

**DIRECTORS' REPORT**

**To**  
**The Members**  
**UMIYA TUBES LIMITED**

Your Directors take pleasure in presenting the **SEVENTH** Annual Report of the Company together with the Audited Accounts for the financial year ended on 31<sup>st</sup> March, 2020.

**FINANCIAL SUMMARY/HIGHLIGHTS:**

The brief financial results are as under:

<b>Particulars</b>	(Rs. in Lakhs)	
	<b>2019-20</b>	<b>2018-19</b>
Gross Income	<b>760.87</b>	1543.52
Profit/(Loss) before Depreciation and Tax	<b>58.68</b>	43.14
Less: Depreciation	<b>35.36</b>	38.58
Profit/(Loss) Before Tax and Extra Ordinary Items	<b>23.32</b>	4.56
Less: Extra Ordinary Items	-	-
Less: Current Tax	<b>1.76</b>	0.88
Deferred Tax	<b>4.13</b>	(6.96)
Add/Less: MAT credit Entitlement	<b>(0.12)</b>	(0.88)
Profit/(Loss) After Tax	<b>17.56</b>	11.52

The turnover of the Company for the year 2019-20 has decreased to Rs. 760.87 Lakhs from Rs. 1543.52 Lakhs. However, the profit before Depreciation and Tax increased to Rs. 58.68 Lakhs as compared to profit of Rs. 43.14 in the last year.

The impact of COVID-19 pandemic started worldwide from the month of December, 2019 and had severe impact on the business globally. This resulted in the slowdown of activities of the Company. It must be noted that the COVID-19 is an unprecedented phenomenon faced by all and as the pandemic has not been eradicated completely, the situation is very uncertain and has not completely stabilized. If the impact of COVID-19 get stabilized and/or subsided, the same may be expected to result into normal business activities in the next couple of quarters.

**SUBSIDIARY COMPANIES/JOINT VENTURE COMPANY/ASSOCIATE COMPANY:**

The Company does not have any Subsidiary Companies or Joint Venture Company or Associate Company.

**MATERIAL CHANGES AND COMMITMENT:**

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the financial statements relate and the date of the report.

**REASONS FOR REVISION OF FINANCIAL STATEMENT OR REPORT:**

During the year, the financial statement or report was not revised. Hence further details are not applicable.

**DIVIDEND:**

In order to conserve resources, your Directors express their inability to recommend any dividend.

**TRANSFER TO RESERVE:**

Your Directors find it prudent not to transfer any amount to General Reserve.

**SHARE CAPITAL:**

The Paid up Equity share capital of the Company as on 31<sup>st</sup> March, 2020 was Rs. 10,00,66,670/- divided into 1,00,06,667 Equity shares of Rs. 10/- each.

**DIRECTORS & KEY MANAGERIAL PERSONNEL:**

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Mr. Surendrasinh P. Vaghela (DIN: 06415080), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself to be re-appointed as Director of the Company.

The Board recommends the re-appointment of Mr. Surendrasinh P. Vaghela (DIN: 06415080) as Director of the Company liable to retire by rotation.

Mrs. Shobhanaben B. Dave (DIN: 08768365) was appointed as an Independent Director of the Company for a period of five years w.e.f. 29<sup>th</sup> June, 2020. Mr. Yash Joshi (DIN: 08436257) was appointed as Director of the Company w.e.f. 29<sup>th</sup> June, 2020.

During the year Mrs. Beena P. Vaghela has resigned as Director and Mr. Vikram G. Patel has resigned as an Independent Director of the Company w.e.f. 9<sup>th</sup> October, 2019. Moreover, Mr. Rikenkumar B. Patel has also resigned as CFO of the Company w.e.f. 9<sup>th</sup> October, 2019. In the interim period, Mr. Bharat Patel held charge of CFO also. Mr. Yash Joshi was appointed as CFO of the Company w.e.f. 29<sup>th</sup> June, 2020.

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Mr. Rajesh K. Dave had resigned as Independent Director of the Company w.e.f 29<sup>th</sup> June, 2020. Moreover, Mr. Bharatkumar P. Patel also resigned as Whole Time Director of the Company w.e.f 29<sup>th</sup> June, 2020.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. that the Directors had 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;
4. that the Directors had prepared the annual accounts on a going concern basis; and
5. that the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. that 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.

**FORMAL EVALUATION BY BOARD OF ITS OWN PERFORMANCE:**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees based on the criteria and framework adopted by the Board.

**NUMBER OF MEETINGS OF BOARD:**

The Board of Directors duly met 4 (Four) times during the year on 4<sup>th</sup> May, 2019, 11<sup>th</sup> July, 2019, 9<sup>th</sup> October, 2019 and 13<sup>th</sup> January, 2020.

**DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received necessary Declaration from each Independent Director/s under section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence laid down in section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board is in the opinion that the Independent Directors fulfill the criteria of Independence and are Independent from the management of the Company. After evaluating performance of Mr. Miteshkumar G. Patel (DIN: 07397651) and Mr. Atul J. Popat (DIN: 07323826) and other documents, declarations etc., the Board recommends re-appointment as Independent Directors for second term of five consecutive years.

**ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS / SWEAT EQUITY SHARES / EMPLOYEE STOCK OPTION SCHEME:**

During the year, the Company has not issued any equity shares with differential voting rights or sweat equity shares or shares under employee stock option scheme. Hence disclosure regarding the same is not given.

**AUDITORS:**

M/s. P. Singhvi & Associates, Chartered Accountants, the existing auditors of the Company were appointed as auditors of the Company at the 3<sup>rd</sup> AGM for holding the office from the conclusion of that 3<sup>rd</sup> AGM till the conclusion of the 8<sup>th</sup> AGM. At the same AGM, any one of the Directors of the Company was authorized to fix the remuneration of the Statutory auditors.

In view of the Companies (Amendment) Act, 2017, the first proviso in sub-section (1) in section 139 of the Companies Act, 2013 has been omitted with effect from 7<sup>th</sup> May, 2018. In view of this, the said appointment of auditor is no longer required to be ratified by the members at every annual general meeting.

The Board has duly reviewed the Statutory Auditor's Report on the Accounts. The observations, comments and notes of the Auditor are self explanatory and do not call for any further explanation /clarification.

**COST AUDITORS AND COST AUDIT REPORT:**

Pursuant to Section 148 of the Companies Act, 2013, the maintenance of Cost records has not been specified to the Company. Hence disclosure regarding the same is not given.

**SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Manoj Hurkat & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure 1".

**AUDIT COMMITTEE:**

The Audit Committee consists of the following Directors:

- |                               |          |
|-------------------------------|----------|
| 1. Mr. Atul J Popat           | Chairman |
| 2. Mr. Surendrasinh P Vaghela | Member   |
| 3. Mr. Shobhanaben B. Dave    | Member   |

**NOMINATION & REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee consists of the following Directors:

- |                             |          |
|-----------------------------|----------|
| 1. Mr. Atul J Popat         | Chairman |
| 2. Mr. Mitesh G. Patel      | Member   |
| 3. Mrs. Shobhanaben B. Dave | Member   |

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Stakeholders Relationship Committee consists of the following Directors:

- |                             |          |
|-----------------------------|----------|
| 1. Mr. Atul J Popat         | Chairman |
| 2. Mr. Saurabhkumar R Patel | Member   |
| 3. Mrs. Shobhanaben B. Dave | Member   |

**RISK MANAGEMENT POLICY/PLAN:**

It may please be noted that as per the applicable requirement of Companies Act, 2013 a risk management policy/plan of the Company is developed and implemented for creating and protecting the Shareholder's value by minimizing threats or losses and to identify and provide a framework that enables future activities of a Company to take place in a consistent and controlled manner.

**VIGIL MECHANISM:**

The Company has a vigil mechanism for its Directors and employees, to deal with instance of fraud/ mismanagement, if any and to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The details of the policy are posted on the website of the Company.

**CODE OF BUSINESS CONDUCT AND ETHICS:**

The Company has laid down a Code of Conduct (COC) which is applicable to all the Board members and Senior Management of the Company. The COC is available on the website of the Company [www.sanginitachemicals.co.in](http://www.sanginitachemicals.co.in). All the members of the Board and Senior Management have affirmed compliance with the Code.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place an Anti Sexual Harassment measures in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year, there were no complaints received under the said act. The Company has complied with the applicable provisions of the Act including the constitution of internal complaints committee.

**REMUNERATION POLICY:**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

The Company's shareholders may refer the Company's website for the detailed Nomination & Remuneration Policy of the Company on the appointment and remuneration of Directors including criteria for determining qualifications, positive attributes, independence of a Director; and other matters provided under sub-section (3) of section 178.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

**ANALYSIS OF REMUNERATION:**

The details of remuneration paid to Directors and Key Managerial Personnel is given in extract of Annual Return attached with this report.

Disclosure/details pursuant to provisions of Section 197(12) of the Companies Act 2013 read with Companies (appointment and Remuneration of managerial personnel) Rules, 2014 are given as follows:

Names and Positions	[A] Ratio of Directors' Remuneration to the median Remuneration of Employees	[B] Percentage (%) increase/(decrease) in Remuneration
Mr. Surendrasinh P Vaghela (Managing Director)	1.56	N.A.*
Mr. Bharatkumar P Patel (Whole Time Director)	7.82	N.A.*
Mr. Saurabhkumar R Patel (Managing Director)	7.82	N.A.*
Mr. Rajesh K Dave (Independent Director)	Nil	N.A.
Mr. Mitesh G Patel (Independent Director)	Nil	N.A.
Mr. Atul J Popat (Independent Director)	Nil	N.A.

\* Last year, there was decrease in the remuneration paid to the Directors of the Company.

Note: The median remuneration of employees of the Company during the year was Rs. 57571/- p.a.

[C] Percentage increase/-decrease in the median Remuneration of Employees	(21.04)
[D] Number of permanent Employees on the rolls of Company	13 (Thirteen)
[E] Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof	There was decrease of 35.99% in average salaries of employees other than NEDs and KMPs made in the year 2019-20. There was also decrease of 41.76%% in the Managerial Remuneration in the year 2019-20 as compared to the year 2018-19.

**PARTICULARS OF EMPLOYEES:**

The statement showing the names of the top ten employees in terms of remuneration drawn is given as "Annexure 2."

There are no employees of the Company drawing remuneration requiring disclosure of information under Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

**DETAILS OF THE REMUNERATION TO MD/WTD (AS PER CLAUSE-IV OF SECTION-II OF PART-II OF SCHEDULE V):**

- (i) all elements of the remuneration package such as salary, benefits, bonuses, stock options and pension:  
The details are given in clause- VI (A) of MGT-9 attached to this report as **Annexure 3**.
- (ii) details of fixed component and performance-linked incentives, along with the performance criteria:  
The details are given in clause- VI(A) of MGT-9 attached to this report as **Annexure 3** and performance criteria is linked with net profit of the Company.
- (iii) service contracts, notice period and severance fees:  
Term valid till 3 years from the date of appointment/re-appointment. And no notice period was mentioned no severance fees.
- (iv) stock option details, if any, and whether these have been issued at a discount, as well as the period over which they accrued and how they are exercisable:  
The Company has not granted any stock option.

**REGULATORY ORDERS:**

During the year there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**CSR COMMITTEE:**

As the requirement of CSR Committee is not applicable to the Company, no further details/disclosure required to be given in this regard.



**DETAILS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

<b>(A) Conservation of energy</b>		
(i) the steps taken or impact on conservation of energy		<p>a. The Company uses LED lamps and fans in the whole factory premises including offices at factory and street light in factory which save approx. 30-40% electricity as compared to normal lamps.</p> <p>b. The Company uses AC Drives for almost all Tube mills and it also saves around 30-40% of electricity as compared to DC Drives.</p> <p>c. The Company have installed 6 Voltage Protection device (VPD) for purpose stable voltage for main panel of individual tube mill.</p> <p>d. The Company have installed power factor penal for maintained good power factor ratio.</p> <p>e. The Company tried different composition of gases which ultimately found good quality and competitive cost of welding.</p> <p>f. The Company also started polishing work with low RPM electric motors which reduced consumption of energy and polishing material to a huge extent.</p>
(ii) the steps taken by the company for utilizing alternate sources of energy		N.A.
(iii) the capital investment on energy conservation equipments		NIL
<b>(B) Technology absorption</b>		
(i) the efforts made towards technology absorption		NIL
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution		N.A.
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	<p>(a) the details of technology imported;</p> <p>(b) the year of import;</p> <p>(c) whether the technology been fully absorbed;</p> <p>(d) if not fully absorbed, are as where absorption has not taken place, and the reasons thereof;</p>	<p>As the Company has not imported any technology, there are no details required to be given in any of the sub clauses under this clause. The Company have invented embossing machine which is used for embossing Company name on each product.</p> <p>As the company is new and at infant stage, it does not have separate R&amp;D department but all motivated employees and KMPs always works for new ways and forms of doing work and saving cost and all energy saving benefits narrated above are the results of our R&amp;D work only.</p>
(iv) the expenditure incurred on Research & Development		Nil
<b>(C) Foreign exchange earnings and Outgo</b>		
The Foreign Exchange earned in terms of actual inflows during the year and		Inspite of attempts of marketing abroad, no inflow took place but the Company is still pursuing export opportunities.
The Foreign Exchange outgo during the year in terms of actual outflows		NIL

**INTERNAL FINANCIAL CONTROL:**

The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

**DEPOSITS:**

During the year under report, your Company has not accepted any deposits pursuant to Section 73 of the Companies Act, 2013. Hence further details are not given.

Details of money accepted (if any during the year) by the Company from the Directors and/or the relatives of Directors of the Company are given in the notes to the Financial Statements and the same are not deposit as per the applicable provisions of Companies Act, 2013 and rules made thereunder.

**ANNUAL REPORT 2019-2020****CORPORATE GOVERNANCE:**

The Corporate Governance Report forms an integral part of this Report and annexed hereto as “**Annexure 4**”, together with the Certificate from the Practicing Company Secretary regarding compliance with the requirements of Corporate Governance as stipulated in Part C of Schedule V to the SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015.

**EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT- 9 is annexed herewith as “**Annexure 3**”. The Annual return is also being uploaded on the website of the Company.

**COMPLIANCES OF APPLICABLE SECRETARIAL STANDARDS:**

The Company has complied with applicable Secretarial Standards during the year under review.

**PARTICULARS OF LOANS, INVESTMENTS OR GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

The investments made by the Company during the year under section 186 of the Companies Act, 2013 are already reported in the financial statements. The same may be treated as sufficient disclosure for the purpose of this Directors report. There are no Loans, Guarantees /Security given by the Company during the year under section 186 of the Companies Act, 2013; hence no particulars are required to be given.

**RELATED PARTY TRANSACTION:**

There are no particulars of contacts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 which are required to be reported in the prescribed form AOC-2. The details of related party transactions as per AS-18 are otherwise reported in the financial statements. The related party transactions are otherwise carried out in the ordinary course of business and on Arms' length basis and the same are in the best interest of the Company. The related party transactions are due to business exigencies.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Management Discussion and Analysis Report, pursuant to Regulation 34(2)(e) of The SEBI (LODR) Regulations, 2015 is appended as “**Annexure 5**” to Director's Report.

**APPRECIATION:**

Your Directors wish to place on record their sincere appreciation for significant contribution made by the employees at all the levels through their dedication, hard work and commitment, thereby enabling the Company to boost its performance during the year under report.

Your Directors also take this opportunity to place on record the valuable co-operation and continuous support extended by its valued business associates, Practicing Company Secretary, Auditors, Supplier, Customers, Banks / Financial Institutions, Government authorities and the shareholders for their continuously reposed confidence in the Company and look forward to having the same support in all its future endeavors.

**By Order of the Board**

sd/-

**Saurabhkumar R. Patel**

**(DIN:06964670)**

**Chairperson and Managing Director**

**Place : Gandhinagar**  
**Date : 29<sup>th</sup> June, 2020**