

# Directors' Report

Your Directors are pleased to share the Business Performance for the Audited Financial Statements for the ended March 31<sup>st</sup>, 2021.

## Financial Performance Summary

INR in crore

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operations	475.84	462.15	475.84	462.15
Earnings before Interest, Taxes & Depreciation	95.30	79.59	95.35	79.63
Less: a) Finance Cost	6.02	10.90	6.02	10.90
b) Depreciation	23.15	20.98	23.15	20.98
Add: Other Income	4.79	0.97	4.79	0.97
Profit before exceptional items and tax	70.92	48.68	70.97	48.72
Less: Exceptional Items*	-	15.21	-	15.21
Profit before tax	70.92	33.47	70.97	33.51
Less: Tax Expense	15.67	14.60	15.67	14.60
Profit for the Period	55.25	18.87	55.30	18.91
Share of Profit/(Loss) of associate company	(0.14)	(0.23)	-	(0.23)
Add: Other Comprehensive Income/(Expense) (Net of Taxes)	0.11	0.08	0.11	0.08
Total Comprehensive Income	55.22	18.72	55.41	18.76
Opening balance in Retained Earnings	195.75	177.04	195.79	177.04
Closing balance in Retained Earnings	250.97	195.75	251.20	195.79

\*Loss on sale of property located at Information Technology Park, Panchkula., treated as Exceptional Item

The year started with an unprecedented nation-wide lockdown due to pandemic which negatively impacted the economic activities across the globe. Post relaxation of lockdown economic activities gradually started picking up from mid May 2020. company backed by manufacturing strength, robust supply chain management and strong distribution network made a strong come back. The recovery was led by consumer segments of the business followed by pick up in industrial segments.

Since second half of the year, input costs have been on the rise. The Company is managing the same with constant monitoring and swift decisions in line with the market dynamics. EBIDTA margins improved YoY (20.0% in FY21 vs 17.2% in FY 20) on account of cost optimisation and operating leverage. However, as Company generated healthy cash-flows, a significant part of the borrowings was repaid within same fiscal year.

### Our Approach

In the beginning of FY21 when the situation warranted, entire company's focus was on all round improvement of efficiency. As domestic operations remain disturbed the company focused more on the international operations.

When the opportunity presented in H2 with pent up demand, the company made a comeback in domestic operations. The operations were taken to full scale,

factories were ramped up to full capacities, supply chain strengths ensured continued availability of stocks at all levels.

### Operations

As we entered 2021, the outlook was uncertain & no specific expectations for growth were set, however as the year progressed, the company surpassed the 2020 base year revenue. Company has achieved revenue of INR 475.84 crore as against INR 462.15 crore recorded in the previous year. Exports, including export incentives, contribute 69% of total revenue.

During the year, operating margins improved significantly to INR 95.30 crore from INR 79.59 crore in the previous year.

### COVID -19 impact

The outbreak of the deadly COVID-19 virus and the ensuing lockdown imposed across the country affected business operations. However, towards later part of the year consequent to significant opening of the economic activity across the nation the demand picked up compared to that during the initial period of Covid-19.

India is currently experiencing a massive second wave of Covid-19 infections. However, we expect no major changes in the economic activity as the nation is preparing to face the Pandemic with vaccines and preparedness.

Moody's Investors Services said the escalating second wave of coronavirus infections in India present a risk to its growth forecast of 13.7% for FY22 as the re-imposition of virus management measures will curb economic activity and could dampen market and consumer sentiment.

"The announced countermeasures to combat the second wave – some of which are due to remain in place at least until the end of June – risk weakening the economic recovery. However, the targeted nature of containment measures and rapid progress on vaccinating the population will mitigate the credit-negative impact,".

### Outlook

The global Laminates market has been garnering remarkable momentum in the recent years. Low-ticket product categories are well positioned for a recessionary environment and the steadily escalating demand due to improvement in purchasing power is projected to bode well for the global market. Also, Global laminate boards' market in coming years is anticipated to rise owing to rising demand for boards with durability and resistance.

Besides, building material products are benefiting from resilience in new home construction and residential repair and remodel activity. In domestic market demand trends continued though regional lockdowns are creating challenges. Demand revival is led by Tier-II and Tier-III cities as Tier II and III towns offers reasonable land prices along with emergence of many industries (including sunrise sectors and start-ups), better road-and-air connectivity, spacious homes and need of people wanting to stay close to their hometowns, which is expected to fuel the next leg of growth of building materials companies. Further, general shift of preference from unorganised sector to organised sector due poor availability of products by the un-organised sector, will support the growth of the organised sector.

### Product Extension and Expansion

The company has planned for product extension under greenfield project by entering in Plywood and allied wood products under the flagship of wholly owned subsidiary (WOS) Stylam Panels Limited

In order to preserve precious liquidity all non-critical Capital Expenditure for the year were truncated, however, all essential and critical expansion plans were fully supported.

### Credit Rating

During the year under consideration, CARE has carried out a credit rating assessment of the Company for both short term and long term exposures and has re-affirmed rating and has improved the outlook from 'Stable' to 'Positive'.

The Rating of the company is as under:

Facilities	Rating
Long term facilities	Care 'A'-
Short term facilities	Care 'A2'

### Subsidiary and Associate and its performance

Asia Pacific Region holds the largest share in the global market of laminates and allied building materials and on the basis of rational forecasts Southeast Asia region is predicted to be the fastest growing region due to a bounce in construction activities, thus, Company with a view to explore more potential markets, incorporated a Wholly owned subsidiary (WOS) named Stylam Asia-Pacific Pte. Limited in Singapore on the September 16<sup>th</sup>, 2019. Howbeit, subsidiary has not yet commenced its business operations.

The company has also purchased 34% shares of Alca Vstyle Sdn Bhd.(Alca) Incorporated in Malaysia. These shares were purchased from existing shareholders. Alca is engaged in the business of trading of commercial and industrial furniture & fixtures.

The statement in form AOC-1 containing the salient features of the financial statements of subsidiary/ associate company/joint venture pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 is attached as "Annexure-I" to this Report

The company has incorporated wholly owned subsidiary (WOS) Stylam Panels Ltd in India to explore the opportunity by way of greenfield project in Plywood and allied wood based products.

### Dividend

The Company with a view to expand its business and oscillate its direction towards growth in the best way possible, has barred itself from recommending dividend during the year under review.

With the improvement in the working capital and liquidity position of the company, Board of Directors at their meeting held on July 15<sup>th</sup>, 2021, has approved payment of Interim Dividend of INR 2.50/- per equity share of face value of INR 5/- each for the financial year 2022.

### Reserve

After all appropriations and adjustments, the closing balance of the retained earnings for FY 2021, stood at INR 250.97 crore.

### Consolidated Financial Statements

Pursuant to Section 129(3) of the Companies Act, 2013, the Consolidated Financial Statements of the Company prepared in accordance with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and Indian Accounting Standard 110 have been provided in the Annual Report.

**Material Changes and Commitments**

There have been no other material changes viz:

- Settlement of tax liabilities;
- Operation of patent rights;
- Depression in market value of investments;
- Institution of cases by or against the Company;
- Destruction of any assets or disposal of a substantial part of undertaking;
- Changes in capital structure; and
- Material changes concerning purchase of raw material and sale of the product.

that occurred during the concerned financial year or subsequent to closure of the financial year under consideration till the date of the report

However, the company has incorporated wholly owned subsidiary (WOS) Stylam Panels Ltd in India in which it has invested an amount of INR 1,00,00,000/- (INR One Crore only) towards equity capital of WOS.

**Change in nature of business, if any**

There was no change in the nature of business of the Company during the financial year ended March 31<sup>st</sup>, 2021.

**Sub-division of equity shares**

The Board of Directors at its meeting held on February 9<sup>th</sup>, 2021 approved a proposal to sub-divide the face value of equity shares of the Company from INR 10/- to INR 5/- per share. The Company received approval of the shareholders for sub-division of shares on March 15<sup>th</sup>, 2021.

The record date fixed for sub-division of shares was April 15<sup>th</sup>, 2021.

In the case of shares held in dematerialised form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Shares before subdivision.

The existing share certificates of the equity shares of the face value of INR 10/- (Rupees Ten Only) each in the physical form shall be deemed to have been automatically cancelled and be of no effect from the Record date, and no letter of allotment shall be issued to the allottees of the new equity shares of INR 5/- (Rupees Five only) each on sub-division and the Company without requiring the surrender of the old/ existing share certificate(s), directly issue and dispatch the new share certificates of the Company, in lieu of such old/existing share certificates.

Accordingly, Clause V of the Memorandum of Association of the company shall stand modified.

There is no change in the paid-up share capital of the Company consequent upon sub-division of the face value of the equity shares.

**Share capital**

Pursuant to approval of shareholders at the EGM held on March 15<sup>th</sup>, 2021, for sub-division of shares for face value of INR 10/- each to INR 5/- each. The paid-up equity share capital as on March 31<sup>st</sup>, 2021, stood at INR 8.47 crore, divided into 1,694,860 equity shares of face value of INR 5/- each

- A) Issue of equity shares with differential rights**  
The Company did not issue equity shares with differential rights during the financial year 2020-21.
- B) Issue of sweat equity shares**  
The Company did not issue sweat equity shares during the financial year 2020-21.
- C) Issue of employee stock options**  
The Company did not issue stock options during the financial year 2020-21.
- D) Provision of money by Company for purchase of its own shares by employees or by trustees for the benefit of employees**  
The Company does not have a scheme for purchase of its own shares by employees or by trustees for the benefit of employees.

**Maintenance of Cost Records**

Pursuant to sub-section (1) of Section 148 of the Companies Act, 2013, the maintenance of Cost Records as specified by the Central Government is not required by the Company and accordingly such records are not made and maintained by the Company.

**Accreditation**

- Company received the following accreditation
  - Company has been accredited T-2 recognition under Authorised Economic Operator (AEO) programme, under the aegis of World Customs Organisation.
  - Company has obtained certification from NSF International, USA, for High Pressure Decorative Laminates and Solid Acrylic Surface Products. NSF is the US based leading global provider of public health and safety-based risk management solutions.

**Deposits**

During the year under review, the Company neither accepted any fresh Deposit nor renewed any existing deposits from the public within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**Business Excellence and Quality Initiatives**

The Company continues to be guided by the philosophy of business excellence to achieve sustainable growth. Customer-focused culture towards building long-term customers relationships is the key agenda of the Management.

The Company following the principles of total quality management, continues to be certified under ISO 9001: 2015 certifications for the complete range of laminates manufactured.

**Occupational, Health, Safety and Environment**

The Company has effectively deployed policies on Safety, Occupational Health & Environment at all locations and constantly focuses on improving the effectiveness of system processes.

**Brand Visibility**

During the year under review, the Company has conducted various programs viz Architects' meet, Distributors meet, Dealers meet to build a connection with its customers and dealers so to promote brand visibility and generate demand

**TV Commercial**

During the year under review the company has for the first time entered for media platform through TV commercials on niche channels.

Company was also associate sponsor of King XI for the 2020 season IPL series.

The objective was to create brand awareness.

**Live Digital Events**

The company always like to maintain a transparent channel of communication with stakeholders. We were quick to adapt to the new normal where physical meetings weren't feasible, so we switched to digital platforms and continued our dialogue to keep them informed and engaged.

**Human Resources**

The Company recognises that the purpose of Human Resources is to be a catalyst and change agent. Over the years, there has been a paradigm shift in the approach adopted by Employee Relations through different initiatives in various capacities. The Company invested in formal and informal training coupled with on-the-job training. We drive sustainable growth and have been instrumental in bringing in thought leadership in building strong employee relations. The Company is focused on building a high performance culture with a growth mindset. Developing and strengthening capabilities for all employees remained Company's an ongoing priority. The Company maintains momentum on building speed and simplification in ways of working.

**Directors and Key Managerial Personnel Change in Directorate**

**Elevation of Independent Director as Chairman of Board**  
Sh Satpal Garg, was co-opted as a Non-Executive Independent Director of the Company. Mr.Garg fulfills all the criteria as given under Section 2(47) & 149(6) read with Rule 5 of Companies (Appointment and Qualification of Directors) Rules, 2014

Ensuring effective functioning of board and to attach more value to the quality of corporate governance structures, Mr.Garg has been appointed as Chairman of the Board wef June 16<sup>th</sup>, 2021 under the provisions of Section 149(6)(b)(ii) of the Companies Act, 2013.

**Resignations of Independent Directors**

- Ms.Sonia Goyal, Independent Director of the company, has resigned from the board on personal grounds on January 25<sup>th</sup>, 2021. She has confirmed that there were no material reasons other than stated in her resignation letter.

The Board places on record appreciation for her thoroughness, dedication and commitment

- Ms. Purva Kansal, Independent Director of the company, has resigned from the board due to her other commitments and pre-occupations on March 27<sup>th</sup>, 2021. She has confirmed that there were no material reasons other than stated in her resignation letter. She was holding position of members with various committees Audit Committee, stakeholder Relationship Committee, Nomination and Remuneration Committee and Sexual Harassment Committee.

Company has immensely benefitted from her guidance. The Board places on record appreciation for her thoroughness, dedication and commitment

**Retirement by Rotation and subsequent re-appointment**

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rule, 2014 (including any statutory modification(s) or re-enactment(s) therefore the time being in force) and the Articles of Association of the Company, Mr. Manit Gupta (DIN: 00889528) and Mr.Sachin Bhatla (DIN 08182443) were appointed as directors liable to retire by rotation at the ensuing Annual General Meeting and are eligible offer themselves for re-appointment. The Board recommends their appointment.

The details of Directors being recommended for re-appointment as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company. Appropriate Resolution(s) seeking your approval to the re-appointment of Directors are also included in the Notice.

**Declaration by Independent Directors**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and the applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 so as to qualify themselves to act as Independent Director under the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and

Disclosure Requirements) Regulations, 2015 and the relevant rules.

**Appointment of Company Secretary and Compliance Officer**

In accordance with the provisions of Section 203 of the Companies Act, 2013, the company has appointed Mr. Karan Mehra as Company Secretary and Compliance Officer of the Company, with effect from May 18<sup>th</sup>, 2021 in place of Ms. Srishty Chaudhary who resigned as Company Secretary and Compliance Officer of the company on March 17<sup>th</sup>, 2021, for pursuing external opportunities.

**Board Meetings**

During the year under review, the Board of Directors of the company met 10 (ten) times, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The details of constitution of the Board and its Committees are given in the Corporate Governance Report which forms part of this Annual Report.

**Board Evaluation**

Performance evaluation of the individual Directors as well as the Board is done on the basis of the Nomination and Remuneration, Evaluation policy that has been framed by the Nomination and Remuneration Committee.

The Board of Directors are responsible for

- defining goals and framing strategies for achieving those goals;
- framing roles of board, committees, key managerial persons and employees;
- setting internal financial control systems;
- analyzing risks and effective risk measure to mitigate those risks;
- implementing corporate governance practices;
- responding to the problems or crisis that emerge;
- communication with employees and others;
- updation with latest developments in regulatory environments and the market in which the Company operates;
- contribution of the Board for ensuring that the Company adheres to the statutory and regulatory compliances as applicable to the Company;
- discharging of governance and fiduciary duties;
- handling critical and dissenting suggestions; etc.

The parameters for performance of evaluation of Board are

- attendance at the Board meetings;
- Participation and contribution in Board meetings and committee meetings;

- domain knowledge, vision, strategy;
- information regarding external environment;
- raising of concerns;
- Contribution towards the formulation and implementation of strategy for achieving the goals of the Company;
- Conduct and Integrity;
- Updation of skills and knowledge;
- Compliance with Code of Business Ethics and Code of Conduct of the Company; etc.

The Directors expressed their satisfaction with the evaluation process.

**Audit Committee**

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 18 of the Listing Regulations.

All the members of the Audit Committee are financially literate and have experience in the financial management.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and, inter-alia, performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information;
- reviewing and examining with management the quarterly and annual financial results and the auditors' report thereon before submission to the Board for approval;
- reviewing management discussion and analysis of financial condition and results of operations;
- reviewing Related Party Transaction Policy of the Company;
- reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- reviewing with management, Statutory Auditors and Internal Auditor, the adequacy of internal control systems;
- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- evaluating internal financial controls and risk management systems.

The terms of reference of the Audit Committee and other details have been provided in the Corporate Governance Report.

**Enterprises Risk Management Framework**

The Board has formed a Risk Management Committee ('RMC') to frame, implement and monitor the risk management plan for the Company and ensure its effectiveness and to develop a policy for actions associated to mitigate the risks as well as identify new and emergent risks.

The RMC seeks to minimise the adverse impact of risks on business objectives and capitalise on opportunities. The RMC is chaired by an Independent Director. The Audit Committee has an additional oversight in the areas of financial controls.

The Company has a well-defined risk management framework in place to ensure appropriate identification, measurement, mitigation and monitoring of business risks and challenges across the Company. The Company's success as an organisation largely depends on its ability to identify opportunities and leverage them while mitigating the risks that arise while conducting its business. Further, the Board is apprised of any procedure that may threaten the long term plans of the Company.

Company's sustainable focus remain on leveraging next generation technology, supports an enterprise-wide view of risks and compliance, enabling a more holistic approach towards informed decision making. Risks are assessed and managed at various levels with a top-down and bottom-up approach covering the enterprise, the Strategic business units, the geographies and the functions.

All business heads are responsible to ensure compliance with the policies and procedures laid down by the Management. Robust and continuous internal monitoring mechanisms ensure timely identification of risks and issues. The Management, Statutory and Internal Auditors undertake rigorous testing of the control environment of the Company.

**Nomination and Remuneration Committee**

The composition of the Nomination and Remuneration Committee is in alignment with provisions of Section 178 of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 19 of the Listing Regulations.

The Committee, inter alia, identifies persons who are qualified to become directors and who may be appointed in senior management.

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments. The role of Nomination and Remuneration Committee, inter-alia, includes:

- recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- determine remuneration of all the Executive Directors and Key Managerial Personnel, i.e. salary, benefits, bonuses etc.;
- carry out evaluation of each Director's performance and performance of the Board as a whole;
- recommend to the Board, all remunerations, in whatever form, payable to Senior Management.

The brief terms of reference of the Committee and the details of the Committee meetings are provided in the Corporate Governance Report.

**Stakeholders' Relationship Committee**

The composition of the Nomination and Remuneration Committee is in alignment with provisions of Section 178(5) of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 20 of the Listing Regulations. The Committee, inter alia, reviews the grievance of the security holders of the Company and redressal thereof. The brief terms of reference of the Committee and the details of the Committee meetings are provided in the Corporate Governance Report

**Corporate Social Responsibility**

Corporate Social Responsibility (CSR) encompasses much more than social outreach programmes.

In accordance with the requirements of Section 135 of Companies Act, 2013, Company has constituted a Corporate Social Responsibility Committee.

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed hereto as "Annexure – II"

The Company has contributed INR 89.17 lakh towards various CSR activities during the year and increased/ scaled up its CSR intervention in the areas prescribed in the Company's CSR policy.

As a socially responsible Company, the Company is committed to increase its CSR impact and spend over the coming years, with its aim of playing a larger role in India's sustainable development by embedding wider economic, social and environmental objectives. The Company has identified projects where contribution will be meaningful for the economic uplift of the society. Preference was given to allocate and spend higher amount on activities pertaining to local area and areas around the Company's factories. However, being in early years of implementation of CSR, the Company has faced practical problems as regards to co-ordination and consensus amongst the beneficiaries, local villagers, gram panchayats and other related agencies to carry out the identified projects.

### sala Statement in respect of adequacy of Internal Financial Controls with reference to the Financial Statements

The Directors had laid down Internal Financial Controls procedures to be followed by the Company which ensure compliance with various policies, practices and statutes in keeping with the organisation's pace of growth and increasing complexity of operations for orderly and efficient conduct of its business. The internal control framework is commensurate with the size and operations of the business and is in line with requirements of the Act.

The Audit Committee of the Board, from time to time, evaluated the adequacy and effectiveness of internal financial control of the Company.

- The Company has a well-defined delegation of authority with specified limits for approval of expenditure, both capital and revenue. The Company has workflows to ensure adherence to the delegation of authority
- The Company periodically tracks all amendments to Accounting Standards and makes changes to the underlying systems, processes and financial controls to ensure adherence to the same. All resultant changes to the policy and impact on financials are disclosed after due validation with the Audit Committee
- Access to assets is permitted only in accordance with management's general and specific authorisation. No assets of the Company are allowed to be used for personal purposes, except in accordance with terms of employment or except as specifically permitted.
- Proper systems are in place for prevention and detection of frauds and errors and for ensuring adherence to the Company's policies.
- The Company gets its Standalone financial statements limited reviewed/ audited every quarter by its Statutory Auditors. International subsidiary provide information required for consolidation of accounts in the format prescribed by the Company. The accounts of the subsidiary and joint venture company are audited and certified by their respective Statutory Auditors for consolidation.
- To have better internal financial control company has implemented integrated ERP System at all the business verticals.

### Vigil Mechanism/ Whistle Blower Policy

The Whistleblower Policy has been approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations.

The Policy also provides protection to the employees and business associates who report unethical practices and irregularities.

The policy is available on Company's website.

### Risk Management Policy

The Company operates in a volatile, uncertain, complex and ambiguous business environment. The environment brings mix of opportunities and uncertainties impacting the Company's objectives. Risk Management, which aims at managing the impact of these uncertainties, is an integral part of the Company's strategy setting process. The Company regularly identifies these uncertainties and after assessing them, devises short-term and long-term actions to mitigate any risk which could materially impact the Company's long-term goals.

Mitigation plans to significant risks are well integrated with functional and business plans and are reviewed on a regular basis by the senior leadership.

### Policy on Prevention of Sexual Harassment at Workplace

The Company's Policy on Prevention of Sexual Harassment at Workplace is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Prevention of Sexual Harassment of Women at Workplace Act) and Rules framed thereunder.

During the year under review, no case was filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

### Remuneration of Directors and Key Managerial Personnel

The remuneration paid to Directors is in accordance with Nomination and Remuneration Policy formulated in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Listing Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) in respect of Director and Key Managerial Personnel is set out in **Annexure V**

### Nomination and Remuneration Policy

The company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Remuneration Policy is approved by the Board of Directors and is uploaded on the website of the Company.

### Related Party Transactions

All related party transactions that were entered during the financial year were in the ordinary course of business and on arm's length basis. There were no materially significant related party transactions

entered into by the Company with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company.

All related party transactions are placed before the Audit Committee for approval and prior omnibus approval is also obtained from the Audit Committee for the related party transactions which are of repetitive nature and can be foreseen.

The policy on materiality of related party transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company. The required form AOC-2 has been appended as "Annexure III" to this report.

Further the disclosures related to related party transactions are also detailed in Note No. 29 of Notes to Accounts of Financial Statements for the year ended March 31<sup>st</sup>, 2020.

### Director's Responsibility Statement

In terms of the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, the Directors state that:

- in preparation of annual financial statements for the financial year ended March 31<sup>st</sup>, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis;
- the proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### Insurance

The Company's properties, including building, plant, machineries etc and stocks are adequately insured against risks.

### Listing

The equity shares continue to be listed on Bombay Stock Exchange Limited (BSE). The Company has paid annual listing fee for the financial year 2021-22.

Company has received listing nod from National Stock Exchange Limited (NSE). Company has decided to list its shares on NSE platform from August 2<sup>nd</sup>, 2021.

### Loans, Guarantees or Investments

Pursuant to Section 186 of the Companies Act, 2013, Company has not directly or indirectly

- given any loan to any person or other body corporate other than usual advances envisaged in a contract of supply of materials if any,
- given any guarantee or provide security in connection with a loan to any other body corporate or person and
- acquired by way of subscription purchase or otherwise, the securities of any other body corporate, exceeding sixty percent, of its paid-up share capital, free reserve and securities premium account or one hundred percent of its free reserves and securities premium account whichever is more.

### Auditors and Auditors' Report Statutory Auditors

The shareholders of the company at the 27<sup>th</sup> Annual General Meeting (AGM) held on September 28<sup>th</sup>, 2018, have approved appointment of M/s Mittal Goel & Associates, Chartered Accountants (Firm Registration No. 017577N), as the Statutory Auditors of the of the Company pursuant to Section 139 of Companies Act, 2013 from the date of conclusion of 27<sup>th</sup> AGM till the conclusion of 31<sup>st</sup> AGM to be held in 2022.

### Statutory Auditors' Report

The observations of Statutory Auditor in its reports on standalone and consolidated financials are self-explanatory and therefore do not call for any further comments.

### Details in respect of frauds reported by auditors

There were no instances of fraud reported by the auditors.

### Cost Auditors

The company was not required to appoint Cost Auditor for the financial year ended March 31<sup>st</sup>, 2021.

### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Sanjiv K Goel, Practising Company Secretary, to undertake Secretarial Audit of the Company for the period of 5 (five) years till financial year 2025-26.

The Secretarial Audit Report in Form MR-3 for the financial year ended March 31<sup>st</sup>, 2021 is annexed herewith as "Annexure-IV".

The Secretarial Audit Report for the year ended March 31<sup>st</sup>, 2021 does not contain any qualification, reservation or adverse remark.

#### Internal Auditors

The Company has proper and adequate system of internal controls. The external audit firm has been appointed as internal auditors to conduct regular audits that are performed as per the annual Audit Plan. The Internal Audit team conducts its at factory, branches and corporate offices with the objective of evaluating and continuously improving the effectiveness of internal controls and governance processes. Additional areas, if any, identified during the year are taken up as special assignments.

The audit findings are reviewed by the Audit Committee and Board of Directors and corrective action, as deemed necessary is taken. Company has also laid down procedures and authority levels with suitable checks and balances encompassing the entire operations of the Company.

#### Extract of the Annual Report

The extract of the Annual Return of the Company as on March 31<sup>st</sup>, 2021 in Form No. MGT - 9 in accordance with Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out in the "Annexure IV" of this report.

#### Corporate Governance

Transparency is the cornerstone of the Company's philosophy and all requirements of Corporate Governance are adhered to both in letter and spirit.

All the Committees of the Board of Directors meets at regular intervals as required in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Your Board of Directors has taken all necessary steps to ensure compliance with all statutory and listing requirements. The Directors and key managerial personnel of your Company have complied with the approved 'Code of Ethics for Board of Directors and Senior Executives' of the Company.

The Report on Corporate Governance as required under the Listing Agreement forms part of and is annexed herewith. The Auditors' Certificate on compliance with Corporate Governance requirements is also attached to this Report.

#### Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the financial year 2020-21, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given as a separate statement in the Annual Report.

#### CEO and CFO Certification

Pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO and CFO certification as specified in Part B of Schedule II thereof is annexed to the Corporate Governance Report. The Managing Director & CEO and the Chief Financial Officer of the Company also provide quarterly certification on Financial Results while placing the Financial Results before the Board in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Compliance with Code of Ethics for Board of Conduct for Directors and Senior Management Personnel

The Managing Director & CEO of the Company has given a declaration that all Directors and Senior Management Personnel concerned have affirmed compliance with the code of conduct with reference to the financial year ended on March 31<sup>st</sup>, 2021. The declaration is annexed to the Corporate Governance Report.

#### Disclosure regarding compliance of applicable Secretarial Standards

The Company has complied with all the mandatorily applicable secretarial standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

#### Fraud Reporting u/s 143(12)

The Company has complied with all the provisions of Section 143 of the Companies act, 2013. Hence, no fraud was reported by the Auditors of the Company to the Audit Committee or the Board of directors.

#### Particulars of Employees

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is 'Not Applicable' as no employee is in receipt of remuneration in excess of the limits prescribed under this Section.

#### Detail of Significant and Material Orders Passed by Regulators or Courts of Tribunals Impacting the Going Concern Status and Company's Operation in Future

There are no significant material orders passed by the Regulators/Courts which would impact the Going Concern status of the Company and its future Operations.

#### Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo

Information pursuant to Clause (m) of Sub-Section (3) of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure VI".

#### Compliance with applicable Secretarial Standards

The Company has duly complied with all applicable Secretarial Standard as issued by ICSI during the year under review.

#### Acknowledgement

The Board place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment.

The Board also wishes to place on record its appreciation for the support and cooperation the Company has been receiving from its suppliers, redistribution stockiest, retailers, and others associated with the Company as its trading partners.

The Directors also take this opportunity to thank all Investors, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

On behalf of the Board,

Place: Chandigarh  
Date: July 28<sup>th</sup>, 2021

Sd/-  
**Jagdish Gupta**  
Managing Director  
Din: 00115113

Sd/-  
**Manit Gupta**  
Director  
00889528

