

# Director's Report

To All members,

Your Directors have pleasure in presenting the 31st Annual Report on the business and operations of your company along with the Audited Statement of Accounts for the year ended 31st March, 2019.

## FINANCIAL RESULTS & STATE OF AFFAIRS

The highlights of the financial results of the company for the year ended 31st March, 2019 as compared with the previous year are given below:

Particulars	(₹ in lakhs except EPS data)	
	31.03.2019	31.03.2018
Revenue from operation	15515.30	9480.71
Other income	968.96	246.25
Total Income	16484.26	9726.96
Profit before Interest & Depreciation	1821.54	551.72
Profit / (Loss) before Taxation	1269.52	360.76
Profit/(Loss) after Taxation	893.38	283.82
EPS	0.73	0.42

Total income increased to ₹16484.26 Lakhs as against ₹9726.96 Lakhs in the previous year showing a growth of 69.47%. The Profit before Tax for the current year is ₹1269.52 Lakhs as against ₹360.76 Lakhs in the previous year showing a growth of 251.90%. The Profit after Tax (PAT) for the current year is ₹893.38 Lakhs as against the PAT of 283.82 Lakhs in the previous year. The growth in PAT of current financial year is mainly driven by increase in net revenue from sales of prime products.

There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year 2018-19 and the date of this Report.

### SUBSIDIARIES & ASSOCIATES

The Company does not have any Subsidiary & Associate concerns during the year.

### CHANGE(S) IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company.

### DIVIDEND

Keeping in view to further improve the capacity utilization and consolidate its existing facilities, the Board has considered prudent to conserve and retain the profit for further improvement. The Board regrets its inability to recommend any dividend.

### TRANSFER TO RESERVE

During the year under review, no profit has been transferred to General Reserve.

### PUBLIC DEPOSITS

During the period under review, the Company did not invite or accept any deposits from the public in terms of Chapter V of the Companies Act, 2013

### DIRECTOR'S RESPONSIBILITY STATEMENT

In compliance with section 134(3) (c) of the Companies Act, 2013, your Directors confirm:

- a. That in the preparation of Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- b. That they 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 end of the financial year and of the profit or loss of the Company for that period.
- c. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- d. That they have prepared the annual accounts on a going concern basis.
- e. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively
- f. That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

## SHARE CAPITAL

The authorized Share Capital and paid up Share Capital as on 31.03.2019 is ₹30,00,00,000/- (15,00,00,000 Equity shares of ₹2/-each) and ₹24,46,85,700/- (12,23,42,850 Equity shares of ₹2/- each respectively).

## DIRECTORS, KMP & CHANGES THEREIN

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act 2013. There is no change in Directors & KMP during the period under review.

However, Mr. Srinivasan Sethuraman has resigned from the position of Managing Director as well as from the Board of the Company on 14th August, 2019. Further Mr. Nazeer Azam Sulthan (DIN: 08072833) appointed as an Additional Director (Non-Executive) on the Board of the Company w.e.f 14th August, 2019 and he will be designated as the Managing Director of the Company w.e.f 15th September, 2019.

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) 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, Nomination & Remuneration and other Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## NOMINATION & 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 brief terms of reference of Nomination & Remuneration Committee is stated in corporate governance report. The link to access Nomination & Remuneration Policy is <https://www.uniplydecor.com/docs/policy/NOMINATION%20&%20REMUNERATION%20POLICY.pdf>.

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has framed Familiarization Programme for Independent Directors pursuant to SEBI (LODR) 2015 and uploaded the same in the website of the Company. The web link to access the aforesaid programme is [www.uniplydecor.com/docs/policy/UDL-FAMILIARISATION%20PROGRAMME%20FOR%20INDEPENDENT%20DIRECTORS.pdf](http://www.uniplydecor.com/docs/policy/UDL-FAMILIARISATION%20PROGRAMME%20FOR%20INDEPENDENT%20DIRECTORS.pdf).

## MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year under review 4 (Four) Board Meetings, were convened and held. The details of which are given in the Corporate Governance Report. The intervening gaps between the Meetings were within the period prescribed under the Companies Act, 2013.

## MEETING OF THE COMMITTEE

The Board has various Committees such as Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. The details of each committee and their respective meetings have been provided in the Corporate Governance Report.

## MEETINGS OF INDEPENDENT DIRECTORS

In terms of Schedule IV of the Companies Act, 2013 and the SEBI (LODR) 2015, a separate meeting of the Independent Directors of the Company was held on 14.02.2019 without the presence of Executive Directors and members of the management wherein they inter alia discussed:

- The performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- The performance of Non-Independent Directors and the Board as a whole;

- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## COST AUDIT / MAINTENANCE OF COST RECORDS

The Company was not falling under criteria given for maintenance of Cost Record/Cost Audit as per the Companies (Cost Records and Audit) Rules, 2014. Hence cost audit/Maintenance of cost record was not conducted.

## 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. Lakshmi Subramanian & Associates, Practising Company Secretaries, Chennai to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor in MGT-3 is annexed herewith as "Annexure A". The Report does not contain any qualification, reservation or adverse remark.

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure B".

## MATERIAL CHANGES & COMMITMENTS

After the end of the financial year the following material events have occurred:

- a. The Board has approved the shifting of the Registered Office of the Company from Chennai, Tamil Nadu to New Delhi, subject to the approval of the Shareholders and other Regulatory Authority (ies) as per the applicable law.
- b. The Company has completed upgradation and full automation of its manufacturing facility at Bachau, Gujarat. With the said upgradation, the plant will run at labour efficiency of over 40% on the enhanced capacity. The Board approved the transfer of all production from the Company's legacy Chennai plant to the newly automated facility at Gujarat.
- c. Mr. Srinivasan Sethuraman has resigned from the position of Managing Director & as well as from the Board of the Directors of the Company w.e.f 14th August, 2019.
- d. Mr. Nazeer Azam Sulthan (DIN: 08072833) appointed as an Additional Director (Non-Executive) on the Board of the Company w.e.f 14th August, 2019 and he will be designated as the Managing Director of the Company w.e.f 15th September, 2019.
- e. M/s. Lily & Geetha Associates, Chartered Accountants, Chennai resigned from the Office of the Statutory Auditors w.e.f. 14th August, 2019 and to fill such casual vacancy in the office of the statutory Auditor the Board

has appointed M/s. N D Kapur & Co., Chartered Accountants, New Delhi as the Statutory Auditors of the Company, their appointment is subject to the approval of the Shareholders in their ensuing General Meeting and in compliance with the applicable laws.

Except this there were no other changes.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The details have been furnished in Form AOC-2. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. The Web link for the same is <https://www.uniplydecor.com/docs/policy/UDL-RELATED%20ARTY%20TRANSACTION%205%20POLICY.pdf>.

The detail with respect to Related Party Transactions is slated in form AOC-2 in Annexure – C

## PARTICULARS OF EMPLOYEES

Particulars of employees as per section 197 of the Companies Act, 2013 read with rule 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 need to be furnished is NIL. The Information which are required to be disclosed on Annual Report under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is stated in Annexure-D.

## STATUTORY AUDITORS & THEIR REPORT

In accordance with the provisions of Section 139 of the Companies, Act, 2013 and the Rules made there under, M/s. Lily & Geetha Associates, Chartered Accountants, Chennai, having FRN.: 006982S was appointed as the Statutory Auditors of the Company at the 29th Annual General Meeting held on 27th September, 2017 for a term of five years till the conclusion of 33rd Annual General Meeting. However, M/s. Lily & Geetha Associates, Chartered Accountants, Chennai has tender their resignation as the Statutory Auditors of the Company, expressing their inability due to constraint of manpower for the Audit, resulting in a casual vacancy in the office of the Auditors of the Company w.e.f. 14th August, 2019 as per section 139(8) of the Companies, Act, 2013.

In accordance with aforesaid provisions of the Act, the Board has recommended to the members for the appointment of M/s. N D Kapur & Co., Chartered Accountants, New Delhi, as the Statutory Auditors of the Company:

- a) to fill the casual vacancy caused by the resignation of M/s. Lily & Geetha Associates, Chartered Accountants, Chennai and to hold the office of the Statutory Auditors upto the conclusion of this Annual General Meeting: and
- b) for a period of five years from the conclusion of the 31st Annual General Meeting till the conclusion of 36th Annual General Meeting of the Company to be held in the year 2024.

M/s. N D Kapur & Co., Chartered Accountants, New Delhi, has confirmed their eligibility to act as the Statutory Auditors of the Company.

M/s. Lily & Geetha Associates, Chartered Accountants, 16 (Old No. 37) Akbarabad 2nd Street, Kodambakkam, Chennai – 600024 have completed the Statutory Audit for period 2018-19 and submitted their Auditors Report to the Shareholder, which does not contain any, Qualification or adverse remark. The observation made in the Auditors Report read together with relevant notes thereon are self-explanatory and hence do not call for any further comments under Section 134 of the Companies Act, 2013.

### REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditors has reported to the audit committee, under section 143(12) of the Companies Act, 2013 any instance of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in Board's report.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined by the Audit Committee and delegated to Internal Auditor to maintain its objectivity and independence. The Internal Auditor reports to the Chairman of the Audit Committee of the Board and to the Managing Director of the Company.

The Internal Auditor M/s. C. Ramasamy & B.Srinivasan, Chartered Accountants monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and promptly informed the management on the lacking as and when required.

### FINANCE

The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements. All loans, investment taken/given with proper approval and an incompliance with the applicable laws.

### LISTING ON STOCK EXCHANGES

The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and necessary listing fee has been paid up to date.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism/Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the vigil mechanism/Whistle Blower Policy is posted on the website of the Company and available in this web link: [http:// www.uniplydecor.com/docs/policy/UDL-WHISTLE-BLOWER-POLICY.pdf](http://www.uniplydecor.com/docs/policy/UDL-WHISTLE-BLOWER-POLICY.pdf).

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure E".

### FOREX TRANSACTION

During the year under review the foreign exchange earned by the Company was Nil and outgo amounted to ₹471.55 lakhs on account of import and foreign travel expenses.

### RISK MANAGEMENT POLICY

Risk Assessment and minimization procedures have been framed by the Company named as "Risk Management Charter" and are reviewed by the Committee from time to time. The Committee has overall responsibility for monitoring and approving the risk policies and associated practices of the Company. The Duties and Responsibilities of the Committee are as follows:

- Annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.
- Ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- Evaluate significant risk exposures of the Company and access management's actions to mitigate the exposures in a timely manner.

- Co-ordinate its activities with Audit Committee in stances where there is any overlap with Audit activities.

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure and potential impact analysis and mitigation plan.

### OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act our company has constituted an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee. During the year under review, the committee has not received or disposed any complaints relating to sexual harassment at work place of any women employee. The policy on the same can be viewed in the website of the Company. The web link to access the aforesaid programme is [www.uniplydecor.com/docs/policy/UDL-POSH-Policy.pdf](http://www.uniplydecor.com/docs/policy/UDL-POSH-Policy.pdf).

### HUMAN RESOURCES

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

### INDUSTRIAL RELATIONS

During the Year under review, Your Company enjoyed cordial relationship with workers and employees at all levels.

### TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the Company for a period of seven years, as on the date of last AGM (i.e. 26.09.2018), with the Ministry of Corporate Affairs. The dates by which the unpaid or unclaimed dividend amounts will be transferred to IEPF are as under:

Financial Year	Date of Declaration	Rate of Dividend per share	Due date for transfer to IEPF
2011-2012	27.07.2012	15% (₹0.30)	02.09.2019
2012-2013	11.09.2013	15% (₹0.30)	18.10.2020

## CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as separate Annexures, together with the Certificate from the Auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in SEBI (LODR) 2015.

### GREEN INITIATIVE

Your Company wholly recognizes undying concern for ecofriendly environment, continued efforts and worthy contribution to make this planet a safer place.

### ENVIRONMENT

The Company is committed to the environment. The Company continues to upkeep effluent and chemical treatment plant. Continuous check of air and water pollution at manufacturing unit is made and monitored.

### CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility, encompassing much more than social outreach, continuous to be an integral part of the Company's activity. Since the provision is not applicable to the Company during the year under review the detailed CSR report is not given. However, since the Company has earned net profit of ₹893.87 lakhs for the year under review, now the provision is applicable to the Company in the year 2019-20.

### SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

### ACKNOWLEDGEMENT

Your Directors take this occasion to express their gratitude for support and co-operation received from financial institutions, Central and state governments, SEBI, stock exchange, vendors, valued customers and stakeholders. Your directors also express their gratefulness of the efforts put in by the workers and employees of the Company at all levels.

For Uniply Decor Limited

Place: Chennai  
Date: 14.08.2019

Keshav Narayan Kantamneni  
Chairman