



27TH

ANNUAL REPORT

2016 - 2017

VIRAT INDUSTRIES LIMITED

VIRAT INDUSTRIES LIMITED

27th Annual Report 2016-2017

CHAIRMAN EMERITUS

Mr. Naozer J. Aga

BOARD OF DIRECTORS

Mr. Vijay V. Merchant Chairman
Mr. Adi F. Madan Managing Director
Mrs. Ayesha K. DadyBurjor Whole-time Director
Mr. Arun S. Sanghi
Mr. Ajit P. Walwaikar
Mr. Harish H. Shah
Mr. Vinay Sanghi
Mr. Kaizad R. DadyBurjor
Mr. Pheroze A. Dhanbhoora

COMPANY SECRETARY

Mr. Asinkhan S. Baholu

AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants

BANKERS

Bank of Baroda

REGISTERED OFFICE & FACTORY

A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424, Gujarat.

27TH ANNUAL GENERAL MEETING

on
Thursday, the 29th June, 2017
at 11.30 a.m. at
A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424, Gujarat.

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REQUEST : Shareholders are requested to bring their copy of Annual Report to the Meeting.

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Members of Virat Industries Limited will be held at the Registered Office of the Company at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424 on Thursday, 29th June, 2017 at 11-30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2017 and the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2017.
3. To affirm the appointment of M/s. B. K. Khare & Co., Chartered Accountants, (Regn. No. 105102W) as Auditors of the Company until the conclusion of the Thirty-Second Annual General Meeting with respect to the financial year beginning 1st April, 2017 and ending 31st March, 2022.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. Deloitte, Haskins and sells, Chartered Accountant, (Regn No. 117364W), who were the Statutory Auditors of the Company for last 10 years, will be retiring as per rotational clause on the day of ensuing Annual General Meeting to be held on 29th June, 2017; and in their place M/s. B. K. Khare & Co., Chartered Accountants, (Regn. No. 105102W) be appointed as statutory auditors of the Company, on 27th Annual General Meeting (AGM) until the conclusion of the 32nd Annual General Meeting (AGM), subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company”.

4. To appoint a Director in place of Mr. Kaizad R. DadyBurjor (DIN: 00022387) who retires by rotation and, being eligible, offers himself for re-election.

By Order of the Board of Directors

Registered Office:

A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424, Gujarat.

Asinkhan S. Baholu
Company Secretary
Membership No.: FCS 703

Place : Mumbai.

Date : 04th May, 2017.

NOTES :

- A. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- B. PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- C. The Register of Members and the Share Transfer Books shall remain closed from 23-06-2017 to 29-06-2017 (including both dates) for the purpose of dividend entitlement and the 27th Annual General Meeting.
- D. Members/Proxies are requested to fill the Attendance Slip for attending the meeting.
- E. Members are informed that the facility of dematerialization of shares of the Company is available and members are advised to go for that by approaching concerned DPs.
- F. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- G. The Members holding shares in physical form are requested to notify any change in their address to the Company.

- H. Members desiring any information as regards the Accounts are requested to write to the Company at least 10 days before the date of the meeting to enable the management to keep the information ready.
- I. As per Companies (Management and Administration) Rules, 2014 read with Chapter VII of the Companies Act, 2013, the Shareholders of the Company are requested to furnish their information as per Annexure attached herewith and are required to submit the same to Link Intime India Pvt. Ltd. RTA of Virat industries Limited on or before 29th June, 2017.
- J. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the Members the facility to exercise their right to vote at the 27th Annual general Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by CDSL ventures Ltd. (CVL)
- K. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- L. **E-voting**
- M. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) on the items mentioned in the notice by electronic means through e-voting Services provided by Link Intime India Pvt. Ltd. The e-voting shall be open on 26-06-2017 to 28-06-2017 from 9.00 AM to 5.00 PM.
- N. Mr. Atul J. Gandhi, Company Secretary (Membership No: FCS 1632) has been appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
- O. E-voting is optional. The e-voting rights of the shareholders/beneficiary owners shall be reckoned on the equity shares held by them as on 22nd June, 2017 being the Cut-off date for the purpose. Shareholders of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically.
- P. The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.

The Results of the e-voting along with the result of the poll conducted at the AGM and the Scrutinizer's Report shall be sent to stock exchanges, where the securities of the Company are listed and placed on the Company's website www.viratindustries.com and on the website <https://www.evotingindia.co.in> within two (2) days of passing of the resolutions at the AGM.

The instructions for members for voting electronically are as under:-

The voting period begins from 9.00 AM to 5.00 PM on 26-06-2017 to 28-06-2017. 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) on 22-06-2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(A) In case of members receiving e-mail:

- i) Log on to the e-voting website www.evotingindia.com
- ii) Click on "Shareholders" tab.
- iii) Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

vi) If you are a first time user follow the steps given below:

For Members 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) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. # Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members 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.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xi) 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.
- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii) 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.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii) Shareholders can also cast their vote using CDSL's mobile app M-Voting available for android based mobiles. The M-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from App store and Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xviii) (i) Note for Non - Individual Shareholders and Custodians
- o Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - o A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- o After receiving the login details they have to create 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.
 - o The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - o 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.
- (ii) In case you have any queries or issues regarding e-voting, 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.

(B) In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.

Q. Poll at the Meeting

After all the items of the notice have been discussed, the Chairman will order poll in respect of all the items. Poll will be conducted and supervised under the Scrutinizer appointed for e-voting as stated above. After conclusion of the poll, the Chairman may declare the meeting as closed. The results of the poll aggregated with the results of e-voting will be announced by the Company on its website: www.viratindustries.com within two days from the date of AGM of the Company and on the website of CDSL and also informed to the stock exchanges where the securities of the Company are listed within two (2) days of the Annual General Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all material facts relating to the ORDINARY BUSINESS mentioned under Item No. 4 of the accompanying Notice.

BUSINESS NO. 4

DETAILS OF DIRECTOR BEING APPOINTED / RE-APPOINTED AT THE ANNUAL GENERAL MEETING [IN PURSUANCE OF SEBI (LODR) REGULATIONS, 2015] :

Name of Director	Mr. Kaizad DadyBurjor
Age	48 years
Qualification	Diploma in Business Management
Date of Appointment	03/09/2015
Expertise	He promoted Sigma Group with head quarters at Texas. He has received Award of “Small Business of the year 2004” from Asian American Chamber of Commerce and Industry, Dallas, USA. Proprietor of Otro Consulting which runs a fleet of Ola Cabs.
Other Directorships	Shapoorjee Chandabhoy Finvest Pvt. Ltd.
Chairmanship / Membership of the Committees	None
Shareholding in the Company	83826

ANNEXURE TO NOTE H

Virat Industries Limited

(Regd. Office Address: A – 1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424, Gujarat, India)

CIN: L29199GJ1990PLC014514

Tel No.: +912637 - 265011/22 Fax: +912637 - 265712 Email: factory@viratindustries.com

Website: www.viratindustries.com

Dear Members of the Company,

Subject: Registration of email Id for the communication through electronic mode & providing information as required under section 88(1) of the Companies Act, 2013.

The Companies Act, 2013 allows the Company to communicate with its Members through electronic mode like email. As per the provisions of the said Act, the Company can now opt to send the Notices of the General Meetings and Postal Ballot through the electronic mode. The members may also exercise their right to vote at any General Meeting and on Postal Ballot by electronic means i.e., through e-voting.

The communication between the members and the Company through the electronic mode will help reduce paper consumption and will help in saving the natural resources, which indirectly help you to contribute towards saving environment.

Thus, in view of the above, we request you to register your email Id's with the Company, for the purpose of receiving the future communication from the Company through electronic mode.

We also draw your attention to the Section 88(1) of the Companies Act, 2013 and Rule 3(1) of the Companies (Management and Administration) Rules, 2014.

To enable us to update your details we request you to return/provide the information as per format attached.

We also request you to register your ECS mandate to enable the Company to disburse the dividends through NECS/NEFT/RTGS to avoid misplacement of physical warrant, quick credit to your account and also save your time in depositing the cheque in your bank account. This will also help you participate in e-voting at your convenience.

Shareholders holding shares in demat segment are requested to update their details in their demat account.

Yours faithfully,
For **Virat Industries Limited**

A.S. Baholu
Company Secretary
Membership No.: FCS 703

Place : Mumbai,

Date : 04th May, 2017.

Date:

To:

Link Intime India Pvt. Ltd.
 Unit: **Virat Industries Limited**,
 C-101, 247 Park,
 L.B.S. Marg, Vikhroli (W),
 Mumbai – 400 083.

Dear Sir,

With reference to section 88(1) of the Companies Act, 2013, we give the following information:

Name	
Name of Joint Holder, if any	1. 2.
Address	
Folio No.	
Contact No.	Res.: Mob:
Email Id	
CIN Registration No. (in case of Companies)	
Unique Identification No.	
Father's/Mother's/Spouse's Name	1. 2.
Occupation	
Date of Birth	
PAN No.	
Nationality	
Bank Name	
Branch Name	
Account Number	
MICR Number	
RTGS/NEFT/FSC Code (attach cancelled cheque)	

Yours faithfully

Name of the Shareholder: _____

DIRECTORS' REPORT

Your Directors are pleased to present the 27th Annual Report together with the Audited Statement of Accounts for the year ended 31 March, 2017.

FINANCIAL RESULTS AND ACCOUNTS:

The Financial Results are as under :

(₹ in Lacs)

Particulars	2016 - 2017	2015 - 2016
Gross Income	2649.02	2639.24
Profit Before Interest and Depreciation	576.85	574.33
Finance Charges	8.02	3.89
Gross Profit before Depreciation	568.83	570.43
Provision for Depreciation	129.89	122.26
Net Profit Before Tax	438.94	448.17
Provision for Tax	148.00	146.35
Net Profit After Tax	290.94	301.82
Balance of Profit brought forward	890.45	766.96
Balance available for appropriation	1181.40	1068.78
Proposed Dividend on Equity Shares (previous year ₹ 2.50 per Equity Share) (Refer Note No. (i))	–	123.09
Tax on proposed Dividend	–	25.06
Transfer to General Reserve	–	30.18
Surplus carried to Balance Sheet	1181.40	890.45
Note: (i) Proposed Dividend on Equity Share		
Proposed Dividend for the year ended 31 March, 2017 ₹ 2.50 per share	123.08	–
Dividend Distribution Tax on proposed dividend	25.06	–
Proposed Dividend on equity share are subject to approval in the Annual General Meeting and are not recognised as liability (including Dividend Distribution Tax thereon) as at 31 March, 2017.		

Year in retrospect

The year under review has been quite satisfying and successful for your Company, against the backdrop of many challenges and fierce global headwinds.

Revenues:

The knitting production of 63.08 lakh pairs this year, being the all time high achieved so far, recorded commendable volume growth of 11.53% over the previous year. The despatches of 60.20 lakh pairs this year, the highest made since inception of the factory, are 9.20% higher compared to the previous year, reflecting an improved demand pull for your Company's socks in both overseas and domestic markets. Sales for the year remained flat at ₹ 2344 lakh against ₹ 2340 lakh of the previous year. The disparity in growth rates between pairs of socks despatched and sales value earned is due to 8.20% decline in the realised rate per pair, caused by a weak pound, prices under pressure and increased share of sneaker socks in the sales-mix. The prices of sneaker socks which have very low leg length, are 25% to 30% lower than men socks, but their profitability per unit of knitting capacity is in parity with men socks due to their reduced cost structure.

The export sales constituted 86.17% of total sales of your Company.

Domestic sales of your Company comprise mainly of contract manufacturing of socks supplied to Branded outlets, and also under the Company's own Brand 'Lord Walker' launched in the end of 2014. Under the own brand 'Lord Walker', the Company supplies socks to some big cities through distributors and children socks to all

India branches of a very reputed shoe supplying brand. Domestic sales this year were the highest ever and stood at ₹ 324.34 lakh and posted a robust growth of 86%. This was achieved with increased contract manufacturing volumes of business from existing brands and also reaching out to new reputed brands. Gradually your Company is emerging as one of the premium quality supplier of socks to domestic outlets also. After exports, the domestic marketing is one more thrust area which your Company is striving to focus on, and thereby spread the risk of relying solely on export business.

Exchange Rate:

Your Company is predominantly an export unit and, therefore, vulnerable to fluctuations in exchange rates. There was a steep depreciation of the Great Britain Pound (GBP) in the aftermath of Brexit. The rupees per one GBP actually realised by your Company from pound currency export sales during the year were ₹ 87.98 against ₹ 98.63 of the previous year. This resulted in a loss of ₹ 76.45 lakh in export value realisation during the year.

The actual realised exchange rate of rupees to dollar by your Company remained in the bandwidth of ₹ 64.44 to ₹ 68.56 during the year against ₹ 60.88 to 72.82 in the previous year.

Your Company follows a conservative and risk-averse approach towards managing its foreign currency exposure. Hence the Company endeavoured this year to further mitigate the risk associated with the exchange fluctuation by entering into forward contracts with the Company's Bankers, else the losses due to exchange rates would have been higher.

Expenditure:

Raw materials constitute 37% of sales value of your Company. The prices of all raw materials, particularly of 20s combed cotton yarn, both dyed and mélange, steadily escalated during the year. The prices of 20s black combed cotton yarn increased from ₹ 334 per kg in April'16 to ₹ 373 per kg in March'17. The price of 20/70 nylon covered elastane moved from ₹ 515 per kg in April'16 to ₹ 540 per kg in March'17. The price of 2/100 nylon 66 increased by ₹ 70 per kg compared to last year. Such escalations adversely impacted the bottom line of the Company.

The employees' remuneration expenses for the year were 4.67% higher in absolute terms.

At the plant level, the operational focus has been to reduce the cost of stores and spares, utilities (Power and Gas) and other overheads. Stores and spares expenses reduced by 8.05% in absolute terms. Utilities Cost remained almost flat as per last year despite the 9.05% higher knitting capacity utilisation.

Overhead expenses (total expenses of the Company excluding raw materials, packing materials, depreciation and non-operating expenses) which include all manufacturing, marketing, administrative, financial and legal expenses of the Company went up by 1.48% over the last year. The knitting production increased by 11.53% and knitting capacity utilisation enhanced by 9.05%. The increase in capacity utilisation, with much improved efficiency helped better absorption of overheads, contributing to offset the impact of the adverse factors and cost escalations.

Profit before Tax:

The profit before tax stood at ₹ 439 lakh as compared to ₹ 448 lakh for the previous year, the variance, apart from the foreign exchange loss, being also on account of non-operating expenses like loss on sale of fixed assets and write off of store/spares of discarded machines during the year. The profit as a percentage of sales value stood at 18.71%, compared to 19.16% for the previous year. Notwithstanding numerous unfavourable factors like weak pound, pressure on prices and escalation in raw materials prices, it is really noteworthy for your Company to maintain the bottom line closely comparable with the previous year. This has been achieved by adopting several cost cutting initiatives, higher utilization of knitting machines capacity with improved efficiency, supported by marked benefit of economies of scale.

Your Company continues to be a preferred quality supplier of socks to top brands because of its strong attributes like products with internationally acclaimed quality norms, intime despatches, quick communication and fast adaptability to the latest fashion market trends and innovations. One of the major strengths developed by your Company is the prompt submission of samples which works as a seeding process to promote and generate orders.

Capital Investments:

It has been the consistent policy of your Company to plough back a substantial part of surplus profits every year to revamp and upgrade mainly the knitting facilities to increase throughputs, improve product-mix and reduce cost of production.

The Company installed 24 latest model imported sock knitting machines in September'16 consisting of 12 very high productivity machines, and 12 knitting machines which have facilities to knit exclusive technical athletic socks for niche market. The benefit of increased throughput and reduction in operating cost were visible in the year just ended, and the Company expects significant further improvements in the coming year.

Twelve new Technical sock knitting machines have capability to knit mainly football/athletic socks for niche markets. Such socks are exclusive and difficult to copy by competitors due to the non availability of such equipment and expertise. Initial orders of such technical football socks have been exported through approved freight agents of the Company's UK client to existing and newer geographies of the world.

Your Company is optimistic that this niche market business will gradually accelerate in future and finally leapfrog to bigger volumes with improved margins. Moreover it will differentiate your Company's product-mix from other competitors.

The total capital outlay during the year was ₹ 374.65 lakh, funded from the Company's own accruals. Both imported and indigenous machines were purchased with zero percent excise/custom duty because your Company is operating under EPCG (Export Promotion Capital Goods) scheme where the obligation equivalent to six times of the duty saved is discharged by export of socks in a maximum of six years.

In next two years ie 2017-18 and 2018-19; your Company plans for modernizing and ploughing back funds to augment capacity and efficiencies, with top quality machines from overseas in replacement of old machines within almost the same infrastructural facilities in the knitting department. This will increase throughput, optimize cost and speed and cut down lead time of purchase orders. The capital investments are expected to leverage substantial growth in the bottom line of the Company in next two years.

The comparative performance highlights for last five years are as under:

	Units	2016-17	2015-16	2014-15	2013-14	2012-13
Income Statement						
Total Income	₹ in lakh	2649.02	2639.24	2106.47	2251.20	2120.54
Export Sale	₹ in lakh	2021.09	2165.28	1729.78	1923.53	1838.07
Operating EBITDA	₹ in lakh	576.85	574.33	414.86	592.25	423.56
Net Profit before Tax	₹ in lakh	438.95	448.17	302.18	486.60	328.47
Net Profit after Tax	₹ in lakh	290.94	301.82	208.14	328.40	221.50
Cash Profit	₹ in lakh	420.83	424.08	312.11	423.36	306.18
Balance Sheet						
Net Worth	₹ in lakh	1772.12	1481.18	1327.50	1232.36	1007.64
Capital Employed	₹ in lakh	1745.14	1475.50	1303.97	1287.68	1042.83
Significant Ratios						
Operating EBITDA/Net Sale	%	24.60	24.55	21.91	29.22	21.78
Return on Capital Employed (EBIT/Avg. CE)	%	27.94	32.77	24.84	44.37	34.10
Price Earning Ratio		18.28	12.58	12.09	6.00	4.00
Book Value Per Share	₹	35.99	30.08	26.96	25.03	20.47
Current Ratio		4.29	3.29	3.13	2.28	2.09
Operations						
Knitting Production	Pairs in lakh	63.08	56.56	41.86	51.92	57.42
Pairs Dispatched	Pairs in lakh	60.20	55.13	43.45	49.64	55.30
Sales realization	₹ per pair	38.97	42.44	43.57	40.83	35.36
Earning Per Share	₹	5.91	6.13	4.23	6.67	4.50

There is no change in the nature of business of your Company for the year under review.

Overview of the Economy:

India remains one of the fastest growing emerging market economies driven by key structural reforms, normal monsoons and reduced external vulnerabilities. The October / December'16 GDP estimates of seven percent growth indicate that key domestic risk of demonetization has not undermined the growth momentum and growth prospects for 2017-18. The consumer price inflation has declined from 6 percent in July 2016 to 3.81 percent in March 2017.

The Macroeconomic scenario looks quite bright with the Union Budget adopting a fiscal consolidation path having achieved the fiscal deficit target of 3.5 percent of GDP in the 2016-17 budget.

India's merchandise exports which started showing negative growth from January 2015, for 19 months in a row entered positive territory in September 2016. There is positive growth of 4.71% at value of merchandise exports reaching USD 274.65 billion in the year under review. Exports are the main spring of fast growth of every healthy economy. All miracle economies in Asia with GDP growth of about 7% had export growth above 15%.

Even as the economy has made progress, it has yet to show a positive impact to improve merchandise exports, accelerate the pace of manufacturing and industrial activity and more significantly create jobs for unemployed youth which is a big challenge to the country.

However, the implementation of policy reforms announced in the Union Budget, new initiatives taken and good ground work done to improve the economy will hopefully put India on an accelerating growth track and improve the business out look.

During the year, the Company carried out sales in the following geographical segments: (In ₹)

	Europe	UAE	Rest of World	India	Total
Revenues	136,377,944	53,520,605	12,210,572	32,433,542	234,542,663

Industry Structure and Development

The Indian Textile manufacturing sector including hosiery and clothing is the second largest in the world after China. India is amongst the few countries in the world which has manufacturing facilities across the entire value chain from fibre to finished products ie garments. Besides, there is ample availability of cotton, Nylon, elastane, and other raw materials in India.

Of the total exports of textiles, garments (which include socks also) constitute 35%, the balance exports of textile include cotton fibre, yarn, fabrics both cotton and manmade. It is only by increasing the percentage of garment production, that India can attain significant benefit of value addition and support the large Indian demography. India's share in global textile export is only 5%, while that of China is 39%.

The Textiles industry continues to be the second largest employer after agriculture, providing employment to 45-50 million people and indirect employment to another 55-60 million people. It holds the potential to support the Indian demography making sure it's in synchronisation with the economic growth.

Opportunities

Your Company is well poised to seize opportunities available to the sock knitting industry on account of its state-of-the-art production facilities, technical expertise, good quality culture and emphasis on product innovation and growth potential.

The socks produced by your Company are meeting the international quality norms of comfort, ease, convenience, stretch, sizing, skin care and other parameters essential for inner wear apparel. They also meet the fashion demands in terms of design, different knits and multiple shades. The socks manufactured by your Company are sold in super market chains and also in upper end retail stores.

Your Company has been consistently revamping and upgrading its technical infrastructure. During the year under review 24 new knitting machines were installed. Twelve high productivity knitting machines have enabled to improve cycle time and thereby reduce lead time. Other Twelve machines manufacture exclusive technical football socks which cater to niche high value luxury customers and which do not have many competitors.

Importers are now looking at India as an alternative to China due to quality, cost competitiveness, better adherence to compliance and political stability. The other inherent advantages are the abundant availability of raw materials at competitive prices and favourable Government policies. Labour cost in India is lower than most competing countries except Bangladesh, Ethiopia and Kenya.

All major overseas customers of your Company insist on social audits to be carried out in the factory every year or once in every two years by internationally acclaimed "Business Social Compliance Initiative Agencies". Such

audits cover compensation to employees, health, safety, environment and management practices. New customers also insist on such audits to be conducted, before they start the business. The compliance of such audits to international standards brings healthy and ethical culture in the working and creates goodwill of the Company among its existing clients. Your Company has successfully complied with many such audits and has thus ensured continuance of business with major clients for long periods. Such audits are an integral part of the export business.

Due to its quality culture, state-of-the-art technical facilities, the domestic business of your Company has almost doubled in the last one year. This reflects that demand for quality socks is increasing in the domestic market also.

Your Company is maintaining a huge inventory of dyed yarn shades and types of raw materials like Organic cotton yarn, BCI cotton yarn, Mercerised yarn, Marl yarn, Melange yarn and twisted yarn etc. This helps your Company to accept any order because of the ready availability of raw material of different specifications.

Threats:

Socks exported from India to European Union countries (E.U.) attract 10.6% ad valorem custom duty, whereas countries like Bangladesh, Sri Lanka and Vietnam being less developed are exempted from custom duty. Turkey, being the deemed member of the E.U. countries, besides enjoying exemption from custom duty, has the added advantage of reduced freight and reduced delivery time to the European markets. This has posed a threat to the Indian sock suppliers and may pressurize them to reduce prices.

The return of protectionism in advanced countries is likely to damage India's export and its prospects of growth. The Great Britain Pound has depreciated in the aftermath of Brexit. Also prices of all raw materials, in particular that of dyed cotton yarns have escalated during the year under review. This has eroded the profitability of the Company. The overseas customers are not ready to increase the prices to make good the margin losses incurred by your Company.

Huge quantities of textile fabrics are exported from India to Bangladesh regularly to convert them in to garments of top brands there and re-export to many countries of the world. This is happening because of quota system, cheap labour and duty exemption available in Bangladesh, which has become a big hub of the garment industry. This is depriving many Indian youth from employment and of value addition to our country.

The skill and productivity of the workforce in India in both the private sector as well as the Government (through labour reforms) is not yet at levels prevailing in China and other countries.

FINANCE

As on the date of Balance Sheet, the Company is debt free in terms of long term loans, excepting loan on vehicles.

WORKING CAPITAL LOAN

The Company is enjoying export packing credit and foreign bill purchase facilities.

INSURANCE

The properties and insurable interests of your Company like buildings, plant and machinery, stocks etc. are adequately insured by the Company.

DIVIDEND

The Board of Directors of the Company has recommended a dividend of ₹ 2.50 per share of ₹ 10/- each (25%). The total dividend will absorb ₹ 12,308,350 excluding ₹ 2,505,980 (20.36%) as tax on dividend. The dividend will be free of tax in the hands of the shareholders of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Arun Sanghi resigned as the Chairman of the Board of Directors of the Company with effect from 22.09.2016. The Board of Directors places on record their appreciation of the meritorious contribution and dynamic leadership of Mr. Arun Sanghi during his tenure of Chairmanship for five years. During these five years, the profit of the Company has substantially improved. He was always available for support and guidance. The Board of Directors appointed Mr. Vijay Merchant as the Chairman of the Company in place of Mr. Arun S Sanghi with effect from 22.09.2016. The Board of Directors appreciates the long association and valuable contribution made by Mr. Vijay Merchant to the Company.

BOARD OF DIRECTORS

The Company has a broad based Board of Directors, duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is one Woman Director on the Board. The changes in the composition of the Board of Directors are carried out in compliance with the provisions of the Act.

Policy formulations, setting up of goals, evaluations of performance and control functions vest with the Board. The composition of the Board of Directors of the Company as on March 31, 2017 was as follows;

Sr. No.	Name of the Director	Category
1.	Mr. Vijay V. Merchant	Chairman Non-Executive
2.	Mr. Arun S. Sanghi	Independent Director
3.	Mr. Adi F. Madan	Managing Director
4.	Mr. Ajit P. Walwaikar	Independent Director
5.	Mr. Harish H. Shah	Independent Director
6.	Mrs. Ayesha K. DadyBurjor	Whole-time Director
7.	Mr. Vinay Sanghi	Independent Director
8.	Mr. Kaizad DadyBurjor	Non-Executive Director
9.	Mr. Pheroze A. Dhanbhoora	Non-Executive Director

BOARD MEETINGS

Regular meetings of the Board of Directors are held to discuss and decide on various business policies, strategies and other business. Due to business exigencies, sometimes business decisions are taken by the Board through circulation.

The Board met five (5) times during the FY 2016 - 17, on Following dates.

24/05/2016	11/08/2016	22/09/2016
10/11/2016	09/02/2017	

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Independent Directors have submitted the Declaration of Independence, as required pursuant to section 149(7) of the Companies Act 2013, stating that they meet the criteria of independence as provided in sub-section (6).

COMPOSITION OF AUDIT COMMITTEE

Mr. Arun S Sanghi resigned from the Chairmanship of the Audit Committee with effect from 11-11-2016, even though he will continue as a member of the Audit Committee. All the Members of the Board and specially those of the Audit Committee highly appreciated Mr. Sanghi's intense analytical approach to go into the depth of every issue whether financial, commercial, technical, personnel, and cost cutting, and seek a solution of the same. Mr. Sanghi believed in Budgetary Controls. He assigned ambitious targets to achieve and motivated the management team to fulfil the same.

Mr. Adi F Madan, Managing Director proposed the name Mr. Ajit P. Walwaikar as the Chairman of the Audit Committee. All the members of the Board unanimously seconded the appointment of Mr. Ajit P. Walwaikar as the new Chairman of the Audit Committee. Mr. Adi F. Madan informed the Board that Mr. Ajit P. Walwaikar has a very long association with the Company and he is a senior Member on the Audit Committee with vast knowledge and experience in the legal and secretarial matters. He has been providing valuable advice to the Company as and when required. All Members of the Board expressed that the Audit Committee will function smoothly under the Chairmanship of Mr. Ajit P. Walwaikar.

During the Board of Directors meeting held on 9th February, 2017; Mr. Ajit P. Walwaikar proposed that Mr. Vijay Merchant be included as a member of the Audit Committee of the Company. All the board members unanimously agreed with the proposal and expressed that Mr. Vijay Merchant's inclusion in the Audit Committee of the Company will be highly beneficial, keeping in view his long experience.

The Board has constituted an Audit Committee comprising of three Independent Directors and two Directors totaling five members. The Audit Committee reviews reports including significant audit observations and follow-up actions thereon. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statement. The Committee members meet regularly and make their recommendations in accordance with the terms of reference specified by the Board. Such recommendations are thoroughly discussed in Board meetings and by and large accepted for implementation.

The names of Committee members are as under;

Mr. Ajit P. Walwaikar	-	Chairman
Mr. Arun S. Sanghi	-	Member
Mr. Vijay V. Merchant	-	Member
Mr. Harish H. Shah	-	Member
Mr. Pheroze A. Dhanbhoora	-	Member

All the members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Technical, Secretarial and Legal issues.

NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted a Nomination and Remuneration Committee consisting of three Independent Directors.

The names of Committee members are as under;

Mr. Ajit P. Walwaikar	-	Chairman
Mr. Arun S. Sanghi	-	Member
Mr. Harish H. Shah	-	Member

The Committee has the mandate to recommend appointment/re-appointment of Executive Directors and appointment of employees from the level of Vice-President and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the person's track record, his/her potential, individual performance, the market trends and scales prevailing in the similar industry.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has constituted a Stakeholder Relationship Committee consisting of three Directors, two independent Directors and the Managing Director.

The names of Committee members are as under;

Mr. Arun S. Sanghi	-	Chairman
Mr. Adi F. Madan	-	Member
Mr. Ajit P. Walwaikar	-	Member

The Company Secretary is designated as the "Compliance Officer" who oversees the redressal of the Investors' grievances.

The Committee meets to approve share transfers, transmission, issue of duplicate share certificates, re-materialization of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates, etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Transfer Agents.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Fraud and corruption free work culture has been the core of the Company. In view of the potential risk of fraud, corruption and unethical behavior, which could adversely impact the Company's business operations, the company has an established mechanism for Directors/Employees to report concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors/employees who avail of the mechanism. The company affirms that no personnel have been denied access to the audit committee. The company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee. The key directions/actions are informed to the Managing Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of section 134 (5) of the Companies Act, 2013, the Board of Directors hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (b) 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 as on 31st March 2017 and of the profit and loss of the Company for the period ended 31st March 2017;
- (c) 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;
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) 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; and
- (f) 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.

SUBSIDIARIES

As the Company has no subsidiaries, Section 129(3) of the Companies Act, 2013, does not apply.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at March 31, 2017 forms part of this report as **Annexure I**.

AUDITORS

In terms of the Resolution passed at the 24th Annual General Meeting of the Company, M/S. Deloitte Haskins & Sells, Chartered Accountants (Firm registration No.- 117364W) were appointed as the Statutory Auditors of the Company for the period of three years 2014-15, 2015-16 and 2016-17. They were to hold the office from the conclusion of the 24th Annual General Meeting until the conclusion of the 27th Annual General Meeting. This became necessary due to rotational clause pursuant to the provision of Section 139 and other applicable provision if any of the Companies Act, 2013.

The Board places on record its appreciation for the contribution of M/S. Deloitte Haskins & Sells, Chartered Accountants, during their tenure as the Statutory Auditors of your Company.

The Company is proposing to appoint M/s. B. K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W), as Statutory Auditors for a period of 5 years commencing from the conclusion of the 27th Annual general meeting till the conclusion of the 32nd Annual General meeting. M/s. B. K. Khare & Co, Chartered Accountants have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits mentioned under Section 141(3)(g) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Mr. A. J. Gandhi practicing Company Secretary was appointed as a Secretarial Auditor under the provision of section 204 of the Companies Act 2013 for the financial year 2016 - 17, during the Board Meeting held on 24th May 2016. The report of the secretarial auditor for the F.Y. 2016 - 17 is annexed to this report as **Annexure - II**. The report does not contain any qualification.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for the F.Y. 2016-17 is annexed and forms part of this Report as **Annexure - III**.

DETAILS RELATING TO DEPOSITS

The Company has not accepted any deposit during the year, nor has any deposit remained unpaid or unclaimed as at the end of the year.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

No significant and material orders were passed by the regulators or Courts or Tribunals during the year, which would adversely impact the Company's operation in future.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The existing internal financial controls are commensurate with the nature, size, complexity and business processes followed by the Company. They have been reviewed and found generally satisfactory on the following key control matrices.

- a) Entity Level Control
- b) Financial Control
- c) Operational Control

which included authority and organization matrix, risk management practices, compliance framework within the origination, ethics and fraud risk management, management Information system, self assessment of control point, business continuity and disaster recovery planning, budgetary system etc.

Section 134(5)(e) of the Companies Act, 2013 requires the submission of a report by the Board of Directors of a listed Company which includes a statement ensuring that the Company has laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and operating effectively.

During the year, the Company prepared Policy Documents with regard to Internal Financial Control, along with Risk Control Matrix. The same have been tested by internal auditors and statutory auditors.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Your Company has not-

- given any loan to any person or other body corporate,
- given any guarantee and provided any security in connection with a loan to any other body corporate or any person.
- acquired by way of subscription, purchase or otherwise the securities of any other body corporate otherwise than in accordance with the law.

TRANSFER OF UNCLAIMED DIVIDEND

In the F.Y. 2009-10, the Company declared Final dividend of 8% (₹ 0.80 per share of ₹ 10 each) in September, 2010, by the shareholders in Annual General Meeting.

Since seven years have elapsed, the unclaimed dividend of ₹ 1,47,061 of the F.Y. 2009-10 is to be transferred to the Investor Education and Protection Fund, established by the Central Government, in compliance with sections 124 and 125 of the Companies Act, 2013 (corresponding to section 205A and 205C of the Companies Act, 1956).

RISK MANAGEMENT:

A documented risk management policy is in place as per section 134(3)(n) of the Companies Act 2013.

Your Company is exposed to risk from fluctuation of foreign exchange rates, market Economic slow down or decline in demand in the country of buyers of your Company's products, prices of raw materials and finished goods, compliances risk and people risk.

Foreign Exchange Risk:

During year under review the Company endeavoured to further mitigate the risk associated with the exchange fluctuations by entering into Forward Contracts with the Company's Bankers, on very conservative and risk-averse basis.

Commodity Prices Risk:

Your Company proactively manages the risk of purchasing raw materials through forward booking, vendor development practices and inventory management. The Company's strong reputation for quality and services with overseas clients to some extent mitigates the impact of price risk on finished goods.

Compliance Risk:

Your company has to follow various statutes and regulations including the Companies Act. The company is mitigating these risks through regular review of legal compliances carried out through internal as well as external compliance audits.

People Risk:

Your Company nurtures and grooms the talented and key personnel for future business leadership and looks after them judiciously so that they stay with the Company.

CORPORATE SOCIAL RESPONSIBILITY

Section 135(1) of the Companies Act, 2013, is not applicable to your Company, because the net worth, turnover and net profit of your Company during the year is less than the required limits.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year were in the ordinary course of the business of your Company and were on arm's length basis. There were no materially significant related party transactions entered by your Company with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of your Company. The details are given in **Annexure - IV**, forming part of this report.

FORMAL ANNUAL EVALUATION

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

MEETING OF INDEPENDENT DIRECTORS

All the five independent Directors of the Company held a meeting on 09th February 2017, and reviewed the performance of non-independent Directors and the Board as a whole. They also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board.

They expressed their satisfaction at the performance of non-independent Directors and appreciated the flow of information from the Company management.

COST AUDITORS

The Companies (Cost Records and Audit) Rules, 2014 does not require textile industry to have cost audit records. Moreover, in terms of Rule 7, where the revenue of a company from exports, in foreign exchange, exceeds seventy five percent of its total revenue, the said company is also exempted from maintaining cost audit records. The above rules were notified on 30.06.2014. In view of the above, the Company is exempted from maintaining Cost Audit records and appointment of Cost Auditor for the financial year 2016-17.

RATIO OF REMUNERATION TO EACH DIRECTOR

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of section 197 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming a part of this Report as **Annexure V** of this report.

LISTING FEES

Your Company has paid the listing fees up to 31st March 2018 to the Bombay Stock Exchange on 11th April 2017.

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

Your Company shall not be mandatorily required to submit Corporate Governance Report as the equity share capital and net worth of the Company is less than required limits as on the last date of the previous financial year. Provided that where the provision of the Act becomes applicable to the Company at a later date, the Company shall comply with the requirement within six month from the date on which the provisions become applicable to the Company.

ANTI SEXUAL HARASSMENT POLICY

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of 'The Sexual Harassment of Women at the Workplace (Prevention Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding Sexual Harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Lady NGO representative is the member of the said Internal Complaints Committee and regularly attends the meetings which are minuted. The following is a summary of Sexual Harassment complaints received and disposed of during the year 2016-17:

No. of complaints received: Nil

No. of complaints disposed of: Not applicable

PARTICULARS OF EMPLOYEES

As per provision of Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of the employees are required to be annexed in respect of the employees of the Company who were in receipt of total remuneration of ₹ 60.00 Lac per annum or ₹ 5.00 Lac per month. During the financial year 2016 - 17, there is no employee drawing remuneration as above.

ACKNOWLEDGMENT

Your Directors wish to place on record their sincere appreciation for the co-operation and support extended to the Company by the Government of India, the Gujarat State Government and by the relevant Government Authorities, Central, State and Local, the Company's Bankers and the Business Associates.

Your Directors also thank all the employees at every level, who, through their dedication, co-operation and support, have enabled the Company to achieve sustained growth.

And to you, our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board of Directors

Place: Mumbai,
Date : 04th May, 2017.

Vijay V. Merchant
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - I

Annual Return Extracts in MGT 9

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L29199GJ1990PLC014514
ii) Registration Date	Registration Date 14/10/1990
iii) Name of the Company	VIRAT INDUSTRIES LIMITED
iv) Category / Sub-Category of the Company	Public Company Limited by shares
v) Address of the Registered Office and contact details	A - 1/2, GIDC Industrial Estate, Kabilpore, Navsari, Gujarat, India, PIN - 396 424. Tel: 02637-265011/265022 Fax: 02637-265712 Email: factory@viratindustries.com Website: www.viratindustries.com
vi) Whether listed Company Yes / No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C - 101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai, Maharashtra, India, PIN - 400 083. Tel: 022-25963838 Email: rnt.helpdesk@linkintime.co.in

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:-

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product / Service			% to total turnover of the Company
		Group	Class	Sub-Class	
1	Knitted Socks	143	1430	14309	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	NIL	NIL	NIL	NIL	NIL

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year 01/04/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
(1)	Indian									
a)	Individual/Hindu Undivided Family	631,117	–	631,117	12.819	633,628	–	633,628	12.870	0.051
b)	Central Government	–	–	–	–	–	–	–	–	–
c)	State Governments	–	–	–	–	–	–	–	–	–
d)	Bodies Corporate	1,753,795	–	1,753,795	35.622	1,753,795	–	1,753,795	35.622	–
e)	Banks/Family Institutions	–	–	–	–	–	–	–	–	–
f)	Any Other....	–	–	–	–	–	–	–	–	–
	Sub-total (A) (1)	2,384,912	–	2,384,912	48.441	2,387,423	–	2,387,423	48.492	0.051
(2)	Foreign	–	–	–	–	–	–	–	–	–
a)	NRIs – Individuals	–	–	–	–	–	–	–	–	–
b)	Other – Individuals	–	–	–	–	–	–	–	–	–
c)	Bodies Corporate	–	–	–	–	–	–	–	–	–
d)	Banks/Family Institutions	–	–	–	–	–	–	–	–	–
e)	Any Other....	–	–	–	–	–	–	–	–	–
	Sub-total (A) (2)	–	–	–	–	–	–	–	–	–
	Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	2,384,912	–	2,384,912	48.441	2,387,423	–	2,387,423	48.492	0.051

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	3,000	3,000	0.061	-	3,000	3,000	0.061	-
b) Banks / Family Institutions	200	-	200	0.004	200	-	200	0.004	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Governments	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	200	3,000	3,200	0.065	200	3,000	3,200	0.065	-
[2] Non – Institutions									
a) Bodies Corporate									
i) Indian	107,474	19,500	126,974	2.579	98,338	19,500	117,838	2.393	(0.186)
ii) Overseas									-
b) Individuals									-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	809,643	287,740	1,097,383	22.289	850,812	275,340	1,126,152	22.874	0.584
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	691,590	22,000	713,590	14.494	576,507	22,000	598,507	12.157	(2.337)
c) Others									
i) Hindu Undivided Family	41,401	-	41,401	0.841	90,572	-	90,572	1.840	0.999
ii) Clearing Member	23,570	-	23,570	0.479	29,558	-	29,558	0.600	0.122
iii) Non Resident Indians (Repat)	35,794	-	35,794	0.727	29,999	-	29,999	0.609	(0.118)
iv) Non Resident Indians (Non Repat)	1,176	-	1,176	0.024	44,751	-	44,751	0.909	0.885
v) Foreign Companies	492,340	-	492,340	10.000	492,340	-	492,340	10.000	-
vi) Overseas Bodies Corporates	-	3,000	3,000	0.061	-	3,000	3,000	0.061	-
Sub-total (B)(2)	2,202,988	332,240	2,535,228	51.494	2,212,877	319,840	2,532,717	51.443	(0.051)
Total Shareholding of Public (B) = (B)(1)+(B)(2)	2,203,188	335,240	2,538,428	51.559	2,213,077	322,840	2,535,917	51.508	(0.051)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	4,588,100	335,240	4,923,340	100.000	4,600,500	322,840	4,923,340	100.000	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year - 01/04/2016			Shareholding at the end of the year - 31/03/2017			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	SHAPOORJEE CHANDABHOY FINVEST PRIVATE LTD.	1,753,795	35.62	–	1,753,795	35.62	–	–
2	NAOZER J AGA	475,277	9.65	–	475,277	9.65	–	–
3	KAIZAD R DADYBURJOR	79,994	1.62	–	83,826	1.70	–	–
4	ARMAND NAOZER AGA	34,989	0.71	–	34,989	0.71	–	–
5	AYESHA K DADYBURJOR	17,536	0.36	–	17,536	0.36	–	–
6	RUSI H DADYBURJOR	11,000	0.22	–	11,000	0.22	–	–
7	ZENOBIA R DADYBURJOR	11,000	0.22	–	11,000	0.22	–	–
8	RUSTOM ZAL IRANI	1,321	0.03	–	–	–	–	-100
	Total	2,384,912	48.44	–	2,387,423	48.48	–	

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

Sl. No.	Particulars	Shareholding at the beginning of the year - 01/04/2016		Shareholding at the end of the year - 31/03/2017	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	KAIZAD R DADYBURJOR	79,994	1.62	83,826	1.70
2	RUSI H DADYBURJOR	11,000	0.22	11,000	0.22
3	ZENOBIA R DADYBURJOR	11,000	0.22	11,000	0.22
4	RUSTOM ZAL IRANI	1,321	0.03	–	–
5	ARMAND NAOZER AGA	–	–	34,989	0.71
	Total	103,315	2.09	140,815	2.15

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year - 01/04/2016		Shareholding at the end of the year - 31/03/2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	H M INVESTMENTS (UK) LIMITED	492,340	10.00	492,340	10.00
2.	PRAMILA HEMRAJ MUNOT / LATA MUNOT	189,525	3.85	188,305	3.82
3	MAHENDRA GIRDHARILAL	76,095	1.55	76,095	1.55
4	BOMSI WADIA	45,203	0.92	45,203	0.92
5	RUSSI JAL TARAPOREVALA	42,000	0.85	–	–
6	ZUBIN RUSSI JAL TARAPOREVALA	–	–	42,000	0.85
7	STANROSE MAFATLAL INVESTMENTS & FINANCE LIMITED	34,250	0.70	34,250	0.70
8	DILIP NAVINCHANDRA DALAL / KASHMIRA DILIP DALAL	31,800	0.65	30,000	0.61
9	JAIN PAL JAIN / KALPANA JAIN	25,000	0.51	21,091	0.43
10	ANSHUL SAIGAL	28,367	0.58	28,367	0.58
11	R. SRINIVASAN	26,840	0.55	8,180	0.17
12	SUBHASH AMOLAKCHAND GANDHI [HUF]	–	–	23,150	0.47

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year - 01/04/2016		Shareholding at the end of the year - 31/03/2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	NAOZER J AGA / ARMAND N AGA	250,561	5.09	250,561	5.09
2.	NAOZER J AGA / AYESHA K DADYBURJOR	224,716	4.56	224,716	4.56
3.	ADI MADAN / AYESHA MADAN / JEHAN ADI MADAN	134,205	2.73	134,205	2.73
4.	KAIZAD R DADYBURJOR / AYESHA K DADYBURJOR	97,530	1.98	101,362	2.06
5.	ARMAND NAOZER AGA	34,989	0.71	–	–
6.	HARISHCHANDRA H. SHAH	50	0.00	50	0.00
7.	NIRMAL G AWTANEY / KRISHNA N AWTANEY	7,000	0.14	–	–
8.	ASHINKHAN SIKANDAR BAHOLU	100	0.00	100	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,809,457	–	–	6,809,457
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	6,809,457	–	–	6,809,457
Change in Indebtedness during the financial year				
– Addition	–	–	–	–
– Reduction	2,328,062	–	–	2,328,062
Net Change	-2,328,062	–	–	-2,328,062
Indebtedness at the end of the financial year				
i) Principal Amount	4,481,395	–	–	4,481,395
ii) Interest due but not paid	35,475	–	–	35,475
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	4,516,870	–	–	4,516,870

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Mr. Adi F. Madan Managing Directors	Mrs. Ayesha K. DadyBurjor Whole-time Director	Total
1	Gross Salary:			
(a)	Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	3,501,314	1,572,003	5,073,317
(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	–	–	–
	Total (A)	3,501,314	1,572,003	5,073,317
	Ceiling as per the Act			

B. Remuneration to Other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Arun S. Sanghi	Mr. Ajit P. Walwaikar	Mr. Vinay V. Sanghi	Mr. Harish H. Shah	Mr. Vijay Marchant	Mr. Pheroze Dhanbhoora	
1	Independent Directors							
	Fee for attending Board, Committee Meetings	130,000	150,000	90,000	150,000	110,000	100,000	730,000
	Commission	–	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–	–
	Total (1)	130,000	150,000	90,000	150,000	110,000	100,000	730,000
2	Other Non-Executive Directors						Mr. Kaizad DadyBurjor	Total Amount
	Fee for attending Board, Committee Meetings						60,000	60,000
	Commission						–	–
	Others, please specify						–	–
	Total (2)						60,000	60,000
	Total (B)=(1+2)							790,000
	Total Managerial Remuneration							
	Overall Ceiling as per the Act							

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Asinkhan S. Baholu Company Secretary	Mr. Bhavik R. Maisuria Chief Financial Officer	
1	Gross Salary:			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	386,618	571,583	958,201
(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	–	–	–
	Total	386,618	571,583	958,201

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act, 2013):

None.

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2017.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Virat Industries Limited,
A 1/ 2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424. Gujarat.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Virat Industries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records of Virat Industries Limited, maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Virat Industries Limited ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (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;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations")

- (vi) Service Tax Act.
- (vii) Income Tax Act.
- (ix) Value Added Tax (VAT) Act.
- (x) Central Sales Tax Act.
- (xi) Pollution Control Laws
- (xii) Factories Act, 1948.
- (xiii) Industrial Disputes Act, 1947
- (xiv) Payment of Wages Act, 1936.
- (xv) Minimum Wages Act, 1948.
- (xvi) Employees' State Insurance Act, 1948.
- (xvii) Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- (xviii) Payment of Bonus Act, 1965.
- (xix) The Payment of Gratuity Act, 1972
- (xx) The Contract Labour (Regulation & Abolition) Act, 1970.
- (xxi) Maternity Benefit Act, 1961.
- (xxii) Prohibition of Child Labour (Prohibition & Regulation) Act, 1986.
- (xxiii) The Industrial Employment (Standing Orders) Act, 1946
- (xxiv) The Employees' Compensation Act, 1923
- (xxv) Equal Remuneration Act, 1976
- (xxvi) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956.
- (xxvii) Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- **The Companies Act, 2013 (the Act) and the rules made thereunder** - The company has conducted 5 (five) Board Meetings, namely on 24.05.2016, 11.08.2016, 22.09.2016, 10.11.2016 and on 09.02.2017 in course of the financial year, after complying with the provisions of the Act.

The Audit Committee of the Board of Directors held its meetings on 24.05.2016, 11.08.2016, 10.11.2016 and 09.02.2017.

A meeting of the Investor Grievance Redressal Committee/ Stakeholders' Relationship Committee were held on 24.05.2016.

The company held its Annual General Meeting on 22nd September, 2016 after complying with the provisions of the Act & Rules made thereunder. No Extra-ordinary General Meeting was held during the financial year.

Compliance with the Investor Education and Protection Fund (awareness and protection of investors) Rules 2001 - The Board of Directors of the company has declared a Final Dividend in the Annual General Meeting held on 4th September, 2009. The company opened a separate Bank Account, in accordance with these rules, called the Unpaid Dividend Account. The company has confirmed that the amount of dividend remaining unpaid, for the year 2008 - 2009, was credited to that account.

According to the relevant provisions of the Companies Act, 2013, seven years after the unpaid dividend is transferred to the Unpaid Dividend Account, the company is required to transfer the balance in that account to the Investor Education and Protection Fund. Accordingly, the balance of the unpaid dividend for 2008-2009, amounting to Rs.99,151/- lying in the Unpaid Dividend Account, was transferred to the Investor Education and Protection Fund and the necessary return, IEPF-2, was filed 21.12.2016.

Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") -

The company has filed the necessary quarterly, half yearly, annual and periodic returns mentioned in the Regulations, within the time limit prescribed.

The Compliance Officer of the company is a qualified Company Secretary. It already has a Share Transfer Agent to provide share transfer facility.

The Board of Directors of the company is properly constituted as per these regulations. The following committees have been constituted from among the members of the Board with a proper composition of directors -

- Audit Committee
- Nomination and Remuneration Committee
- Investor Grievance Redressal Committee / Stakeholders' Relationship Committee

All related party transactions are placed for prior approval before the Audit Committee.

The company has in place a policy for preservation of documents as per the regulations.

- **The Securities Contracts (Regulation) Act, 1956 and the Securities Contracts (Regulation) Rules, 1957** deal with the regulation and the governance of Stock Exchanges and hence are not applicable to the company.
- **The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder** - These deal with regulation of transactions pertaining to securities between Depositories, Depository Participants, Issuers and Beneficial Owners. The company is registered with the Depository Participant, M/s Link Intime India Private Ltd and all transactions pertaining to the securities issued by the company are carried out through this agency.
- **Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings** - From the records of the company pertaining to the financial year ended 31st March, 2017, it is seen that no Foreign Direct Investment was made in the company. The company has not resorted to Overseas Direct Investment and External Commercial Borrowings during the year under review.
- **The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011** - These Regulations deal with acquisition of listed securities by a company and 'persons acting in concert' with it as defined in the Regulations. It is given to understand that the company has not made any investments in listed securities during the financial year ended 31st March, 2017.
- **The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015** - The company has formulated an Insider Trading Code for the price sensitive information pertaining to the securities issued by it and the same is strictly followed.
- **The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009** - The company has not made an issue of the type mentioned in these Regulations during the financial year ended 31st March, 2017. Hence these Regulations are not applicable.
- **The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999** - These Guidelines deal with Employee Stock Option Scheme and Employee Stock Purchase Scheme being implemented by the company. The company does not have any Employee Stock Option Scheme or any Employee Stock Purchase Scheme. Hence these guidelines are not applicable to it.
- **The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008** - These Regulations are not applicable to the company for the financial year under review as it has not made any issue of any debt securities or listed any debt securities during the financial year ended 31st March, 2017.
- **The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client** - These Regulations lay down the procedure for registration and regulation of the working of Registrars and Share Transfer Agents and as such do not apply to the company.

- **The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009** - The company has not delisted its equity shares listed on the Bombay Stock Exchange (BSE) during the financial year ended 31st March, 2017. Hence these Regulations are not applicable to it.
- **The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998** - These regulations are applicable to buy-back of shares or other specified securities of a company listed on a stock exchange. The company has confirmed that it did not buy back any of its securities listed on the stock exchange (BSE) during the financial year. Hence, these Regulations do not apply to the company.
- **The Listing Agreement entered into by the Company with Bombay Stock Exchange (BSE)** - the company has filed the necessary documents and returns and supplied the information required to be submitted by it to Bombay Stock Exchange as per the Listing Agreement.
- **Secretarial Standards issued by The Institute of Company Secretaries of India** - the company has complied with these standards during the financial year ended 31st March, 2017.
- **Service Tax Act** - The company has filed half yearly Service Tax Returns, in respect of Service Tax collected by it.
- **Goods & Services Tax (G.S.T.)** - The company has registered itself under the Goods & Services Tax (G.S.T.) and obtained a Registration Number during the financial year 2016-17. This tax is expected to come into effect in the financial year 2017-18.
- **Income Tax** - The company has filed its Income Tax Return for the Assessment Year 2016-17, during the financial year ended 31st March, 2017.
- **Value Added Tax (VAT)** - In accordance with the Notification No.12020/03/2016-IT dated 12.08.2016 and 31.08.2016, by the Ministry of Textiles, Government of India, the company has opted for the Rebate of State Levies (ROSL) Scheme available on export of textile garments. As per the scheme, the exporters will be entitled to get rebate of State Levies, including VAT, at specified rates on the FOB value of exports. The ROSL scheme has come into effect from 20.09.2016. The company has already deposited with the Commercial Department, Navsari, the amount of VAT/CST collected on the sale of socks during the period 20.09.2016 to 31.03.2017.
The company has given an undertaking to the authorities that it will not claim credit or refund of VAT as per its monthly returns with effect from 20.09.2016.
- **Central Sales Tax** - The company has regularly filed monthly returns as required.
- **Pollution Control Laws** - The company has obtained CCA Renewal from Gujarat Pollution Control Board under Section 21 of Water Pollution Control Act, Rule 3(c) & 5 (5) of the Hazardous Waste (Management & Handling & Trans boundary Movement) Rules, 2008 and under Environment Pollution Control Act. The consent is valid up to 22.07.2019.
- **Factories Act, 1948** - The company has obtained a license to work a factory, issued by the Directorate Industrial Safety and Health, Gujarat State, on 1st March, 1996. The same is valid till 31st December, 2017. It has filed monthly returns as required under the Factories Act, 1948.
- **Industrial Disputes Act, 1947** - The company has maintained the necessary records under this Act. No industrial dispute was reported to have occurred during the financial year.
- **Payment of Wages Act, 1936** - The requirements regarding the timely payment of wages under this Act and display of an abstract of the Act and Rules have been complied with.
- **Minimum Wages Act, 1948** - The requirements regarding the payment of minimum wages specified by the appropriate Government and the display of the notice containing the minimum rate of wages have been complied with.
- **Employees' State Insurance Act, 1948** - The requirements regarding the maintenance of the register of employees and filing of Annual Return have been complied with.
- **Employees' Provident Fund and Miscellaneous Provisions Act, 1952** - the requirements of depositing contributions with the Provident Fund authorities and filing of the necessary returns have been complied with.
- **Payment of Bonus Act, 1965** - bonus has been paid to the employees in accordance with the Act and the necessary returns have been filed.

- **The Payment of Gratuity Act, 1972** - the provisions of the Act have been complied with. The company has, on 1st March, 2014 also obtained a Group Gratuity Policy from the Life Insurance Corporation of India Ltd (L.I.C.) to enable it to comply with its liability for the payment of gratuity to its employees, as and when such liability arises.

This policy is valid and subsisting.

- **The Contract Labour (Regulation & Abolition) Act, 1970** - The company has obtained the necessary certificate of registration for employing contract labour in its factory and has complied with the other applicable provisions of the Act.
- **Maternity Benefit Act, 1961** - The company has complied with the provisions of the Act.
- **Prohibition of Child Labour (Prohibition & Regulation) Act, 1986** - It is given to understand that the company does not employ any child labour hence this Act is not applicable to it.
- **The Industrial Employment (Standing Orders) Act, 1946** - The company has framed Standing Orders for its employees at the factory and the same have been registered with the concerned authorities.
- **The Employees' Compensation Act, 1923 (earlier known as Workmen's Compensation Act, 1923)** - No accidents were reported in the premises of the factory of the company during the year under review. Compensation, as per the provisions of this Act, was paid to the heirs of an employee who met with an accident, on the way to the factory, as this arose 'in course of and out of employment'.
- **Equal Remuneration Act, 1976** -
It is given to understand that the company pays equal remuneration to all for same work or work of similar nature and that there is no discrimination between men and women while recruiting or subsequent to recruitment, promotion, etc.
- **The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956** -
The company has regularly filed quarterly returns as required, during the year under review.
- **Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal Act, 2013).**
The company has constituted an Internal Complaints Committee under the provisions of the Act, comprising of seven female employees, one male employee and a Lady Non Government Organization (NGO) representative. Quarterly meetings of the Committee were held in the financial year for redressal of the complaints covered under the Act.

I further report that

The Board of Directors of the Company is duly 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 period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the Minutes.

I 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.

This report is to be read with my letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

Signature: _____

Name of Company Secretary in practice/ Firm:

A. J. Gandhi

ACS/FCS No. 1632

C P No.: 2095

Place : Mumbai,
Dated : 18th April, 2017.

Annexure to the Secretarial Audit Report

To,
The Members,
Virat Industries Limited,
A 1/ 2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424. Gujarat.

Our report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) I have followed the audit practices and processes 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 processes and practices, we followed provide a reasonable basis for our opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai,
Dated : 18th April, 2017.

A. J. Gandhi
Practising Company Secretary
ACS/FCS No. 1632
C P No.: 2095

ANNEXURE - III

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgoings as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Section 134(3)(m) are given below:

(A) CONSERVATION OF ENERGY:**Energy Conservation Measures Taken:***Electricity:*

- i) Maintained the power factor to 0.999, throughout the year and got rebate of ₹ 203778/- on this account in electricity bills.
- ii) Started installation of LED tube lights and LED street lights for saving of electricity power of factory lighting.
- iii) We installed this year one GA-75 VSD Air Compressor to cater to the additional plant requirement of compressed air. We are getting saving of 150 kwh/day (ie 52740 kwh/year).
- iv) We installed kwh meter at every section of the factory to monitor daily kwh units consumption of every section and take necessary action if and when there is increase in power consumption.
- v) We stopped air leakages from the air regulators, PU tubes, fittings etc. of knitting machines, contributing to energy saving.

As the result of above changes, the power consumption per pair of sock production decreased from 0.420 kwh in the previous year to 0.378 kwh, registering reduction of 10.00%.

Natural Gas:

- i) Reduced steam leakages from boiler house to plant level and maintained the same throughout the year.
- ii) We installed pressure reducing valve at the inlet of the steam dryer chamber to maintain the steam dryer pressure 1 to 1.5 bar at 100 degree Celsius of dryer chamber, resulting in 20 SCM Natural Gas saving per day of fuel consumption.
- iii) We removed old insulation from the steam lines and installed new insulation to reduce the heat transfer and condensation losses.

The Natural Gas consumption per pair of socks of boarding machine remained flat at 0.0124 scm/pair as per last year.

(B) TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are as per Form annexed.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**Activities relating to Exports, Initiatives to Increase Exports, Development of New Export Markets for Products and Services and Export Plan:**

Ours is an export unit operating under Export Promotion Capital Goods (EPCG) Scheme. The Company has been exporting goods mainly to the European and Gulf Markets. All efforts are directed towards increasing exports. In the year under review about 86.24% of total revenues were derived from the export.

Total Foreign Exchange Used and Earned:	(₹ in Lac)
a. i. Total foreign exchange earned	2021.09
ii. Other	15.59
SUB-TOTAL (a)	2036.68
b. Total foreign exchange used	
i. For import of Plant and Machinery	273.78
ii. For Spares, etc.	23.41
iii. Raw Materials	-
iv. For Dividend remitted	12.30
v. Others	11.69
SUB-TOTAL (b)	321.18
% of Import to Export	15.77%

PARTICULARS WITH RESPECT TO ABSORPTION
Research and Development (R&D)**1. Specific areas in which R & D is carried out by the Company:****A. Development of new products**

- i) Knitted highly sophisticated socks for international brand on contract manufacturing basis with great success and are getting repeat orders.
- ii) Purchased latest model imported sock knitting machines this year having capability to knit technical Athletic / Football socks which cater to niche high value luxury markets.
- iii) Purchased new machines this year having capability to knit "Three Dimensional" socks.
- iv) Knitted sock has been developed to use as a bag for festival gift socks of one client.
- v) Development of "invisible" socks both for export and domestic markets.

B. Repairing of imported parts

- i) The technicians at factory have developed the technique to repair motor drives (IRT), PCB and other electronic parts of the knitting machines.
- ii) We have also developed an indigenous source to repair the broken cylinders of our knitting machines.

2. Benefits derived as a result of the above R & D:

- i) New business in domestic market from other domestic brands besides export with higher profit margins.
- ii) Reduction in the Cost of electronic parts.

3. Future plan of action:

To be planned

4. Expenditure on R & D:

Not ascertainable

- | | |
|--|---|
| (a) Capital | — |
| (b) Recurring | — |
| (c) Total | — |
| (d) Total R & D expenditure as a percentage of total turnover. | — |

Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
The Company has not imported any technology. It has imported major plant and machinery.
2. Benefits, derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:
Not Applicable
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

(a) Technology imported	—
(b) Year of Import	—
(c) Has technology been fully absorbed	—

ANNEXURE - IV

FORM NO. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis :

(a) Name(s) of the related party and nature of relationship	Armayesh Embroideries Pvt. Ltd. - Promoters Group Company
(b) Nature of contracts/arrangements/ transactions	Lease Agreement
(c) Duration of the contracts/ arrangements/transactions	Renewable every Year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	10% increase in lease rent every year
(e) Justification for entering into such contracts or arrangements or transactions	Lease rent is comparatively lower than the prevailing market rates.
(f) Date(s) of approval by the Board	4th May, 2017
(g) Amount paid as advances, if any:	Nil
(h) Date on which the Special Resolution was passed in General Meeting as required under first proviso to section 188 :	Not Applicable

ANNEXURE - V

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No.	Requirements	Disclosure	Ratio
(i)	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;	Remuneration: Executive Directors: Mr. Adi F. Madan Managing Director 16.15 Mrs. Ayesha K. DadyBurjor Whole-time Director 7.70 Sitting fees: Independent Directors: Mr. Arun S. Sanghi - Chairman Up to 22.09.2016, continue as a Director 1.09 Mr. Ajit P. Walwaikar - Director 1.26 Mr. Harish H. Shah - Director 1.26 Mr. Vinay V. Sanghi - Director 0.76 Non-Independent Directors: Mr. Vijay V. Merchant - Chairman w.e.f. 22.09.2016 0.93 Mr. Kaizad R. DadyBurjor - Director 0.50 Mr. Pheroze A. Dhanbhoora - Director 0.84	
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Managing Director 14.29% Whole-time Director Nil Company Secretary 12.52% Chief Financial Officer 13.87%	
(iii)	The percentage increase in the median remuneration of employees in the financial year;	The median remuneration of the employees in the financial year increased by 4.88%. The calculation of % Increase in Median Remuneration is done based on comparable employees. For this we have excluded employees who were not eligible for any increment.	
(iv)	The number of permanent employees on the rolls of the Company;	There were 166 employees as on March 31, 2017.	

Sl. No.	Requirements	Disclosure		
(v)	The explanation on the relationship between average increase in remuneration and Company performance;	(₹ in Lac)		
		Details	2016-17	2015-16
		Total Income	2649.02	2639.20
		PBT	438.95	448.17
		PBT % of Total Income	16.57	16.98
		Average increase of 12.42% in the remuneration of employees is in line with the current year's performance, market dynamic and as a measure to motivate the employees for better future performance to achieve organisation's growth expectations.		
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	For the FY 2016-17, KMPs were paid approx 14.27% of the net profit before tax for the year.		
(vii)	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed Companies, and in case of unlisted Companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	<p>The Market capitalization of the Company has increased from ₹ 3795.90 lacs as of March 31, 2016 to ₹ 5317.21 lacs as of March 31, 2017. Over the same period, the price to earnings ratio moved from 12.58 to 18.28. The Virat Industries Limited stock price as at March 31, 2017 has increased by 40.08% and by ₹ 30.90 over the last financial year.</p> <p>During the year, the Company did not come out with any public offer.</p>		
(viii)	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 and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<p>During the year, the non-managerial remuneration increased by 13.77% being the rise in minimum wages as declared by government of Gujarat.</p> <p>Rise in managerial remuneration is 6.82%.</p>		

Sl. No.	Requirements	Disclosure										
(ix)	Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company	The comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company is as under :										
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>% of Net Profit for FY 2016-17</th> </tr> </thead> <tbody> <tr> <td>Managing Director</td> <td>8.50%</td> </tr> <tr> <td>Whole-time Director</td> <td>3.58%</td> </tr> <tr> <td>Chief Financial Officer</td> <td>1.30%</td> </tr> <tr> <td>Company Secretary</td> <td>0.88%</td> </tr> </tbody> </table>	Particulars	% of Net Profit for FY 2016-17	Managing Director	8.50%	Whole-time Director	3.58%	Chief Financial Officer	1.30%	Company Secretary	0.88%
		Particulars	% of Net Profit for FY 2016-17									
		Managing Director	8.50%									
		Whole-time Director	3.58%									
Chief Financial Officer	1.30%											
Company Secretary	0.88%											
(x)	The key parameters for any variable component of remuneration availed by the Directors;	1% commission of net profit of the Company if applicable as per section 197 and 198 of the Companies Act, 2013 and if decided by the Board.										
(xi)	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year;	None										
(xii)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes										

INDEPENDENT AUDITORS' REPORT

To,
The Members of
VIRAT INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **VIRAT INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 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 accounting 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act 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 31 March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report, to the extent applicable 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 purposes 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, the Statement of Profit and Loss, 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 prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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, the operating effectiveness of such controls, refer to our separate Report in "Annexure A". 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, as amended, 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 financial statements - Refer Note 26 (i) to the financial statements.
 - ii. The Company did 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.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016 (Refer Note 41 to the financial statements). Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Place: Mumbai
Date: 4th May, 2017.

Kedar Raje
Partner
(Membership No. 102637)

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Virat Industries Limited on the financial statements for the year ended 31 March, 2017)

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 Virat Industries Limited (“the Company”) as of 31 March, 2017 in conjunction with our audit of the 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 internal 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 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 Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 controls 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Place: Mumbai
Date: 4th May, 2017.

Kedar Raje
Partner
(Membership No. 102637)

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Virat Industries Limited on the financial statements for the year ended 31 March, 2017)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipments.
- (b) The Property Plant and Equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property Plant & Equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us immovable properties of leasehold land and buildings whose title deeds have been pledged as security for 'loans repayable on demand', are held in the name of the Company based on the confirmations directly received by us from lender. Further according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deed, comprising the immovable property of building which is freehold, is held in the name of the Company as at the Balance Sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Excise Duty, Custom Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31 March, 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Place: Mumbai
Date: 4th May, 2017.

Kedar Raje
Partner
(Membership No. 102637)

BALANCE SHEET AS AT 31 MARCH, 2017

Particulars	Note No.	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
A. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	49,233,400	49,233,400
(b) Reserve and Surplus	4	127,978,635	98,884,305
		177,212,035	148,117,705
(2) Non-current Liabilities			
(a) Long-term Borrowings	5	1,922,306	4,481,396
(b) Deferred Tax Liabilities (Net)	39	1,783,103	506,306
(c) Other Long-term Liabilities	6	200,000	–
(d) Long-term Provisions	7	1,103,635	1,029,658
		5,009,044	6,017,360
(3) Current Liabilities			
(a) Trade Payables	8	–	–
(i) Total outstanding dues of Micro Enterprises and Small Enterprises			
(ii) Total dues of other than Micro Enterprises and Small Enterprises		22,267,774	14,718,521
(b) Other Current Liabilities	9	5,707,165	7,816,870
(c) Short-term Provisions	10	575,276	15,381,839
		28,550,215	37,917,230
Total		210,771,294	192,052,295
B. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipments	11	80,189,371	60,705,785
(i) Tangible Assets		330,512	–
(ii) Capital Work In Progress			
(b) Non-current investments	12	2,500,000	2,500,000
(c) Long-term Loans and Advances	13	5,207,527	6,164,623
		88,227,410	69,370,408
(2) Current Assets			
(a) Inventories	14	65,803,632	48,735,887
(b) Trade Receivables	15	20,685,217	5,160,022
(c) Cash and Cash Equivalents	16	29,961,578	62,321,049
(d) Short-term loans and advances	17	4,746,692	5,450,955
(e) Other Current Assets	18	1,346,765	1,013,974
		122,543,884	122,681,887
Total		210,771,294	192,052,295
Accompanying notes 1 to 43 form integral part of the financial statements			

In terms of our Report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Rajee
Partner

Mumbai, Dated: 4th May, 2017.

For and on behalf of the Board of Directors

Vijay V. Merchant
Chairman
DIN: 01773227

Ajit P. Walwaikar
Director
DIN: 00022123

Vinay V. Sanghi
Director
DIN: 00309085

Adi F. Madan
Managing Director
DIN: 00023629

Kaizad R. DadyBurjor
Director
DIN : 00022387

Bhavik R. Maisuria
Chief Financial Officer

Ayesha K. DadyBurjor
Whole Time Director
DIN: 02949248

Pheroze A. Dhanbhoora
Director
DIN: 00622769

Asinkhan S. Baholu
Company Secretary

Arun S. Sanghi
Director
DIN : 00022168

Harish H. Shah
Director
DIN :03032200

Mumbai, Dated: 4th May, 2017.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	Note No.	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
1 Revenue from Operations (Gross)	19	256,737,358	257,514,481
Less: Excise Duty		151,809	–
Revenue from Operations (Net)		256,585,549	257,514,481
2 Other Income	20	8,316,541	6,405,610
3 Total Revenue (1 + 2)		264,902,090	263,920,091
4 Expenses			
(a) Cost of materials consumed	21	86,104,841	82,303,650
(b) Changes in inventories of finished goods and work in progress	22	(7,724,650)	(1,852,131)
(c) Employee Benefits Expense	23	43,272,009	41,341,202
(d) Finance Costs	24	801,987	389,166
(e) Depreciation Expense	11	12,988,647	12,226,215
(f) Other Expenses	25	85,564,514	84,694,866
Total Expenses		221,007,348	219,102,968
5 Profit before Tax (3 - 4)		43,894,742	44,817,123
6 Tax Expense:			
a) Current Tax Expense		13,478,876	16,838,543
b) Short provision for tax relating to prior years		44,739	–
c) Net Current Tax Expense		13,523,615	16,838,543
d) Deferred Tax / (Credit) (Net)		1,276,797	(2,203,399)
Net Tax Expense		14,800,412	14,635,144
7 Profit for the Year (5 - 6)		29,094,330	30,181,979
8 Earning per Share (of ₹ 10/- each)			
(1) Basic		5.91	6.13
(2) Diluted		5.91	6.13
Accompanying notes 1 to 43 form integral part of the financial statements			

In terms of our Report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Mumbai, Dated: 4th May, 2017.

For and on behalf of the Board of Directors

Vijay V. Merchant
Chairman
DIN: 01773227

Ajit P. Walwaikar
Director
DIN: 00022123

Vinay V. Sanghi
Director
DIN: 00309085

Adi F. Madan
Managing Director
DIN: 00023629

Kaizad R. DadyBurjor
Director
DIN : 00022387

Bhavik R. Maisuria
Chief Financial Officer

Ayesha K. DadyBurjor
Whole Time Director
DIN: 02949248

Pheroze A. Dhanbhoora
Director
DIN: 00622769

Asinkhan S. Baholu
Company Secretary

Arun S. Sanghi
Director
DIN : 00022168

Harish H. Shah
Director
DIN :03032200

Mumbai, Dated: 4th May, 2017.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	₹	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
A Cash Flow from Operating Activities:			
Profit before Tax	43,894,742		44,817,123
Adjustments for:			
Depreciation expense	12,988,647		12,226,215
Share of (profit)/loss from LLP	–		(48,807)
Loss on Property, Plant and Equipments written off (net)	2,160,141		424,465
Net unrealised gain on foreign currency translation	(103,182)		(136,443)
Interest Expense	801,987		389,166
Interest Income	(2,268,766)		(2,792,911)
Liabilities/Provisions no longer required written back	(1,284,988)		–
Provision for doubtful Loan and Advance	–		1,000,000
Operating Profit before change in Working Capital	56,188,581		55,878,808
Changes in Working Capital			
(Increase)/Decrease in Trade receivables and loans and advances	(15,171,170)		5,962,160
(Increase)/Decrease in Inventories	(17,067,745)		6,129,869
Increase/(Decrease) in Trade and other payables	4,959,172		1,687,719
	(27,279,743)		13,779,748
Cash generated from operations	28,908,838		69,658,556
Net Income tax paid	(11,939,948)		(17,369,325)
Net Cash from Operating Activities		16,968,890	52,289,231
B Cash Flow from Investing Activities:			
Capital expenditure on property, plant and equipment, including capital advances	(37,795,308)		(18,638,054)
Sale proceed of Investment in LLP	–		150,000
Proceeds from Sale of Property, Plant and Equipments	2,822,243		6,825
Bank balances not considered as Cash and cash equivalents			
- Placed	(35,290,387)		(47,001,596)
- Matured	59,281,983		19,484,430
Interest received from Investments	183,500		183,500
Interest received on Deposits	2,530,912		3,141,543
Net Cash used in Investing Activities		(8,267,057)	(42,673,352)
C Cash Flow from Financing Activities:			
Proceed from long-term borrowing (including current maturities)	–		6,809,457
Repayment of long-term borrowing (including current maturities)	(2,328,062)		–
Repayment of short term borrowings	–		(6,200,000)
Dividend paid	(11,477,402)		(8,969,672)
Tax on Dividend	(2,505,980)		(1,814,497)
Finance cost	(758,263)		(389,166)
Net Cash used in Financing Activities		(17,069,708)	(10,563,878)
Net decrease/increase in cash and cash equivalents		(8,367,875)	(947,999)
Cash and Cash equivalents at the beginning of the year (as defined in AS-3 Cash Flow Statements)		11,648,649	12,596,648
Cash and Cash equivalents at the end of the year (as defined in AS-3 Cash Flow Statements)		3,280,774	11,648,649

Note:

1 Components of cash and cash equivalents include cash, bank balances in current and EEFC accounts as disclosed under Note No.16 of the Balance Sheet. There are no deposits/investments with original maturity of less than three months.

In terms of our Report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Vijay V. Merchant
Chairman
DIN: 01773227

Adi F. Madan
Managing Director
DIN: 00023629

Ayesha K. DadyBurjor
Whole Time Director
DIN: 02949248

Arun S. Sanghi
Director
DIN : 00022168

Kedar Rajee
Partner

Ajit P. Walwaikar
Director
DIN: 00022123

Kaizad R. DadyBurjor
Director
DIN : 00022387

Pheroze A. Dhanbhoora
Director
DIN: 00622769

Harish H. Shah
Director
DIN :03032200

Vinay V. Sanghi
Director
DIN: 00309085

Bhavik R. Maisuria
Chief Financial Officer

Asinkhan S. Baholu
Company Secretary

Mumbai, Dated: 4th May, 2017.

Mumbai, Dated: 4th May, 2017.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**1. Corporate Information:**

Virat Industries Limited ("the Company") is a Manufacturer and Exporter of premium quality of dress and sport socks for Men, Ladies and Children. The Company also manufactures high quality football socks for many clubs of Europe. The socks are knitted and processed on imported machinery. The socks of the Company are exported to Switzerland, U.K and Gulf countries for top end markets.

The manufacturing activity and Registered Office of the Company are located in Navsari, South Gujarat. The Head Office of the Company is situated in Mumbai. The marketing function is carried out at the Mumbai Head Office.

Virat Industries Limited is a Public Limited Company, listed on the Bombay Stock Exchange.

2. Significant Accounting Policies:**2.1 Basis for preparation of Accounts:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to its present location and condition.

Raw material is valued at lower of cost and net realisable value cost is determined on the method of weighted average basis.

Finished goods and work in progress are carried at cost or net realisable value, whichever is lower. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Stores and spares, other than obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower.

2.4 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**2.6 Property, Plant and Equipments:**

Tangible assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Depreciation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets is calculated on the straight-line basis over the estimated useful life of all assets. The lives are in accordance with Schedule II to the Companies Act, 2013.

Leasehold land is amortized over the duration of lease.

2.7 Other income:

Interest income is accounted on accrual basis.

2.8 Export Incentives:

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

2.9 Impairment:

The carrying value of assets/cash generating unit at each balance sheet date is reviewed for impairment. The Company determines whether a provision should be made for impairment loss on assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 "Impairment of Assets". Where the recoverable amount of any assets is lower than its carrying amount in accordance with AS 28, a provision for impairment loss on fixed assets is made for the difference. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to avail from continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

Where there is an indication that the impairment was recognised in an earlier accounting period no longer exists or may have decreased, such reversal of impairment lost is recognised in the statement of profit and loss.

2.10 Leases:

- (a) Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.
- (b) Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**2.11 Earnings per share:**

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of paid up equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of paid up equity shares considered for deriving basic earnings per share and the weighted average number of equity shares.

2.12 Borrowing Cost:

Borrowing cost, if any, that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

2.13 Foreign Currency Transactions:

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. Monetary Items denominated in foreign currency are restated using the exchange rates prevailing at the date of the Balance Sheet. The exchange difference between the rates prevailing on the date of transactions on the date of settlement and also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

2.14 Employee Benefits:**a) Defined Contribution Plan:**

Contributions under Defined Plans in the form of Provident Fund are recognised in the Statement of profit and loss in the period in which the employee has rendered the service.

b) Defined Benefit and Other Long-term Benefit Plan:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

c) Other Benefits:

The Company's liability towards provision for Compensated Absences is determined on the basis of actuarial valuation being carried out at each Balance Sheet date using the Projected Unit Credit Method. The retirement benefit obligation recognised in the Balance Sheet represents the total of present value of the defined benefit obligation as reduced by unrecognised past service cost.

Actuarial gains and losses are recognised immediately in the Statement of profit and loss in the period of occurrence of such gains and losses. Past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of or changes to a defined benefit plan, past service cost is recognised immediately.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**2.15 Revenue Recognition:**

Sales of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer. Accordingly sale of products, including export benefits thereon are recognised when products are shipped. Sales include excise duty but exclude sales tax and value added tax.

2.16 Income Taxes:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Tax on distributed profits payable in accordance with the provision of Income Tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India. Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961 has been recognised in accordance with the Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.

2.17 Investments:

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.18 Provisions and Contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) 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 estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.19 Operating Cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number	₹	Number	₹
3 Share Capital				
(a) Authorised				
Equity Shares of ₹ 10/- each with voting rights	5,000,000	50,000,000	5,000,000	50,000,000
(b) Issued, Subscribed and Paid Up				
Equity Shares of ₹ 10/- each with voting rights	4,923,340	49,233,400	4,923,340	49,233,400
Total	4,923,340	49,233,400	4,923,340	49,233,400

3.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Closing Balance
Equity Shares with voting rights		
Year ended 31 March, 2017		
- Number of Shares	4,923,340	4,923,340
- Amount in Rupees	49,233,400	49,233,400
Year ended 31 March, 2016		
- Number of Shares	4,923,340	4,923,340
- Amount in Rupees	49,233,400	49,233,400

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back in the 5 years immediately preceding the balance sheet date.

Terms and rights attached to equity shares

The equity shares of the Company rank pari passu in all respects including voting rights and entitlement to dividend.

3.2 Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholders	As at 31 March, 2017		As at 31 March, 2016	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Equity Shares with voting rights				
Shapoorjee Chandabhoj Finvest Private Limited	1,753,795	35.62	1,753,795	35.62
H M Investments (UK) Limited	492,340	10.00	492,340	10.00
Naozer J. Aga	475,277	9.65	475,227	9.65

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
4 Reserves and Surplus		
General Reserve		
Opening Balance	9,839,073	6,820,866
Add: Transferred from surplus in Statement of Profit and Loss	–	3,018,207
Closing Balance	9,839,073	9,839,073
Surplus in Statement of Profit and Loss		
Opening Balance	89,045,232	76,695,790
Add: Profit for the year	29,094,330	30,181,979
Balance available for Appropriation	118,139,562	106,877,769
Less: Dividend proposed to be distributed to equity shareholders (previous year ₹ 2.50 per equity share) (Refer Note No. (i))	–	12,308,350
Less: Tax on Dividend	–	2,505,980
Less: Transferred to General Reserve	–	3,018,207
Closing Balance	118,139,562	89,045,232
Total	127,978,635	98,884,305
Note:		
(i) Proposed Dividend on Equity Share		
Proposed Dividend for the year ended 31 March, 2017 ₹ 2.50 per share	12,308,350	
Dividend Distribution Tax on proposed dividend	2,505,980	
Proposed Dividend on equity share are subject to approval in the Annual General Meeting and are not recognised as liability (including Dividend Distribution Tax thereon) as at 31 March, 2017		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
5 Long-term Borrowings		
Borrowings		
(i) HDFC Bank Limited (Secured by hypothecation of the concerned vehicle purchased) (Terms of Payment: Equated Monthly Installments of ₹ 79,450/- payable in 36 equal installments at interest rate of 9.50% per annum, 17 installments are remaining.)	1,259,087	2,051,556
(ii) BMW India Financial Services Private Limited (Secured by hypothecation of the concerned vehicle purchased) (Terms of Payment: Equated Monthly Installments of ₹ 160,156/- payable in 36 equal installments at interest rate of 9.50% per annum, 22 installments are remaining.)	3,222,309	4,757,900
Total A	4,481,395	6,809,456
Less: Current maturities of finance lease obligations (Refer Note No. 9)		
(i) HDFC Bank Limited	871,094	792,470
(ii) BMW India Financial Services Private Limited	1,687,995	1,535,592
Total B	2,559,089	2,328,061
Long-term maturities of finance lease obligations (Refer Note No.37) Total (A - B)	1,922,306	4,481,396
The above loans are repayable:		
(i) In the second year refer note 9(a)	2,559,089	2,328,061
(ii) In third to fifth year	1,922,306	4,481,396

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
6 Other Long-term Liabilities		
Others		
Trade / security deposits received	200,000	–
Total	200,000	–
7 Long-term Provisions		
Provision for Employee Benefits		
Provision for Compensated Absences	1,103,635	1,029,658
Total	1,103,635	1,029,658
8 Trade Payables		
Total dues other than Acceptances Micro Enterprise and Small Enterprise (Refer Note No. 27)	22,267,774	14,718,521
Total	22,267,774	14,718,521
9 Other Current Liabilities		
(a) Current maturities of finance lease obligations (Refer Note No. 37 and for details of security Refer Note No.5)	2,559,089	2,328,061
(b) Interest accrued and due on Vehicle Loans	43,724	–
(c) Unclaimed/Unpaid Dividends	1,884,092	1,053,144
(d) Other Payables		
- Statutory Remittances (Contributions to PF and ESIC, withholding taxes, wealth tax and other taxes payable)	941,355	942,280
- Gratuity	–	552,273
- Advances from customers	278,905	2,941,112
Total	5,707,165	7,816,870
10 Short-term Provisions		
(a) Provision for Employee Benefits		
- Provision for Compensated Absences	451,343	290,083
(b) Provision - Others		
- Provision for Tax (Net of Advance Tax ₹ 12,076,067, previous year ₹ 27,222,574)	123,933	277,426
- Provision for Proposed Equity Dividend	–	12,308,350
- Provision for Tax on Proposed Dividend	–	2,505,980
Total	575,276	15,381,839

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11 Property, Plant and Equipments

(In ₹)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION AND IMPAIRMENT					NET BLOCK	
	As at 1 April, 2016	Additions	Disposals	Adjustments/ Write off	As at 31 March, 2017	As at 1 April, 2016	For the year	Elimination on Disposals	Adjustments/ Write off	As at 31 March, 2017	As at 31 March, 2017
Tangible Assets											
Leasehold Land (Refer Note No.1)	687,100 (687,100)	- (-)	- (-)	- (-)	687,100 (687,100)	187,965 (179,539)	8,426 (8,426)	- (-)	- (-)	196,391 (187,965)	490,708 (499,135)
Buildings (Owned) (Refer Note No.1)	30,447,385 (30,235,911)	- (211,474)	- (-)	- (-)	30,447,385 (30,447,385)	19,524,815 (18,478,925)	1,067,441 (1,045,890)	- (-)	- (-)	20,592,256 (19,524,815)	9,855,129 (10,922,570)
Plant and Machinery (Owned) (Refer Note No.1)	104,814,736 (101,478,485)	33,288,834 (6,300,111)	- (-)	2,752,676 (2,963,860)	135,350,894 (104,814,736)	72,906,285 (66,575,593)	8,748,204 (8,866,513)	- (-)	1,880,696 (2,535,821)	79,773,792 (72,906,285)	55,577,102 (31,908,451)
Furniture and Fixtures (Owned) (Refer Note No.1)	3,405,280 (2,271,808)	1,506,348 (1,133,472)	- (-)	- (-)	4,911,628 (3,405,280)	1,654,154 (1,446,546)	1,242,035 (207,608)	- (-)	- (-)	2,896,189 (1,654,154)	2,015,439 (1,751,126)
Motor Vehicles – Owned (Refer Note No.1)	13,375,034 (13,375,034)	2,426,500 (-)	9,995,991 (-)	- (-)	5,805,543 (13,375,034)	8,638,618 (7,257,683)	444,735 (1,380,935)	5,877,608 (-)	- (-)	3,205,745 (8,638,618)	2,599,798 (4,736,416)
– Under Finance Lease	10,562,547 (-)	- (10,562,547)	- (-)	- (-)	10,562,547 (10,562,547)	423,107 (-)	1,254,302 (423,107)	- (-)	- (-)	1,677,409 (423,107)	8,885,138 (10,139,440)
Office Equipments (Owned)	2,925,029 (2,359,579)	243,114 (630,450)	44,000 (65,000)	- (-)	3,124,143 (2,925,029)	2,176,382 (1,944,396)	223,504 (293,736)	41,800 (61,750)	- (-)	2,358,086 (2,176,382)	766,057 (748,647)
TOTAL	166,217,111	37,464,795	10,039,991	2,752,676	190,889,240	105,511,326	12,988,647	5,919,408	1,880,696	110,699,868	80,189,371
Previous year	(150,407,917)	(18,838,054)	(65,000)	(2,963,860)	(166,217,111)	(95,882,682)	(12,226,215)	(61,750)	(2,535,821)	(105,511,326)	(60,705,785)
Capital Work in Progress											330,512 (-)
										TOTAL	80,519,883 (60,705,785)

Figures given in brackets after each line item represent Previous year figures.

- Note:** 1) Hypothecated by deposit of title deeds of leasehold land and by a charge on buildings, structures, fixtures and fittings, immovable plant and machinery thereon. further secured by a charge on the company's stocks, book debts, other receivables, movable properties and assets, etc., both present and future, for 'loans repayable on demand', closing balance as at 31 March, 2017 is NIL.
- 2) For motor car capitalised during the year ₹ 24,26,500, the company is in the process of registering the motor car in its name.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017 ₹ Quoted	As at 31 March, 2016 ₹ Unquoted
12 Non-current Investments		
Investments - Other than Trade (At cost)		
Investment in Bonds of Indian Railway Finance Corporation Limited (IRFC) (2500 Bonds of ₹ 1000 each fully paid up)	2,500,000	2,500,000
Total	2,500,000	2,500,000
- Aggregate amount of quoted investments	2,500,000	2,500,000
- Aggregate market value of listed and quoted investments	2,707,500	2,567,500
13 Long-term Loans and Advances		
Unsecured and considered good		
a) Security Deposits	2,880,124	2,576,767
b) Balances with government authorities- VAT Credit Receivable	1,288,073	1,112,613
c) Loans and Advances to Employees	67,540	162,757
d) Advance Income-tax (Net of Provision ₹ 41,483,930, Previous Year ₹ 27,503,390)	971,790	2,312,486
Total	5,207,527	6,164,623
14 Inventories (At lower of cost and net realisable value)		
a. Raw Materials	24,939,646	16,229,364
Goods-in transit	1,202,823	94,867
	26,142,469	16,324,231
b. Work-in-progress (Knitted Socks)	1,874,646	2,005,479
c. Finished goods (Other than those aquired for trading)	28,277,382	21,202,021
d. Stores and Spares	6,524,045	6,446,016
Goods-in transit	—	—
	6,524,045	6,446,016
e. Packing Material	2,985,090	2,755,440
Goods-in transit	—	2,700
	2,985,090	2,758,140
Total	65,803,632	48,735,887

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
15 Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured and considered good	52,702	305,364
Other Trade Receivable		
Unsecured and considered good	20,632,515	4,854,658
Total	20,685,217	5,160,022
16 Cash and Cash Equivalents		
A. Cash and Cash Equivalents		
a) Cash on Hand	–	2,002
b) Balances with Banks		
- In Current Accounts	3,280,774	11,646,647
Total - Cash and cash equivalents (A)	3,280,774	11,648,649
B. Other Bank Balances		
i) In Deposit Accounts		
- original maturity more than 3 months (Refer Note below)	24,435,035	49,281,982
ii) In Earmarked Accounts		
- unpaid dividend accounts	1,884,092	1,053,144
- balances held as margin money against guarantees	361,677	337,274
Total other Bank Balances (B)	26,680,804	50,672,400
Total	29,961,578	62,321,049
Note :		
Other Bank Balances include deposits with remaining maturity of more than 12 months from the Balance Sheet date ₹ Nil (Previous Year ₹ 7,110,673).		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at	
	31 March, 2017	31 March, 2016
	₹	₹
17 Short-term Loans and Advances		
Unsecured and Considered Good, unless otherwise stated		
a) Loans and Advances to Employees		224,698
b) Prepaid Expenses		1,224,007
c) Balances with Government Authorities		
- VAT Credit Receivable		943,584
- Personal Ledger Account (Excise)		1,690
- Duty Drawback (Customs)		1,408,963
d) Inter-corporate Deposit		
Considered good	-	-
Considered doubtful	2,500,000	2,500,000
		2,500,000
Less : Provision for doubtful inter-corporate deposit		2,500,000
		-
e) Others - Advance for supply of goods and services		943,750
Total		4,746,692
		5,450,955
18 Other Current Assets		
a) Accruals		
- Interest Accrued on Deposits		568,328
- Interest Accrued on Short Term Loans given to Companies	68,116	
Less : Provision for doubtful Interest	68,116	-
		568,328
b) Others		
- Funded Gratuity Surplus (Refer Note No. 34(b))		778,437
Total		1,346,765
		1,013,974

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
19 Revenue from Operations		
a) Sale of Products (Refer Note (i) below)	234,542,663	233,967,890
b) Other Operating Revenues (Refer Note (ii) below)	22,194,695	23,546,591
	256,737,358	257,514,481
Less: Excise Duty	151,809	–
Total	256,585,549	257,514,481
Note:		
(i) Sale of Products Comprises		
Manufactured goods - Knitted Socks	234,542,663	233,967,890
Total - Sale of manufactured goods	234,542,663	233,967,890
(ii) Other Operating Revenues Comprise:		
Duty Drawback	19,334,987	20,055,514
Sale of Licenses - Merchandise Export From India Scheme	2,241,658	1,420,495
Job Work Income	46,940	–
Samples Development Income	571,110	2,070,582
Total - Other Operating Revenues	22,194,695	23,546,591
20 Other Income		
Interest Income (Refer Note (i) below)	2,268,766	2,837,995
Net gain on foreign currency transactions and translation	3,406,974	2,244,117
Other Non-operating Income (Refer Note (ii) below)	2,640,801	1,323,498
Total	8,316,541	6,405,610
Note:		
(i) Interest Income Comprises:		
Interest from banks on Deposits	1,800,130	2,465,257
Interest from overdue Trade Receivable	–	45,084
Interest from loans and advances	137,756	144,154
Interest from Income-tax refund	147,380	–
Interest from long term investments	183,500	183,500
Total - Interest Income	2,268,766	2,837,995
(ii) Other non-operating income comprises:		
Share of Profit from LLP	–	48,807
Liabilities/Provisions no longer required written back (Refer Note No. 42)	2,419,780	–
Less: Cost of Raw Material adjusted (Refer Note No. 42)	354,670	–
Less: Cost of finished goods adjusted (Refer Note No. 42)	780,122	–
	1,284,988	–
Miscellaneous Income	1,355,813	1,274,691
Total - Other non-operating Income	2,640,801	1,323,498

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
21 Cost of Materials Consumed		
Opening Stock	16,324,231	24,751,510
Add: Purchases	96,277,749	73,876,371
	112,601,980	98,627,881
Less: Closing Stock	26,142,469	16,324,231
Cost of Materials Consumed	86,459,511	82,303,650
Less: Stock adjusted against Liabilities / Provisions no longer required written back (Refer Note No. 42)	354,670	–
Cost of Materials Consumed	86,104,841	82,303,650
Material Consumed comprises of yarn only.		
22 Changes in Inventories of Finished Goods and work in progress		
Inventories at the end of the year		
Finished Goods	28,277,381	21,202,020
Work-in-Progress	1,874,646	2,005,479
	30,152,027	23,207,499
Less: Stock adjusted against Liabilities / Provisions no longer required written back (Refer Note No. 42)	780,122	–
	30,932,149	23,207,499
Inventories at the beginning of the year		
Finished Goods	21,202,020	19,092,023
Work-in-Progress	2,005,479	2,263,345
	23,207,499	21,355,368
Net (Increase)	(7,724,650)	(1,852,131)
23 Employee Benefit Expenses		
Salaries and wages	39,136,622	36,606,363
Contribution to Provident and other funds	2,159,471	1,967,149
Gratuity	149,867	1,283,541
Staff welfare expenses	1,826,049	1,484,149
Total	43,272,009	41,341,202

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
24 Finance Cost		
Interest Expense on:		
- borrowings	669,688	351,601
- trade payable	–	14,024
- delayed payment of Income-tax	3,438	1,297
- Others	12,000	4,819
Other borrowing costs	116,861	17,425
Total	801,987	389,166
25 Other Expenses		
Consumption of stores and spare parts	6,437,989	7,000,638
Consumption of packing materials	11,663,420	11,636,324
Processing Charges	14,867,484	16,416,250
Power and Fuel	16,789,498	16,548,233
Lease Rent	2,049,167	2,248,664
Repairs:		
- To Buildings	711,136	72,636
- To Machinery	647,701	733,815
Insurance	1,059,874	922,131
Rates and taxes	1,554,071	1,309,467
Carriage Outward	5,728,404	5,492,594
Sales expenses	4,884,103	3,506,644
Donations	87,400	371,000
Payment to Auditors (Refer note below)	1,819,087	1,348,736
Travelling and Conveyance Expenses	2,749,875	3,240,223
Loss on Property, plant and equipments sold/written off (Net)	2,160,141	424,465
Provision for doubtful loan and advance	–	1,000,000
Miscellaneous expenses	12,355,163	12,423,046
Total	85,564,514	84,694,866
Payment to Auditor including Service Tax		
(i) Payment to the Auditors comprises		
(a) To Statutory Auditors		
- For Audit	1,035,000	1,030,500
- For Taxation matters	138,000	137,400
- For Other Services	632,500	171,250
Reimbursement of Expenses	13,587	9,586
Total	1,819,087	1,348,736

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****26 Contingent Liabilities and Commitments (to the extent not provided for)**

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
(i) Contingent Liabilities		
Claims against the company not acknowledged as debt		
- For Assessment Year 2005-06 and 2006-07, the Income Tax Department has adjusted the carried forward of losses and unabsorbed depreciation in computing the benefit under section 10B of the Income Tax Act, 1961. During the year 2014-15, Company received favourable order in Income-tax Appellate Tribunal for the Assessment Year 2006-07 and the Income-tax Department, Navsari has referred the said matter to the High Court of Gujarat at Ahmedabad. Hence, the matter has been referred to the High Court of Gujarat at Ahmedabad for Assessment Year 2005-06 and 2006-07. Additional liability, if any, is not ascertained.	Not Ascertained	Not Ascertained
Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.		
	-	-
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	921,000	-
27 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****28 Details on unhedged Foreign Currency Exposures**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Receivable/ (Payable) ₹	Receivable/ (Payable) in Foreign Currency	Receivable/ (Payable) ₹	Receivable/ (Payable) in Foreign Currency
Trade Receivables	4,627,519	GBP 57,585	4,058,046	GBP 43,033
	7,868,981	USD 122,113	85,658	USD 1,301
	309,152	AUD 6,300	–	–
Advance given to Suppliers	82,398	USD 1,267	29,704	USD 446
	599,615	EURO 8,592	–	–
Advance received from customers (Refer Note No. 42)	(94,115)	USD (1,461)	(96,159)	USD (1,461)
	–	–	(2,662,136)	GBP (28,231)

29 Value of Imports calculated on CIF basis

Particulars	For the year ended 31 March, 2016 ₹	For the year ended 31 March, 2015 ₹
Stores and Spares	2,340,949	2,628,564
Capital Goods	27,378,000	4,666,030
Total	29,718,949	7,294,594

30 Expenditure in Foreign Currency

Other Matters	1,169,419	1,406,032
Total	1,169,419	1,406,032

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****31 Details of Consumption of Imported and Indigenous items**

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
	₹	%	₹	%
Imported				
Raw Material	130,121	0.15	243,129	0.30
Stores and Spares	3,063,346	47.58	2,774,816	39.64
Total	3,193,467	3.45	3,017,945	3.38
Indigenous				
Raw Material	85,974,720	99.85	82,060,521	99.70
Stores and Spares	3,374,643	52.42	4,225,822	60.36
Total	89,349,364	96.55	86,286,343	96.62
Grand Total				
Raw Material	86,104,841	100.00	82,303,650	100.00
Stores and Spares	6,437,989	100.00	7,000,638	100.00

32 Earnings in Foreign Exchange

Particulars	For the year ended	For the year ended
	31 March, 2017	31 March, 2016
	₹	₹
Export of Goods Calculated on FOB basis	201,056,341	215,411,553
Samples Development Charges	571,110	2,070,582
33 Amounts remitted in Foreign Currency during the year on account of Dividend		
Amount of dividend remitted in foreign currency	1,230,850	886,212
Total number of Non Resident Shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total number of shares held by them on which dividend was due	492,340	492,340
Year to which dividend relates	2015-16	2014-15

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

DISCLOSURE UNDER ACCOUNTING STANDARDS

34 Employee Benefit Plans

(a) **Defined Contribution Plan** : The Company makes Provident fund and other funds contributions to defined contribution plans for qualifying employees. The Company recognised ₹ 2,159,471 (Year ended 31 March, 2016 ₹ 1,967,149) for Provident Fund contributions.

(b) **Defined Benefit Plan: Gratuity** : Provision is made for gratuity and compensated absences based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of profit and loss. The Company has funded gratuity with Life Insurance Corporation of India.

The disclosures as required under revised Accounting Standard 15 on "Employee Benefits" are as follows:

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹			
Gratuity					
Components of employer expense					
Current Service Cost	423,982	382,790			
Interest Cost	525,770	423,037			
Expected returns on plan assets	(446,296)	(436,651)			
Actuarial Losses/(Gain)	(353,589)	914,365			
Total Expense recognized in the Statement of Profit and Loss	149,867	1,283,541			
Actual contribution and benefit payments for year					
Actual benefit payments	819,309	383,245			
Actual contributions	850,000	1,245,000			
Net asset / (liability) recognised in the Balance Sheet					
Present value of defined benefit obligation	(6,382,004)	(6,605,150)			
Fair value of plan assets	7,160,441	6,052,877			
Funded status [Surplus / (Deficit)]	778,437	(552,273)			
Net asset / (liability) recognised in the Balance Sheet	778,437	(552,273)			
Change in defined benefit obligations (DBO) during the year					
Present value of DBO at beginning of the year	6,605,150	5,268,203			
Current Service Cost	423,982	382,790			
Interest Cost	525,770	423,037			
Benefit Paid	(819,309)	(383,245)			
Actuarial Losses/(Gain)	(353,589)	914,365			
Present value of DBO at end of the year	6,382,004	6,605,150			
Change in fair value of assets during the year					
Fair value of Plan assets at beginning of the year	6,052,877	4,697,058			
Expected Return on Plan Assets	446,296	436,651			
Actual company contributions	850,000	1,245,000			
Benefit Paid from the Fund	(819,309)	(383,245)			
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	630,577	57,413			
Fair value of Plan assets at the end of the year	7,160,441	6,052,877			
Category of Assets					
Insurance Fund	7,160,441	6,052,877			
Actuarial Assumptions:					
Discount Rate (p.a.)	7.66%	7.96%			
Salary Escalation Rate (p.a.)	5.00%	5.00%			
Attrition Rate (p.a.)	2.00%	2.00%			
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate			
Estimate of amount of contribution in the immediate next year	–	976,255			
Experience Adjustment:	2016-17	2015-16	2014-15	2013-14	2012-13
	₹	₹	₹	₹	₹
On Plan Liability (Gain)/Loss	(507,160)	187,064	(294,649)	271,583	83,408

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**DISCLOSURE UNDER ACCOUNTING STANDARDS****35 Segment information**

The principal business of the company is of manufacturing of socks. All other activities of the Company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard 17 - "Segment Reporting".

The Secondary Segment are identified based on the geographical location of customers. The secondary geographical segments of the company consist of regions of United Kingdom, Switzerland, UAE, India and Rest of the World.

Secondary Segments information is as follows -

(In ₹)

Particulars	Revenues	Segment Assets Trade Receivable	Cost incurred on acquisition of Property, Plant and Equipment
United Kingdom	54,684,208 (80,753,123)	5,598,586 (3,997,222)	- (-)
Switzerland	81,693,736 (85,755,655)	2,219,778 (-)	- (-)
UAE	53,520,605 (40,174,252)	3,924,976 (-)	- (-)
India	32,433,542 (17,439,453)	7,879,564 (1,016,319)	37,464,796 (18,838,054)
Rest of the World	12,210,572 (9,845,407)	1,062,314 (146,481)	- (-)
Total	234,542,663 (233,967,890)	20,685,217 (5,160,022)	37,464,796 (18,838,054)

Previous year figures are given in brackets.

Segregation of assets (except trade receivable) into secondary segments has not been done as all the assets are located and used in India and the Company is of the view that it is not practical to reasonably allocate such assets and an ad-hoc allocation will not be meaningful.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)****36 Related Party Transactions****Details of related parties:****Description of relationship**

Promoter Company

Associates

Key Management Personnel (KMP)
and their Relatives**Names of related parties:**

Shapoorjee Chandabhoy Finvest Private Limited

Armayesh Enterprise LLP (up to 31 October, 2015)

Key Management Personnel:

Mr. Adi F. Madan - Managing Director

Mrs. Ayesha K. DadyBurjor - Whole-time Director

Their Relatives:

Mr. Naozer J. Aga

Mr. Armand N. Aga

Mr. Kaizad R. DadyBurjor

Mrs. Ayesha A. Madan

Mr. Jehan Adi Madan

Entities over which promoter group has
significant influence

Armayesh Embroideries Private Limited

Armayesh Consultancy and Agencies Private Limited
(Upto 31 July, 2015)**Note:** Related parties have been identified by the Management.**Details of related party transactions during the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017:**

(In ₹)

Particulars	Promoter Company	Associates	KMP and their Relatives	Entities over which promoter group has significant influence	Total
Transactions during the year					
Expenditure:					
1) Lease Rent:					
Armayesh Consultancy and Agencies Pvt. Ltd.	-	-	-	-	-
	(-)	(-)	(-)	(204,600)	(204,600)
Armayesh Embroideries Pvt. Ltd.	-	-	-	382,560	382,560
	(-)	(-)	(-)	(364,320)	(364,320)
2) Managerial Remuneration					
Mr. Adi F. Madan	-	-	3,501,314	-	3,501,314
	(-)	(-)	(3,586,141)	(-)	(3,586,141)
Mrs. Ayesha K. DadyBurjor	-	-	1,572,003	-	1,572,003
	(-)	(-)	(1,572,003)	(-)	(1,572,003)
3) Advisory Fee					
Mr. Naozer Aga	-	-	2,063,884	-	2,063,884
	(-)	(-)	(1,737,266)	(-)	(1,737,266)
Income:					
Share of profit from Armayesh Enterprise LLP	-	-	-	-	-
	(-)	(48,807)	(-)	(-)	(48,807)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)**

Details of related party transactions during the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017: (Contd.) (In ₹)

Particulars	Promoter Company	Associates	KMP and their Relatives	Entities over which promoter group has significant influence	Total
Other Transactions:					
Dividend paid:					
Shapoorjee Chandabhoy Finvest Private Limited	4,384,488 (3,156,831)	- (-)	- (-)	- (-)	4,384,488 (3,156,831)
Mr. Adi F. Madan – MD	- (-)	- (-)	296,015 (213,131)	- (-)	296,015 (213,131)
Mrs. Ayesha A. Madan	- (-)	- (-)	20,123 (14,488)	- (-)	20,123 (14,488)
Mr. Jehan Adi Madan	- (-)	- (-)	19,375 (13,950)	- (-)	19,375 (13,950)
Mrs. Ayesha K. DadyBurjor	- (-)	- (-)	43,840 (31,565)	- (-)	43,840 (31,565)
Mr. Naozer J. Aga	- (-)	- (-)	1,188,193 (855,499)	- (-)	1,188,193 (855,499)
Mr. Armand N. Aga	- (-)	- (-)	87,473 (62,980)	- (-)	87,473 (62,980)
Mr. Kaizad R. DadyBurjor	- (-)	- (-)	200,328 (127,474)	- (-)	200,328 (127,474)
Balances outstanding at the end of the year					
Managerial Remuneration Payable					
Mr. Adi F. Madan	- (-)	- (-)	200,995 (174,862)	- (-)	200,995 (174,862)
Mrs. Ayesha K. DadyBurjor	- (-)	- (-)	102,000 (111,000)	- (-)	102,000 (111,000)
Advisory Fees Payable					
Mr. Naozer Aga	- (-)	- (-)	83,410 (106,000)	- (-)	83,410 (106,000)

Note: Figures in bracket relates to the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****37 Details of Leasing Arrangements****As Lessee**

The Company has entered into finance lease arrangements for vehicles, which provide the Company an option to purchase the asset at the end of the lease period.

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
Future minimum lease		
not later than one year	2,875,272	2,875,272
later than one year and not later than five years	1,998,810	4,874,082
Less: Unmatured finance charges		
not later than one year	316,183	547,211
later than one year and not later than five years	76,504	392,686
Present value of minimum lease payments payable		
not later than one year	2,559,089	2,328,061
later than one year and not later than five years	1,922,306	4,481,396

The Company has acquired premises on lease, which are in the nature of cancellable operating lease as defined in Accounting Standard 19 "Leases". The lease rent paid and accounted during the year was ₹ 2,049,167 (Previous year ₹ 2,248,664) as per the terms and conditions of the lease agreements and is charged to the Statement of Profit and Loss.

38 Earning per Share

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
Basic and Diluted		
a) Net Profit for the year attributable to the equity shareholders	29,094,330	30,181,979
b) Weighted average number of Equity Shares basic and diluted	4,923,340	4,923,340
c) Earnings per Share - Basic and diluted (Equity Share of face value of ₹ 10/- each)	5.91	6.13

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****39 Deferred tax (Liability) / Asset**

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	4,608,225	3,337,021
	4,608,225	3,337,021
Tax effect of items constituting deferred tax assets		
Provision for compensated absences (Previous Year Provision for compensated absences and gratuity)	514,122	618,944
Provision for doubtful loans and advances and other current assets	849,096	849,096
Other disallowances under Section 43B of the Income Tax Act, 1961	1,461,903	1,362,676
	2,825,122	2,830,716
Net Deferred Tax (Liability)	(1,783,103)	(506,305)

40 The Company has not granted any loans / advances in the nature of loans as stipulated in the Clause 32 of the Listing Agreement with the Stock Exchanges. For this purpose, the loans to employees as per the Company's policy and security deposits paid towards premises taken on leave and license basis have not been considered.

41 Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below :-

(in ₹)

Particulars	Specified Bank Notes (SBNs)	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	391,000	42,477	433,477
(+) Permitted receipts	—	565,584	565,584
(-) Permitted payments	—	496,667	496,667
(-) Amount deposited in Banks	391,000	—	391,000
Closing cash in hand as on 30.12.2016	—	111,394	111,394

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS**

- 42** The Company had received an advance of ₹ 2,419,780/- from a Customer against an order for socks. Since the Customer has wound up its business, the said order has been cancelled. Consequent to this, the said advance has been written back as liabilities no longer required, Note no. 20(ii) and adjusted against the cost of raw material of ₹ 354,670/- (Note No. 21) and cost of finished goods ₹ 780,122 (Note No. 22) of the said Order.
- 43** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Vijay V. Merchant <i>Chairman</i> DIN: 01773227	Adi F. Madan <i>Managing Director</i> DIN: 00023629	Ayesha K. DadyBurjor <i>Whole Time Director</i> DIN: 02949248	Arun S. Sanghi <i>Director</i> DIN : 00022168
Ajit P. Walwaikar <i>Director</i> DIN: 00022123	Kaizad R. DadyBurjor <i>Director</i> DIN : 00022387	Pheroze A. Dhanbhoora <i>Director</i> DIN: 00622769	Harish H. Shah <i>Director</i> DIN :03032200
Vinay V. Sanghi <i>Director</i> DIN: 00309085	Bhavik R. Maisuria <i>Chief Financial Officer</i>	Asinkhan S. Baholu <i>Company Secretary</i>	

Mumbai, Dated: 4th May, 2017.

**BUS FACILITY FOR SHAREHOLDERS
AT NAVSARI RAILWAY STATION ON 27TH ANNUAL GENERAL MEETING**

All Shareholders are hereby informed that Company has made arrangement for both outstation and local Shareholders for commuting from Navsari Railway Station to Virat Industries Ltd. at GIDC on 29th June 2017, the day of Annual General Meeting. The same buses will take back from Virat Industries Ltd. to Navsari Station after the meeting is over.

There will be one bus each on Eastern and Western side of the Navsari Railway Station at 10.00 A.M.

Both outstation and local Shareholders are requested to avail of this facility.

For Virat Industries Limited

A.S. Baholu
Company Secretary



Virat Industries Limited

(Regd. Office Address: A – 1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424, Gujarat, India)
CIN: L29199GJ1990PLC014514

Tel No: +912637 – 265011/22 Fax: +912637 – 265712 Email: factory@viratindustries.com Website: www.viratindustries.com

ATTENDANCE SLIP

27TH ANNUAL GENERAL MEETING - THURSDAY, 29TH JUNE, 2017 AT 11-30 A.M.

Registered Folio/DP ID & Client ID		
Name and Address of the shareholder(s)		
Joint Holder 1 Joint Holder 2		
I/We hereby record my/our presence at the 27th Annual General Meeting of the Company held at the Registered Office situated at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424 on Thursday, 29th June, 2017.		
Note: Please complete this Attendance slip and hand it over at the entrance of the Meeting hall.	Member's / Proxy's Signature	
ELECTRONIC VOTING PARTICULARS		
Electronic Voting Sequence Number (EVSN)	User ID	Password
170516004		
Note: Please read the instructions given under the Note No. K of Notice of 27 th Annual General Meeting. The date of e-voting period is on 26 th June, 2017 to 28 th June 2017 from 9.00 am to 5.00 pm. The e-voting module shall be disabled by CDSL for voting thereafter.		



Virat Industries Limited

(Regd. Office Address: A – 1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424, Gujarat, India)
CIN: L29199GJ1990PLC014514

Tel No: +912637 – 265011/22 Fax: +912637 – 265712 Email: factory@viratindustries.com Website: www.viratindustries.com

FORM NO. MGT - 11 PROXY

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	Name of the Company
Registered Office:	
Name of the Member(s)	
Registered Address:	
E-mail id:	Folio No./DP ID/Client ID:

I/We, being the member(s) of shares of the above named company, hereby appoint

1 Name	Address
E-mail id	Signature or failing him/her
2 Name	Address
E-mail id	Signature or failing him/her
3 Name	Address
E-mail id	Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company held at the Registered Office situated at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424 on Thursday, 29th June, 2017 at 11-30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:

- Adoption of Financial Statements for the year ended March 31, 2017 and reports of Directors and Auditors thereon.
- Declaration of dividend for the year ended 31st March, 2017.
- To appoint new Auditors of the Company, M/s. B. K. Khare & Co., Chartered Accountants, (Regn. No. 105102W) as per Section 139 and 142 of Companies Act, 2013 in place of the retiring Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, (Regn. No.117364W) by rotation, as Auditors of the Company until the conclusion of the twenty seventh annual general meeting and fixing their remuneration.
- Appointment as a Director in place of Mr. Kaizad R. DadyBurjor (DIN 00022387) who retires by rotation and being eligible, offers himself for re-election.

Signed this day of 2017.

Folio No. / DP ID / Client ID Signature of Shareholder

Signature of Proxy holder

Affix Re.1
Revenue
Stamp

Notes:

- This form of proxy in order to be effective, should be deposited at the Registered Office of the Company duly completed and signed, not less than 48 hours before the commencement of the meeting.
- A proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

BY COURIER

If undelivered, please return to :

VIRAT INDUSTRIES LIMITED

A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424.
Gujarat.