

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.co.in



Ref: AIL/BSE-33/2008/563

August 26, 2020

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

Sub.: Annual Report 2019-20

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 2019-20 as per the provisions of Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please take the same on your records.

Thanking you,

Yours faithfully,

For **AREX INDUSTRIES LTD**


Dinesh Bilgi
(DIN: 00096099)
Managing Director



We weave brands



Arex Industries Limited

31ST ANNUAL REPORT 2019-2020



We weave brands

Board of Directors	Shri Dinesh A Bilgi (DIN:00096099) Shri Neel D Bilgi (DIN:00096180) Shri Chirag D Bilgi (DIN:02094970) Shri Pragnesh K Shah (DIN:00228223) Shri Laxman C Tilani (DIN:00532516) Shri Vasant R Shah (DIN:00371634) Shri Balkrishna Makwana (DIN:00287931) Shri Dinesh H Pande (DIN:03147549) Smt Harsha H Parikh (DIN:06931405)	<i>Managing Director & CFO</i> <i>Managing Director</i> <i>Managing Director</i> <i>Whole-time Director</i> <i>Director</i> <i>Director</i> <i>Independent Director</i> <i>Independent Director</i> <i>Independent Director</i>
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Company Secretary & Compliance Officer	Smt Kairavi Bilgi (Membership No.ACS 21519)
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Bankers	State Bank of India
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Auditors	M/s Sweta Patel & Associates <i>Chartered Accountants</i> Ahmedabad Firm Regn No.139165W
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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
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Registered Office & Plant	612, GIDC Industrial Estate Chhatral, Tal.: Kalol Dist : Gandhinagar - 382 729
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31st ANNUAL GENERAL MEETING

Date	:	24 th September, 2020
Day	:	Thursday
Time	:	12.30 P.M. (IST)
Place	:	Registered Office (through video conference)

Notice of the 31st AGM along with the Annual Report for Financial Year 2019-20 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 31st Annual General Meeting of members of the Company, will be held on Thursday, 24th day of September, 2020 at 12.30 p.m. (IST) through video conference (VC)/ OAVM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited financial statements for the year ended on 31st March, 2020 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Neel Dinesh Bilgi (DIN:00096180), Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Laxman Chetandas Tilani (DIN: 00532516), Director who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, 188 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with the provisions of Schedule V to the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and further subject to such approvals as may be required from time to time, of the appropriate Authorities, Shri Dinesh Apparao Bilgi (DIN:00096099) who is relative of Shri Neel Dinesh Bilgi (DIN:00096180), and Shri Chirag Dinesh Bilgi (DIN:02094970), be and is hereby re-appointed as Managing Director cum Chief Financial Officer of the Company for a further period of three years with effect from 1st August, 2020 on the terms and conditions set out in the draft agreement initialed by the Chairman for the purpose of identification and major terms and conditions of which are set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify, from time to time, the terms and conditions including terms of agreements and remuneration payable to Shri Dinesh Apparao Bilgi (DIN:00096099), as Managing Director cum Chief Financial Officer of the Company, however subject to the provisions as laid down in Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolutions.”

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, 188 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with the provisions of Schedule V to the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and further subject to such approvals as may be required from time to time, of the appropriate Authorities, Shri Neel Dinesh Bilgi (DIN:00096180), a relative of Shri Dinesh Apparao Bilgi (DIN:00096099) and Shri Chirag Dinesh Bilgi (DIN:02094970)], be and is hereby re-appointed as Managing Director (Sales & Marketing) of the Company for a further period of three years with effect from 1st August, 2020 on the terms and conditions set out in the draft agreement initialed by the Chairman for the purpose of identification and major terms and conditions of which are set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify, from time to time, the terms and conditions including terms of agreements and remuneration payable to Shri Neel Dinesh Bilgi (DIN:00096180), as Managing Director of the Company, however subject to the provisions as laid down in Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolutions.”

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, 188 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with the provisions of Schedule V to the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and further subject to such approvals as may be required from time to time, of the appropriate Authorities, Shri Chirag Dinesh Bilgi (DIN:02094970), a relative of Shri Dinesh Apparao Bilgi (DIN:00096099) and Shri Neel Dinesh Bilgi (DIN:00096180), be and is hereby re-appointed as Managing Director (Production and Technical) of the Company for a further period of three years with effect from 1st August, 2020 on the terms and conditions set out in the draft agreement initialed by the Chairman for the purpose of identification and major terms and conditions of which are set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify, from time to time, the terms and conditions including terms of agreements and remuneration payable to Shri Chirag Dinesh Bilgi (DIN:02094970), as Managing Director of the Company, however subject to the provisions as laid down in Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolutions.”

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, 188 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with the provisions of Schedule V to the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and further subject to such approvals as may be required from time to time, of the appropriate Authorities, Shri Pragnesh Kantil Shah (DIN:00228223), Whole-Time Director of the Company, be and is hereby re-appointed as Whole-Time Director of the Company for a further period of three years with effect from 1st November, 2020 to look after day to day administrative matters at Mumbai Office, on the terms and conditions set out in the draft agreement initialed by the Chairman for the purpose of identification and major terms and conditions of which are set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify, from time to time, the terms and conditions including terms of agreements and remuneration payable to Shri Pragnesh Kantil Shah (DIN:00228223), as Whole-time Director of the Company, however subject to the provisions as laid down in Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolutions.”

By Order of the Board

Regd Office:

612, GIDC Industrial Estate
Chhatral, Tal : Kalol
Dist : Gandhinagar-382 729
Date : 17th August, 2020

Dinesh A Bilgi
Mg. Director/CFO
DIN:00096099

Notes:

1. 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 to 7 of the accompanying Notice is annexed hereto.
2. 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.
3. 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 28th Annual General Meeting (AGM) held on 21st 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 7th May, 2018.
4. 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.
5. A brief resume of each of the Directors seeking re-appointments are provided pursuant to the provisions of LODR and SS-2 and is given in the Explanatory Statement annexed hereto.
6. 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.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 19th September, 2020 to Thursday, 24th September, 2020 (both days inclusive) for the purpose of AGM.
8. In view of the ongoing COVID-19 pandemic, the MCA has vide its 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 Nos. 4 to 7, of the Notice are considered as unavoidable in nature by the Board of Directors of the Company.
9. 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.
10. 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.
11. 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 31st AGM along with the Annual Report for Financial Year 2019-20

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 2019-20 is uploaded on the Company's website www.arex.co.in, websites of the Stock Exchanges i.e. The BSE Limited at www.bseindia.com and on the website of Central Depository Services (India) Limited at www.evotingindia.com.

12. 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.
13. 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, Web Site: www.linkintime.co.in
14. 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.
15. 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 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.
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 holdings 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
2012-13	29.08.2013	9	Final Dividend	0.90	30.09.2020
2013-14	11.09.2014	9	Final Dividend	0.90	10.10.2021
2014-15	19.09.2015	9	Final Dividend	0.90	18.10.2022
2015-16	27.09.2016	30	Final Dividend	3.00	26.10.2023
2016-17	21.09.2017	20	Final Dividend	2.00	19.10.2024
2017-18	20.09.2018	20	Final Dividend	2.00	18.10.2025
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 2011-12 to the Investor Education and Protection Fund (IEPF) on 19.12.2019. 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 17th September, 2019 (date of last AGM). The Company has also transferred 11551 equity shares on which dividend remain unpaid/ unclaimed for seven years, to the IEPF on 19.3.2020.
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 will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM 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. 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 AGM will be provided by CDSL.
3. The Members can join the 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 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 AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM 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. 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 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 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 at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. www.evotingindia.com).
7. The AGM is proposed to be 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.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 21st September, 2020 at 10.00 am and ends on 23rd September, 2020 at 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 17th September, 2020 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) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) 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.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form

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

Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip / communicated by mail indicated in the PAN field.

Dividend Bank Details 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.
OR Date of Birth (DOB) If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for AREX INDUSTRIES LIMITED on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

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 provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. 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. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM 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 AGM.
3. If any votes are cast by the shareholders through the e-voting available during the 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.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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.
- 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 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, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited (CDSL), 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.3

Shri Laxman C Tilani (DIN:00532516) aged about 68 years (DOB: 25.4.1952) is under Graduate having vast experience in marketing and other areas in woven, printed fabrics and label industries. He has been a Director of the Company since 14th December, 1990. He was member of the Audit Committee. He has provided valuable services to the Company. He does not hold directorship in other Companies. He holds 78500 equity shares in the capital of the Company.

The Board of Directors hereby recommends his re-appointment.

None of the Directors Key Managerial Personnel, except Shri Laxman Tilani, is interested or concerned in the resolution.

Item No.4

Shri Dinesh Apparao Bilgi (DIN:00096099) has been a promoter Director and working as a Chairman and Managing Director since incorporation of the Company. Shri Dinesh Apparao Bilgi is a Textile Engineer and holding B.Tech Degree. He is aged about 68 years. He has been in the field of textile industry for more than 4 decades. As required under the provisions of Section 203 of the Companies Act, 2013 and the Rules made thereunder and the provisions of regulations of LODR, 2015, regarding appointment of Key Managerial Personnel, the Board of Directors, upon recommendation of the Nomination and Remuneration Committee, considered him fit and proper person and re-designated him as Managing Director cum Chief Financial Officer (MD/CFO) of the Company and accordingly appointed him as Managing Director cum Chief Financial Officer (MD/CFO) of the Company for a period of three years with effect from 1st August, 2014, by the member of the Company in their 25th Annual General Meeting held on 11th September, 2014 and thereafter re-appointed for a further period of three years by the members in their Annual General Meeting held on 21st September, 2017. His tenure expired on 31st July, 2020. Upon recommendation by the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 26th June, 2020, considered his continued services & association with the Company necessary for growth of the Company and re-appointed him for a further period of three years upon the following terms and conditions:

1. **Name** : Shri Dinesh Apparao Bilgi
2. **DIN** : 00096099
3. **Nationality**: Indian
4. **Date of Birth**: 12.01.1952
5. **Educational Qualification**: B.Tech, Textile Engineer
6. **Designation**: Managing Director cum Chief Financial Officer (MD/CFO)
7. **Tenure of present appointment** : Three years from 1st August, 2020 to 31st July, 2023
8. **Languages known**: English, Gujarati and Hindi
9. **Experience** : 46 years
10. **Remuneration**:
 - (1) **Salary** : Rs.3,50,000/- per month with Increment not exceeding Rs.1,00,000/- per month
 - (2) **Perquisites and Incentives**: (The aggregate value of perquisites, incentives and other benefits shall not exceed Rs.3,00,00,000/- per annum)
 - 1) **Provident Fund**: 12% of the basic salary. The contribution to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - 2) **Car**: Provision of Company cars for official and for personal purpose of the appointee.
 - 3) **Telephone**: Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

- 4) Gratuity: Benefits shall not exceed a half month's salary for each completed year of service.
- 5) Leave: Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
- 6) The appointee shall be entitled to the Conveyance Allowance and other allowances as per Rules of the Company.
- 7) The appointee shall be entitled to the benefits of Bonus as per Rules of the Company.
- 8) The appointee shall be entitled to the life insurance, key men insurance or other insurance by whatever name called and premium not to exceed Rs.1,00,00,000/- per annum.

The perquisites like (1) contribution to provident fund, (2) gratuity entitlement and (3) encashment of leave at the end of tenure, shall not be included in the computation of ceiling on remuneration specified in Section II of Part II of Schedule V to the Companies Act, 2013.

In the event of absence or inadequacy of profits in any financial year, the above remuneration including salary, perquisites, benefits and other amenities or benefits shall be paid to the appointee as minimum remuneration, subject however, to the provisions as laid down in Section II of Part II of Schedule V to the Companies Act, 2013.

Other Terms and Conditions:

1. The Managing Director shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.
2. The Managing Director shall maintain confidentiality for any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his current tenure or at any time thereafter.
3. The Managing Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
4. The appointment may be terminated by giving two months notice either side.
5. The Managing Director shall not be liable to retire by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors in fixing the number of Director to retire.
6. The Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
7. Reimbursement of costs, charges, and expenses: The Company shall pay to or reimburse the Managing Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

Additional Information as per Schedule V: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals; and partly out of borrowed funds from the Company's bankers. The revenue from operations increased to Rs.4716.75 lakhs (including export of Rs.333.14 lacs) for the year ended on 31st March, 2020 as against Rs.4071.93 lakhs during the previous year (including export of Rs.207.33 lacs). However, the cost of material consumption, borrowing cost, other overheads and expenses were increased during the year. The operations were marginally affected due to COVID-19 pandemic spread during last quarter. Therefore overall profitability was also affected. The Company has earned profit (before taxes) of Rs.144.54 lakhs during the year ended on 31st March, 2020, as compared to profit of Rs.348.36 lakhs earned during the previous year. The Company's products are very low value items and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profit earned by the Company may be inadequate to compensate the appointee looking to the expertise and maintaining continuous services. In addition, there are inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2019-20.

The Company has not raised money through public deposits nor through issue of debentures and has not made any default in repayment of any of its debts including interest payable during the financial year ended on 31st March, 2020.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the BSE Ltd, Mumbai. Shri Dinesh A Bilgi holds 508060 equity shares in the share capital of the Company. He does not hold directorship in other Companies.

A copy of the draft of the agreement containing terms and conditions relating to the appointment and payment of remuneration to Shri Dinesh A Bilgi as Managing Director cum Chief Financial Officer is available for inspection by the members during the meeting and thereafter at the registered office of the Company during business hours.

In terms of the provisions of the Companies Act, 2013 read with Section II of Part II of Schedule V thereto and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Dinesh A Bilgi as Managing Director/CFO of the Company. The Board hereby recommends the special resolution.

This explanatory statement may be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Shri Dinesh Apparao Bilgi and his relatives Shri Neel Dinesh Bilgi, Shri Chirag Dinesh Bilgi and Smt Kairavi Neel Bilgi, (all being Key Managerial Personnel) are interested or concerned, financially or otherwise, in these special resolutions.

Item No.2 & 5

Shri Neel Dinesh Bilgi (DIN:00096180) was associated with the Company as Executive Director with effect from 1st August, 2005. He is a MBA (Marketing) and is aged about 42 years (DOB: 6.10.1978). He was appointed as Vice-Chairman and Joint Managing Director of the Company for a period of three years with effect from 1st June, 2013 by the members of the Company in their Annual General Meeting held on 29th August, 2013. As required under the provisions of Section 203 of the Companies Act, 2013 and the Rules thereunder regarding appointment of Key Managerial Personnel, the Board of Directors further considered his contribution given to the Company and considered his promotion as Managing Director upon recommendation of the Nomination and Remuneration Committee and accordingly, appointed him as Managing Director of the Company for a period of three years with effect from 1st August, 2014, by the members of the Company in their 25th Annual General Meeting held on 11th September, 2014 and thereafter re-appointed for a further period of three years by the members in their Annual General Meeting held on 21st September, 2017. His tenure expired on 31st July, 2020. He also retires by rotation at this annual general meeting and being eligible, offered himself for the re-appointment. Upon recommendation by the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 26th June, 2020, considered his continued services & association with the Company necessary for growth of the Company and re-appointed him for a further period of three years upon the following terms and conditions:

1. **Name** : Shri Neel Dinesh Bilgi
2. **DIN** : 00096180
3. **Nationality**: Indian
4. **Date of Birth**: 06.10.1978
5. **Educational Qualification**: MBA (Marketing)
6. **Designation**: Managing Director
7. **Tenure of present appointment** : Three years from 1st August, 2020 to 31st July, 2023
8. **Languages known**: English, Gujarati and Hindi
9. **Experience** : 14 years
10. **Remuneration**:
 - (1) **Salary** : Rs.3,50,000/- per month with Increment not exceeding Rs.1,00,000/- per month
 - (2) **Perquisites and Incentives**: (The aggregate value of perquisites, incentives and other benefits shall not exceed Rs.3,00,00,000/- per annum)
 - 1) **Provident Fund**: 12% of the basic salary. The contribution to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - 2) **Car**: Provision of Company cars for official and for personal purpose of the appointee.
 - 3) **Telephone**: Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

- 4) **Gratuity**: Benefits shall not exceed a half month's salary for each completed year of service.
- 5) **Leave**: Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
- 6) The appointee shall be entitled to the Conveyance Allowance and other allowances as per Rules of the Company.
- 7) The appointee shall be entitled to the benefits of Bonus as per Rules of the Company.
- 8) The appointee shall be entitled to the life insurance, key men insurance or other insurance by whatever name called and premium not to exceed Rs.1,00,00,000/- per annum.

The perquisites like (1) contribution to provident fund, (2) gratuity entitlement and (3) encashment of leave at the end of tenure, shall not be included in the computation of ceiling on remuneration specified in Section II of Part II of Schedule V to the Companies Act, 2013.

In the event of absence or inadequacy of profits in any financial year, the above remuneration including salary, perquisites, benefits and other amenities or benefits shall be paid to the appointee as minimum remuneration, subject however, to the provisions as laid down in Section II of Part II of Schedule V to the Companies Act, 2013.

Other Terms and Conditions:

1. The Managing Director shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.
2. The Managing Director shall maintain confidentiality for any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his current tenure or at any time thereafter.
3. The Managing Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
4. The appointment may be terminated by giving two months notice either side.
5. The Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.

6. Reimbursement of costs, charges, and expenses: The Company shall pay to or reimburse the Managing Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

Additional Information as per Schedule V: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The revenue from operations increased to Rs.4716.75 lakhs (including export of Rs.333.14 lacs) for the year ended on 31st March, 2020 as against Rs.4071.93 lakhs during the previous year (including export of Rs. 207.33 lacs). However, the cost of material consumption, borrowing cost, other overheads and expenses were increased during the year. The operations were marginally affected due to COVID-19 pandemic spread during last quarter. Therefore overall profitability was also affected. The Company has earned profit (before taxes) of Rs.144.54 lakhs during the year ended on 31st March, 2020, as compared to profit of Rs.348.36 lakhs earned during the previous year. The Company's products are very low value items and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profit earned by the Company may be inadequate to compensate the appointee looking to the expertise and maintaining continuous services. In addition, there are inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2019-20.

The Company has not raised money through public deposits nor through issue of debentures and has not made any default in repayment of any of its debts including interest payable during the financial year ended on 31st March, 2020.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the BSE Ltd, Mumbai. Shri Neel Bilgi holds 253550 equity shares in the share capital of the Company. He does not hold directorship in other Companies.

A copy of the draft of the agreement containing terms and conditions relating to the appointment and payment of remuneration to Shri Neel D Bilgi as Managing Director is available for inspection by the members during the meeting and thereafter at the registered office of the Company during business hours.

In terms of the provisions of the Companies Act, 2013 read with Section II of Part II of Schedule V thereto and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Neel D Bilgi as Managing Director of the Company. The Board hereby recommends the special resolution.

This explanatory statement may be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Shri Neel Dinesh Bilgi and his relatives of Shri Dinesh A Bilgi, Shri Chirag Dinesh Bilgi and Smt Kairavi Neel Bilgi, (all being Key Managerial Personnel) are interested or concerned, financially or otherwise, in these special resolutions.

Item No.6

Shri Chirag Dinesh Bilgi (DIN:02094970) was associated with the Company as Executive Director with effect from 1st July, 2007. He is a BBA (Marketing) and is aged about 37 years (DOB:17.3.1983). He was appointed as Vice-Chairman and Joint Managing Director of the Company for a period of three years with effect from 1st June, 2013 by the members of the Company in their Annual General Meeting held on 29th August, 2013. As required under the provisions of Section 203 of the Companies Act, 2013 and the Rules thereunder regarding appointment of Key Managerial Personnel, the Board of Directors further considered his contribution given to the Company and considered his promotion as Managing Director, upon recommendation of the Nomination and Remuneration Committee and accordingly, appointed him as Managing Director of the Company for a period of three years with effect from 1st August, 2014, by the members of the Company in their 25th Annual General Meeting held on 11th September, 2014 and thereafter re-appointed for a further period of three years by the members in their Annual General Meeting held on 21st September, 2017. His tenure expired on 31st July, 2020. Upon recommendation by the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 26th June, 2020, considered his continued services & association with the Company necessary for growth of the Company and re-appointed him for a further period of three years upon the following terms and conditions:

1. **Name** : Shri Chirag Dinesh Bilgi
2. **DIN** : 02094970
3. **Nationality**: Indian
4. **Date of Birth**: 17.03.1983
5. **Educational Qualification**: BBA (Marketing)
6. **Designation**: Managing Director
7. **Tenure of present appointment** : Three years from 1st August, 2020 to 31st July, 2023
8. **Languages known**: English, Gujarati and Hindi
9. **Experience** : 13 years
10. **Remuneration**:
 - (1) **Salary** : Rs.3,50,000/- per month with Increment not exceeding Rs.1,00,000/- per month

(2) Perquisites and Incentives: (The aggregate value of perquisites, incentives and other benefits shall not exceed Rs.3,00,00,000/- per annum)

- 1) **Provident Fund:** 12% of the basic salary. The contribution to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- 2) **Car:** Provision of Company cars for official and for personal purpose of the appointee.
- 3) **Telephone:** Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

- 4) **Gratuity:** Benefits shall not exceed a half month's salary for each completed year of service.
- 5) **Leave:** Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
- 6) The appointee shall be entitled to the Conveyance Allowance and other allowances as per Rules of the Company.
- 7) The appointee shall be entitled to the benefits of Bonus as per Rules of the Company.
- 8) The appointee shall be entitled to the life insurance, key men insurance or other insurance by whatever name called and premium not to exceed Rs.1,00,00,000/- per annum.

The perquisites like (1) contribution to provident fund, (2) gratuity entitlement and (3) encashment of leave at the end of tenure, shall not be included in the computation of ceiling on remuneration specified in Section II of Part II of Schedule V to the Companies Act, 2013.

In the event of absence or inadequacy of profits in any financial year, the above remuneration including salary, perquisites, benefits and other amenities or benefits shall be paid to the appointee as minimum remuneration, subject however, to the provisions as laid down in Section II of Part II of Schedule V to the Companies Act, 2013.

Other Terms and Conditions:

1. The Managing Director shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.
2. The Managing Director shall maintain confidentiality for any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his current tenure or at any time thereafter.
3. The Managing Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
4. The appointment may be terminated by giving two months notice either side.
5. The Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
6. **Reimbursement of costs, charges, and expenses:** The Company shall pay to or reimburse the Managing Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

Additional Information as per Schedule V: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The revenue from operations increased to Rs.4716.75 lakhs (including export of Rs.333.14 lacs) for the year ended on 31st March, 2020 as against Rs.4071.93 lakhs during the previous year (including export of Rs. 207.33 lacs). However, the cost of material consumption, borrowing cost, other overheads and expenses were increased during the year. The operations were marginally affected due to COVID-19 pandemic spread during last quarter. Therefore overall profitability was also affected. The Company has earned profit (before taxes) of Rs.144.54 lakhs during the year ended on 31st March, 2020, as compared to profit of Rs.348.36 lakhs earned during the previous year. The Company's products are very low value items and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profit earned by the Company may be inadequate to compensate the appointee looking to the expertise and maintaining continuous services. In addition, there are inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2019-20.

The Company has not raised money through public deposits nor through issue of debentures and has not made any default in repayment of any of its debts including interest payable during the financial year ended on 31st March, 2020.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the BSE Ltd, Mumbai. Shri Chirag Bilgi holds 256500 equity shares in the share capital of the Company. He does not hold directorship in other Companies.

A copy of the draft of the agreement containing terms and conditions relating to the appointment and payment of remuneration to Shri Chirag D Bilgi as Managing Director is available for inspection by the members during the meeting and thereafter at the registered office of the Company during business hours.

In terms of the provisions of the Companies Act, 2013 read with Section II of Part II of Schedule V thereto and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Chirag D Bilgi as Managing Director of the Company. The Board hereby recommends the special resolution.

This explanatory statement may be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Shri Chirag Dinesh Bilgi and his relatives of Shri Dinesh A Bilgi and Shri Neel Dinesh Bilgi (all being Key Managerial Personnel) are interested or concerned, financially or otherwise, in these special resolutions.

Item No.9

Shri Pragnesh Kantil Shah (DIN:00228223) and aged about 67 years (DOB:23.4.1953) is an Engineer in Metallurgy from M S University, Baroda and holds Diploma in Marketing Management from K C College, Mumbai. He has excellent marketing skills to his credit. His insight knowledge of woven labels has been a guiding force for the growth of the Company. He has been a Director of the Company since 14th December, 1990. He was a member of the Audit Committee. He was appointed as Executive Director of the Company for a period of five years with effect from 1st November, 2009 and was further re-appointed as Executive Director (Whole Time Director) for a further period of three years with effect from 1st November, 2014 to look after day to day matters at Mumbai Office by the members of the Company in their Annual General Meeting held on 11th September, 2014 and thereafter re-appointed for a further period of three years by the members in their Annual General Meeting held on 21st September, 2017. His tenure expires on 31st October, 2020. Upon recommendation by the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 26th June, 2020, considered his continued services & association with the Company necessary for smooth functioning at Mumbai Office of the Company and re-appointed him for a further period of three years upon the following terms and conditions:

1. **Name** : Shri Pragnesh Kantil Shah
2. **DIN** : 00228223
3. **Nationality**: Indian
4. **Date of Birth**: 23.04.1953
5. **Educational Qualification**: BE (Metallurgy), Diploma in Marketing
6. **Designation**: Executive Director (Administration- Mumbai)
7. **Tenure of present appointment** : Three years from 1st November, 2020 to 31st October, 2023
8. **Languages known**: English, Gujarati and Hindi
9. **Experience** : 45 years
10. **Remuneration**:
 - (1) **Salary** : Rs.50,000/- per month with basic Rs.10000/-

(2) **Perquisites and Incentives**: (The aggregate value of perquisites, Incentives and other benefits shall not exceed Rs.10,00,000/- per annum)

- 1) **Provident Fund**: 12% of the basic salary. The contribution to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- 2) **Car**: Provision of Company cars for official and for personal purpose of the appointee.
- 3) **Telephone**: Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

- 4) **Gratuity**: Benefits shall not exceed a half month's salary for each completed year of service.
- 5) **Leave**: Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
- 6) The appointee shall be entitled to the Conveyance Allowance and other allowances as per Rules of the Company.
- 7) The appointee shall be entitled to the benefits of Bonus as per Rules of the Company.

The perquisites like (1) contribution to provident fund, (2) gratuity entitlement and (3) encashment of leave at the end of tenure, shall not be included in the computation of ceiling on remuneration specified in Section II of Part II of Schedule V to the Companies Act, 2013.

In the event of absence or inadequacy of profits in any financial year, the above remuneration including salary, perquisites, benefits and other amenities or benefits shall be paid to the appointee as minimum remuneration, subject however, to the provisions as laid down in Section II of Part II of Schedule V to the Companies Act, 2013.

Other Terms and Conditions:

1. The Executive Director shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.

2. The Executive Director shall maintain confidentiality for any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his current tenure or at any time thereafter.
3. The Executive Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
4. The appointment may be terminated by giving two months notice either side.
5. The Executive Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
6. Reimbursement of costs, charges, and expenses: The Company shall pay to or reimburse the Executive Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

Additional Information as per Schedule V: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The revenue from operations increased to Rs.4716.75 lakhs (including export of Rs.333.14 lacs) for the year ended on 31st March, 2020 as against Rs.4071.93 lakhs during the previous year (including export of Rs. 207.33 lacs). However, the cost of material consumption, borrowing cost, other overheads and expenses were increased during the year. The operations were marginally affected due to COVID-19 pandemic spread during last quarter. Therefore overall profitability was also affected. The Company has earned profit (before taxes) of Rs.144.54 lakhs during the year ended on 31st March, 2020, as compared to profit of Rs.348.36 lakhs earned during the previous year. The Company's products are very low value items and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profit earned by the Company may be inadequate to compensate the appointee looking to the expertise and maintaining continuous services. In addition, there are inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2019-20.

The Company has not raised money through public deposits nor through issue of debentures and has not made any default in repayment of any of its debts including interest payable during the financial year ended on 31st March, 2020.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the BSE Ltd, Mumbai. Shri Pragnesh Kantilal Shah holds 31100 equity shares in the share capital of the Company. He does not hold directorship in other Companies.

A copy of the draft of the agreement containing terms and conditions relating to the appointment and payment of remuneration to Shri Pragnesh K Shah as Executive Director is available for inspection by the members during the meeting and thereafter at the registered office of the Company during business hours.

In terms of the provisions of the Companies Act, 2013 read with Section II of Part II of Schedule V thereto and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Pragnesh Kantilal Shah as Executive Director of the Company. The Board hereby recommends the special resolution.

This explanatory statement may be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except Shri Pragnesh K Shah, none of the Directors or Key Managerial Personnel or their relatives are interested or concerned, financially or otherwise, in this special resolution.

By Order of the Board

Regd Office:

612, GIDC Industrial Estate
Chhatral, Tal : Kalol
Dist : Gandhinagar-382 729
Date : 17th August, 2020

Dinesh A Bilgi
Mg. Director/CFO
DIN:00096099

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present this Thirty First Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2020.

FINANCIAL RESULTS

As per the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "Ind AS" with effect from 1st April, 2017. Accordingly, the Financial Statement for the year 2019-20 has been prepared in compliance with the Companies (Indian Accounting Standard) Rules, 2015.

Financial Performance

	(Amount in Rupees in Lakhs)	
	31.03.2020	31.03.2019
Revenue from operations	4716.75	4071.93
Profit before Depreciation	1004.57	1004.57
Less: Finance Cost	312.84	254.31
Depreciation & Amortisation Expenses	485.08	401.90
Profit before Tax	144.54	348.36
Tax Expenses- Current Taxation	24.30	75.00
Deferred Tax	33.25	18.06
Add/(Less):		
(Excess)/Short Provision of tax of earlier years		3.09
Profit for the year	86.99	252.21
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	(1.64)
Income tax impact on above	0.00	0.00
Other comprehensive Income for the year	0.00	(1.44)
Total comprehensive Income for the year	86.99	250.57

OPERATIONS

Your Company continued to report satisfactory performance during the year under review. The revenue from operations (net) stood at Rs.4716.75, i.e. an increase of 15.84% over the previous year's revenue. The Company continued to explore overseas market opportunities and the exports amounted to Rs.333 lakhs, i.e. increase of 60% over the previous year's exports. There was heavy fluctuation in foreign exchange rates resulting into a gain of Rs.4.20 lakhs. The profit on sale of assets amounted to 3.70 lakhs. The bad debts amounting to Rs.18.07 lakhs were written off during the year as against bad debts of Rs. Rs.4.17 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 earned lower profit of Rs.144.54 lakhs as against profit of Rs.348.36 lakhs earned before taxes during the previous year. Your Directors hope better results in the years to come.

IMPACT OF COVID-19

The World Health Organization (WHO) declared COVID-19 a global pandemic. Consequent to this, Government of India declared nation-wide lockdown on March 24, 2020, which has impacted normal business operations of the Company. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial results, to determine the impact on the Company's revenue from operations for foreseeable future and the recoverability and carrying value of certain assets such as property, plant and equipment, investments, inventories, trade receivables and MAT credit. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare Company's financial results, which may differ from that considered as at the date of approval of the financials results. As the situation is unprecedented, while the lockdown is gradually lifting, the Company is closely monitoring the situation as it evolves in the future. The Company has resumed its business activities in line with guideline issued by the Government authorities. The Company does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligations.

DIVIDEND

Your Directors do not recommend dividend for the year under review in view of lower profits 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 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) Shri Neel Dinesh Bilgi (DIN00096180), Managing Director and (2) Shri Laxman Chetandas Tilani (DIN00532516), 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.

Tenure of Key Managerial Personnel, namely (1) Shri Dinesh Apparao Bilgi (DIN00096099), Managing Director/CFO, (2) Shri Neel Dinesh Bilgi (DIN00096180), Managing Director and (3) Shri Chirag Dinesh Bilgi (DIN02094970), Managing Director of the Company expired on 31st July, 2020; and tenure of Shri Pragnesh Kantilal Shah (DIN00228233), Executive Director of the Company shall expire on 31st October, 2020. The Nomination & Remuneration Committee and the Board of Directors, in their meetings held on 26th June, 2020, considered the contribution and devotion of time with valuable and effective participation by all the key managerial personnel in their respective areas for the growth of the Company and; recommended/approved their re-appointments, respectively, subject however, to the approvals by the members of the Company in their ensuing Annual General Meeting. The Board hereby re-commends their re-appointments.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company review the composition of the Board, to ensure that there is an approximate mix of abilities, expertise, experience and diversity to serve the interest of the shareholders of the Company. The Policy ensures that (1) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company, (2) relationship of remuneration to performance is clear and meets appropriate performance benchmarks and (3) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company.

INDEPENDENT DIRECTORS

As per the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have confirmed and declared that they are not disqualified to act as independent directors and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

Two separate meeting of the Independent Directors were held on 23.04.2019 and 13.03.2020. 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 current year.

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 31st March, 2020, 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 31st March, 2020 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.1 Lakhs to Harekrishna Movement, Rs. 9 Lakhs to Shree Hombuja Padmavati Education Trust, Rs.0.20 Lakhs to Lions Club of Kalol, Rs.15 Lakhs to Gunayatan for charitable activities during the year.

INTERNAL FINANCIAL CONTROLS

The Company has a proper, adequate and effective internal control system to ensure that all the assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has been taking steps for optimum utilisation of power and fuel. The information as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is given by way of Annexure 'A' forming part of this Report.

EXTRACT OF ANNUAL RETURN

As required under the provisions of Section 92(3) of the Companies Act, 2013, an extract of Annual Return in Form MGT-9 is given by way of an Annexure 'D' forming part of this Report.

CEO/CFO CERTIFICATION

Shri Dinesh A Bilgi (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.

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 28th Annual General Meeting (AGM) held on 21st 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 7th 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 31st March, 2020 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 'E' 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 2020-21. The Company has also paid custodial charges to National Securities Depository Ltd and Central Depository Services (India) Ltd for the year 2020-21.

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 31st March, 2020 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: 17th August, 2020

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 31st MARCH, 2020.****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**

	2019-20	2018-19
Power and Fuel Consumption		
Electricity		
Purchased Unit	5075328	4310788
Total Amount (Rs)	38234145	31243063
Rate/Unit	7.53	7.25
Production in Million Units	640	593
Avg. KWH Consumption per million Units	7930	9406
Electricity Generated from Windmill – KWH	2254211	2564280
Wheeling of Electricity Generated – KWH	2028789	2307851

Form B**B Technology Absorption**

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

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

N. A.

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

C. Foreign Exchange Earnings and Outgo

- (i) Foreign Exchange Used
 a) Import of Raw Material : Rs. 4137994/-
 b) Import of Capital Goods : Rs. NIL
 c) Import of Stores & Spares : Rs. 5308449/-
 d) Travelling : Rs. 315524/-
 e) Commission & Others : Rs. 3755897/-
 ii) Foreign Exchange Earned on account of exports : Rs. 33314136/-

For and on behalf of the Board

Regd Office:

612, GIDC Industrial Estate
 Chahtral, Tal: Kalol
 Dist : Gandhinagar-382 729
 Date: 17th August, 2020

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 31st March, 2020

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

The Members

AREX INDUSTRIES LIMITED
 Chhatral

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

Based by our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial period ended on 31st March, 2020, *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 31st March, 2020 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, 1992.
 - (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 : 17.08.2020

CS Abraham Pingle
FCS10290 CP13206
UDIN:F010290B000585491

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 : 17.08.2020

CS Abraham Pingle
FCS10290 CP13206

**Annexure `C`
MANAGEMENT DISCUSSION AND ANALYSIS REPORT
Overview**

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

Industry Structure

Global economy witnessed continuous US-China trade dispute in addition to overall slow down market conditions. The projected global economic growth, albeit downgraded, was 2.9%. However, Indian economy grew by 4.2% as against 6.1% expansion in 2018-19. Further, due to COVID-19 pandemic the International Monetary Fund has projected a sharp contraction of the global economy to a status much worst than what resulted from 2008-2009 financial crisis. The Reserve Bank of India has reviewed from time to time and also reduced the interest rate during the year. Further, US-China trade tension, weak microeconomic situation and tight monetary policy in China have contributed to slowing down of growth.

The COVID-19 pandemic followed by complete lockdown has adversely affected Indian economy but with the right economic stimulus and the gradual opening of the lockdown announced by the Government, the whole economic situation is expected to improve, although complete recovery of the economic situation may take some more time.

Even though apparel industry is dominated by developed markets of EU and US, the emerging markets led by countries such as India, China, Russia and Brazil are becoming consumption markets. Simultaneously, India and China have strong textile manufacturing base and also emerging as both sourcing and consuming nations. The Indian textile industry is the oldest industry of the Country. The Industry has a major contribution to the growth of domestic economy in terms of direct and indirect employment generation and net foreign exchange earnings. The Indian textile and apparel industry is estimated to have contributed 14% to industrial production, 2% to GDP and 11% to the Country's foreign exchange earnings on account of export of textiles and clothing.

Opportunities, Threats, Risk and Concern

Textile industry contributing significantly to employment generation in India continues to remain most important sector with growth potential. Industry's future looks with strong and rising domestic consumption. Despite having favorable demographic profile, labour and skill shortage continues to be one of the key concerns for the Indian Textile industry. The Government has come up with a number of export promotion policies for the textile sector including steps for allowing 100% FDI in Textile sector under automatic route. The Government has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two sub-sectors of Textile Industry- Ready-made Garments and Made ups from 2% to 4%. The Government has also introduced Amended Technology Upgradation Fund Scheme (ATUFS) to accelerate the Industry with employment generation, exports, conversion of existing looms to better quality technology looms and improved quality of production to achieve the objects under 'Make in India' campaign for the textile sector. The Indian textile industry is adversely affected due to COVID-19 pandemic and conservative approach on spending on fashions. However, the economic stimulus and other relief packages to compensate pandemic situation due to COVID-19, as announced by the Government, in addition to the concept of building New India under the campaign of 'Make in India', 'Atmanirbhar Bharat', 'Vocal for Local' etc are expected to boost economic growth and investments activities in the years to come.

The global textile and apparel industry will continue to grow along with growing consumption of textile and apparel products in developing countries and a gradual economic recovery of major developed economies. However, the demand for woven and printed labels largely depends on the demand for ready-made garments, fashion trends, expanding consumption patterns, rising income levels etc. The major concern for the textile and apparel industry is the

rising production costs, power costs and interest costs in addition to the poor infrastructure, inflexible labour laws, competition from low cost neighbor countries etc. We hope for revival of overall market conditions with the mission of New India, Make in India, repealing of irrelevant existing laws and enactment of new laws by the Government of India. The Company has strategic plans for its operations with quality products and to face competitive markets, borrowing costs, inflationary conditions and entry of unorganized sector in the weaving and processing segment in textile industry.

Outlook

The Company is vigilant to upgrade its technology for efficient and better productivity. The Company has spent amount of about Rs.113.27 lakhs for installation of new machineries and other miscellaneous supporting systems. The Company's expansion project at Anjar (Kutch) has started its operations and its operations are satisfactory. The Company is quality conscious and its product is also well accepted in domestic and overseas markets.

Internal Control Systems

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

Review of Financial Performance

The Company has sustained and continued on the path of growth. The Company's performance was satisfactory during the year under review despite adverse market conditions. The sales (net) were increased by 15.84 % over the previous year's sales but the profit before taxes was decreased due to adverse circumstances. 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.

FORM NO. MGT-9

Annexure "D"

EXTRACT OF ANNUAL RETURN as on financial year ended on 31st March, 2020 (Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS:

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

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

NIL

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

(i) Category-wise Shareholding:

Category of Shareholder	No. of Shares held at the beginning of the year [As on 01.04.2019]				No. of Shares held at the end of the year [As on 31.03.2020]				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) PROMOTERS									
1 Indian									
(a) Individuals/ HUF	2433686	---	2433686	61.48	2438536	---	2438536	61.60	+0.12
(b) Central Government	---	---	---	---	---	---	---	---	---
(c) State Government	---	---	---	---	---	---	---	---	---
(d) Bodies Corporate	---	---	---	---	---	---	---	---	---
(e) Banks / FI	---	---	---	---	---	---	---	---	---
(f) Any Others	---	---	---	---	---	---	---	---	---
Sub Total(A)(1)	2433686	---	2433686	61.48	2438536	---	2438536	61.60	+0.12
2 Foreign									
(a) NRI – Individual	---	---	---	---	---	---	---	---	---
(b) Other – Individual	---	---	---	---	---	---	---	---	---

(c)	Bodies Corporate	---	---	---	---	---	---	---	---	---
(d)	Banks / FI	---	---	---	---	---	---	---	---	---
(e)	Any Others	---	---	---	---	---	---	---	---	---
	Sub Total(A)(2)	---	---	---	---	---	---	---	---	---
	Total Shareholding of Promoter	2433686	---	2433686	61.48	2438536	---	2438536	61.60	+0.12
	(A)= (A)(1)+(A)(2)									
(B)	Public shareholding									
1	Institutions	---	---	---	---	---	---	---	---	---
(a)	Mutual Funds	---	---	---	---	---	---	---	---	---
(b)	Banks / FI	---	---	---	---	---	---	---	---	---
(c)	Central Government	---	---	---	---	---	---	---	---	---
(d)	State Government	---	---	---	---	---	---	---	---	---
(e)	Venture Capital Funds	---	---	---	---	---	---	---	---	---
(f)	Insurance Companies	---	---	---	---	---	---	---	---	---
(g)	FIs	---	---	---	---	---	---	---	---	---
(h)	Foreign Venture Capital Funds	---	---	---	---	---	---	---	---	---
(i)	Any Other (specify)	---	---	---	---	---	---	---	---	---
	Sub-Total (B)(1)	---	---	---	---	---	---	---	---	---
2	Non-institutions									
(a)	Bodies Corporate									
I	Indian	3533	24300	27833	0.70	3362	24300	27662	0.70	0.00
II	Overseas	---	---	---	---	---	---	---	---	---
(b)	Individuals									
I	Individuals - Individual shareholders holding nominal share capital up to Rs 1 lakh	310760	328070	638830	16.13	314795	291471	606266	15.31	-0.82
II	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	562324	36400	598724	15.12	580290	36400	616690	15.58	0.46
(c)	Any Other (HUF)	68370	---	68370	1.73	67879	---	67879	1.71	-0.02
	NRI (Non Repat)	50	---	50	0.001	50	---	50	0.001	---
	NRI (Repat)	1487	---	1487	0.04	1487	---	1487	0.04	---
	Clearing Member	790	---	790	0.02	---	---	---	---	-0.02
	Investor Education Protection Fund Authority MCA	188930	---	188930	4.77	200130	---	200130	5.06	+0.29
	Sub-Total (B)(2)	1136244	388770	1525014	38.52	1167993	352171	1525014	38.52	0.07
	Total Public Shareholding (B)= (B)(1)+(B)(2)	1136244	388770	1525014	38.52	1167993	352171	1525014	38.52	0.07
(C)	Shares held by Custodians and against which Depository Receipts have been issued	---	---	---	---	---	---	---	---	---
	GRAND TOTAL (A)+(B)+(C)	3569930	388770	3958700	100.00	3606529	352171	3958700	100.00	---

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% of Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares % of Total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Dinesh Apparao Bilgi	508060	12.83	12.36	508060	12.83	12.36	---
2	Bhavna Dinesh Bilgi	280020	7.07	4.45	280020	7.07	4.45	---
3	Chirag D Bilgi	252800	6.39	4.21	256500	6.48	4.21	+0.09
4	Neel D Bilgi	252800	6.39	4.20	253550	6.40	4.20	+0.01
5	Aashna D Bilgi	190000	4.80	---	190000	4.80	---	---
6	Neel Dinesh Bilgi (HUF)	1100	0.03	---	1300	0.03	---	---
7	Chirag Dinesh Bilgi (HUF)	1100	0.03	---	1300	0.03	---	---
8	Laxman C Tilani	78500	1.98	---	78500	1.98	---	---
9	Meeta Laxman Tilani	64600	1.63	---	64600	1.63	---	---
10	Dinesh A Bilgi (HUF)	182200	4.60	4.60	182200	4.60	4.60	---
11	Pragnesh Kantilal Shah	31100	0.79	---	31100	0.79	---	---
12	Jayesh Laxman Tilani	35000	0.88	---	35000	0.88	---	---
13	Akansha Laxman Tilani	7500	0.19	---	7500	0.19	---	---

14	Lalchand Tilani	95	0.002	---	95	0.002	---	---
15	Nirmala Lalchand Tilani	11	0.0002	---	11	0.0002	---	---
16	Kala Manoj Shah	119300	3.01	---	119300	3.01	---	---
17	Manoj Uttam Shah	130900	3.31	---	130900	3.31	---	---
18	Sushila Harkhchand Shah	35600	0.90	---	35600	0.90	---	---
19	Premal Vasant Shah	83700	2.11	---	83700	2.11	---	---
20	Hiren Vasant Shah	78800	1.99	---	78800	1.99	---	---
21	Harkhchand Ravji Shah	100500	2.54	---	100500	2.54	---	---
	Total	2433686	61.48	29.82	2438536	61.60	29.82	+0.10

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholding at the beginning of the year	Cumulative Shareholding during the year	
		No. of Shares	% of total shares
1	At the beginning of the year	2433686	61.48
2	Date wise Increase / Decrease in Promoter Shareholding during the year specifying the reason for increase / decrease (eg. Allotment / transfer / bonus / sweat equity etc.)		
2.1	12.3.2019-Promoter purchased shares through Off-Market (The same were pending for transfer as on 31.03.2019)	400	0.01
2.2	30.3.2019- Promoter purchased shares through Off-Market (The same were pending for transfer as on 31.3.2019)	2950	0.07
2.3	9.3.2020- Promoters purchased shares through Off-Market	1500	0.04
3	At the end of the year	2438536	61.60

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)		Shareholding at the end of the year (31.03.2020)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Manoj Agarwal	268146	6.77	275297	6.95
2	Umesh Divyakant Desai	154338	3.90	163342	4.13
3	Nayan Jashwantial Parikh (HUF)	52500	1.32	52500	1.32
4	Arjun Nayankumar Parikh	92500	2.34	92500	2.34
5	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	188930	4.77	200130	5.06
6	Sachin A Barad	17410	0.44	17410	0.44
7	Rajesh R Patel	13300	0.34	13300	0.34
8	Dharmendra J Dodia	15300	0.39	15300	0.39
9	Ashok Maganlal Shah	14630	0.37	16441	0.42
10	Birla International Pvt Ltd	11600	0.29	11600	0.29

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Dinesh A Bilgi (Managing Director & Chief Financial Officer)	508060	12.83	508060	12.83
2	Neel D Bilgi (Managing Director)	252800	6.39	253550	6.40
3	Chirag D Bilgi (Managing Director)	252800	6.39	256500	6.48
4	Pragnesh K Shah (Whole-time Director)	31100	0.78	31100	0.78

5	Laxman C Tilani (Non Executive – Non Independent Director)	78500	1.98	78500	1.98
6	Vasant R Shah (Non Executive – Non Independent Director)	---	---	---	---
7	Dinesh H Pande (Independent Director)	5400	0.14	5400	0.14
8	Balkrishna I Makwana (Independent Director)	10	0.0002	10	0.0002
9	Harsha H Parikh (Independent Director)	10	0.0002	10	0.0002
10	Kairavi N Bilgi (Company Secretary)	100	0.002	100	0.002

V. INDEBTEDNESS

		(Rs. In lacs)			
		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebt- edness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	3322.44	---	---	3322.44
ii)	Interest due but not paid	---	---	---	---
iii)	Interest accrued but not due	4.84	---	---	4.84
Total (i + ii + iii)		3327.28	---	---	3327.28
Change in Indebtedness during the financial year					
• Addition		6180.55	101.75	---	6282.30
• Reduction		(6591.30)	(101.75)	---	(6693.05)
Net Change		(410.75)	---	---	(410.75)
Indebtedness at the end of the financial year					
i)	Principal Amount	2911.69	---	---	2911.69
ii)	Interest due but not paid	---	---	---	---
iii)	Interest accrued but not due	4.84	---	---	4.84
Total (i + ii + iii)		2916.53	---	---	2916.53

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	(Rs. In lacs)				Total Amount
		Name of MD / WTD/ Manager	Shri Dinesh A Bilgi – Managing Director/ CFO	Shri Neel D Bilgi – Managing Director	Shri Chirag D Bilgi – Managing Director	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	42.08	42.08	42.08	6.08	132.32
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	---	---	---	---	---
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	---	---	---	---	---
2	Stock Option	---	---	---	---	---
3	Sweat Equity	---	---	---	---	---
4	Commission					
	• As % of profit	---	---	---	---	---
	• Others, specify	---	---	---	---	---
5	Others, please specify (Incentive)	97.67	97.67	97.67	---	293.01
Total (A)		139.75	139.75	139.75	6.08	425.33
Ceiling as per the Act		Remuneration Limit as per the resolution passed by the shareholders as special resolution				

B. Remuneration to other Directors:

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

	& Non Independent Director	Non Independent Director		
2	Other Non-Executives Directors			
	• Fee for attending board / committee meetings	0.30	0.40	0.70
	• Commission	---	---	---
	• Others, please specify	---	---	---
	Total (2)	0.30	0.40	0.70
	Total (B) = (1+2)			1.50
	Total Managerial Remuneration			
	Overall ceilings as per the Act			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel Kairavi Bilgi Company Secretary	CFO (Dinesh A Bilgi is the Managing Director and CFO)	Total
1	Gross Salary			
	(d) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3.08	42.08	45.16
	(e) Value of perquisites u/s 17(2) Income Tax Act, 1961	---	---	---
	(f) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	---	---	---
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission			
	• As % of profit	---	---	---
	• Others, specify	---	---	---
5	Others, please specify	0.29	97.67	97.96
	Total (A)	3.37	139.75	143.12
	Ceiling as per the Act			

VII. PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES:

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

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

This Report sets forth the disclosures for the F.Y. 2019-20, 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.

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 23.5.2019, 9.8.2019, 14.11.2019 and 12.2.2020. The gap between any two meetings did not exceed 120 days.

The attendance record of each of the Directors at the Board Meetings held during 2019-20 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 other public 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	4	N	Nil	Nil	31100
Laxman C Tilani (DIN:00532516)	Director	4	N	Nil	Nil	78500
Vasant R Shah (DIN:00371634)	Director	4	N	Nil	Nil	NIL
Balkrishna I Makwana (DIN:00287931)	NED	4	N	Nil	Nil	10
Dinesh H Pande (DIN:03147549)	NED	4	Y	Nil	Nil	5400
Smt Harsha H Parikh (DIN:06931405)	NED	2	N	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

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

Skills, Expertise, Competencies	Dinesh Bilgi	Neel Bilgi	Chirag Bilgi	Pragnesh Shah	Laxman Tilani	Vasant Shah	Balkrishna Makwana	Dinesh Pande	Harsha Parikh
Strategic Leadership	Significant growth in context of the Company's overall objectives	Leadership	experience	to think strategically	and develop effective strategies	to drive change and			
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	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. Two separate meeting of the Independent Directors was held on 23.4.2019 & 13.3.2020 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) Shri Balkrishna I Makwana (2) Shri Dinesh H Pande and (3) Shri Laxman C Tilani. Shri Balkrishna I Makwana is the Chairman of the Committee. The Committee met 4 times on 23.5.2019, 9.8.2019, 14.11.2019 and 12.2.2020 during the year. The attendance record of each of the Directors at the Audit Committee Meetings held during 2019-20 is as under: Shri Balkrishna attended 4 meetings, Shri Dinesh H Pande attended 4 meetings, and Shri Laxman C Tilani attended 4 meetings.

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) Shri Balkrishna I Makwana, (2) Shri Dinesh H Pande, and (3) Shri Vasant R Shah are the members of the Nomination and Remuneration Committee. Shri Balkrishna I Makwana is the Chairman of the Committee. The Nomination & Remuneration Committee met once on 12.2.2020 during the financial year and all the Members of the Committee attended the meeting.
- 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. 1.50 Lacs during the FY 2019-20. 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 31st March, 2020.

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 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 31st March, 2020. 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. Smt Kairavi 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.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

8. GENERAL BODY MEETINGS**a. Location and time, where last three Annual General Meetings were held is given below:**

Year	Location/Venue	Date	Time
2016-2017	The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Gandhinagar, Gujarat - 382729	21.9.2017	12.30 p.m.
2017-2018	The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Gandhinagar, Gujarat - 382729	20.9.2018	12.30 p.m.
2018-2019	The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Gandhinagar, Gujarat - 382729	17.9.2019	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:

- Appointment of Shri Dinesh A Bilgi as Managing Director and Chief Financial Officer of the Company for a period of three years w.e.f. 1st August, 2017 with revised terms (At 28th AGM)
- Appointment of Shri Neel D Bilgi as Managing Director (Sales & Marketing) of the Company for a period of three years w.e.f. 1st August, 2017 with revised terms (At 28th AGM)
- Appointment of Shri Chirag D Bilgi as Managing Director (Technical & Production) of the Company for a period of three years w.e.f. 1st August, 2017 with revised terms (At 28th AGM)
- Re-appointment of Shri Pragnesh K Shah as Executive Director (Whole Time Director) of the Company for a period of three years w.e.f. 1st November, 2017 with revised terms (At 28th AGM)
- Approval for Keeping Register of Members & Index of Members and for copies of Annual Return u/s. 92 of the Companies Act, 2013 at a place other than the Registered Office of the Company (At 28th AGM)
- Reappointment of Shri Vasant R Shah as Director of the Company (At 30th AGM)
- Reappointment of Smt. Harsha H Parikh as Independent Director of the Company for a period of five years (At 30th AGM)
- Reappointment of Shri Dinesh H Pande as Independent Director of the Company for a period of five years (At 30th AGM)
- Reappointment of Shri Balkrishna I Makwana as Independent Director of the Company for a period of five years (At 30th 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 : Thursday, 24th September, 2020 at 12.30 p.m.(IST)
Venue : Video Conference (VC)/Other Audio Visual Means(OAVM)

b) Financial Calendar for 2020-2021 (Tentative)

Un-audited Results for First Quarter : 17th August, 2020
Annual General Meeting for the year 2019-20 : 24th September, 2020
Un-audited Results for Second Quarter/Half Year : By 14th of November, 2020
Un-audited Results for Third Quarter : By 14th of February, 2021
Audited Annual Results 2020-21 : By 30th of May, 2021

- c) **Date of Book Closure**
The Book Closure for payment of dividend, if any, is from **Saturday, 19th September, 2020 to Thursday, 24th September, 2020** (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 2020-21.
- 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, 2019	65.05	64.00	1,004
May, 2019	63.00	60.00	2,190
June, 2019	60.05	57.05	1,359
July, 2019	59.95	52.20	1,166
August, 2019	55.10	47.50	3,130
September, 2019	59.00	53.25	1,605
October, 2019	59.25	50.00	4,810
November, 2019	56.30	40.05	4,508
December, 2019	44.35	38.50	5,649
January, 2020	48.95	40.35	5,058
February, 2020	59.00	51.25	4,009
March, 2020	53.35	36.60	5,163

- f) **Distribution of Shareholding as on 31st March, 2020**

No of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shareholding
Less than 500	2674	93.33	322748	8.15
500 to 1000	67	2.34	55356	1.40
1001 to 2000	42	1.47	62355	1.58
2001 to 3000	22	0.77	56124	1.42
3001 to 4000	8	0.28	29750	0.75
4001 to 5000	6	0.21	28369	0.72
5001 to 10000	16	0.56	106348	2.67
10001 and above	30	1.05	3297650	83.31
Total	2865	100.00	3958700	100.00

- g) **Shareholding Pattern as on 31st March, 2020**

Sr. No.	Category	No of Shares Held	% of Shareholding
1.	Promoters		
	Indian Promoters	2438536	61.60
	Foreign Promoter	NIL	NIL
2.	Mutual Fund and UTI	NIL	NIL
3.	Banks, Financial Institutions, Insurance Companies	NIL	NIL
4.	Private Corporate Bodies	27662	0.70
5.	Foreign Institutional Investors	NIL	NIL
6.	NRIs/OCBs	1537	0.04
7.	Indian Public	1290835	32.61
8.	Clearing Members	NIL	NIL
9.	Investor Education & Protection Fund	200130	5.06
	Grand Total	3958700	100.00

- 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

- 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 2019-20.
- 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

Chhatral
17th August, 2020

Dinesh Bilgi
(DIN:00096099)
Managing Director

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of **AREX INDUSTRIES LIMITED**

- This certificate is issued in accordance with terms of our engagements with AREX INDUSTRIES LIMITED ("the Company").
- We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2020, 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').
- 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.
- 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.
- 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.
- 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.
- 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.
- 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, 2020.
- 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 : 17-08-2020

(Hemang V Patel)
Partner
Membership No. 154494
UDIN:20154494AAAABA8323

Annexure "F"**Disclosure in the Board's Report under Rule 5 of Companies (Appointment & Remuneration) Rules, 2014**

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20	Director's Name Mr. Dinesh A Bilgi, MD & CFO Mr. Neel D Bilgi, MD Mr. Chirag D Bilgi, MD Mr. Pragnesh K Shah, WTD	Ratio to mean remuneration 33.28:1 33.28:1 33.28:1 1.45:1
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any of the financial year 2019-20 compared to 2018-19	Director's/ CFO/ CEO/ CS/ Mgr Name Mr. Dinesh A Bilgi, MD & CFO Mr. Neel D Bilgi, MD Mr. Chirag D Bilgi, MD Mr. Pragnesh K Shah, WTD Ms. Kairavi Bilgi – CS	%age increase in remuneration 35.71 35.71 35.71 0.04 9.54
(iii)	Percentage increase in the median remuneration of employees in the financial year 2019-20 compared to 2018-19	29.94	
(iv)	Number of permanent employees on the roll of the Company	As on 31.03.2020 271	As on 31.03.2019 289
(v)	Average percentile increase in salaries of Employees other than managerial personnel	During 2018-19 --	During 2019-20 22.96%

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 2020, and the statement of Profit and Loss, Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its profit (including other comprehensive income), change in equity and its cash flow for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Other Information

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

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

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (refer note no.27 to the Ind AS financial statements).
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For, SWETA PATEL & ASSOCIATES**Chartered accountants**

(Firm Registration No. 139165W)

(Hemang V Patel)

Partner

Membership No. 154494

Place : CHHATRAL**Date : 26-06-2020****UDIN : 20154494AAAAAS8981****Annexure 'A' to Independent Auditors' Report**

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

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of Fixed Assets was conducted by the management during the year. In our opinion, frequency of physical verification is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties as disclosed in note no.3 to the financial statements are held in name of the Company.
2. As explained to us, during the year, the inventories have been physically verified by the management at regular intervals. In our opinion the frequency of such verification is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
3. During the year under review, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iia), (iib) and (iic) of the said Order are not applicable to the Company.
4. During the year under review, the Company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
5. The Company has not accepted deposits from the public within the meaning of section 73 to 76 of the Companies Act, 2013 and the Rules framed there under.
6. According to the information and explanation given to us the maintenance of cost records has not been prescribed under sub-section (1) of Section 148 of the Companies Act, 2013.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Custom duty, Cess and any other statutory dues whichever is applicable during the year with the appropriate authorities and no undisputed dues payable in respect of outstanding statutory dues were in arrears as at 31st March, 2020 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)

(Hemang V Patel)

Partner

Membership No. 154494

Place : CHHATRAL

Date : 26-06-2020 UDIN : 20154494AAAAAS8981

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 31st March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, 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)

(Hemang V Patel)

Partner

Membership No. 154494

Place : CHHATRAL

Date : 26-06-2020

UDIN : 20154494AAAAAS8981

Balance Sheet as at 31st March, 2020

	Note	Amount in Rupees in Lacs	
		As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Non-current assets			
Property, Plant & Equipment	3	4320.65	4634.68
Other Intangible assets	3	0.61	0.90
Financial assets			
Investments	4	0.00	1.91
Other non-current financial assets	5	77.70	170.70
Income tax assets (net)	6	39.13	35.27
Total Non-current assets		4438.09	4843.46
Current assets			
Inventories	7	758.87	593.79
Financial assets			
Trade Receivables	8	1067.66	1049.85
Cash and cash equivalents	9	6.17	3.75
Bank balances other than Cash and cash equivalents above	10	39.43	35.97
Other current assets	11	107.45	225.04
Total Current assets		1979.58	1908.40
Total assets		6417.67	6751.86
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	395.87	395.87
Other Equity	13	2169.09	2176.25
Total Equity		2564.96	2572.12
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Non current Borrowings	14	2633.51	2983.06
Deferred tax liabilities (net)	31	125.31	93.06
Total Non-current liabilities		2758.82	3076.12
Current liabilities			
Financial liabilities			
Current Borrowings	15	278.19	339.38
Trade payables	16	382.87	240.30
Other current financial liabilities	17	361.81	486.25
Other current liabilities	18	71.03	37.70
Total Current liabilities		1093.89	1103.63
Total equity and liabilities		6417.67	6751.86
		(0.00)	(0.00)

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

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

Hemang V. Patel
(Partner)
Membership No. : 154494
UDIN : 20154494AAAAAS8981
Place : Chhatral
Date : 26th June,2020

Dinesh Pande (DIN:03147549) Director	Balkrishna Makwana (DIN: 00287931) Director	Kairavi Bilgi (ACS:21519) Company Secretary
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Place : Chhatral
Date : 26th June,2020

Statement of Profit and Loss for the Year ended 31st March, 2020

		Amount in Rupees in Lacs	
	Note	2019-20	2018-19
INCOME			
Revenue from Operations	19	4716.75	4071.93
Other Income	20	11.30	42.04
Total Revenue		4728.04	4113.97
EXPENSES			
Cost of Materials Consumed	21	1390.04	1160.28
Purchases of Stock-in-Trade		36.05	24.68
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	22	(32.59)	(106.58)
Employee Benefits Expense	23	1418.32	1145.12
Finance Costs	24	312.84	254.31
Depreciation and Amortisation Expenses	3	485.08	401.90
Other Expenses	25	973.78	885.90
Total Expenses		4583.50	3765.61
Profit Before Tax		144.54	348.36
Tax Expenses			
Current Income Tax		24.00	75.00
(Excess) / Short Provision of Income tax for earlier years		0.00	3.09
Deferred Tax		32.25	18.06
Profit for the year		88.29	252.21
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Gain/(Loss) on measurement of Equity instruments at fair value		0.00	(1.64)
Income tax impact on above		0.00	0.00
Other comprehensive income for the year		0.00	(1.64)
Total Comprehensive income for the year		88.29	250.57
Earnings per equity share of face value of Rs.10 each			
Basic and Diluted (in Rs.)	32	2.23	6.37
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, Sweta Patel & Associates		For and on behalf of the Board	
Chartered Accountants			
Firm Registration No. 139165W			
		Dinesh Bilgi (DIN:00096099)	Neel Bilgi (DIN:00096180)
		Mg. Director & CFO	Mg. Director
			Chirag Bilgi (DIN:02094970)
			Mg. Director
		Dinesh Pande (DIN:03147549)	Balkrishna Makwana (DIN: 00287931)
		Director	Director
			Kairavi Bilgi (ACS:21519)
			Company Secretary
Hemang V. Patel (Partner) Membership No. : 154494 UDIN : 20154494AAAAAS8981 Place : Chhatral Date : 26th June,2020			

Place : Chhatral
Date : 26th June,2020

Cash Flow Statement for the year ended 31st March,2020

	Amount in Rupees in Lacs	
	As at 31st March, 2020	As at 31st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	144.54	348.36
Depreciation and Amortisation Expenses	485.08	401.90
Finance Costs	312.84	254.31
Loss /(Profit) on sale of Assets	(3.70)	(34.23)
Movement in Other comprehensive income	0.00	(9.44)
Other Income	(11.30)	(7.80)
Operating Profit before Working Capital Changes	927.44	953.10
Trade Receivables	(17.81)	(225.00)
Inventories	(165.09)	(217.63)
Other non-current & current assets	210.59	87.76
Trade and Other Payables	51.46	181.75
Cash generated from Operations	1006.60	779.98
Direct Tax	(27.86)	(96.58)
Net Cash Flow from Operating Activities (A)	978.74	683.40
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(170.75)	(3274.87)
Sale of Property, Plant & Equipment	3.71	50.00
Other Bank balances	(3.46)	(3.15)
Movement in Capital work in progress	0.00	2385.49
Proceeds from sale of Investment in Mutual Fund	1.91	17.94
Other Income	11.30	7.80
Net Cash Used in Investing Activities (B)	(157.29)	(816.78)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend & distribution tax paid	(95.45)	(95.45)
Long-term borrowings Raised / (Repaid)	(349.55)	389.67
Shor-term borrowings Raised / (Repaid)	(61.20)	67.48
Finance Costs paid	(312.84)	(254.31)
Net Cash Used in Financing Activity (C)	(819.04)	107.39
Net Increase in Cash & Cash Equivalents (D = A+B+C)	2.41	(25.99)
Opening Cash & Cash Equivalents	3.75	29.75
Closing Cash & Cash Equivalents	6.17	3.75

2

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 (DIN:00096099)	Neel Bilgi (DIN:00096180)	Chirag Bilgi (DIN:02094970)
Mg. Director & CFO	Mg. Director	Mg. Director

Hemang V. Patel
(Partner)
Membership No. : 154494
UDIN : 20154494AAAAAS8981
Place : Chhatral
Date : 26th June,2020

Dinesh Pande (DIN:03147549) Director	Balkrishna Makwana (DIN: 00287931) Director	Kairavi Bilgi (ACS:21519) Company Secretary
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Place : Chhatral
Date : 26th June,2020

Notes to the Financial Statements for the year ended 31st March, 2020

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

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

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

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

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

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

g) **Intangible Assets**

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

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

Statement of Changes in Equity for the year ended 31st March,2020

(A) Equity share capital

Particulars	Note no.	Amount in Rupees in Lacs	
		As at	As at
		31st March,2020	31st March,2019
Opening balance	12	395.87	395.87
Changes in equity share capital		0.00	0.00
Closing balance	12	395.87	395.87

(A) Other Equity

Particulars	Amount in Rupees in Lacs				
	State Capital Subsidy	General reserve	Retained earning	Other Comprehensive income	Total
				Fair value reserve	
Balance as at 01st April, 2018	23.92	10.00	1977.76	9.44	1907.25
Add/ (Less):					
Profit for the year	0.00	0.00	252.21	0.00	252.21
Fair valuation of Financial instrument	0.00	0.00	0.00	(1.64)	(1.64)
Transfer to Retained earnings	0.00	0.00	7.80	(7.80)	0.00
Payment of dividend and tax	0.00	0.00	(95.45)	0.00	(95.45)
Balance as at 31st March, 2019	23.92	10.00	2142.33	0.00	2176.25
Add/ (Less):					
Profit for the year	0.00	0.00	88.29	0.00	88.29
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)
Balance as at 31st March, 2020	23.92	10.00	2135.17	0.00	2169.09

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 : 20154494AAAAAS8981
Place : Chhatral
Date : 26th June,2020

Dinesh Pande Balkrishna Makwana Kairavi Bilgi
(DIN:03147549) (DIN: 00287931) (ACS:21519)
Director Director Company Secretary

Place : Chhatral
Date : 26th June,2020

Notes to Financial Statements for the year ended 31st March, 2020

		Amount in Rupees in Lacs	
		As at	As at
		31st March.2020	31st March.2019
4	Investments		
	Non-trade Investments :		
	Equity Shares (Unquoted) :		
	- The Bhagyodaya Co-op Bank Ltd (Shares of Rs.100 each)		
	[1905 share (31/03/2019: 1905)]	0.00	1.91
	TOTAL	0.00	1.91
	Aggregate carrying value of Unquoted Investments Rs.NIL (31/03/2019: Rs.1.91 Lacs)		
5	Other non-current financial assets		
	Unsecured and Considered good :		
	Security Deposits		
	Related parties (Refer Note no.36)	0.00	102.00
	Others	77.70	68.70
	TOTAL	77.70	170.70
6	Income tax assets (net)		
	Advance Payment of Taxes (Net)	39.13	35.27
	TOTAL	39.13	35.27
7	Inventories		
	(valued at lower of cost and net realizable value)		
	Raw Materials	475.52	380.15
	Work in Process	48.49	53.11
	Finish Goods	126.55	89.34
	Stores and Spares	98.27	62.31
	Packing Materials	3.32	3.21
	Other Materials	6.74	5.67
	TOTAL	758.87	593.79
8	Trade Receivables		
	Unsecured and Considered good	1067.66	1049.85
	TOTAL	1067.66	1049.85
9	Cash and cash equivalents		
	Balance with Banks - In current account	2.67	0.02
	Cash on hand	3.49	3.73
	TOTAL	6.17	3.75
10	Bank balances other than Cash and cash equivalents above		
	Unclaimed Dividend Account	39.43	35.97
	TOTAL	39.43	35.97
11	Other current assets		
	Unsecured and Considered good		
	Advances to suppliers	38.18	36.33
	Loans & Advances to Employees	24.88	15.18
	Balances with statutory authorities	33.91	159.32
	Prepaid Expenses	10.47	14.20
	TOTAL	107.45	225.04

Notes to Financial Statements for the year ended 31st March, 2020

	Amount in Rupees in Lacs	
	As at 31st March, 2020	As at 31st March, 2019
12 Equity		
Authorised Share Capital :		
5000000 (31/03/2019: 5000000) Equity Shares of Rs.10/- each	500.00	500.00
Issued, Subscribed and Paid up Capital		
3958700 (31/03/2019: 3958700) Equity shares of Rs.10/- each fully paid up	395.87	395.87
TOTAL	395.87	395.87

Particulars	Amount in Rupees in Lacs			
	As at 31st March 2020		As at 31st March 2019	
	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 2020		As at 31st March 2019	
	Nos.	%	Nos.	%
Dinesh A. Bilgi	508060	12.83	508060	12.83
Neel D. Bilgi	253550	6.40	252800	6.39
Chirag D. Bilgi	256500	6.48	252800	6.39
Bhavna D. Bilgi	280020	7.07	280020	7.07
Manoj Agrawal	275297	6.95	265547	6.71

Terms / Rights attached to Shares

Equity Shares : The Company has only one class of equity shares having at par value of Rs.10/- per share. Equity shares are pari passu in all respects and each shareholder is eligible for one vote per share held. The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of Directors is subject to the approval of the shareholders at the ensuing AGM.

In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.

13 Other Equity		
State Cash Subsidy	23.92	23.92
General Reserve	10.00	10.00
Retained Earnings	2135.17	2142.33
Other Comprehensive Income	0.00	0.00
TOTAL	2169.09	2176.25
13.1 For movement, refer Statement of changes in Equity		
14 Non current Borrowings		
Secured		
Term Loans From Banks	2454.24	2803.79
From LIC	179.27	179.27
TOTAL	2633.51	2983.06

Notes to Financial Statements for the year ended 31st March, 2020

<u>Details of Secured Loans</u>			Amount in Rupees in Lacs		
Particulars	Outstanding Amount as on 31st March, 2020	Outstanding Amount as on 31st March, 2019	Details of Security	Rate of Interest	Other Major Terms and Conditions
Term Loans from SBI	241.87	367.84	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
Loan from LIC	179.27	179.27	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 instalments start from April 2019 and end on March-2027 and monthly instalments ranging from Rs.18 Lacs to Rs.38.25 Lacs.
Total Rs.	2633.51	2983.06	# Rs.288.00 Lacs (31/03/2019: Rs.216.00 Lacs) being current maturities disclosed under current maturities of Long-term debt in Note no. 18 Other Current Financial Liabilities.		

		Amount in Rupees in Lacs	
		As at 31st March, 2020	As at 31st March, 2019
15	Current Borrowings Secured		
	Cash Credit facilities from Bank	278.19	339.38
	TOTAL	278.19	339.38

Details of Secured short-term Borrowings

Particulars	Outstanding Amount as on 31st March, 2020	Outstanding Amount as on 31st March, 2019	Details of Security	Rate of Interest	Other Major Terms and Conditions
Cash Credit facilities	278.19	339.38	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, 2020

	Amount in Rupees in Lacs	
	As at	As at
	31st March, 2020	31st March, 2019
16 Trade Payables		
Trade payables		
(Please refer Note no.37 for dues to Micro, small and medium enterprises)		
dues of micro and small enterprise	0.00	0.00
dues of creditors other than micro and small enterprise	382.87	240.30
TOTAL	382.87	240.30
17 Other current financial liabilities		
Current maturities of Long-Term debt (refer Note no.15)	288.00	216.00
Interest accrued but not due on borrowings	6.58	4.84
Unclaimed Dividends	39.43	35.97
Payable towards Capital Items	18.59	180.12
Payable for Expenses	9.20	49.32
TOTAL	361.81	486.25
18 Other current liabilities		
Advance against Sales	11.29	13.93
Payable towards Statutory Taxes	59.74	23.77
TOTAL	71.03	37.70

Notes to Financial Statements for the year ended 31st March, 2020

	Amount in Rupees in Lacs	
	As at	As at
	31st March. 2020	31st March. 2019
19 Revenue from Operations (Net)		
Sale of Products (Net)	4716.75	4071.93
TOTAL	4716.75	4071.93
20 Other Income		
Interest Income	6.59	4.67
Dividend on Non Current Investments	0.23	0.28
Bad Debts Recovery	2.97	0.45
Profit on sale of Assets	0.00	34.23
Other non-operating Income	1.51	2.40
TOTAL	11.30	42.04
21 Cost of Materials Consumed		
Opening Stock of Raw Materials	380.15	261.94
Add : Purchases during year (net)	1485.40	1278.49
	1865.55	1540.43
Less : Closing Stock of Raw Materials	475.52	380.15
TOTAL	1390.04	1160.28
22 Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade		
<u>Opening Stock :</u>		
Finished goods	89.34	26.30
Work in Process	53.11	9.56
Total	142.44	35.86
<u>Closing Stock :</u>		
Finished goods	126.55	89.34
Work in Process	48.49	53.11
Total	175.03	142.44
TOTAL	(32.59)	(106.58)
23 Employee Benefits Expenses		
Salaries, Wages and Bonus	904.64	781.89
Incentives & other benefits	451.63	325.95
Contribution to Provident Fund and other funds	62.05	37.28
TOTAL	1418.32	1145.12
24 Finance Costs		
Interest on Term Loans and Working Capitals	293.71	228.11
Interest to Others	19.12	26.19
TOTAL	312.84	254.31

Notes to Financial Statements for the year ended 31st March, 2020

	Amount in Rupees in Lacs	
	As at 31st March, 2020	As at 31st March, 2019
25 Other Expenses		
Power & Fuel (refer Note no.27.1)	253.74	184.03
Freight inwards	19.28	16.29
Spares & Other Materials consumed	107.42	141.38
Repairs & Maintenance-Machinery	56.68	40.87
Repairs & Maintenance-Building	0.00	4.08
Repairs & Maintenance-Other asset	17.23	7.19
Factory Expenses	82.59	73.11
Packing Material Consumed	32.92	18.41
Printing & Stationery	6.75	10.56
Telephone	8.24	8.65
Conveyance	43.18	42.42
Travelling	17.83	22.00
Rent	53.14	105.21
Rates & Taxes	7.98	0.44
Payment to Auditors	2.70	2.70
Office & Misc. Expense	65.34	57.61
Freight outward	86.32	78.34
Selling Expense	11.09	10.41
Commission Expenses	48.61	46.14
Insurance	17.37	9.13
Bad Debts written off	18.07	4.17
Donation	25.20	9.91
Net loss / (gain) on Currency fluctuation and translation	(4.20)	(7.16)
Loss on Sale of Asset	(3.70)	0.00
TOTAL	973.78	885.90

25.1 Power & Fuel expenses are net off recovery value of units generated from Windmills of Rs.140.91 Lacs (P.Y. Rs.160.17 Lacs).

26 Estimated Amount of Contracts

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

27 Contingent Liabilities of

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, 2020

	Amount in Rupees in Lacs	
	As at 31st March, 2020	As at 31st March, 2019
28 Payment to Auditors		
Audit Fees	2.70	2.70
29		
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.		
30 Employee Benefits in respect of Gratuity and Leave encashment		
1. Present value of obligations as at the beginning of the year	73.62	85.01
Interest Cost	5.52	6.80
Current Service Cost	8.22	20.64
Benefits Paid	0.00	0.00
Actuarial (gain) / loss on obligations	8.51	(38.20)
Present value of obligations as at end of year	95.88	74.24
2. Fair Value of plan assets at beginning of year	104.38	112.06
Expected return of plan assets	7.25	7.82
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Actuarial (gain) / loss on Plan assets	0.00	0.00
Fair Value of plan assets at the end of year	111.64	119.87
3. Present value of obligations as at end of year	95.88	74.24
Fair value of plan assets as at the end of the year	111.64	119.87
Funded status	15.76	45.63
Net asset / (liability)	15.76	45.63
4. Current Service Cost	8.22	20.64
Interest Cost	5.52	6.80
Expected return of plan assets	(7.25)	(7.82)
Net Actuarial (gain) / loss recognized in the year	8.51	(38.20)
Expenses Recognized in statement of Profit and loss	15.00	(18.58)
Discount Rate	7.25%	8%
Salary Escalation	7.00%	7%

Note 1. The Company has taken group gratuity policy from Life Insurance Company of India (LIC) for its liability to pay gratuity 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.

2. The Company has taken group leave encashment policy, from Life Insurance Company of India (LIC) for its liability to pay 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. In current financial year the valuation for leave encashment from LIC is not received hence disclosure in above table is not made for leave encashment.

31 The Deferred Tax Liability / (Asset) :			
Tax effect of item constituting deferred tax liability on difference between carrying value and tax base of Property, plant and Equipment and net of deferred tax asset on MAT Credit entitlement	Opening	93.06	75.00
	Current Year	32.25	18.06
	Closing	125.31	93.06
32 Earning Per Share			
Profit attributable to Share Holders (Rs.)		88.29	252.21
Basic/Weighted Average No. of Equity Shares O/s during Year		3958700.00	3958700.00
Nominal Value of Equity Shares (Rs.)		10	10
Basic/Diluted Earning per Share (Rs.)		0.00	0.00

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, 2020

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 relative of a Director is Partner

(B) Transactions with Related Parties

Nature of Transaction	Amount in Rupees in Lacs	
	As at 31st March, 2020	As at 31st March, 2019
Key Managerial Personnel		
Remuneration	428.73	318.11
Deposit Taken	0.00	363.75
Deposit Repaid	0.00	363.75
Finance Cost	0.00	9.00
Sitting Fees	1.50	1.60
Entities in which relatives of Key Managerial Personnel are interested		
Purchases	523.14	427.09
Factory Expenses	38.16	33.20
Security Deposit	0.00	102.00
Rent	66.84	25.20

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,2020	As at 31st March,2019
Profit before tax	144.54	348.36
Tax using the Company's domestic tax rate	26.000%	27.820%
Tax at above rate	37.58	96.92
Add / (Less) :		
Tax exempt income	(0.06)	(0.08)
Non-deductible expense	131.89	114.57
Deductible expense	(159.69)	(196.12)
Others	14.28	59.72
Income tax expense	24.00	75.00
Add / (Less) :-		
Short/ (Excess) provision of income tax of earlier years	0.00	3.09
Deferred tax	32.25	18.06
Income tax recognised in Statement of Profit and Loss	56.25	96.15

Notes to Financial Statements for the year ended 31st March, 2020

37 Financial Instruments

a) The carrying value and fair value of financial instruments by categories at 31 March 2020 and 31 March 2019 is as follows :

Particulars	Carrying value		Amount in Rupees in Lacs Fair value	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Financial assets				
At Fair value through other comprehensive income				
Investments	0.00	1.91	0.00	1.91
At Amortised cost				
Other non-current financial assets	77.70	170.70	77.70	170.70
Trade Receivables	1067.66	1049.85	1067.66	1049.85
Cash and Bank balances	45.60	39.72	45.60	39.72
Total assets	1190.96	1262.18	1190.96	1262.18
Financial liabilities				
At Amortised cost				
Non current Borrowings	2633.51	2983.06	2633.51	2983.06
Current Borrowings	278.19	339.38	278.19	339.38
Trade payables	382.87	240.30	382.87	240.30
Other current financial liabilities	361.81	486.25	361.81	486.25
Total liabilities	3656.37	4048.99	3656.37	4048.99

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	Level 1	Level 2	Amount in Rupees in Lacs	
					Level 3	
Financial assets						
At Fair value through other comprehensive income						
Investment	31 March 2020	0.00	0.00	0.00	0.00	0.00
	31 March 2019	1.91	0.00	0.00	0.00	1.91

c) Fair valuation method

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

d) Financial Instrument measured at Amortised Cost

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

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 : 20154494AAAAAS8981
Place : Chhatral
Date : 26th June,2020

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
Dinesh Pande (DIN:03147549) Director	Balkrishna Makwana (DIN: 00287931) Director	Kairavi Bilgi (ACS:21519) Company Secretary

Place : Chhatral
Date : 26th June,2020

Notes to Financial Statements for the year ended 31st March, 2020

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

Description	GROSS BLOCK			NET BLOCK			
	As at 01-04-2019	Additions (Deductions) upto 31-03-2020	As at 31-03-2020	As at 01-04-2019	During the year	As at 31-03-2020	As at 31-03-2019
A. Tangible Assets :							
Leasehold Land	7.79	0.00	7.79	0.00	0.00	0.00	7.79
Factory Buildings	115.60	0.00	115.60	71.07	3.40	74.47	44.54
Lease hold Improvement Building	41.08	18.63	59.71	25.08	7.33	32.41	16.00
Other Buildings	30.78	0.00	30.78	13.43	1.63	15.06	17.36
Plant and Machinery	8207.07	113.27	8320.35	4041.12	409.84	4450.96	4165.95
		0.00		0.00	0.00	0.00	
Wind Mills	881.73	0.00	881.73	821.28	0.00	821.28	60.46
Electrifications	198.69	1.61	200.29	72.40	14.73	87.13	126.29
		0.00					
Furniture & Fixtures	171.33	17.14	188.47	76.91	11.78	88.70	94.42
		0.00			0.00		
Office Equipment	35.93	7.33	43.26	10.40	5.86	16.26	25.53
		0.00			0.00		
Computers	156.09	12.30	168.40	134.60	11.84	146.44	21.49
					0.00		
Vehicles	183.06	0.25	163.89	129.57	18.15	128.31	53.49
		(19.42)			(19.41)		
Resort (Leasehold) #	1.37	0.00	1.37	0.00	0.00	0.00	1.37
Total Tangible Assets	10030.54	170.54	10181.66	5395.86	484.57	5861.01	4634.68
		(19.42)			(19.41)		
B. Other Intangible Assets :							
Computer Software	118.26	0.21	118.48	117.36	0.51	117.87	0.90
Total Other Intangible Assets	118.26	0.21	118.48	117.36	0.51	117.87	0.90
C. Capital Work-in-Progress :							
Capital Work in Progress	0.00	170.75	0.00	0.00	0.00	0.00	0.00
		(170.75)					
Total (A + B + C)	10148.81	170.75	10300.13	5513.22	485.08	5978.88	4635.58
		(190.17)			(19.41)		

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