(349.55)
Shor-term borrowings Raised / (Repaid)	(148.65)	(61.20)
Finance Costs paid	(298.48)	(312.84)
<b>Net Cash Used in Financing Activity (C)</b>	<b>(564.87)</b>	<b>(819.04)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (D = A+B+C)</b>	<b>(2.50)</b>	<b>2.42</b>
Opening Cash & Cash Equivalents	6.18	3.75
Closing Cash & Cash Equivalents	3.67	6.18
Significant Accounting Policies	2	
Notes 1 to 38 are an integral part of the Financial Statements		
As per our report of even date attached		
<b>For, Sweta Patel &amp; Associates</b>	<b>For and on behalf of the Board</b>	
<b>Chartered Accountants</b>		
<b>Firm Registration No. 139165W</b>		
	Dinesh Bilgi	Neel Bilgi
	(DIN:00096099)	(DIN:00096180)
	Mg. Director & CFO	Mg. Director
		Chirag Bilgi
		(DIN:02094970)
		Mg. Director
<b>Hemang V. Patel</b>	Balkrishna Makwana	Kairavi Bilgi
<b>(Partner)</b>	(DIN:00287931)	(ACS:21519)
Membership No. : 154494	Director	Company Secretary
UDIN : 21154494AAAABH4022		
Place : Chhatral		
Date : 28th June,2021		
	Place : Chhatral	
	Date : 28th June,2021	

**Statement of Changes in Equity for the year ended 31st March,2021**

**(A) Equity share capital**

Particulars	Note no.	Amount in Rupees in Lacs	
		As at	As at
		31st March,2021	31st March,2020
Opening balance	12	395.87	395.87
Changes in equity share capital		0.00	0.00
<b>Closing balance</b>	<b>12</b>	<b>395.87</b>	<b>395.87</b>

**(A) Other Equity**

Particulars	Amount in Rupees in Lacs				
	State Capital Subsidy	General reserve	Retained earning	Other Comprehensive income	Total
				Fair value reserve	
<b>Balance as at 01st April, 2019</b>	<b>23.92</b>	<b>10.00</b>	<b>2142.33</b>	<b>0.00</b>	<b>2176.25</b>
Add/ (Less):					
Profit for the year	0.00	0.00	88.30	0.00	88.30
Fair valuation of Financial instrument	0.00	0.00	0.00	0.00	0.00
Transfer to Retained earnings	0.00	0.00	0.00	0.00	0.00
Payment of dividend and tax	0.00	0.00	(95.45)	0.00	(95.45)
<b>Balance as at 31st March, 2020</b>	<b>23.92</b>	<b>10.00</b>	<b>2135.18</b>	<b>0.00</b>	<b>2169.10</b>
Add/ (Less):					
Profit for the year	0.00	0.00	(100.47)	0.00	(100.47)
Fair valuation of Financial instrument	0.00	0.00	0.00	0.90	0.90
Transfer to Retained earnings	0.00	0.00	0.00	0.00	0.00
Payment of dividend and tax	0.00	0.00	0.00	0.00	0.00
<b>Balance as at 31st March, 2021</b>	<b>23.92</b>	<b>10.00</b>	<b>2034.71</b>	<b>0.90</b>	<b>2069.53</b>

Notes 1 to 38 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      Neel Bilgi      Chirag Bilgi  
(DIN:00096099)      (DIN:00096180)      (DIN:02094970)  
Mg. Director & CFO      Mg. Director      Mg. Director

**Hemang V. Patel**  
**(Partner)**  
Membership No. : 154494  
UDIN : 21154494AAAABH4022  
Place : Chhatral  
Date : 28th June,2021

Balkrishna Makwana      Kairavi Bilgi  
(DIN:00287931)      (ACS:21519)  
Director      Company Secreary

Place : Chhatral  
Date : 28th June,2021

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2021**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 as 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 Cenvatand 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
Machineries (Parts)	5 Years	15 Years
Building (Renovation)	5 Years	3 Years
Mobile Phone	3 Years	5 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 assets 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.

**k) 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.

## Notes to Financial Statements for the year ended 31st March, 2021

		Amount in Rupees in Lacs	
		As at	As at
		31st March,2021	31st March,2020
<b>4</b>	<b>Investments</b>		
	Non-trade Investments :		
	Mutual Fund (Quoted)		
	- SBI Corporate Bond Fund		
	(835115.003 Units of face value of Rs.11.9738)	100.90	0.00
	<b>TOTAL</b>	<b>100.90</b>	<b>0.00</b>
	<b>Aggregate carrying value of quoted Investments - 1,00,00,000/- (31/03/2020: Nil)</b>		
<b>5</b>	<b>Other non-current financial assets</b>		
	Unsecured and Considered good :		
	Security Deposits		
	Related parties (Refer Note no.36)	0.00	0.00
	Others	87.97	77.70
	<b>TOTAL</b>	<b>87.97</b>	<b>77.70</b>
<b>6</b>	<b>Income tax assets (net)</b>		
	Advance Payment of Taxes (Net)	33.93	39.13
	<b>TOTAL</b>	<b>33.93</b>	<b>39.13</b>
<b>7</b>	<b>Inventories</b>		
	(valued at lower of cost and net realizable value)		
	Raw Materials	488.37	475.52
	Work in Process	69.12	48.49
	Finish Goods	166.34	126.55
	Stores and Spares	93.96	98.27
	Packing Materials	6.05	3.32
	Other Materials	6.89	6.74
	<b>TOTAL</b>	<b>830.73</b>	<b>758.87</b>
<b>8</b>	<b>Trade Receivables</b>		
	Unsecured and Considered good	1155.95	1067.66
	<b>TOTAL</b>	<b>1155.95</b>	<b>1067.66</b>
<b>9</b>	<b>Cash and cash equivalents</b>		
	Balance with Banks - In current account	0.39	2.67
	Cash on hand	3.28	3.49
	<b>TOTAL</b>	<b>3.67</b>	<b>6.17</b>
<b>10</b>	<b>Bank balances other than Cash and cash equivalents above</b>		
	Unclaimed Dividend Account	36.48	39.43
	<b>TOTAL</b>	<b>36.48</b>	<b>39.43</b>
<b>11</b>	<b>Other current assets</b>		
	Unsecured and Considered good		
	Advances to suppliers	29.42	38.18
	Loans & Advances to Employees	20.08	24.88
	Balances with statutory authorities	3.06	33.91
	Interest Accrued	2.51	0.00
	Prepaid Expenses	20.23	10.47
	<b>TOTAL</b>	<b>75.29</b>	<b>107.45</b>

## Notes to Financial Statements for the year ended 31st March, 2021

		Amount in Rupees in Lacs	
		As at 31st March, 2021	As at 31st March, 2020
12	<b>Equity</b>		
	<b>Authorised Share Capital :</b>		
	5000000 (31/03/2020: 5000000) Equity Shares of Rs.10/- each	500.00	500.00
	<b>Issued, Subscribed and Paid up Capital</b>		
	3958700 (31/03/2020: 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**

Particulars	Amount in Rupees in Lacs			
	As at 31st March 2021		As at 31st March 2020	
	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 2021		As at 31st March 2020	
	Nos.	%	Nos.	%
Dinesh A. Bilgi	508060	12.83	508060	12.83
Neel D. Bilgi	253550	6.40	253550	6.40
Chirag D. Bilgi	256500	6.48	256500	6.48
Bhavna D. Bilgi	280020	7.07	280020	7.07
Manoj Agrawal	299817	7.57	275297	6.95

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.

13	<b>Other Equity</b>		
	State Cash Subsidy	23.92	23.92
	General Reserve	10.00	10.00
	Retained Earnings	2034.71	2135.18
	Other Comprehensive Income	0.90	0.00
	<b>TOTAL</b>	<b>2069.53</b>	<b>2169.10</b>

**13.1 For movement, refer Statement of changes in Equity**

14	<b>Non current Borrowings</b>		
	<b>Secured</b>		
	Term Loans From Banks	2515.77	2454.24
	From LIC	0.00	179.27
	<b>TOTAL</b>	<b>2515.77</b>	<b>2633.51</b>



Notes to Financial Statements for the year ended 31st March, 2021

Details of Secured Loans			Amount in Rupees in Lacs		
Particulars	Outstanding Amount as on 31st March, 2021	Outstanding Amount as on 31st March, 2020	Details of Security	Rate of Interest	Other Major Terms and Conditions
Term Loans from SBI	119.19	241.87	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
	1935.69	2212.37	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.
	460.90	0.00	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	7.40% p.a.	Repayable in 36 monthly installments start from August 2021 and end on July-2024 and monthly installments ranging from Rs.16.35 Lacs to Rs.15.75 Lacs.
Loan from LIC	0.00	179.27	Secured against Keyman Insurance Policies	9% p.a.	Repayment would be adjusted against maturity of Policies
<b>Total Rs.</b>	<b>2515.77</b>	<b>2633.51</b>	# Rs.460.76 Lacs (31/03/2020: Rs.288.00 Lacs) being current maturities disclosed under current maturities of Long-term debt in Note no. 17 Other Current Financial Liabilities.		

		Amount in Rupees in Lacs	
		As at 31st March,2021	As at 31st March,2020
15	<b>Current Borrowings</b>		
	<b>Secured</b>		
	Cash Credit facilities from Bank	129.54	278.19
	<b>TOTAL</b>	<b>129.54</b>	<b>278.19</b>

Details of Secured short-term Borrowings			Amount in Rupees in Lacs		
Particulars	Outstanding Amount as on 31st March,2021	Outstanding Amount as on 31st March,2020	Details of Security	Rate of Interest	Other Major Terms and Conditions
Cash Credit facilities	129.54	278.19	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

Notes to Financial Statements for the year ended 31st March, 2021

		Amount in Rupees in Lacs	
		As at	As at
		31st March,2021	31st March,2020
<b>16</b>	<b>Trade Payables</b>		
	Trade payables		
	(Please refer Note no.35 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	396.81	382.87
	<b>TOTAL</b>	<b>396.81</b>	<b>382.87</b>
<b>17</b>	<b>Other current financial liabilities</b>		
	Current maturities of Long-Term debt (refer Note no.14)	460.76	288.00
	Interest accrued but not due on borrowings	0.00	6.58
	Unclaimed Dividends	36.48	39.43
	Payable towards Capital Items	0.00	18.59
	Payable for Expenses	25.13	9.20
	<b>TOTAL</b>	<b>522.37</b>	<b>361.81</b>
<b>18</b>	<b>Other current liabilities</b>		
	Advance against Sales	7.79	11.29
	Payable towards Statutory Taxes	83.54	59.74
	<b>TOTAL</b>	<b>91.33</b>	<b>71.03</b>
<b>19</b>	<b>Revenue from Operations (Net)</b>		
	Sale of Products (Net)	4087.78	4716.75
	<b>TOTAL</b>	<b>4087.78</b>	<b>4716.75</b>
<b>20</b>	<b>Other Income</b>		
	Interest Income	2.71	6.59
	Dividend on Non Current Investments	0.00	0.23
	Bad Debts Recovery	0.20	2.97
	Profit on sale of Assets	0.00	0.00
	Other non-operating Income	1.24	1.51
	<b>TOTAL</b>	<b>4.15</b>	<b>11.31</b>
<b>21</b>	<b>Cost of Materials Consumed</b>		
	Opening Stock of Raw Materials	475.52	380.15
	Add : Purchases during year (net)	1382.92	1485.40
		<b>1858.44</b>	<b>1865.55</b>
	Less : Closing Stock of Raw Materials	488.37	475.52
	<b>TOTAL</b>	<b>1370.07</b>	<b>1390.04</b>
<b>22</b>	<b>Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade</b>		
	<u>Opening Stock :</u>		
	Finished goods	126.55	89.34
	Work in Process	48.49	53.11
	Total	<b>175.03</b>	<b>142.44</b>
	<u>Closing Stock :</u>		
	Finished goods	166.34	126.55
	Work in Process	69.12	48.49
	Total	<b>235.46</b>	<b>175.03</b>
	<b>TOTAL</b>	<b>(60.43)</b>	<b>(32.59)</b>
<b>23</b>	<b>Employee Benefits Expenses</b>		
	Salaries, Wages and Bonus	749.85	904.64
	Incentives & other benefits	361.28	451.63
	Contribution to Provident Fund and other funds	49.14	62.05
	<b>TOTAL</b>	<b>1160.27</b>	<b>1418.32</b>
<b>24</b>	<b>Finance Costs</b>		
	Interest on Term Loans and Working Capitals	277.37	293.71
	Interest to Others	21.12	19.12
	<b>TOTAL</b>	<b>298.48</b>	<b>312.84</b>

## Notes to Financial Statements for the year ended 31st March, 2021

	Amount in Rupees in Lacs	
	As at	As at
	31st March, 2021	31st March, 2020
<b>25 Other Expenses</b>		
Power & Fuel (refer Note no.25.1)	189.65	253.74
Freight inwards	18.32	19.28
Spares & Other Materials consumed	137.61	107.42
Repairs & Maintenance-Machinery	28.97	56.68
Repairs & Maintenance-Other asset	18.96	17.23
Factory Expenses	63.22	82.59
Packing Material Consumed	23.62	32.92
Printing & Stationery	3.06	6.75
Telephone	8.20	8.24
Conveyance	26.40	43.18
Travelling	0.65	17.83
Rent	166.46	53.14
Rates & Taxes	23.37	7.98
Payment to Auditors	2.70	2.70
Office & Misc. Expense	45.54	65.34
Freight outward	71.27	86.32
Selling Expense	5.41	11.09
Commission Expenses	35.57	48.61
Insurance	19.09	17.37
Bad Debts written off	3.65	18.07
Donation	5.22	25.20
Net loss / (gain) on Currency fluctuation and translation	(4.09)	(4.20)
Loss on Sale of Asset	(3.60)	(3.70)
<b>TOTAL</b>	<b>889.23</b>	<b>973.78</b>
<b>25.1</b> Power & Fuel expenses are net off recovery value of units generated from Windmills of Rs.107.52 Lacs (P.Y. Rs.140.91 Lacs).		
<b>26 Estimated Amount of Contracts</b>		
Estimated Amount of Contracts remaining to be executed on capital account and not provided for	NIL	NIL
<b>27 Contingent Liabilities of</b>		
Disputed Liability in respect of Income Tax Demands (matters under appeal)	13.52	13.52

## Notes to Financial Statements for the year ended 31st March, 2021

	Amount in Rupees in Lacs	
	As at	As at
	31st March, 2021	31st March, 2020
<b>28 Payment to Auditors</b>		
Audit Fees	2.70	2.70
<b>29</b>		
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.		
<b>30 Employee Benefits in respect of Gratuity and Leave encashment</b>		
<b>1. Present value of obligations as at the beginning of the year</b>	95.88	73.62
Interest Cost	6.95	5.52
Current Service Cost	12.21	8.22
Benefits Paid	0.00	0.00
Actuarial (gain) / loss on obligations	(18.61)	8.51
<b>Present value of obligations as at end of year</b>	<b>96.44</b>	<b>95.88</b>
<b>2. Fair Value of plan assets at beginning of year</b>	111.64	104.38
Expected return of plan assets	8.06	7.25
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Actuarial (gain) / loss on Plan assets	0.00	0.00
<b>Fair Value of plan assets at the end of year</b>	<b>119.70</b>	<b>111.64</b>
<b>3. Present value of obligations as at end of year</b>	96.44	95.88
Fair value of plan assets as at the end of the year	119.70	111.64
Funded status	23.26	15.76
<b>Net asset / (liability)</b>	23.26	15.76
<b>4. Current Service Cost</b>	12.21	8.22
Interest Cost	6.95	5.52
Expected return of plan assets	(8.06)	(7.25)
Net Actuarial (gain) / loss recognized in the year	(18.61)	8.51
Expenses Recognized in statement of Profit and loss	(7.50)	15.00
<b>Discount Rate</b>	<b>7.00%</b>	<b>7.25%</b>
<b>Salary Escalation</b>	<b>7.00%</b>	<b>7.00%</b>

**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.

<b>31 The Deferred Tax Liability / (Asset) :</b>		
Tax effect of item constituting deferred tax liability on difference between carrying value and tax base of Property, plant and Equipment and net of deferred tax asset on MAT Credit entitlement	Opening	<b>125.31</b>
	Current Year	19.67
	Closing	<b>144.98</b>
<b>32 Earning Per Share</b>		
Profit attributable to Share Holders (Rs.)	(100.47)	88.30
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.)	<b>-2.54</b>	<b>2.23</b>

**33 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, 2021

**34 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. ACN Systems LLP	Firm in which relative of a Director is Partner
3. Latha Services LLP	Firm in which relative of a Director is Partner
4. Ultra Polydye Pvt. Ltd.	Company in which relative of a Director is member
5. Patel Warper LLP	Firm in which firm of relative of a Director is Partner

**(B) Transactions with Related Parties**

Nature of Transaction	Amount in Rupees in Lacs	
	As at 31st March, 2021	As at 31st March, 2020
Key Managerial Personnel		
Remuneration	317.51	428.73
Deposit Taken	25.00	0.00
Deposit Repaid	25.00	0.00
Finance Cost	0.64	0.00
Sitting Fees	1.20	1.50
Entities in which relatives of Key Managerial Personnel are interested		
Purchases	522.25	523.14
Factory Expenses	29.82	38.16
Security Deposit	0.00	0.00
Rent	66.84	66.84

**35 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.

**36 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, 2021	As at 31st March, 2020
Profit before tax	(80.80)	144.55
Tax using the Company's domestic tax rate	26.000%	26.000%
Tax at above rate	0.00	37.58
Add / (Less) :		
Tax exempt income	0.00	(0.06)
Non-deductible expense	0.00	131.89
Deductible expense	0.00	(159.69)
Others	0.00	14.28
<b>Income tax expense</b>	<b>0.00</b>	<b>24.00</b>
Add / (Less) :-		
Short/ (Excess) provision of income tax of earlier years	0.00	0.00
Deferred tax	19.67	32.25
<b>Income tax recognised in Statement of Profit and Loss</b>	<b>19.67</b>	<b>56.25</b>

Notes to Financial Statements for the year ended 31st March, 2021

**37 Financial Instruments**

- a) The carrying value and fair value of financial instruments by categories at 31 March 2021 and 31 March 2020 is as follows :

Particulars	Carrying value		Fair value	
	As at	As at	As at	As at
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Amount in Rupees in Lacs</b>				
<b>Financial assets</b>				
<b>At Fair value through other comprehensive income</b>				
Investments	100.00	0.00	100.90	0.00
<b>At Amortised cost</b>				
Other non-current financial assets	87.97	77.70	87.97	77.70
Trade Receivables	1155.95	1067.66	1155.95	1067.66
Cash and Bank balances	40.15	45.60	40.15	45.60
<b>Total assets</b>	<b>1384.07</b>	<b>1190.96</b>	<b>1384.97</b>	<b>1190.96</b>
<b>Financial liabilities</b>				
<b>At Amortised cost</b>				
Non current Borrowings	2515.77	2633.51	2515.77	2633.51
Current Borrowings	129.54	278.19	129.54	278.19
Trade payables	396.80	382.86	396.80	382.86
Other current financial liabilities	522.37	361.81	522.37	361.81
<b>Total liabilities</b>	<b>3564.47</b>	<b>3656.36</b>	<b>3564.47</b>	<b>3656.36</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 :

Particulars	As at	Total	Amount in Rupees in Lacs		
			Level 1	Level 2	Level 3
<b>Financial assets</b>					
<b>At Fair value through other comprehensive income</b>					
Investment	31 March 2021	100.90	0.00	100.90	0.00
	31 March 2020	0.00	0.00	0.00	0.00

- 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.

**38 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

UDIN : 21154494AAAABH4022

Place : Chhatral

Date : 28th June, 2021

For and on behalf of the Board

Dinesh Bilgi      Neel Bilgi      Chirag Bilgi  
(DIN:00096099)      (DIN:00096180)      (DIN:02094970)

Mg. Director & CFO      Mg. Director      Mg. Director

Balkrishna Makwana      Kairavi Bilgi

(DIN:00287931)      (ACS:21519)  
Director      Company Secretary

Place : Chhatral  
Date : 28th June, 2021

Notes to Financial Statements for the year ended 31st March, 2021

Note 3 : Property, Plant & Equipment, Capital work-in-progress and Other intangible assets :

Description	GROSS BLOCK						NET BLOCK	
	As at 01-04-2020	Additions (Deductions) upto 31-03-2021	As at 31-03-2021	As at 01-04-2020	During the year 31-03-2021	As at 31-03-2021	As at 31-03-2021	As at 31-03-2020
<b>A. Tangible Assets :</b>								
Leasehold Land	7.79	0.00	7.79	0.00	0.00	0.00	7.79	7.79
Factory Buildings	115.60	9.01	124.61	74.47	4.31	78.78	45.83	41.14
Lease hold Improvement Building	59.71	0.00	59.71	32.41	11.54	43.95	15.76	27.30
Other Buildings	30.78	0.00	30.78	15.06	1.63	16.69	14.09	15.72
Plant and Machinery	8320.35	83.44	8393.91	4450.96	398.38	4849.35	3548.64	3869.38
		(9.88)	0.00	0.00	(4.08)	(4.08)		
Wind Mills	881.73	0.00	881.73	821.28	0.00	821.28	60.46	60.46
Electrifications	200.29	0.00	200.29	87.13	14.28	101.41	98.89	113.17
		0.00						
Furniture & Fixtures	188.47	1.62	190.09	88.70	13.27	101.97	88.13	99.78
		0.00			0.00			
Office Equipment	43.26	8.74	49.99	16.26	6.02	20.73	29.26	26.99
		(2.01)			(1.56)	0.00		
Computers	168.40	0.72	108.44	146.44	11.70	98.12	10.32	21.96
		(60.67)			(60.02)	0.00		
Vehicles	163.89	0.00	163.64	128.31	14.88	143.16	20.48	35.59
		(0.25)			(0.02)	0.00		
Resort (Leasehold) #	1.37	0.00	1.37	0.00	0.00	0.00	1.37	1.37
<b>Total Tangible Assets</b>	<b>10181.66</b>	<b>103.54</b>	<b>10212.38</b>	<b>5861.01</b>	<b>476.02</b>	<b>6271.35</b>	<b>3941.02</b>	<b>4320.65</b>
		<b>(72.81)</b>			<b>(65.67)</b>			
<b>B. Other Intangible Assets :</b>								
Computer Software	118.48	0.00	118.48	117.87	0.36	118.23	0.25	0.61
<b>Total Other Intangible Assets</b>	<b>118.48</b>	<b>0.00</b>	<b>118.48</b>	<b>117.87</b>	<b>0.36</b>	<b>118.23</b>	<b>0.25</b>	<b>0.61</b>
<b>C. Capital Work-in-Progress :</b>								
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00						
<b>Total (A + B + C)</b>	<b>10300.14</b>	<b>103.54</b>	<b>10330.86</b>	<b>5978.88</b>	<b>476.38</b>	<b>6389.59</b>	<b>3941.27</b>	<b>4321.25</b>
		<b>(72.81)</b>			<b>(65.67)</b>			

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