



# VIRAT INDUSTRIES LIMITED



30<sup>th</sup> ANNUAL REPORT  
2019-2020

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Shri. Adi F. Madan**

Managing Director

**Smt. Ayesha K. DadyBurjor**

Whole-time Director

**Shri. Ajit P. Walwaikar**

**Shri. Harish H. Shah**

**Shri. Kaizad R. DadyBurjor**

**Shri. Pheroze A. Dhanbhoora**

## COMPANY SECRETARY & COMPLIANCE OFFICER

Shri. Tony G. Gandhi

## CHIEF FINANCIAL OFFICER

Shri. Bhavik R. Maisuria

## AUDITORS

M/s. B. K. Khare & Co.

Chartered Accountants

## BANKERS

Kotak Mahindra Bank Ltd.

## REGISTERED OFFICE & FACTORY

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

## EMAIL ID

factory@viratindustries.com

## WEBSITE

www.viratindustries.com

CONTENTS	Page No.
• Notice	01
• Directors' Report	13
• Independent Auditors' Report	40
• Balance Sheet	49
• Statement of Profit and Loss	50
• Cash Flow Statement	51
• Notes forming part of the Financial Statements	52

## **NOTICE**

**NOTICE** is hereby given that the 30<sup>th</sup> Annual General Meeting (AGM) of the Members of Virat Industries Limited will be held on Thursday, September 17, 2020 at 11.30 a.m. through Video Conference / Other Audio Visual Means ('VC'), to transact the following business. The deemed venue of the AGM shall be the Registered Office at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari, Gujarat - 396424

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2020 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 appoint a Director in place of Shri. Kaizad R. DadyBurjor (DIN: 00022387) who retires by rotation and, being eligible, offers himself for re-election.

### **SPECIAL BUSINESS**

3. To re-appoint Smt. Ayesha K. DadyBurjor (DIN: 02949248) as a Whole Time Director of the Company

To consider and if thought fit, to pass with or without modification (s) the following Resolution as a **SPECIAL RESOLUTION**.

**"RESOLVED THAT** in terms of Regulation 166 of the Articles of Association of the Company and subject to the provisions of Sections 2(78), 2(94), 196 and 197, 198 and Schedule V and other applicable provisions of the Companies Act, 2013, Smt. Ayesha K. DadyBurjor, be and is hereby re-appointed as the Whole-time Director of the Company with effect from 8<sup>th</sup> November, 2020 to 7<sup>th</sup> November, 2023, for a term of 3 years, on terms and conditions mentioned in the Agreement entered in to between the Whole-time Director and the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interest of the Company."

The Company in General Meeting has to approve the following terms of remuneration and other terms and conditions to the Whole-time Director :

- (a) Salary – ₹ 82,420/- per month
- (b) Perquisites – The following perquisites are allowed in addition to salary.
  - Housing – 35% of the salary towards House Rent Allowance ₹ 28,847/- per month
  - Medical Allowance – ₹ 6,864/- per month (Maximum one month's basic salary for a year)
  - Conveyance Allowance – ₹ 23,349/- per month
  - (Total Emoluments = Salary + Perquisites = ₹ 1,41,480/-)
- (c) Car – Company's car for the business of the Company including Petrol/ Diesel Expenses.
- (d) Gratuity – Gratuity as per the provisions of the Gratuity Act as applicable to all other employees of the Company, subject to the ceiling as per the guidelines for Managerial Remuneration in force from time to time.
- (e) In the event of loss or inadequacy of profits in any financial year, the Whole Time Director shall be paid remuneration by way of salary and perquisites as specified above."
- (f) She will not be entitled to Provident Fund and any other benefit like Leave Travel Allowance, etc.

#### **(g) Other Benefits**

Apart from the aforesaid remuneration, the Whole-time Director shall be entitled to reimbursement of expenses incurred in connection with the business of the Company. The Whole-time Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof so long as she continues as the Whole-time Director.

#### **Not exclusive**

The Directors are at liberty from time to time to appoint any other person or persons to be Whole-time Directors jointly with the Whole-time Director.

### Termination

Either party shall be entitled to terminate the Agreement by giving three months' notice in writing to the other party without assigning any reason or on expiry of period of such notice the Agreement shall stand terminated. The Company shall be entitled to give three months' salary and perquisites in lieu of the notice period.

### Compensation

If any time the office of the Whole-time Director is determined before the expiry of her term of office, the Whole-time Director shall be entitled to be compensated for loss of office in accordance with and subject to the restrictions laid down in Section 191 of the Companies Act, 2013.

### Non-Rotational

The Whole-time Director shall not so long as she continues to hold office as Whole-time Director be liable to retire by rotation and she shall not be reckoned as Director for the purpose of determining the rotation for retirement of Directors.

### Arbitration

That in the event of any dispute or difference at any time hereafter arising between the Company on one hand and the Whole-time Director on the other hand with reference to any of the provisions of this Agreement, matters or things herein contained, or any matters or things arising there from or thereabout, such dispute or difference shall be referred to two arbitrators one to be chosen by each party to the dispute or difference or in case of difference between Arbitrators, to an Umpire to be chosen by the Arbitrators before entering upon the matters referred to them and this Agreement shall be deemed to be a submission to the Arbitration of two Arbitrators within the meaning of the Arbitration and Conciliation Act, 1996 or any statutory amendment. Modification and re-enactment thereof, as the case may be.

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interests of the Company”.

**By Order of the Board of Directors**

Tony G. Gandhi

Company Secretary

Membership No.: ACS 53163

### Registered Office:

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

Place: Mumbai

Date: 25<sup>th</sup> June, 2020

## NOTES

- A. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business mentioned under Resolution No. 3 above, is annexed hereto. The Board of Directors have considered and decided to include the Item No. 3 given above as Special Business in the forthcoming 30<sup>th</sup> Annual General Meeting, as they are unavoidable in nature.
- B. The Register of Members and the Share Transfer Books shall remain closed **from 11-09-2020 to 17-09-2020 (including both dates)** for the purpose the 30<sup>th</sup> Annual General Meeting.
- C. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its circular dated May 5, 2020 read with Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the AGM through VC, without the physical presence of the Members at common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') and MCA Circulars, the AGM of the Company is being held through VC. Link Intime India Private Limited, the Registrar and Transfer Agents of the Company (RTA), will be providing facility for voting through remote e-voting, for participation in the AGM through VC facility and e-voting during the AGM. The procedure for participating in the meeting through VC is explained in Notes and is also available on the website of the Company at [www.viratindustries.com](http://www.viratindustries.com).
- D. Pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence Proxy Form and Attendance Slip are not annexed to this Notice. However, the Corporate Members are entitled to appoint authorized representatives to attend the AGM through VC and participate thereat and cast their votes through e-voting.
- E. Corporate Members are requested to send to the Company a certified copy of the relevant Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting. The said Resolution shall be sent to the Company by email through its registered email address to [factory@viratindustries.com](mailto:factory@viratindustries.com).
- E. Corporate Members are requested to send to the Company a certified copy of the relevant Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting. The said Resolution shall be sent to the Company by email through its registered email address to [factory@viratindustries.com](mailto:factory@viratindustries.com).
- F. In accordance with the MCA Circulars and Circular dated May 12, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of financial statements (including Report of Board of Directors, Auditors' Report and other documents required to be attached therewith) such statements including the Notice of AGM are being sent in electronic mode to the Members whose e-mail address is registered with the Company or the Depository Participant(s).
- G. The notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at [www.viratindustries.com](http://www.viratindustries.com), on the website of the Stock Exchange- [www.bseindia.com](http://www.bseindia.com).
- H. Members are requested to send all communication relating to shares to the Company's Registrar & Transfer Agent- Link Intime India Private Limited. Members holding shares in electronic mode should address all the correspondence to their respective Depository Participants (Dps).
- I. SEBI has mandated the submission of Permanent Account Number (PAN), proof of identity, address and bank details by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the said documents to their Depository Participant(s). Members holding shares in physical form shall submit the documents to Link Intime India Private Limited.
- J. 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. Members holding shares in physical form are requested to dematerialize their holdings at the earliest as henceforth it will not be possible to transfer shares held in physical mode.
- K. The Members holding shares in physical form are requested to notify any change in their address to the Company.
- L. 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.
- M. 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 **30<sup>th</sup> Annual General Meeting**.
- N. 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 30<sup>th</sup> Annual general Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Link Intime India Private Limited.



O. Since the AGM will be held through VC, the Route Map is not annexed in this Notice

**P. Process of Registration of email ID and Bank Account details:**

**1. In the case of Shares held in Physical mode:**

Kindly log in to the website of our RTA, Link Intime India Private Ltd., [www.linkintime.co.in](http://www.linkintime.co.in) under Investor Services > Email/Bank detail Registration- fill in the details, upload the required documents and submit.

**2. In the case of Shares held in Demat mode:**

The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

**Q. E-voting**

- 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 30<sup>th</sup> 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 14-09-2020 to 16-09-2020 from 9.00 AM to 5.00 PM.**
- Shri. Vishal Dewang, Company Secretary (Membership No: ACS 26683) has been appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
- 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 **10-09-2020** 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.
- 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 within two (2) days of passing of the resolutions at the AGM.

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

**Note For Remote e-voting and e-voting during AGM / EGM**

❖ Log-in to e-Voting website of Link Intime India Private Limited (LI IPL)

1. Visit the e-voting system of LI IPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
  - a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID
  - b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID
  - c. Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number Number registered with the Company

5. Your Password details are given below.

If you are using e-Voting system of LI IPL:

<https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below: Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

For Shareholders holding shares in Demat Form or Physical Form	
<b>PAN</b>	<ul style="list-style-type: none"> <li>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders)</li> <li>Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field</li> </ul>
<b>DOB/ DOI</b>	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format
<b>BANK ACCOUNT NUMBER</b>	<p>Enter the Bank Account number (Last Four Digits) as recorded in your demat account or in the company records for the said demat account or folio number.</p> <ul style="list-style-type: none"> <li>Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in instruction (iv-c).</li> </ul>

If you are holding shares in demat form and had registered on to e-Voting system of LI IPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

#### **If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LI IPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

#### **❖ Cast your vote electronically**

- After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
- On the voting page, you will see "Resolution Description" and against the same the option "Favour/Against" for voting. Cast your vote by selecting appropriate option i.e. Favour/Against as desired. Enter the number of shares (which represents no. of votes) as on the Cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under "Favour/Against".
- If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.

10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

11. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

#### ❖ **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution / authority letter / power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 - 49186000.

#### **R. Process and manner for attending the Annual General Meeting through InstaMeet:**

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>

☞ Select the "Company" and 'Event Date' and register with your following details: -

**A. Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No.

- Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
- Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
- Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

**B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

**C. Mobile No.:** Enter your mobile number.

**D. Email ID:** Enter your email id, as recorded with your DP/Company.

☞ Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

#### ❖ **Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.



### ❖ **Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:** Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

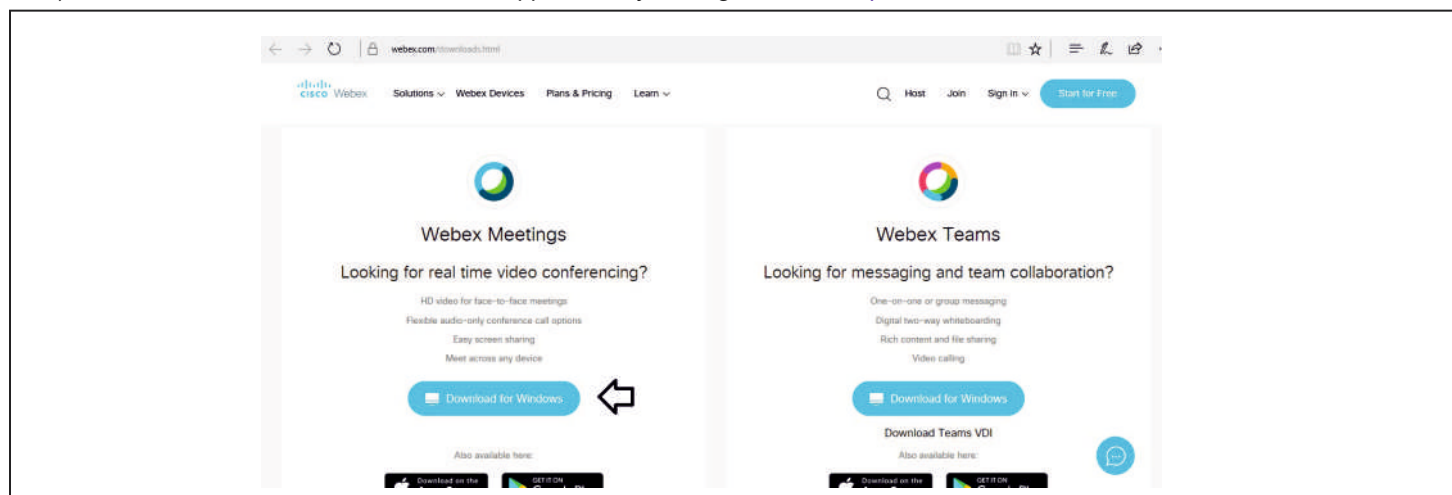
Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

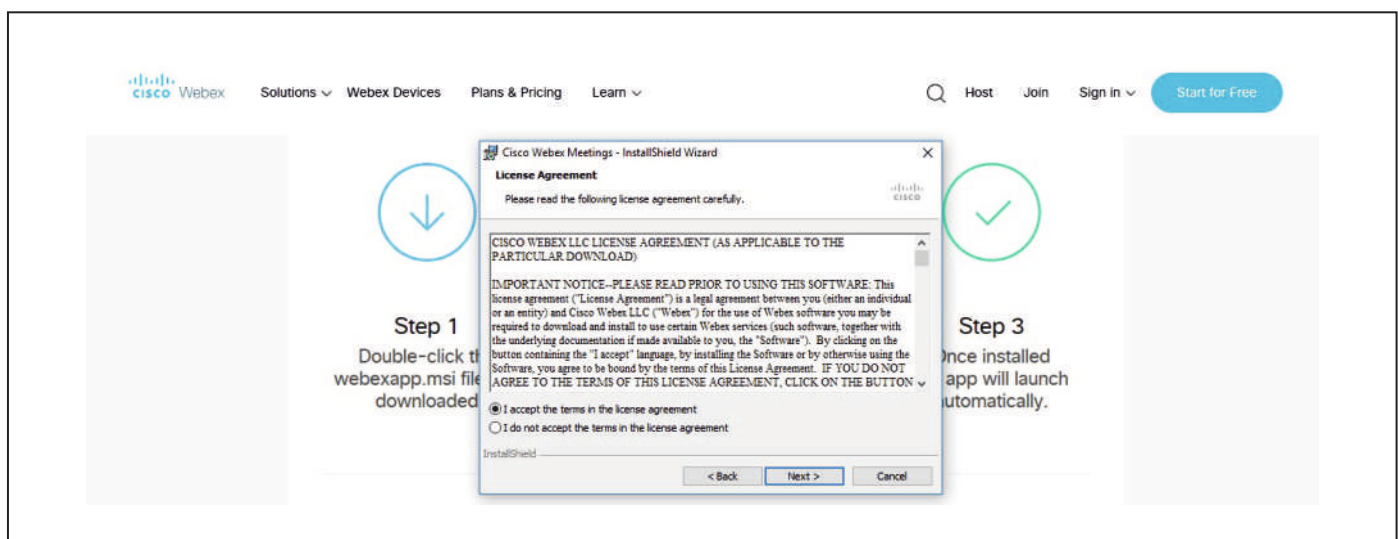
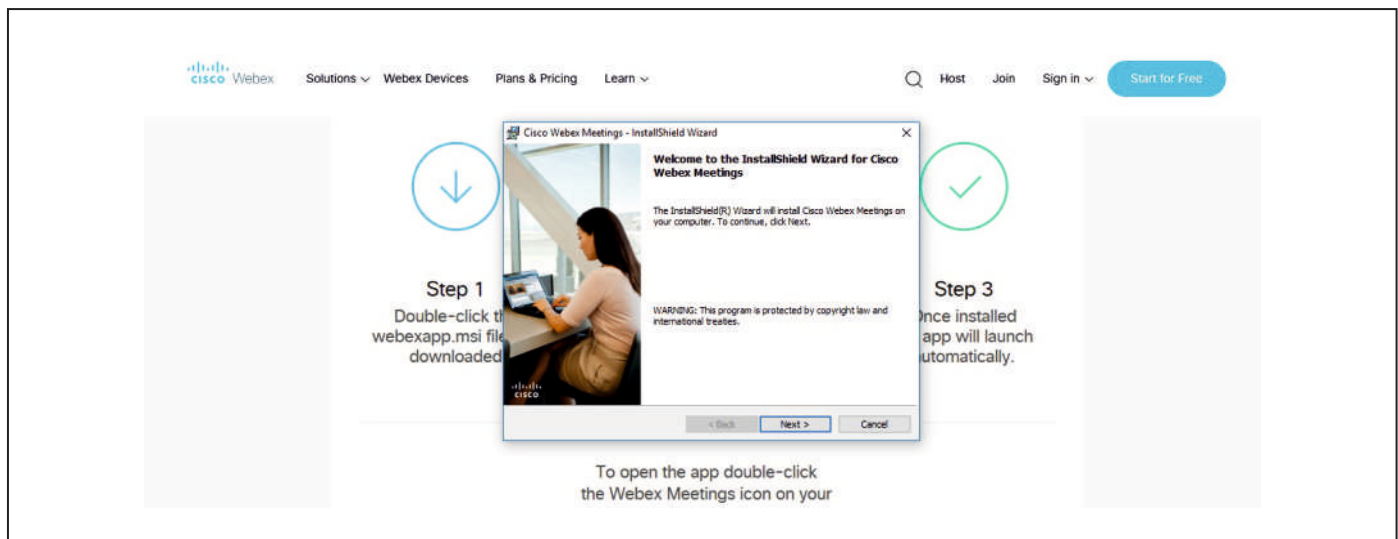
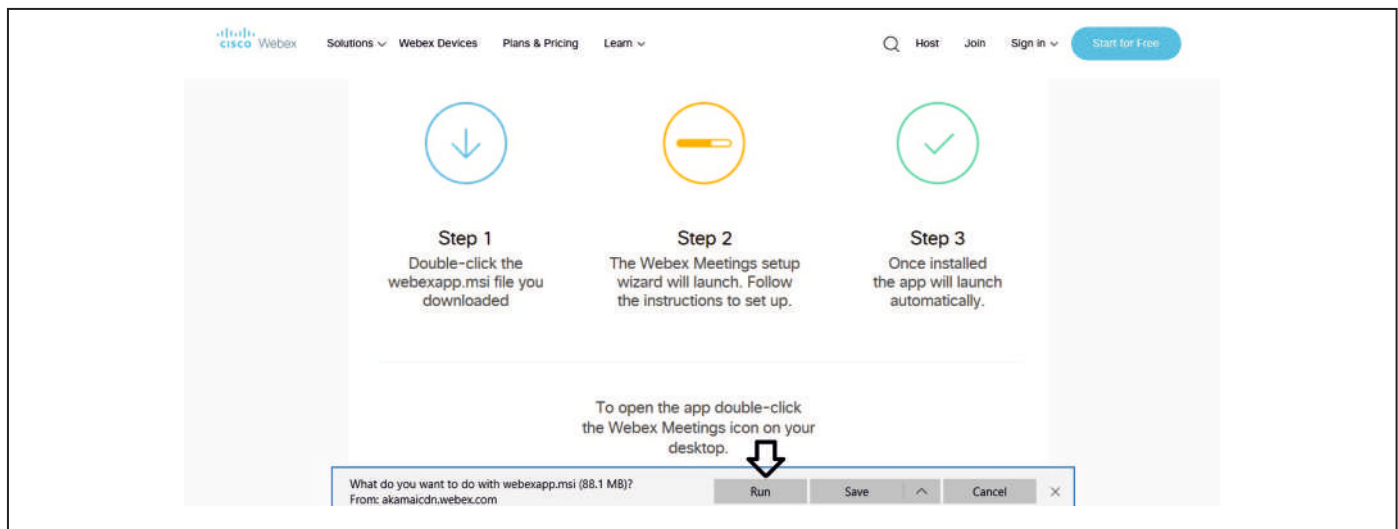
In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

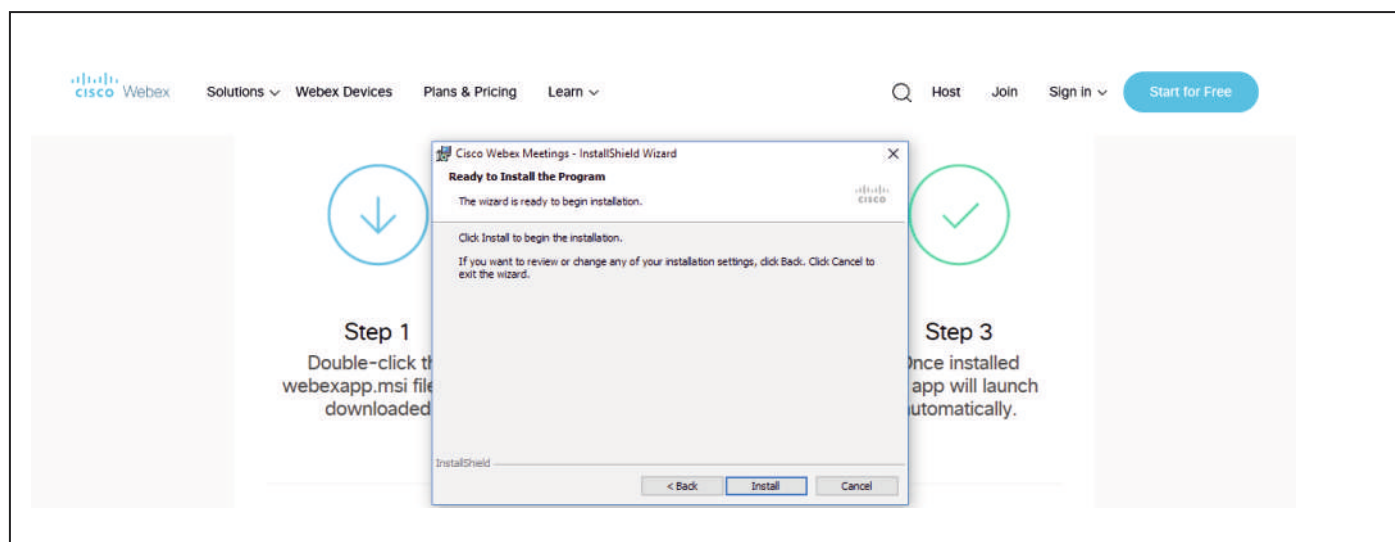
### ❖ **Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET**

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

- A) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html>

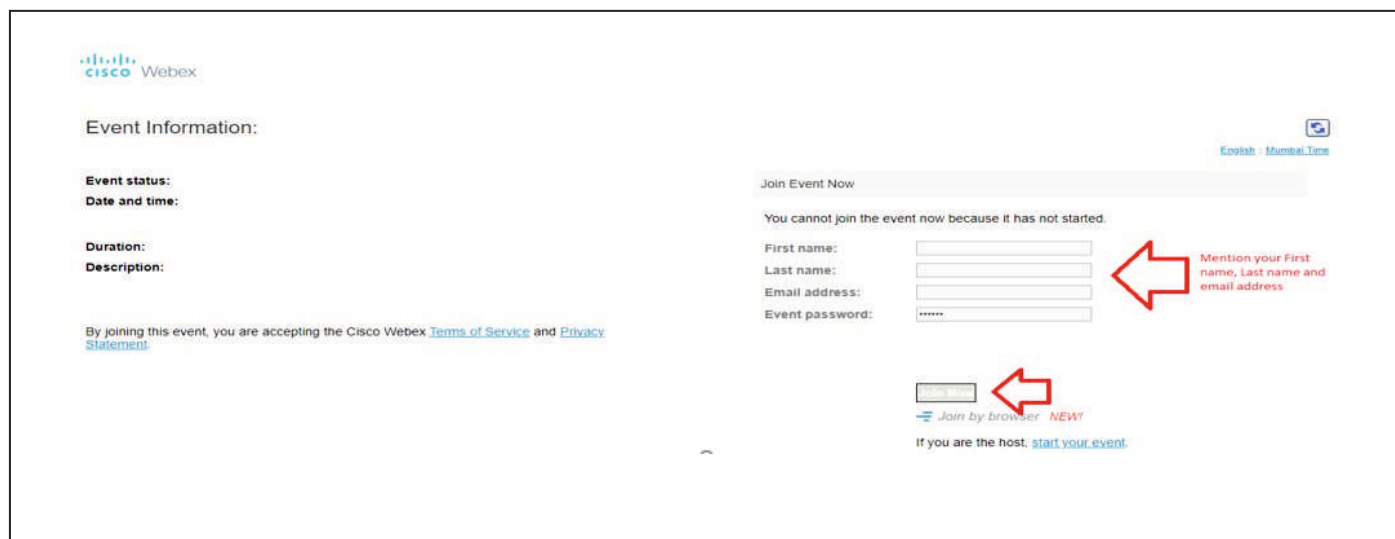






B) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

Step 1	Enter your First Name, Last Name and Email ID and click on Join Now.
1 (A)	If you have already installed the Webex application on your device, join the meeting by clicking on join Now
1 (B)	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application.



#### Registered Office:

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

Place: Mumbai

Date: 25<sup>th</sup> June, 2020

#### By Order of the Board of Directors

Tony G. Gandhi  
Company Secretary  
Membership No.: ACS 53163

## 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 AND SPECIAL BUSINESS mentioned under Item Nos. 2 and 3 of the accompanying Notice.

**Business No. 2**

Pursuant to the Provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the Company's Articles of Association, not less than two-thirds of the total number of Directors of the Company shall be liable to retire by rotation. One third of these Directors must retire from office at each Annual General Meeting, but each retiring director is eligible for re-election at such meeting.

Shri. Kaizad R. DadyBurjor, (52) is the Non-executive Director of the Company, subject to retire by rotation within the meaning of Sec. 152 of the Companies Act, 2013. Shri. Kaizad DadyBurjor, is Director of the Company since 22nd September, 2016. Prior the joining Virat Industries Ltd, he promoted the Sigma Group with head quarter at Texas. He also received Award of "Small Business of the year 2004" from Asian American Chamber of Commerce and Industry, Dallas, USA.

Except Smt. Ayesha K. DadyBurjor, no other Director is concerned or interested in this Resolution. The Directors recommend your acceptance thereof in the interest of the Company. This may also be treated as an Abstract of terms and conditions and Memorandum of Interest under Section 190 of the Companies Act, 2013.

Additional Information about Shri Kaizad R. DadyBurjor is provided in Annexure A enclosed hereto.

**Business No. 3**

Smt. Ayesha K. DadyBurjor (50) (BBA (Hons) University of Texas USA is the Whole-time Director of the Company. She is sought to be appointed as Director of the Company out of the quota of 1/3<sup>rd</sup> of the Directors who are not subject to retirement by rotation within the meaning of Sec. 152 of the Companies Act, 2013 till she is Whole-time Director of the Company.

She is a charismatic and energetic Sales and Marketing Director with a proven track record of consistently winning high levels of business within a competitive market place like USA. She is able to establish credibility with senior decision makers quickly, in a wide range of business contexts, all with the aim of helping to grow the Company's business. She joined Shapoorjee Chandabhoy Finvest Pvt. Ltd., Mumbai in 2004, onwards Executive Director/Director and its market share. Her professional experience is as under:

- Woford – Plano, TX (USA) : 2002 – 2004  
Sales and Marketing for a high-end lingerie and hosiery brand
- Sigma Systems, Inc – Carrollton, TX (USA) : 2000 – 2002  
Managed Accounts Receivables and Collections
- Neiman Marcus, Plano TX (USA) : 1995 – 1998  
High End Retail Couture Sales and Marketing

Except Smt. Ayesha K. DadyBurjor, Shri. Kaizad R. DadyBurjor, no other Director is concerned or interested in this Resolution. The Directors recommend your acceptance thereof in the interest of the Company. This may also be treated as an Abstract of terms and conditions and Memorandum of Interest under Section 190 of the Companies Act, 2013. The Agreement between the Company and the Whole-time Director is available for inspection of the members of the Company, at the Registered Office, between 11:00 a.m. and 1:00 p.m. on any of the working days up to the date prior to the date of the 30<sup>th</sup> AGM.

**Annexure A:**

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

<b>Name of Director</b>	<b>Smt. Ayesha K. DadyBurjor</b>	<b>Shri. Kaizad DadyBurjor</b>
<b>Age</b>	50 years	52 years
<b>Qualification</b>	BBA (Hons) in Management and Marketing	Diploma in Business Management
<b>Date of Appointment</b>	01/ 09/ 2014	03 / 09 / 2015
<b>Expertise</b>	Her professional experience is as under: 1) ShapoorjeeChandabhoy Finvest Pvt. Ltd. – 2004, onwards, Executive Director/Director  2) Wolford – Plano, TX (USA) 2002 – 2004  3) Sigma Systems, Inc – Carrollton, TX (USA) :2000 – 2002  4) Managed Accounts Receivables And Collections  5) Neiman Marcus, Plano TX (USA) 1995 – 1998	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 Consultancy which runs fleet of Ola cabs.
<b>Other Directorships</b>	Shapoorjee Chandabhoy Finvest Pvt. Ltd.	Shapoorjee Chandabhoy Finvest Pvt. Ltd
<b>Chairmanship/Membership of the Committees</b>	None	None
<b>Shareholding in the Company</b>	2,42,252	53004

## Annexure to Notes 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**

Tony Gandhi  
Company Secretary  
Membership No: ACS 53163

**Place: Mumbai  
Date: 25<sup>th</sup> June, 2020**



## DIRECTORS' REPORT

Your Directors are pleased to present the 30<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2020.

### FINANCIAL RESULTS AND ACCOUNTS

The Financial Results are as under:

	(₹ in lakh)	
Particulars	2019 - 2020	2018 - 2019
Gross Income	2715.83	2436.90
Profit Before Interest and Depreciation	396.90	309.62
<b>Finance Charges</b>	<b>5.30</b>	<b>10.20</b>
<b>Gross Profit before Depreciation</b>	<b>391.60</b>	<b>299.42</b>
Provision for Depreciation	190.83	193.60
Net Profit Before Tax	200.77	105.82
Provision for Tax	52.42	41.08
Net Profit After Tax	148.35	64.74
<b>Note:</b>		
<b>(I) Proposed Dividend on Equity Share</b>		
Proposed dividend for the year ended 31st March 2020/ No		
Dividend was paid for the year ended 31 <sup>st</sup> March, 2019	—	—
Dividend Distribution Tax on proposed dividend	—	—

### DIVIDEND:

As you are aware that the global spread of Covid-19 has brought about an unprecedented halt to the manufacturing activity in all the major economies of the World. The pandemic and lockdowns continue to adversely impact the business of your company and its overseas clients, in particular in the UK.

During this difficult time your Company has decided to conserve cash and cut costs wherever possible. The Board has therefore decided not to recommend a dividend this year.

### YEAR IN RETROSPECT:

The year 2019 started witnessing fragile global economy wherein the world economy decelerated to an estimated 2.9%. The Indian Economy was not immune to the slowdown and faltered to stimulate any growth. Indian Merchandise exports registered negative growth of 4.78% in 2019-20, against previous year.

An unexpected COVID-19 outbreak engulfed India too and resulted in nationwide lockdown starting from 25<sup>th</sup> March 2020. Your Company's manufacturing activities came to complete halt for eight days and adversely impacted the performance of fourth quarter of the year under review. The Pandemic has dashed hope of an early recovery to the economy which will have wide ramifications in the current fiscal year. The export units, like your Company, having main clients based in Europe where conditions due to the virus are worse than India, are likely to be worst impacted for months to come. This relates more to the UK market where non-essential goods shops have been closed for over 2 months.

Against the backdrop of such challenges and fierce headwinds, the performance of your Company has been quite successful and satisfying during the year under review, despite pressure on prices due to intensified competition from China and Turkey, and other under developed countries which are exempted from import duty.

**REVENUES:**

The knitting production of 69.77 lakh pairs this year recorded volume growth of 22.29% over previous year. The additional production was knitted to fulfill the requirement of export orders of some new 'Brands' secured by your Company, under the umbrella of one senior existing client.

Total sale stood at ₹ 2467.18 lakh, registering top line growth of 9.70% against previous year. The wide mismatch between growth in knitting production and sales value is due to less despatches of 2.61 lakh pairs compared to knitting production. The despatches of some orders were deferred by UK client due to spread of Pandemic there. Also, nationwide lockdown was imposed on 25<sup>th</sup> March 2020; when manufacturing activities of your Company came to halt.

The export sale of ₹ 2256.84 lakh achieved this year was 14.43% higher compared to previous year; and constituted 91.47% of total sales against 87.40% in previous year.

Domestic sales remained flat during the year.

The average realized rate per pair of ₹ 36.73 per pair is in close parity with ₹36.67 per pair achieved in previous year.

**Exchange Rate:**

The exchange rates realized between years 2019-20 and 2018-19 remain at parity with each other.

Detail	2019-20	2018-19
₹ / GBP	90.33	91.34
₹ / USD	70.71	69.78

The net benefit of exchange rates is ₹. 3.82 lakh in 2019-20 over 2018-19.

**Expenditure:**

Due to the change of suppliers for some items of raw materials and packing materials, there has been some benefit in prices of those items.

Power rate per pair increased by 5% and wages/salaries cost increased by 4.5% this year over previous year.

In variable expenses, there is reduction in per pair cost of store/spares, fuel, wages and finance cost compared to previous year, despite escalations.

The total fixed expenses have shown substantial saving. Overall, there is saving of 9.05% in total overhead cost (fixed + variable) per pair in this year against previous year.

The entire management team put their best efforts with passion and vigor to reduce and restrict cost of production.

**Profit before Tax:**

The profit before tax of ₹ 200.77 lakh achieved this year despite loss of eight working days in March'20 due to COVID-19, shows stellar improvement of 93.90% over previous year. Cost reduction is one part of this inspiring achievement.

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

Particulars	Units	INDAS			IGAAP		
		2019-20	2018-19	2017-18	2016-17	2015-16	
Income Statement							
Total Income	₹ in Lakh	2715.83	2436.90	3568.98	2724.89	2651.94	
Export Sale	₹ in Lakh	2256.84	1972.14	2753.95	2021.09	2165.28	
Operating EBITDA	₹ in Lakh	396.90	309.62	670.59	647.87	596.49	
Net Profit before Tax	₹ in Lakh	200.77	105.82	494.71	503.84	470.34	
Net Profit after Tax	₹ in Lakh	148.35	64.74	347.05	352.43	323.98	
Cash Profit	₹ in Lakh	396.01	258.34	509.43	488.44	446.24	
Balance Sheet							
Net Worth	₹ in Lakh	2171.52	2024.57	2043.96	1845.66	1637.84	
Capital Employed	₹ in Lakh	2180.87	2292.42	2034.07	1825.11	1614.39	
Significant Ratios							
Operating EBITDA/Net Sale	%	16.09	13.77	22.15	27.63	25.50	
Return on Capital Employed (EBIT/Avg. CE)	%	6.80	4.92	26.34	29.76	32.50	
Price Earnings Ratio		7.21	41.12	23.49	14.99	11.94	
Book Value Per Share`	₹	44.11	41.05	41.76	37.49	33.27	
Current Ratio		4.02	3.96	2.39	4.31	5.33	
Operations							
Knitting Production	Pairs in lakh	69.77	57.05	86.34	63.08	56.56	
Pairs Dispatched	Pairs in lakh	67.16	61.33	82.55	60.20	55.13	
Sales realization	₹ per pair	36.73	36.79	36.67	38.96	42.44	
Earnings Per Share	₹	3.06	1.43	6.93	7.21	6.46	

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

### Overview of the Economy:

India's growth for July-September 2019 period fell to 4.5%, being the lowest of 11 years. The final figures of GDP at the end of the year are likely to be worse than expectation due to sharp contraction in economic activity in March'20 because of COVID-19.

India's merchandise exports of USD 314.31 billion this year are lower than USD 331.02 billion earned in previous year, registering negative growth of 4.78%. Exports are the main springs of fast growth of every healthy economy. One of the main reasons for decelerated growth of exports from India is high cost of production in India compared to many South Asian countries. In India land prices are high. There are higher rates of taxation, interest, electricity power, transport and logistics items. Due to these reasons, foreign customers prefer to do business in Vietnam, Indonesia and Malaysia compared to India. The same holds good for foreign investors also.

On May 12, the Prime Minister Narendra Modi announced Rs. 20 lakh crore Atmanirbhar Bharat (Self Reliant India) stimulus package, with slogan vocal for local to make it global. It aims at demand based economy system which is self producing and self consuming. The post COVID-19 revival package comprehensively covers all sectors of economy, with a major thrust to agriculture and MSMEs. 29% of India's GDP and 30% of India's export sales are contributed by MSMEs and hence they play important role in Indian economy. The package is expected to revive the economy devastated by the pandemic, build resilience in the system to cope up with such shocks, and boost the economy to achieve double digit growth rate over a period of 10 year.

During the year, the Company carried out sales in the following geographical segments.

(In ₹ Lakh)

	Europe	UAE	India	Rest of World	Total
Revenues	1985.05	174.94	210.34	96.86	2467.18

## INDUSTRY STRUCTURE AND DEVELOPMENT

The textile industry, which includes yarn, fabrics, garments and hosiery items etc, continues to be the second largest employer after agriculture. India is amongst the few countries, in the world which have manufacturing facilities across the entire value chain from fibre to garments. Besides there is ample availability of cotton, polyester, nylon and other raw materials in India normally used by textile industry.

Export of textiles including hosiery items earns the highest percentage of foreign earnings, as import component in cost is very less.

Despite availability of resources, and important role that textile industry plays in Indian economy, the performance of the industry has been by and large lackluster since some years.

In domestic business, there is unhealthy price competition between goods of organized and unorganized sectors, to the disadvantage of organized sector. Also there is dumping of cheap Chinese goods posing tough competition to indigenous goods having much better quality.

The exporters from India to the European countries entail a 10.6% import duty, which is not applicable to underdeveloped countries like Vietnam, Sri Lanka and Bangladesh. This also applies to Turkey as they fall under the EU. This is forcing Indian suppliers to reduce prices.

## OPPORTUNITIES

There are strong indications that United States of America and Japan are calling back their industrial units based in China and relocating them in other peaceful countries like India. If India seizes, full or part of this opportunity to its advantage, it will increase employment and boost the Indian economy.

There are also indications that many countries world over are seriously thinking to stop purchasing from China and find alternate sources of supply. India can get sizable portion of this business. In short India can get additional export business and will be free from the hassles of cheap price competition.

Your Company has received “Udyam Registration Certificate” from Government of India, Ministry of Micro, Small and Medium Enterprises, where by your Company which was classified as “Large Enterprise” has been redefined as “Small Enterprise”.

The benefit expected to accrue consequent to the change in definition are as under:-

1. Due to the MSME registration, the bank loans become cheaper as the interest rate is very low around ~ 1 to 1.5%. Much lower than interest on regular loans.
2. There is various tax rebates offered to MSME.
3. It also allowed credit for minimum alternate tax (MAT) to be carried forward for up to 15 years instead of 10 years.
4. There are many government tenders which are only open to the MSME Industries.

## THREATS:

Nationwide lockdown was imposed on 25<sup>th</sup> March 2020, when the manufacturing activities of your Company came to complete halt. This adversely impacted performance of last quarter of the year 2019-20.

Nationwide lockdown continued for five more weeks in 2020-21 creating sharp deterioration in economic activities of the company. The main clients of your Company based in UK are also facing the problem of spread of COVID-19. Therefore, there will be a deferment of some export orders and some reduction in quantities of orders going forward mainly from the UK market.

The situation may pose problem to the Company. But with deft handling of funds, emphasis on conserving cash and not much concern of liquidity for a few more months; the Company will overcome the threat of adverse economic situation.

**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 bills purchase facilities from Company's Bankers.

**INSURANCE**

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

**CHANGE IN SHARE CAPITAL**

The paid-up share capital of the Company as on March 31, 2020 was ₹ 4.93 Crores and there has been no change in the capital structure of the Company.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL****KEY MANAGERIAL PERSONNEL**

Shri. Ajit P. Walwaikar was re-appointed as an Independent Director for the second term of Five years by the members at the Annual General Meeting held on 19<sup>th</sup> September, 2019.

Shri. Harish H. Shah was re-appointed appointed as an Independent Director for the second term of Five years by the members at the Annual General Meeting held on 19<sup>th</sup> September, 2019.

Shri. Pheroze A. Dhanbhoora was appointed as an Independent Director for the period of Five years by the members at the Annual General Meeting held on 19<sup>th</sup> September, 2019.

**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 Companies Act, 2013.

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, 2020 was as follows;

Sr No	Name of the Director	Category
1.	Shri. Adi F. Madan	Managing Director
2.	Shri. Ajit P. Walwaikar	Independent Director
3.	Shri. Harish H. Shah	Independent Director
4.	Smt. Ayesha K. DadyBurjor	Whole-time Director
5.	Shri. Kaizad DadyBurjor	Non- Executive Director
6.	Shri. Pheroze A. Dhanbhoora	Independent Director

**BOARD MEETINGS**

Regular meetings of the Board of Directors are held to discuss and decide on various business policies, strategies and other business.

The Board met four (4) times during the FY 2019 - 20, on the following dates.

22/05/2019	13/08/2019	08/11/2019
13/02/2020		

Name of the Member	No of Meeting of Attended	Whether attended Last AGM
Shri. Adi F. Madan	4	YES
Shri. Ajit P. Walwaikar	4	YES
Shri. Harish H. Shah	3	YES
Smt. Ayesha K. DadyBurjor	4	YES
Shri. Kaizad DadyBurjor	4	YES
Shri. Pheroze A. Dhanbhoora	4	NO

### 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

The Board has constituted an Audit Committee comprising of three Independent Directors. 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 statements. 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;

Shri. Ajit P. Walwaikar- Chairman

Shri. Harish H. Shah- Member

Shri. Pheroze A. Dhanbhoora- Member

The Committee met Four (4) times during the Financial Year ended on 31/03/2020. 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. The attendance records of the members at the meeting were as follows:

The Audit Committee met Four (4) times during the FY 2019 - 20, on the following dates.

22/05/2019	13/08/2019	08/11/2019
13/02/2020		

Name of the Member	Designation	No of Meeting of Attended
Shri. Ajit P. Walwaikar	Chairman	4
Shri. Harish H. Shah	Member	3
Shri. Pheroze A. Dhanbhoora	Member	4

### NOMINATION AND REMUNERATION COMMITTEE

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

The names of Committee members are as under;

Shri. Ajit P. Walwaikar- Chairman

Shri. Pheroze Dhanbhoora- Member

Shri. 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.



The Committee met one (1) times during the financial year ended on 31/03/2020 as on 22/05/2019. The attendance records of the members at the meeting were as follows:

Name of the Member	Designation	No of Meeting of Attended
Shri. Ajit P. Walwaikar	Chairman	1
Shri. Pheroze A. Dhanbhoora	Member	1
Shri. Harish H. Shah	Member	1

### STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The names of Committee members are as under;

Shri. Ajit P. Walwaikar- Chairman

Shri. Pheroze Dhanbhoora- Member

Shri. Adi F. Madan- 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.

The Committee met four (4) times during the financial year ended on 31/03/2020. The attendance records of the members at the meeting were as follows:

The Committee met four (4) times during the FY 2019 - 20, on the following dates.

22/05/2019	13/08/2019	08/11/2019
13/02/2020		

Name of the Member	Designation	No of Meeting of Attended
Shri. Ajit P. Walwaikar	Chairman	4
Shri. Pheroze A. Dhanbhoora	Member	4
Shri. Adi F. Madan	Member	4

### 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 confirms 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 31<sup>st</sup> March 2020 and of the profit and loss of the Company for the period ended 31<sup>st</sup> March 2020;
- (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 in Form No. MGT-9 as at March 31, 2020 forms part of this report as **Annexure I**.

## AUDITORS

M/s. B. K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W), was appointed as the Statutory Auditors of the Company at its 27<sup>th</sup> Annual General meeting from the conclusion of the said meeting until the conclusion of 32<sup>nd</sup> Annual General meeting.

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

## SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

M/s. Vishal Dewang & Associates, practicing Company Secretary was appointed as a Secretarial Auditor under the provision of section 204 of the Companies Act, 2013 for the financial year 2019 - 20, in the Board Meeting held on 22<sup>nd</sup> May, 2019. The Report of the Secretarial Auditor for the F.Y 2019 - 20 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. 2019-20 is annexed and forms part of this Report as **Annexure - III**

## DETAILS RELATING TO DEPOSITS

Your 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 followed Policy Documents with regard to Internal Financial Control, along with Risk Control Matrix. The same have been tested by the Internal Auditors and the 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 AND SHARES

During the year, your Company transferred the ₹1,79,078 for the financial year ended 31<sup>st</sup> March, 2011 to the Investor Education and Protection Fund in compliance with the provisions of Sections 124 and 125 of the Companies Act, 2013.

In compliance with these provisions read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, your Company also transferred 6,300 Shares to the Demat Account of the IEPF Authority, in respect of which dividend had remained unpaid/ unclaimed for a consecutive period of 7 years.

### 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 slowdown 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- adverse 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.

**PREVENTION OF INSIDER TRADING**

SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 which came into effect from May 15, 2015. Pursuant thereto, the Company has formulated a new Code for Prevention of Insider Trading for Directors, Promoters and Senior Executive Officers.

The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares by the Directors, Key managerial personnel and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

**RELATED PARTY TRANSACTIONS**

There was no any Related Party Transaction during the reported Financial Year. 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 as well as that of its Committees and individual Directors. 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.

**MEETING OF INDEPENDENT DIRECTORS**

All the independent Directors of the Company held a meeting on 13<sup>th</sup> February 2020, 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**

Pursuant to Section 148 of Companies Act and read with 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 2019-20.

**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 31<sup>st</sup> March 2021 to the Bombay Stock Exchange on **19<sup>th</sup> May, 2020**.

**CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION**

Your Company is not mandatorily required to submit a Corporate Governance Report as the equity share capital and net worth of the Company is less than the 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 months 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. An 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 2019-20:

No. of complaints received: Nil

No. of complaints disposed of: Not applicable

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN 31-03-2020 AND DATE OF THIS REPORT**

The Company's manufacturing unit located at Navsari, remained closed from 23<sup>rd</sup> March, 2020 to 4<sup>th</sup> May, 2020 and partially re-opened on 5<sup>th</sup> May, 2020, which has impacted its sales and profit in the first quarter of the Financial Year 2020-21.

**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 ` Rs. 60.00 Lakh per annum or Rs. 5.00 Lakh per month. During the financial year 2019 – 20, 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: 25<sup>th</sup> June, 2020

Adi F. Madan  
Managing Director

Pheroze Dhanbhoora  
Director

## 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, 2020  
[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 : <a href="mailto:factory@viratindustries.com">factory@viratindustries.com</a> Website : <a href="http://www.viratindustries.com">www.viratindustries.com</a>
vi) Whether listed Company Yes / No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent,	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 : <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr.	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 -

Sr. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
	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 01/04/2019				No. of Shares held at the end of the year 31/03/2020				% 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	584934	—	584934	11.881	584934	—	584934	11.881	—
b) Central Government	—	—	—	—	—	—	—	—	—
c) State Governments	—	—	—	—	—	—	—	—	—
d) Bodies Corporate	1753795	—	1753795	35.622	1753795	—	1753795	35.622	—
e) Banks / Family Institutions	—	—	—	—	—	—	—	—	—
f) Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-total (A) (1)</b>	<b>2338729</b>	<b>—</b>	<b>2338729</b>	<b>47.503</b>	<b>2338729</b>	<b>—</b>	<b>2338729</b>	<b>47.503</b>	<b>—</b>
(2) Foreign									
a) NRIs -Individuals	—	—	—	—	—	—	—	—	—
b) Other -Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corporate	—	—	—	—	—	—	—	—	—
d) Banks / Family Institutions	—	—	—	—	—	—	—	—	—
e) Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-total (A) (2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total shareholding of Promoter</b>									
<b>(A) = (A)(1)+(A)(2)</b>	<b>2338729</b>	<b>—</b>	<b>2338729</b>	<b>47.503</b>	<b>2338729</b>	<b>—</b>	<b>2338729</b>	<b>47.503</b>	<b>—</b>

## 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 01/04/2019				No. of Shares held at the end of the year 31/03/2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds	–	3000	3000	0.061	–	3000	3000	0.061	–
b) Banks / Family Institutions	–	–	–	–	–	–	–	–	–
c) Central Governments	–	–	–	–	–	–	–	–	–
d) State Governments	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) Foreign Institutional Investors	–	–	–	–	–	–	–	–	–
h) Others	–	–	–	–	–	–	–	–	–
<b>Sub-total (B) (1)</b>	<b>–</b>	<b>3000</b>	<b>3000</b>	<b>0.061</b>	<b>–</b>	<b>3000</b>	<b>3000</b>	<b>0.061</b>	<b>–</b>
<b>(2) Non - Institutions</b>									
a) Bodies Corporate	–	–	–	–	–	–	–	–	–
i) Indian	103487	15800	119287	2.423	90587	15300	105887	2.151	(0.272)
ii) Overseas									–
b) Individuals									
I) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1066494	178440	1244934	25.286	1094834	163040	1257874	25.549	0.263
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	467863	22000	489863	9.950	483257	22000	505257	10.262	0.313

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2019				No. of Shares held at the end of the year 31/03/2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Others									
i) Hindu Undivided Family	97101	–	97101	1.972	99995	–	99995	2.031	0.059
ii) Clearing Member	20551	–	20551	0.417	557	–	557	0.011	(0.406)
iii) Non Resident Indians (Repat)	26666	–	26666	0.542	23916	–	23916	0.486	(0.056)
iv) Non Resident Indians (Non Repat)	10509	–	10509	0.213	11425	–	11425	0.232	0.019
v) Foreign Companies	492340	–	492340	10.000	492340	–	492340	10.000	–
vi) IEPF	77360	–	77360	1.571	81360	–	81360	1.653	0.081
vii) Overseas Bodies Corporates	–	3000	3000	0.061	–	3000	3000	0.061	–
<b>Sub-total (B)(2)</b>	<b>2362371</b>	<b>219240</b>	<b>2581611</b>	<b>52.436</b>	<b>2378271</b>	<b>203340</b>	<b>2581611</b>	<b>52.436</b>	<b>0.000</b>
<b>Total shareholding of Public (B) = (B)(1)+(B)(2)</b>	<b>2362371</b>	<b>222240</b>	<b>2584611</b>	<b>52.497</b>	<b>2378271</b>	<b>206340</b>	<b>2584611</b>	<b>52.497</b>	<b>0.000</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Grand Total (A+B+C)</b>	<b>4701100</b>	<b>222240</b>	<b>4923340</b>	<b>100.000</b>	<b>4717000</b>	<b>206340</b>	<b>4923340</b>	<b>100.000</b>	<b>–</b>

## (ii) Shareholding of Promoters

Sr No.	Shareholder's Name	Shareholding at the beginning of the year - 01/04/2019			Shareholding at the end of the year - 31/03/2020			% Change in the 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.	1753795	35.62	—	1753795	35.62	—	—
2)	KAIZAD R DADYBURJOR	53004	1.07	—	53004	1.07	—	—
3)	ARMAND NAOZER AGA	267678	5.43	—	267678	5.43	—	--
4)	AYESHA K DADYBURJOR	242252	4.92	—	242252	4.92	—	--
5)	RUSI H DADYBURJOR	11000	0.22	—	11000	0.22	—	--
6)	ZENOBIA R DADYBURJOR	11000	0.22	—	11000	0.22	—	—
<b>TOTAL</b>		<b>2338729</b>	<b>47.48</b>	<b>—</b>	<b>2338729</b>	<b>47.48</b>	<b>—</b>	<b>—</b>

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

Particulars	Shareholding at the beginning of the year - 01/04/2019		Shareholding at the end of the year - 31/03/2020	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
AT THE BEGINNING OF THE YEAR	2338729	47.48	2338729	47.48
AT THE END OF THE YEAR	2338729	47.48	2338729	47.48

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year - 01/04/2019		Shareholding at the end of the year - 31/03/2020	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.H M INVESTMENTS (UK) LIMITED	492340	10.00	492340	10.00
2.PRAMILA HEMRAJ MUNOT/LATA MUNOT	177542	3.61	—	—
- Transfer on 23rd Aug, 2019	(4425)			
- Transfer on 6th Sep, 2019	4425			
At the End of the Year			177542	3.61
3. ADI F MADAN	118406	2.40	118406	2.40
4. INVESTOR EDUCATION PROTECTION FUND				
AUTHORITY, MINISTRY OF CORPORATE AFFAIRS	59710	1.21	77360	1.57
- Transfer on 29th June, 2019	(1800)	(0.04)		
- Transfer on 2nd August, 2019	(500)	(0.01)		
- Transfer on 15th November, 2019	6300	0.13		
At the End of the Year			81360	1.65
5.BOMSI WADIA	45203	0.92	45203	0.92
6.VIKRAM ADVISORY SERVICES PRIVATE LIMITED	44500	0.90	44500	0.90
7.DILIP NAVIN DALAL	28750	0.58	27650	0.56
8.NARAYANBHAI K PATEL	25000	0.51	25000	0.51
9.VIKAS MUNOT/LATA MUNOT	23762	0.48	23762	0.48
-Transfer on 23rd Aug, 2019	(17800)	(0.36)		
-Transfer on 6th September, 2019	17800		0.36	
At the End of the Year			23762	0.48
10.PHARMASYNTH FORMULATIONS LTD	16702	0.34	16702	0.34

**(v) Shareholding of Directors and Key Managerial Personnel:**

For Each of the Directors and KMP	Shareholding at the beginning of the year - 01/04/2019		Shareholding at the end of the year - 31/03/2020	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.ADI MADAN/AYESHA MADAN/ JEHAN ADI MADAN	134205	2.73	134205	2.73
2.KAIZAD R DADYBURJOR/ AYESHA K DADYBURJOR	53004	1.08	53004	1.08
3.ARMAND NAOZER AGA	267678	5.44	267678	5.44
4.AYESHA K. DADYBURJOR	242252	4.92	242552	4.92
5.HARISHCHANDRA H SHAH	50	—	50	--
6.BHAVIK R MAISURIA	82	—	82	--
7.TONY GANDHI	—	—	—	--

**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	4793695	—	451145	5244840
ii) Interest due but not paid	—	—	33060	33060
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	4793695	—	484205	5277900
Change in Indebtedness during the financial year				
- Addition	14323552	—	—	14323552
- Reduction	4785158	—	259205	5044363
Net Change	9538394	—	-259205	9279189
Indebtedness at the end of the financial year				
I) Principal Amount	14332089	—	225000	14557089
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	14332089	—	225000	14557089



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Particulars of Remuneration	Shri. Adi F. Madan Managing Directors	Smt. 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	3866500	1697760	5564260
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)	3866500	1697760	5564260

### B. REMUNERATION TO OTHER DIRECTORS:

Particulars of Remuneration	Name of Directors				
	Mr. Ajit P. Walwaikar	Mr. Harish H. Shah	Mr. Pheroze Dhanbhoora	Mr. Kaizad R. DadyBurjor	Total Amount
1. Independent Directors					
Fee for attending board and committee meetings	100000	60000	100000	40000	300000
Commission	—	—	—	—	—
Others, please specify	—	—	—	—	—
Total (1)	100000	60000	100000	40000	300000

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Particulars of Remuneration	Key Managerial Personnel		
	Shri. Tony G. Gandhi Company Secretary	Shri. Bhavik R. Maisuria Chief Financial Officer	Total Amount
1). Gross salary:			
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	286522	695747	982269
b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	12037	12037
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	286522	707784	994306

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act, 2013): None

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

[Pursuant to Section 204, 9(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
 The Members,  
 Virat Industries Limited  
 (CIN: L29199GJ1990PLC014514)  
 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and 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 March 31, 2020 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 Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and Companies Act, 1956 (to the extent applicable) the rules made there under including any re-enactment thereof;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (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 & 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to company during the Audit Period)**;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') to the extent applicable during the Audit Period;

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

- (I) The Secretarial Standards (with respect to Board and General Meetings) issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges read with SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with the following laws applicable specifically to the Company:

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 Audit Period 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 or consent of all directors were received in writing for shorter board meeting notice consents (if any), 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.

All decision at Board Meetings and Committee Meetings are carried through and proper system is in place which facilitate/ensure to capture and record the dissenting member's view, if any 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.

I further report that during the Audit Period, the Company has not incurred any specific event/ action that can have a major bearing on the company's compliance responsibilities in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

**VISHAL DEWANG & ASSOCIATES**  
(Practicing Company Secretary)

**Vishal Dewang**  
**M. No. 26683**  
**CP. No. 9596**  
**UDIN : A026683B000383809**

**Place: Surat**

**Date: 25/06/2020**

**Encl : "Annexure A" forming an integral part of this report.**

## Annexure-'A'

To,  
The Board of Directors  
**Virat Industries Limited**  
(CIN: L29199GJ1990PLC014514)  
A 1/ 2, GIDC Industrial Estate,  
Kabilpore, Navsari – 396 424. Gujarat

My 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. My responsibility is to express an opinion on these secretarial records based on my 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 bases to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever 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.

**VISHAL DEWANG & ASSOCIATES**  
(Practicing Company Secretary)

**Place: Surat**  
**Date: 25/06/2020**

**Vishal Dewang**  
**M. No. 26683**  
**CP. No. 9596**

**CERTIFICATE**

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
Virat Industries Limited  
(CIN: L29199GJ1990PLC014514)  
A 1/ 2, GIDC Industrial Estate,  
Kabilpore, Navsari – 396 424. Gujarat

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Virat Industries Limited having CIN: L29199GJ1990PLC014514 and having registered office situated at A 1/ 2, GIDC Industrial Estate, Kabilpore, Navsari – 396 424. Gujarat, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and the respective Directors, I hereby certify that None of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	Designation	DIN
1.	Adi Fredoon Madan	Managing Director	00023629
2.	Ayesha Kaizad Dadyburjor	Whole time Director	02949248
3.	Ajit Pandurang Walwaikar	Independent Director	00022123
4.	Kaizad Rusi Dadyburjor	Non Executive Director	00022387
5.	Harishchandra Hiralal Shah	Independent Director	03032200
6.	Pheroze Adi Dhanbhoora	Independent Director	00622769

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these, based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**VISHAL DEWANG & ASSOCIATES**  
(Practicing Company Secretary)

**Place: Surat**  
**Date: 12/08/2020**

**Vishal Dewang**  
**M. No. 26683**  
**CP. No. 9596**  
**UDIN A026683B000611971**

## 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 ₹ 183468/- on this account in electricity bills.
- ii) Installed Escop make APP type power capacitors in place of cell type capacitors, resulting in reduction in the failure of the capacitors and electrical appliances.
- iii) Installed VSD (Variable Speed drive) on central suction machines to control the suction flow by varying the speed of the motor as per the requirement of the production; before it was controlled manually by damper. This resulted in Electricity unit saving of 518 kwh/day. The electricity cost saving is ₹ 11,31,312/- year.
- iv) Maintaining the Air conditioning temperature of knitting department between 27 degree centigrade to 30 degree centigrade resulting in power saving.

As the result of above changes, the power consumption per pair of sock production decreased from 0.319 KWH in 2018-2019 to 0.308 KWH in 2019-20, per pair electricity consumption decreased by 3.45%.

Electricity unit rate (rs/kwh) increased from 6.94 Rs/kwh in 2018-19 to 7.30 Rs/kwh, i.e. 0.36 Rs/kwh increased. Per pair electricity cost is reduced 5% despite increase of 5% per unit.

##### **Natural Gas:**

- i) Reduced steam leakages from boiler house to plant level and maintained the same throughout the year.
- ii) Installed one Tecnopea socks boarding machine. The production of the said machine is three times more than the existing Tecnopea Socks boarding machine which resulting in saving of Rs. 36,230 in the year 2019-2020 in consumption of Natural Gas.

The natural gas consumption for 1000 pairs of socks is 11.00 Standard Cubic Meters (SCM) in 2019-20, as against 11.10 in 2018-19.

### (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 91.47% of total revenues were derived from the export.

**Total Foreign Exchange Used and Earned:**

( ₹ in Lac)

a.	i) Total foreign exchange earned	2256.84
	ii) Others	26.63
	<b>SUB TOTAL (a)</b>	2283.47
b.	Total foreign exchange used	
	i) For import of plant and Machinery	15.29
	ii) For spares, etc.	17.72
	iii) Raw Materials	—
	iv) For Dividend remitted	—
	v) Others	15.07
	<b>SUB TOTAL (b)</b>	48.08
	% of Import to Export	2.11%

**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**

- Started manufacturing of Masks of Cotton with elastane yarn. The same as light in weight; the concave shape is suitable to mouth and they are comfortable in use.

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

Secured export orders of "New Brands" in this year.

**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                   | - |
| © Has technology been fully absorbed | - |



**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	NIL
(b) Nature of contracts/arrangements/ transactions	NIL
(c) Duration of the contracts/ arrangements/transactions	NOT APPLICABLE
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NOT APPLICABLE
(e) Justification for entering into such contracts or arrangements or transactions	NOT APPLICABLE
(f) Date(s) of approval by the Board	NOT APPLICABLE
(g) Amount paid as advances, if any:	NIL
(h) Date on which the special resolution was to section 188 :	NOT APPLICABLE

**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:**

Sr. 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;	<p><b><u>Remuneration:</u></b></p> <p><b><u>Executive Directors:</u></b></p> <p>Mr. Adi F. Madan Managing Director</p> <p>Mrs. Ayesha K. DadyBurjor Whole-time Director</p> <p><b><u>Sitting fees:</u></b></p> <p><b><u>Independent Directors:</u></b></p> <p>Mr. Ajit P. Walwaikar – Director</p> <p>Mr. Harish H. Shah – Director</p> <p>Mr. Pheroze A. Dhanbhoora - Director</p> <p><b><u>Non-Independent Directors:</u></b></p> <p>Mr. Kaizad R. DadyBurjor - Director</p>	<p>30.03</p> <p>13.19</p> <p>0.78</p> <p>0.47</p> <p>0.78</p> <p>0.31</p>
(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;	<p>Managing Director</p> <p>Whole-time Director</p> <p>Company Secretary</p> <p>Chief Financial Officer</p>	<p>2.86%</p> <p>–</p> <p>8.22%</p> <p>2.65%</p>
(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 2.65%.	
(iv)	The number of permanent employees on the rolls of Company;	There were 164 employees as on March 31, 2020. (₹ in Thousand)	
(v)	The explanation on the relationship between average increase in remuneration and Company performance;	<b>Details</b>	<b>2019 – 20</b>
		Total Income	243689
		PBT	10580
		PBT % of Total Income	4.34
		Average decrease of 0.39% during reporting financial year.	
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	For the FY 2019-20, KMPs were paid approx. 31.91% of the net profit before tax for the year.	

Sr. No.	Requirements	Disclosure	
(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;	The Market capitalization of the Company has decreased from ₹ 289492 thousand as of March 31, 2019 to ₹108560 thousand as of March 31, 2020. Over the same period, the price to earnings ratio moved from 41.12 to 15.42. The Virat Industries Limited stock price as at March 31, 2020 has decreased by 62.50% and by ₹ 36.75 over the last financial year.  During the year, the Company did not come out any public offer.	
(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;	During the year, the non-managerial remuneration increased by 1.30% being the rise in minimum wages as declared by government of Gujarat.  The managerial remuneration increased by 2.24%during the year	
(ix)	Comparison of the each remuneration 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 :	
		Particulars	% of Net profit for FY 2019 – 20
		Managing Director	18.84
		Whole-time Director	8.27
		Chief Financial Officer	3.39
		Company Secretary	1.40
(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 AUDITOR'S REPORT

To the Members of  
**Virat Industries Limited**

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the Ind AS financial statements of **Virat Industries Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information ("collectively Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters below to be the key audit matters to be communicated in our report.

Key audit matter	Our response to Key audit matter
<p><b>Other Operating Revenue</b></p> <p><u>Refer note 24 to the Ind AS Financial Statements relating to revenue from operations and note 2.12 of significant accounting policies to the Ind AS financial statements</u></p> <p>Other Operating revenue mainly consists of government incentives and concessions. An accrual of this carries a risk of incorrect timing of its recognition and may involve a significant management judgement in assessing the reasonableness of meeting the conditions for receipt of such incentives and certainty of its ultimate collection.</p>	<p><b><u>Principle audit procedures:</u></b></p> <p>Our audit procedures included reviewing appropriateness of Company's accounting policies in recognition of other operating income, verification of subsequent realisation of accrued incentives and assessing related internal control procedures.</p> <p>We have:</p> <ul style="list-style-type: none"> <li>• Verified the documentary evidence supporting accrual of government incentives</li> <li>• Obtained understanding of applicable legislative framework to assess eligibility of the Company for receiving the incentives/rebates</li> <li>• Test checked compliance with conditions of schemes/regulations under which the incentives/rebates are receivable</li> </ul>

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### Responsibilities of Management and Those Charged with Governance for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

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

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statement.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Emphasis of Matter

We draw attention to Note No 43 in the Ind AS financial statements, regarding the uncertainties arising out of the outbreak of COVID-19 pandemic and the assessment made by the management on its business and Ind AS financial statements for the year ended March 31, 2020. This assessment and the outcome of the pandemic is as made by the management and is highly dependent on the circumstances as they evolve in the subsequent periods. The impact, therefore, in future periods may be different from the estimates made as on the date of approval of these Ind AS financial statements.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 including Other Comprehensive Income, the Cash Flow Statement and statement of change in equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Indian Accounting Standard Rules, 2015 (as amended).
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

'In our opinion and to the best of our information and according to the explanations given to us, remuneration paid by company during FY 2018-19 is in accordance with the provisions of Section 197 read with Schedule V to the Companies Act 2013'.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. In our opinion and to the best of our information and according to the explanations given to us the company has no pending litigations;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. The company is not required to transfer any amount to the Investor Education and Protection Fund.

For **B.K. Khare & Co.**

**Chartered Accountants**

Firm's Registration No. 105102W

**Shirish Rahalkar**

**Partner**

Membership No. 111212

UDIN: 20111212AAAAJX3024

**Place: Mumbai**  
**Dated: June 25, 2020**



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is 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 whether the risk of 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 Ind AS 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**

**Chartered Accountants**

Firm's Registration No. 105102W

**Shirish Rahalkar**

**Partner**

Membership No.111212

UDIN: 20111212AAAAJX3024

**Place: Mumbai**  
**Dated: June 25, 2020**

## ANNEXURE B TO THE AUDITOR'S REPORT

**Referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements section of our report of even date on the Ind AS financial statements of Virat Industries Limited for the year ended March 31, 2020**

- 1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
- iii) The company does not have any immovable property as on March 31, 2020.
- 2) The inventory has been physically verified by management during the year the frequency of which, in our opinion, is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been dealt with in books of account.
- 3) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of Companies Act, 2013 by the Company. Therefore, clauses 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- 4) In our opinion and according to information and explanations given to us, the provisions of Section 185 and Section 186 of the Act have been complied with in respect of the loan granted, investments made and guarantees given by the company as at March 31, 2020. We are informed that the company has not given any security during the year.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Sections 73 to 76 of the Act and the Rules framed thereunder.
- 6) We have been informed that the Central Government has not prescribed maintenance of Cost records under Section 148(1) of the Act and such accounts and records have been appropriately made and maintained.
- 7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, goods and service tax and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.
- ii) There are no dues of income tax, goods and service tax, duty of customs, and cess which have not been deposited on the account of any dispute.
- 8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.
- 9) On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.
- 10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

- 11) On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- 12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
- 13) According to the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Act and the details of the same have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.
- 16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B.K. Khare & Co.**  
**Chartered Accountants**  
 Firm's Registration No. 105102W

**Shirish Rahalkar**  
**Partner**

Membership No.111212  
 UDIN: 20111212AAAAJX3024

**Place: Mumbai**  
**Dated: June 25, 2020**

Balance sheet as at 31<sup>st</sup> March 2020

(₹'000)

Particulars		As at 31 March 2020	As at 31 March 2019
<b>A. ASSETS</b>			
1 <b>Non-current assets</b>			
(a) Property, Plant and Equipment	3	93,234	104,269
(b) Financial Assets			
(i) Loans	4	142	294
(ii) Other financial assets	5	2,329	2,329
(c) Other non-current assets	6	3,639	2,714
<b>Total Non - Current Assets</b>		<b>99,344</b>	<b>109,606</b>
2 <b>Current assets</b>			
(a) Inventories	7	75,285	60,473
(b) Financial Assets			
(i) Trade receivables	8	36,012	33,342
(ii) Cash and cash equivalents	9	11,106	4,995
(iii) Bank balances other than (ii) above	9	18,600	8,564
(iv) Loans	10	159	185
(v) Other financial assets	11	1,971	1,441
(c) Other current assets	12	23,111	22,735
<b>Total Current Assets</b>		<b>166,244</b>	<b>131,735</b>
<b>Total Assets (1+2)</b>		<b>265,588</b>	<b>241,341</b>
<b>B. EQUITY AND LIABILITIES</b>			
1. <b>Equity</b>			
(a) Equity share capital	13	49,233	49,233
(b) Other equity	14	167,919	152,875
<b>Total equity (a+b)</b>		<b>217,152</b>	<b>202,109</b>
<b>Liabilities</b>			
2. <b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	3,065	-
(b) Provisions	16	1,373	1,342
(c) Deferred tax liabilities (Net)	17	2,382	4,180
(d) Other non-current liabilities	18	225	425
<b>Total non - current Liabilities</b>		<b>7,045</b>	<b>5,947</b>
3. <b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	10,574	4,000
(ii) Trade payables	20	63	10
a) dues to micro enterprises and small enterprises			
b) dues of creditors other than micro enterprises and small enterprises		24,249	22,659
(iii) Other financial liabilities (other than in (b) below)	21	3,039	3,382
(b) Provisions	22	553	238
(c) Other current liabilities	23	2,913	2,997
<b>Total Current Liabilities</b>		<b>41,391</b>	<b>33,286</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>265,588</b>	<b>241,341</b>
Accompanying notes 1 to 43 from integral part of the financial statements.			

In terms of our report attached  
For **B. K. KHARE & CO.**  
Chartered Accountants  
(FR No. 105102W)

**Shirish Rahalkar**  
Partner  
Membership No.:111212  
Mumbai  
Date: 25<sup>th</sup> June, 2020

**Adi F. Madan**  
(Managing Director)  
DIN : 00023629

**Ajit P. Walwaikar**  
(Director)  
DIN : 00022123

**Bhavik R. Maisuria**  
(Chief Financial Officer)  
Mumbai  
Date: 25<sup>th</sup> June, 2020

For and on behalf of the Board of Directors

**Ayesha K. DadyBurjor**  
(Whole Time Director)  
DIN : 02949248

**Pheroze A. Dhanbhoora**  
(Director)  
DIN : 00622769

**Tony G. Gandhi**  
(Company Secretary)

**Kaizad R. DadyBurjor**  
(Director)  
DIN : 00022387

**Harish H. Shah**  
(Director)  
DIN : 03032200

Statement of Profit & Loss for the year Ended 31<sup>st</sup> March 2020

(₹'000)

Particulars		Year Ended 31 March 2020	Year Ended 31 March 2019
i Revenue from operations	24	263,826	241,343
II Other Income	25	7,757	2,347
III Total Income (I + II)		271,583	243,690
<b>IV EXPENSES</b>			
(a) Cost of materials consumed	26	111,360	87,014
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(9,207)	9,885
(c) Employee benefit expense	28	46,441	45,774
(d) Finance costs	29	530	1,020
(e) Depreciation and amortisation expense	3	19,083	19,360
(f) Other expenses	30	83,299	70,055
Total Expenses (IV)		251,506	233,108
V Profit/(loss) before tax (III - IV)		20,077	10,582
<b>VI Tax Expense</b>			
(1) Current tax		7,097	4,239
(2) Short provision for tax relating to prior years		—	20
(3) Deferred tax	17	(1,855)	(151)
Total tax expense		5,242	4,108
VII Profit/(loss) for the period (V - VI)		14,835	6,474
<b>VIII Other comprehensive income</b>			
(I) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		281	458
(ii) Income tax relating to items that will not be reclassified to profit or loss		(57)	127
IX Total comprehensive income for the period (VII + VIII(I+ VIII(ii)))		15,059	7,059
<b>X Earnings per equity share (for continuing operation):</b>			
(1) Basic		3.06	1.43
(2) Diluted		3.06	1.43

In terms of our report attached  
For **B. K. KHARE & CO.**  
Chartered Accountants  
(FR No. 105102W)

**Shirish Rahalkar**  
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Mumbai  
Date: 25th June, 2020

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Mumbai  
Date: 25th June, 2020

## For and on behalf of the Board of Directors

**Ayesha K. DadyBurjor**  
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**Harish H. Shah**  
(Director)  
DIN : 03032200

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020

(₹'000)

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
<b>A. cash Flow from Operating Activities</b>		
Profit before exceptional item and tax	20,077	10,582
<u>Adjustments for:</u>		
Depreciation and Amortisation expenses	19,083	19,360
(Profit)/Loss on property, plant and equipment sold/scrapped/written off (Net)	(2)	887
(Gain)/Loss on foreign exchange fluctuations (Net)	(235)	270
Net (gain)/loss arising on financial assets measured at fair value through profit or loss	281	458
Finance costs	530	1,020
Interest Income	(1,321)	(529)
Liabilities/Provisions no longer required written back	(401)	-
Operating Profit before change in Working Capital	37,817	32,048
<u>Changes in :</u>		
Trade and other receivables	(2,153)	707
Inventories	(14,812)	14,874
Trade and other payables	1,917	(12,195)
	(15,048)	3,386
Cash generated from operations	22,769	35,434
Net income tax paid	(8,022)	(3,921)
<b>Net Cash flow from Operating Activities</b>	14,747	31,513
<b>B. Cash Flow from Investing Activities</b>		
Payments to acquire property, plant and equipment and other intangible assets	(8,083)	(10,409)
Proceeds from disposal of property, plant and equipment and other intangible assets	37	1,201
Changes in earmarked balances and margin accounts with banks		
- Placed	(16,071)	(15,888)
- Matured	6,035	15,000
Interest received on Fixed Deposits	665	553
<b>Net Cash used in Investing Activities</b>	(17,417)	(9,543)
<b>C. Cash Flow from Financing Activities</b>		
Proceed from long-term borrowing (including current maturities)	3,065	-
Repayment of long-term borrowing (including current maturities)	(126)	(2,615)
Proceeds from short term borrowings	6,574	(13,333)
Dividend and tax on dividend paid	(169)	(5,690)
Finance cost	(563)	(1,028)
<b>Net Cash used in Financing Activities</b>	8,781	(22,666)
<b>Net (decrease)/increase in cash and cash equivalents</b>	6,111	(696)
<b>CASH AND CASH EQUIVALENTS :</b>		
<b>Opening Balance</b>	4,995	5,691
<b>Closing Balance</b>	11,106	4,995

Note: The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows

Also refer Note 9

In terms of our report attached  
For **B. K. KHARE & CO.**  
Chartered Accountants  
(FR No. 105102W)

**Shirish Rahalkar**  
Partner  
Membership No.:111212  
Mumbai  
Date: 25th June, 2020

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Date: 25th June, 2020

For and on behalf of the Board of Directors

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(Director)  
DIN : 00022387

**Harish H. Shah**  
(Director)  
DIN : 03032200

## Notes forming part of the Financials Statement

**1. Corporate Information**

Virat Industries Limited ("the Company") is a public Company listed on the Bombay Stock Exchange. 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.

**2.1 Statement of Compliance and Basis of Preparation**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2017.

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

\*Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

\*Level 2 inputs are significant inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

\*Level 3 inputs are unobservable inputs for the asset or liability.

**2.2 Use of Estimates and Judgments**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the accounts. Significant items include:



### Notes forming part of the Financials Statement

- The Company has ongoing litigations with various revenue authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.
- The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the income statement and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.
- The depreciation charge on tangible property plant and equipment is determined based on useful lives of such assets. The Company is required to determine the useful life/period over which an asset is expected to be available for use by the Company.

## 2.3 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Accordingly 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.

## 2.4 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. Net realisable value is the estimated selling price less estimated costs for completion and sale. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, duty.

Obsolete, slow moving and defective inventories are identified at the time of periodic physical verification of inventories and, where necessary, a markdown is made for such inventories.

## 2.5 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.

## 2.6 Property Plant and Equipment – Tangible Assets

Property, plant & equipments are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the statement of Profit & Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Property, plant and equipment's residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date.

## Notes forming part of the Financials Statement

**2.7 Impairment of Assets**

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 Indian Accounting Standard (Ind AS) 36 "Impairment of Assets". Where the recoverable amount of any assets is lower than its carrying amount in accordance with Ind AS 36, 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.

**2.8 Leases**

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*Company as a Lessee*

Assets used under finance leases are recognized as property, plant and equipment in the balance sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

*Company as a Lessor*

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

**2.9 Borrowing Costs**

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 Statement of Profit and Loss.

**2.10 Foreign Currency Transactions**

The financial statements are presented in Indian Rupees (INR), which is the presentational currency of the Company. The Company account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/Losses arising on settlement of such transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss. Non monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date and not retranslated at closing rates.

**2.11 Employee benefits**

The Company makes contributions to both defined benefit and defined contribution schemes. Certain defined benefit plans are administered through duly constituted and approved Trusts.

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 by an independent actuary at each balance sheet date.

## Notes forming part of the Financials Statement

Actuarial gains and losses are recognised immediately through Other Comprehensive Income 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.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. These benefits are unfunded.

### 2.12 **Revenue Recognition**

Revenue is recognised at fair value of amounts received and receivable from third parties for goods supplied and services rendered and is net off returns and discounts if any.

Revenue from the sale of goods excludes amounts collected on behalf of third parties, such as goods and services tax.

Revenue from the sales of goods is recognised in the income statement when significant risks and rewards of ownership of the goods have been transferred to the buyer, which is mainly upon shipment. Revenue from service are recognised in the period in which services are rendered.

Discounts include sales rebates, price discounts, customer incentives, certain promotional activities and similar items. The methodology and assumptions used to estimate sales rebates, price discounts, customer incentives, certain promotional activities and similar items are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

Ind AS 115, 'Revenue from Contracts with Customers': On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers of the Company.

The standard permits two possible methods of transaction:

- a) Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- b) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch-up approach)

### **Other Operating Income**

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

### 2.13 **Other Income**

Interest income is recognised on an accrual basis by applying the effective interest rate, except for short-term financial assets, when the recognition of interest would be immaterial.

#### **Effective interest method:**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through income statement".

## Notes forming part of the Financials Statement

2.14 **Taxes on Income**

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

2.15 **Investments and Other Financial Assest****Classification**

The Company determines the classification of its financial assets at initial recognition. The financial assets are classified in the following measurement categories as:

\*those to be subsequently measured at fair value [either through other comprehensive income (OCI), or through profit or loss], and

\*those subsequently measured at amortised cost.

The classification of debt instruments is based on the business model and terms of the contractual cash flows. Reclassification of debt instrument, if any, is done when the business model for managing those assets change. Classification of equity instruments, not being investments in subsidiaries, associates and joint arrangements, depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI or fair value through profit or loss.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus costs that are directly attributable to the acquisition of the financial asset. However, in the case of a financial asset measured at fair value through profit or loss, the transaction costs are expensed immediately in statement of profit or loss. Subsequent measurement of financial assets is determined by their respective classification.

**Debt Instruments**

Subsequent measurement of debt instruments is in accordance with the Company's business model for managing the asset and the contractual cash flows characteristics of the asset. There are three measurement categories into which the company may classify its debt instruments:

**\*Amortised Cost :** Assets which are held within the business model of collection of contractual cash flows and where those cash flows represent payments solely towards principal and interest on the principal amount outstanding. A gain or loss on a debt instrument that is measured at amortised cost and is not a part of hedging relationship is recognised in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

**\*Fair Value through Other Comprehensive Income:** Assets that are held within a business model of collection of contractual cash flows and for selling and where the assets' cash flow represents solely payment of principal and interest on the principal amount outstanding. Movements in carrying amount are taken through OCI, except for recognition of impairment gains or losses and interest income which are recognized in profit or loss. Interest income from these assets is included in other income using the effective interest rate method. When the asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss.

**\*Fair Value through Profit or Loss:** Financial assets which are not classified as measured at amortised cost or fair value through other comprehensive income are classified as fair value through profit or loss. Movements in fair value of these assets are taken in profit or loss.

## Notes forming part of the Financials Statement

### Equity Instruments

Equity instruments which are not investment in subsidiaries, associates and joint operations are measured at fair value. At the time of initial recognition, the Company makes an irrecoverable election for classification of an equity investment as fair value through profit or loss or fair value through OCI.

Movement in fair value of equity investments which are classified as fair value through profit or loss are recognized in other gains and losses in the statement of profit or loss.

Where the Company has elected to present fair value gains and losses on equity investments in OCI, the movement in fair value is recognized in OCI. At time of derecognition, there is no subsequent reclassification of cumulative fair value gains and losses recognized in OCI to statement of profit or loss. The cumulative gains or losses recognized in OCI is transferred within equity on such derecognition. Impairment losses (and reversals thereto) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

### Loans and Receivables

Loans and receivables are non – derivative financial asset with fixed or determinable payments that are not quoted in an active market. Trade receivables and loans are initially measured at transaction value, which is the fair value and subsequently retained at cost less appropriate allowance for credit losses as most loans and receivables of the Company are current in nature. Where significant, non – current loans and receivables are accounted for at amortised cost using effective interest rate method less appropriate allowance for credit losses. Interest is accounted for on the basis of contractual terms, where applicable and is included in interest income.

### Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its investments in debt instruments which are carried at amortised cost and FVTOCI. Impairment losses are recognized in the profit or loss where there is an objective evidence of impairment, such as where the issuer is in default or other significant financial difficulty. The impairment methodology applied depends on whether there has been a significant increase in credit risk and provision is made on an item by item basis. For such assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. Depending on product categories and the payment mechanism prevailing in the industry, provisions for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the due amounts. If in a subsequent period, the amount of impairment loss reduces, the previously recognized loss is reversed by adjusting the allowance.

### Derecognition of financial assets

A financial asset is derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all risks and rewards of ownership of the financial asset are transferred to another party or (c) despite having retained some significant risks and rewards, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

### Income recognition

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Dividend income is recognized in profit or loss as other income only when the Company's right to receive payments is established and the amount of dividend can be measured reliably.

## Notes forming part of the Financials Statement

**Financial Liability and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs. Financial liabilities are classified, at initial recognition, as subsequently measured at amortized cost unless they fulfill the requirement of measurement at fair value through profit or loss. Subsequent measurement of the financial liabilities depends upon whether they have been classified at amortised cost or at fair value through profit or loss. Where the financial liability has been measured at amortised cost, the difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the income statement over the contractual terms using the effective interest rate method. Financial liabilities at fair value through profit or loss are carried at fair value with changes in fair value recognized in the finance income or finance cost in the statement of profit or loss.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

**2.16 Provision 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.

**2.17 Derivatives and Hedge Accounting**

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

To comply with the principles of 'fair value hedge', 'cash flow hedge' or 'hedges of net investments in foreign operations' where derivative contracts are designated as hedge instruments, depending upon documented risk management objective and hedge relationship established at inception and which are highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**Embedded Derivatives**

Derivatives embedded in non – derivative host contracts that are not financial assets within the scope of IndAS 109 "Financial Instruments" are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

**2.18 Operating Segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee.

Segments are organized based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods. The CODM reviews the segments primarily from a business similarity perspective as well as from a geographic perspective. Segment revenue is reported on the same basis as revenue in the financial statements. Segment results represents profits before finance charges, investment income and taxes. Inter-segment revenue is accounted for on the basis of transactions which are primarily market led.

"Unallocated Corporate Expenses" revenue and expenses relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

**2.19 Dividend Distribution**

To recognised Dividends paid (including income tax thereon) in the financial statements in the period in which the related dividends are actually paid or, in respect of the Company's final dividend for the year, when the same are approved by shareholders.



## Notes forming part of the Financials Statement

## Virat Industries Limited

## 3. Property, Plant and Equipment and capital work-in-progress

## Carrying amounts of :

(₹'000)

Description of Assets	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles (owned)	Vehicles (Under Finance Lease)	Total
<b>As at 31 March 2020</b>							
I. Gross Carrying Amount	37,239	182,564	3,440	5,298	11,974	8,630	249,145
II. Accumulated depreciation and impairment	24,025	117,468	3,069	3,657	6,781	911	155,912
III. Net carrying amount (I-II)	13,214	65,096	371	1,641	5,193	7,719	93,234
<b>As at 31 March 2019</b>							
I. Gross Carrying Amount	37,239	180,726	3,539	5,398	11,974	2,441	241,317
II. Accumulated depreciation and impairment	22,838	101,733	2,949	3,461	5,527	540	137,048
III. Net carrying amount (I-II)	14,401	78,993	590	1,937	6,447	1,901	104,269

Description of Assets	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles (owned)	Vehicles (Under Finance Lease)	Total
<b>Cost or Deemed Cost</b>							
I. Gross Carrying Amount							
Balance as at 1 April 2019	37,239	180,726	3,539	5,398	11,974	2,441	241,317
Additions	-	1,838	55	-	-	6,189	8,083
Disposals	-	-	154	100	-	-	254
Others [Written off]	-	-	-	-	-	-	-
Balance as at 31 March 2020	37,239	182,564	3,440	5,298	11,974	8,630	249,145
II. Accumulated depreciation and impairment							
Balance as at 1 April 2019	22,838	101,733	2,949	3,461	5,527	540	137,048
Depreciation expense for the year	1,187	15,735	263	273	1,254	371	19,083
Addition in accumulated depreciation	-	-	-	-	-	-	-
Eliminated on disposal of assets	-	-	143	77	-	-	220
Others [Written off]	-	-	-	-	-	-	-
Balance as at 31 March 2020	24,025	117,468	3,069	3,657	6,781	911	155,912
III. Net carrying amount (I-II)	13,214	65,097	371	1,641	5,193	7,718	93,234

Description of Assets	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles (owned)	Vehicles (Under Finance Lease)	Total
<b>Cost or Deemed Cost</b>							
I. Gross Carrying Amount							
Balance as at 1 April 2018	30,447	170,657	3,539	5,226	3,838	13,004	226,711
Additions	6,792	10,633	-	172	10,563	-	28,160
Disposals	-	564	-	-	2,427	10,563	13,554
Others [Written off]	-	-	-	-	-	-	-
Balance as at 31 March 2019	37,239	180,726	3,539	5,398	11,974	2,441	241,317
II. Accumulated depreciation and impairment							
Balance as at 1 April 2018	21,631	86,311	2,642	3,193	1,632	3,182	118,591
Depreciation expense for the year	1,207	15,986	307	268	1,302	290	19,360
Addition in accumulated depreciation	-	-	-	-	2,932	-	2,932
Eliminated on disposal of assets	-	564	-	-	339	2,932	3,835
Others [Written off]	-	-	-	-	-	-	-
Balance as at 31 March 2019	22,838	101,733	2,949	3,461	5,527	540	137,048
III. Net carrying amount (I-II)	14,401	78,993	590	1,937	6,447	1,901	104,269

## Notes forming part of the Financials Statement

## Virat Industries Limited

## 4. Non-Current Loans

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>a) Loans to Employee</b>		
- Secured, considered good	-	-
- Unsecured, considered good	142	294
- Doubtful	-	-
Less : Allowance for Bad and doubtful loans	-	-
<b>TOTAL</b>	<b>142</b>	<b>294</b>

## 5. Other Non-Current Financial Assets

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
Security Deposit	2,329	2,329
<b>Total</b>	<b>2,329</b>	<b>2,329</b>

## 6. Other Non-Current Assets

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance income-tax (net)	3,639	2,714
others - Balances with government authorities	-	-
<b>Total</b>	<b>3,639</b>	<b>2,714</b>

## 7. Inventories

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Raw materials	26,988	21,478
(b) Goods in transit as above	140	847
(c) Work-in-progress (Knitted Socks)	1,790	3,116
(d) Finished goods	36,155	25,622
(e) Stores and spares	7,250	6,851
(f) Goods in transit as above	22	17
(g) Packing Material	2,940	2,543
<b>Total Inventories</b>		
<b>(at lower of cost and net realisable value)</b>	<b>75,285</b>	<b>60,473</b>

## 8. Trade receivables

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables		
(a) Considered good - Secured	-	-
(b) Considered good - Unsecured	36,012	33,342
(c) Significant increase in Credit Risk	-	-
(d) Credit impaired	-	-
Less: Allowance for expected credit loss	-	-
<b>TOTAL</b>	<b>36,012</b>	<b>33,342</b>
Of the above, trade receivables from:		
- Related Parties	-	-
- Others	36,012	33,342
<b>Total</b>	<b>36,012</b>	<b>33,342</b>



## Notes forming part of the Financials Statement

## Virat Industries Limited

## 9. Cash and Bank Balances

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Cash and cash equivalents</b>		
(a) Balances with banks	11,020	4,995
(b) Cash on hand	86	-
<b>Total Cash and cash equivalent</b>	<b>11,106</b>	<b>4,995</b>
<b>Other Bank Balances</b>		
(a) Earmarked balances with banks	2,345	2,529
(b) Balances with Banks:		
(i) On Margin Accounts	1,102	1,038
(ii) Fixed Deposits with maturity greater than 3 months (Refer Note below)	15,153	4,997
<b>Total Other Bank balances</b>	<b>18,600</b>	<b>8,564</b>

**Note:**

Other Bank balance include deposits with remaining of mote than 12 months from the balance sheet dat NIL (Previous Year NIL).

## Reconciliation of Cash and Cash Equivalents

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
Total Cash and Cash Equivalents as per Balance Sheet	11,106	4,995
Add: Bank Overdraft	-	-
Add: Cash and bank balances included in a disposal group held for sale	-	-
<b>Total Cash and Cash Equivalents as per Statement of Cashflow</b>	<b>11,106</b>	<b>4,995</b>

## 10. Current Loans

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>a) Loans to Employee</b>		
- Unsecured, considered good	159	185
- Doubtful	-	-
Less: Allowance for Bad and doubtful loans	-	-
<b>TOTAL (A)</b>	<b>159</b>	<b>185</b>
<b>b) Other Loans</b>		
- Secured, considered good		
- Unsecured, considered good	2,500	2,500
- Doubtful	(2,500)	(2,500)
<b>TOTAL (B)</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>159</b>	<b>185</b>

## Notes forming part of the Financials Statement

## Virat Industries Limited

## 11. Other Current Financial Assets

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
- Security Deposit	1,086	1,145
- Advances	33	51
- Others		
- Interest accrued on deposits	852	245
- Interest accrued on ICD	68	68
Less: Provision for doubtful Interest	(68)	(68)
<b>Total</b>	<b>1,971</b>	<b>1,441</b>

## 12. Other Current Assets

(₹'000)

Particulars	As at 31 March 2020	As at 31 March 2019
(A) Others		
a) Prepaid expenses (includes Lease Land)	1,410	1,145
b) Balances with government authorities		
- VAT Credit Receivable	997	1,158
- Personal Ledger Account (Excise)	-	-
- Duty Drawback (Customs)	468	617
- GST Receivable	9,205	13,453
- Merchandise Export From India Scheme	4,252	3,219
- Rebate of State Levies (ROSL)	6,598	2,255
- Advances against suppliers	181	446
c) Exchange gain receivable on forward contract	-	443
<b>Total</b>	<b>23,111</b>	<b>22,735</b>

## 13. Share Capital

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	₹'000	Number	₹'000
(a) <u>Authorised</u>				
Equity Shares of ₹ 10/- each with voting rights	5,000,000	50,000	5,000,000	50,000
(b) <u>Issued, Subscribed and Paid Up</u>				
Equity Shares of ₹ 10/- each with voting rights	4,923,340	49,233	4,923,340	49,233
<b>Total</b>	<b>4,923,340</b>	<b>49,233</b>	<b>4,923,340</b>	<b>49,233</b>

## Notes forming part of the Financials Statement

13.1 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		
Balance at 1 April 2019		
- Number of Shares	4,923,340	4,923,340
- Amount in Thousand (₹'000)	49,233	49,233
Balance at 31 March 2020		
- Number of Shares	4,923,340	4,923,340
- Amount in Thousand (₹'000)	49,233	49,233

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.

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

Name of Shareholders	As at 31 March 2020		As at 31 March 2019	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Equity shares with voting rights				
Shapoorjee Chandabhoy 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
Shri. Armand N. Aga	267,678	5.43	267,678	5.43

**14. Other Equity**

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>General Reserve</b>		
Opening balance	9,839	9,839
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing balance	9,839	9,839
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	143,036	145,324
Add: Remeasurements of the defined benefit liabilities / (asset)	-	(458)
Add: Profit for the year	14,835	6,474
Add: Equity Dividend	-	(7,385)
Add: Tax on Equity Dividend	(15)	(1,504)
Balance available for appropriation	157,856	142,451
Other Comprehensive Income		
Less: Remeasurements of the defined benefit liabilities/(asset)	281	458
Less: Deferred tax adjustment	(57)	127
Closing balance	158,080	143,036
<b>Total Other equity</b>	<b>167,919</b>	<b>152,875</b>

## Notes forming part of the Financials Statement

## 15. Non-Current Borrowing

(₹' 000)

Particulars	Rate of Interest	As at 31 March 2020	As at 31 March 2019
	%	₹	₹
<b>Measured at amortised cost*</b>			
<b>A.Secured Borrowings:</b>			
(a) Term Loans			
- From Axis Bank Limited (Secured by hypothecation of the concerned vehicle purchased) (Terms of Payment: Equated Monthly Installments of ₹ 77,771/- payable in 60 equal installments at interest rate of 8.96% per annum, 59 installments are remaining.)	8.96	3,065	-
<b>Total Secured Borrowings (Refer note no. 36)</b>	-	3,065	-

- \* - The following qualitative disclosures are to be provided in respect of the borrowings:-
- The disclosure about the nature of security should cover the type of asset given as security (e.g. inventories, plant and machinery, land and building, etc.).
  - disclosure of repayment (including redemption premium) / conversion terms should include The period of maturity with respect to The balance sheet date, number and amount of installments due, The applicable rate of interest and other significant relevant terms, if any.
- The details for each loan is to be given separately, unless The nature of security and repayment terms of individual loans within A category are similar, in which case, they may be aggregated.

## 16. Provisions

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) <b>Provision for employee benefits</b>		
Provision for Compensated Absences	1,373	1,342
<b>Total</b>	1,373	1,342

## 17. Current Tax and Deferred Tax

## (i) Current Tax

## (a) Tax expense recognised in Statement of profit and loss comprises :

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
Current tax	7,097	4,239
Short provision for tax relating to prior years	-	20
Tax expense for the year	7,097	4,259

## Notes forming part of the Financials Statement

## (b) Reconciliation of effective tax rate

Particulars	As at 31 March 2020	As at 31 March 2019
Profit before tax (' 000)	20,077	10,582
Applicable tax rate*	25.17%	27.82%
Computed tax expense (' 000)	5,053	2,944
Others** (' 000)	2,044	1,295
Income tax expense for the current year (' 000)	7,097	4,239
Effective tax rate	35.35%	40.06%

\* The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for year ended 31 st March, 2020.

\*\* Others includes refunds, adjustment due to completed assessments and impact of rate change.

## (ii) Movement in deferred tax balances

(₹' 000)		
Particulars	As at 31 March 2020	As at 31 March 2019
Deferred Tax Liabilities	(2,382)	(4,180)

(₹' 000)				
Particulars	As at 31 March 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
<b>Tax effect of items constituting deferred tax liabilities</b>				
Property, Plant and Equipment	6,871	(2,111)	-	4,760
Other Temporary Differences (please specify)	-	-	-	-
	6,871	(2,111)	-	4,760
<b>Tax effect of items constituting deferred tax assets</b>				
Employee Benefits	523	46	(57)	512
Provisions for doubtful debts and other current asset	714	(68)	-	646
Other Items	-	-	-	-
Carryforward Tax Loss	-	-	-	-
Other Temporary Differences (Other disallowances under Section 43B of the Income Tax Act, 1961)	1,454	(234)	-	1,220
	2,691	(256)	(57)	2,378
<b>Net Tax Asset (Liabilities)</b>	<b>(4,180)</b>	<b>1,855</b>	<b>(57)</b>	<b>(2,382)</b>

## Notes forming part of the Financials Statement

(₹' 000)

Particulars	As at 31 March 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
<b>Tax effect of items constituting deferred tax liabilities</b>				
Property, Plant and Equipment	7,040	(169)	-	6,871
Other Temporary Differences (please specify)		-	-	-
	7,040	(169)	-	6,871
<b>Tax effect of items constituting deferred tax assets</b>				
Employee Benefits	421	(25)	127	523
Provisions for doubtful debts and other current asset	707	7	-	714
Other Items	-	-	-	-
Carryforward Tax Loss	-	-	-	-
Other Temporary Differences (Other disallowances under Section 43B of the Income Tax Act, 1961)	1,454	-	-	1,454
	2,582	(18)	127	2,691
Net Tax Asset (Liabilities)	(4,458)	151	127	(4,180)

## 18. Other non-current liabilities

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Others</b>		
Trade/Security deposits received	225	425
<b>Total</b>	<b>225</b>	<b>425</b>

## 19. Borrowings

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Loans repayable on demand</b>		
- From Banks Secured	10,574	4,000
(Secured by deposit of title deeds of leasehold land and by a charge on buildings, structures, fixtures and fittings, immovable plant and machinery thereon. Such loans are further secured by a charge on the company's stocks, book debts, other receivables, movable properties and assets, etc., both present and future)		
<b>Total</b>		<b>10,574</b>

## 20. Trade Payables

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payable - Micro and small enterprises	63	10
Trade payable - Other than micro and small enterprises	24,249	22,659
Liability for Cash-settled share-based payments	-	-
Acceptances	-	-
<b>Total</b>	<b>24,312</b>	<b>22,669</b>

## Notes forming part of the Financials Statement

## 21. Other Financial Liabilities

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Current maturities of finance lease obligations (Refer Note No. 36)	694	820
(b) Interest accrued and due on Trade security deposit	-	33
© Unclaimed/Unpaid dividends	2,345	2,529
<b>Total</b>	<b>3,039</b>	<b>3,382</b>

## 22. Provisions

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Provision for employee benefits</b>		
Provision for Compensated Absences	553	238
<b>Total</b>	<b>553</b>	<b>238</b>

## 23. Other Current Liabilities

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
a. Advances received from customers	151	690
b. Deferred Income for EPCG gran	1,245	1,245
c. Statutory due		
- taxes payable (other than income taxes)	269	248
- Gratuity (Refer Note No. 33(b))	293	208
- Employee Recoveries and Employer Contributions Exchange loss payable on FC	369	-
- Employee Recoveries and Employer Contributions	586	606
<b>Total</b>	<b>2,913</b>	<b>2,997</b>

## 24. Revenue from operations

(₹' 000)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Sale of Products (Refer Note (i) below)	246,718	224,864
b) Other Operating Revenues (Refer Note (ii) below)	17,108	16,479
	<b>263,826</b>	<b>241,343</b>

(₹' 000)

Note	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(i)	<b>Sale of products comprises</b>		
	Manufactured goods - Knitted Socks	246,718	224,864
	<b>Total - Sale of manufactured goods</b>	<b>246,718</b>	<b>224,864</b>
	Traded goods - Knitted Socks	-	-
	<b>Total - Sale of traded goods</b>	<b>-</b>	<b>-</b>
	<b>Total - Sale of products</b>	<b>246,718</b>	<b>224,864</b>
(ii)	<b>Other operating revenues comprise:</b>		
	Duty drawback	4,698	4,544
	Sale of Licenses - Merchandise Export From India Scheme	6,881	7,826
	Rebate of State Lavies (ROSL)	4,343	3,103
	Job Work Income	159	153
	Samples Development Income	1,027	853
	<b>Total - Other operating revenues</b>	<b>17,108</b>	<b>16,479</b>

## Notes forming part of the Financials Statement

## 25. Other Income

(₹' 000)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest Income (Refer Note 9 (i)(below))	1321	529
Net gain on foreign currency transactions and translation	3933	785
Other Non-operating Income (Refer Note (ii) below)	2503	1033
<b>Total</b>	<b>7757</b>	<b>2347</b>

(₹' 000)

Note	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(I)	<u>Interest Income comprises:</u>		
	Interest from banks on Deposits	921	157
	Interest from overdue Trade Receivable	185	197
	Interest from loans and advances	166	175
	Interest from Income-tax refund	49	-
	<b>Total - Interest Income</b>	<b>1,321</b>	<b>529</b>
(ii)	<u>Other non-operating income comprises:</u>		
	Gain on disposal of property, plant and equipment	2	-
	Liabilities/Provisions no longer required written back	401	-
	Exised Duty on purchased of Capital Good (EPCG)	195	-
	Miscellaneous Income	1,905	1,033
	<b>Total - Other non-operating Income</b>	<b>2,503</b>	<b>1,033</b>

## 26. Cost of Materials Consumed

(₹' 000)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening Stock	22,325	25,633
Add: Purchases	116,163	83,706
	138,488	109,339
Less: Closing Stock	27,128	22,325
<b>Cost of Materials Consumed</b>	<b>111,360</b>	<b>87,014</b>
Material Consumed comprises of yarn only.		

## 27. Changes in inventories of finished goods and work in progress

(₹' 000)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<u>Inventories at the end of the year</u>		
Finished goods	36,155	25,622
Work-in-progress	1,790	3,116
	37,945	28,738
<u>Inventories at the beginning of the year</u>		
Finished goods	25,622	33,530
Work-in-progress	3,116	5,093
	28,738	38,623
<b>Net (Increase)/Decrease</b>	<b>(9,207)</b>	<b>9,885</b>

## 28. Employee Benefits Expense

(₹' 000)

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
Salaries and wages	41,166	40,377
Contribution to Provident and other funds (Refer Note No.33(a))	2,542	2,612
Staff welfare expenses	2,733	2,785
<b>Total</b>	<b>46,441</b>	<b>45,774</b>



## Notes forming part of the Financials Statement

## 29. Finance Costs

(₹' 000)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest Expense on:		
- borrowings	406	953
- others	28	67
Other borrowing costs	96	-
<b>Total</b>	<b>530</b>	<b>1,020</b>

## 30. Other Expenses

(₹' 000)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spare parts	4,622	4,719
Consumption of packing materials	14,785	13,295
Processing Charges	19,744	7,975
Power and Fuel	16,364	15,356
Lease Rent	1,899	1,888
Repairs:		
- To Buildings	91	-
- To Machinery	539	525
Insurance	1,071	937
Rates and taxes	442	1,464
Carriage Outward	8,757	6,331
Sales expenses	3,869	3,903
Donations	82	65
Payment to Auditors	833	828
Travelling and Conveyance Expenses	1,292	2,298
Loss on Property, Plant and Equipments sold/written off (net)	-	887
Miscellaneous expenses	8,909	9,584
<b>Total</b>	<b>83,299</b>	<b>70,055</b>

## Payment to Auditor

(₹' 000)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(I) Payment to the auditors comprises:		
(a) To Statutory Auditors		
- For Audit	375	375
- For taxation matters	125	125
- For other services	325	325
Reimbursement of expenses	8	3
<b>Total</b>	<b>833</b>	<b>828</b>

## Notes forming part of the Financials Statement

## 31. Contingent Liabilities and Commitments (to the extent not provided for)

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(I) Contingent Liabilities</b>		
Claims against the company not acknowledged as debt	Nil	Nil
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

## 32. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹' 000)

Particulars	As at 31 March 2020	As at 31 March 2019
(I) Principal amount remaining unpaid to any supplier as at the end of the accounting year	63	10
(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.

## 33. 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 (₹ '000) 2542 (Year ended 31 March, 2019 (₹ '000) 2612) for Provident Fund contributions.

In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

**(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 Indian Accounting Standard 19 on "Employee Benefits" are as follows:

## Notes forming part of the Financials Statement

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 2020	For the year ended 31 March 2019
				₹'000	₹'000
<b>Gratuity</b>					
<b>Components of employer expense</b>					
Current Service Cost				636	651
Interest Cost				696	663
Interest Income				(680)	(588)
Past service cost				—	—
Total Expense recognized in the Statement of Profit and Loss				652	726
Return on Plan Assets, Excluding Interest Income				103	77
Actuarial Losses/(Gain)				(383)	(535)
Total Expense recognized in the Other Comprehensive Income(OCI)				(281)	(458)
<b>Actual contribution and benefit payments for year</b>					
Actual benefit payments				338	255
Actual contributions				286	1013
<b>Net asset / (liability) recognised in the Balance Sheet</b>					
Present value of defined benefit obligation				(9553)	(8943)
Fair value of plan assets				9261	8735
Funded status [Surplus / (Deficit)]				(293)	(208)
Net asset / (liability) recognised in the Balance Sheet				(293)	(208)
<b>Change in defined benefit obligations (DBO) during the year</b>					
Present value of DBO at beginning of the year				8943	8419
Current Service Cost				636	651
Interest Cost				696	663
Past service cost				—	—
Benefit Paid				(338)	(255)
Actuarial Losses/(Gain)				(383)	(535)
<b>Present value of DBO at end of the year</b>				9553	8943
<b>Change in fair value of assets during the year</b>					
Fair value of Plan assets at beginning of the year				8735	7466
Expected Return on Plan Assets				577	511
Actual company contributions				286	1013
Benefit Paid from the Fund				(338)	(255)
<b>Fair value of Plan assets at the end of the year</b>				9261	8735
<b>Category of Assets</b>					
Insurance Fund				9261	8735
<b>Actuarial Assumptions:</b>					
Discount Rate (p.a.)				6.84%	7.78%
Salary Escalation Rate (p.a.)				4.00%	5.00%
Attrition Rate (p.a.) For Service 4 years and below				8.00%	
For Service 5 years and above				2.00%	2.00%
Mortality				Indian Assured Lives Mortality (2006 - 08) Ultimate	Indian Assured Lives Mortality (2006 - 08) Ultimate
Experience Adjustment:	2019 - 20	2018 - 19	2017 - 18	2016 - 17	2015 - 16
	₹	₹	₹	₹	₹
	(281)	(529)	457	(507)	187

## Notes forming part of the Financials Statement

**34. 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 Indian Accounting Standard (Ind AS) 108 - "Segment Reporting". The segment reporting is consistent with the internal reporting provided to the Managing Director regarded as the Chief Operating Decision Maker("CODM").

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 -

(₹' 000)

Particulars	Revenues	Segment Assets (Trade Receivable)	Cost incurred on acquisition of Property, Plant and Equipment
United Kingdom	99,493 (75,401)	20,786 (14,711)	- (-)
Switzerland	99,011 (104,916)	5,332 (9,636)	- (-)
UAE	17,494 (8,745)	- (-)	- (-)
India	21,034 (27,650)	5,584 (7,793)	8,083 (28,160)
Rest of the World	9,686 (8,153)	4,310 (1,202)	- (-)
Total	246,718 (224,865)	36,012 (33,342)	8,083 (28,160)

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.

**Information about major customers**

Included in revenues arising from direct sales of knitted socks of (In ₹'000) 98954, 81583 and 17324 (2018-2019 : (In ₹'000) 104916, 50048 and 8745) are revenues of approximately (In ₹'000) 197861 (2018 - 19: (In ₹' 000) 163709) which arose from Federation of Migros Co-operative Society, Buffalo Private Label Limited and RNA Resources. No other single customers contributed 10% or more to the revenue for both 2019-2020 and 2018-2019.

## Notes forming part of the Financials Statement

## 35. Related party transactions

## Details of related parties:

Description of relationship	Names of related parties
Promoter Company Associates Key Management Personnel (KMP) and their Relatives	Shapoorjee Chandabhoy Finvest Private Limited - <u>Key Management Personnel:</u> Shri. Adi F. Madan - Managing Director Smt. Ayesha K. DadyBurjor - Whole Time Director  <u>Their Relatives:</u> Shri. Armand N. Aga Shri. Kaizad R. DadyBurjor Smt. Ayesha A. Madan Shri. Jehan Adi Madan
Entities over which promoter group has significant influence	Armayesh Embroideries Private Limited
Note: Related parties have been identified by the Management.	

## Details of related party transactions during the year ended 31 March, 2020 and balances outstanding as at 31 March, 2020:

(₹' 000)

Particulars	Promoter Company	Associates	KMP and their Relatives	Entities over which promoter group has significant influence	Total
<b>Transactions during the year</b>					
<b><u>Expenditure:</u></b>					
Managerial Remuneration					
Shri. Adi F. Madan	-	-	3,867	-	3,867
	(-)	(-)	(4,312)	(-)	(4312)
Smt. Ayesha K. DadyBurjor	-	-	1,698	-	1,698
	(-)	(-)	(1,698)	(-)	(1,698)
<b><u>Other Transactions:</u></b>					
Dividend paid:					
Shapoorjee Chandabhoy Finvest Private Limited	-	-	-	-	-
	(2,631)	(-)	(-)	(-)	(2,631)
Shri. Adi F. Madan	-	-	-	-	-
	(-)	(-)	(178)	(-)	(178)
Smt. Ayesha A. Madan	-	-	-	-	-
	(-)	(-)	(12)	(-)	(12)
Shri. Jehan Adi Madan	-	-	-	-	-
	(-)	(-)	(12)	(-)	(12)
Smt. Ayesha K. DadyBurjor	-	-	-	-	(-)
	(-)	(-)	(363)	(-)	(363)
Shri. Armand N. Aga	-	-	-	-	-
	(-)	(-)	(402)	(-)	(402)
Shri. Kaizad R. DadyBurjor	-	-	-	-	-
	(-)	(-)	(80)	(-)	(80)
Shri. Rusi H. DadyBurjor	-	-	-	-	-
	-	-	(17)	-	(17)
Shri. Zenobia R. DadyBurjor	-	-	-	-	-
	-	-	(17)	-	(17)

## Notes forming part of the Financials Statement

**Details of related party transactions during the year ended 31 March, 2020 and balances outstanding as at 31 March, 2020:**

(₹' 000)

Particulars	Promoter Company	Associates	KMP and their Relatives	Entities over which promoter group has significant influence	Total
<b>Balances outstanding at the end of the year</b>					
<b>Managerial Remuneration Payable</b>					
Shri Adi F. Madan	-	-	223	-	223
	(-)	(-)	(221)	(-)	(221)
Smt. Ayesha K. DadyBurjor	-	-	120	-	120
	(-)	(-)	(141)	(-)	(122)
Note: Figures in bracket relates to the previous year					

**36. Details of leasing arrangements**

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.

(₹' 000)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Future minimum lease payments</b>		
not later than one year	1,000	861
later than one year and not later than five years	3,644	-
Less: Unmatured finance charges		
not later than one year	306	41
later than one year and not later than five years	579	-
Present value of minimum lease payments payable		
not later than one year	694	820
later than one year and not later than five years	3,065	-

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 (₹'000) 1899 (Previous year (₹'000) 1888) as per the terms and conditions of the lease agreements and is charged to the Statement of Profit and Loss.

The Ministry of Corporate Affairs notified Ind AS 116 "Leases" in respect of accounting periods commencing on or after April 1, 2019 superseding Ind AS 17 "Leases".

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset

### Notes forming part of the Financials Statement

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company will adopt IND AS 116, effective annual reporting period beginning April 1, 2019. **The Company has chosen the modified retrospective application of IND AS 116. Consequently, the Company will not restate the comparative information, instead, the cumulative effect of initially applying this Standard will be recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019.**

The Company will make use of the practical expedient available on transition to IND AS 116 not to reassess whether a contract is or contains a lease. **Accordingly, the Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17 before April 1, 2019.**

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has leases of certain office equipment that are considered of low value.

### 37. Earning per Share

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Basic and Diluted</b>		
a) Net Profit for the year attributable to the equity shareholders ('000)	<b>15,059</b>	7,059
b) Weighted average number of Equity Shares basic and diluted	<b>4,923,340</b>	4,923,340
c) Earnings per Share - Basic and (Equity Share of face value of ₹ 10/- each)	<b>3.06</b>	1.43

**38.** 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.

### Capital Management and Financial Instrument Disclosure

### 39. Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound and optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company monitors the total capital as comprising of debt and equity. Debt includes all short term and long term debts. Equity comprises of total shareholders' equity as reported in the financial statements.

The Company is not subject to externally enforced capital regulation. Total Capital as of 31 March 2020 and 31 March 2019 are as follows:

## Notes forming part of the Financials Statement

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Equity</b>		
<b>(1) Total Shareholders' Equity as reported in Balance sheet</b>	<b>217152</b>	202,108
<b>(2) Debt</b>	<b>-</b>	-
(a) Short term debt	<b>10,574</b>	4,000
(b) Long term debt (including current portion of long term debt)	<b>3,759</b>	820
<b>sub-total(a+b)</b>	<b>14,333</b>	4,820
<b>Total Capital(1+2)</b>	<b>231,485</b>	206,928

**40. Financial Risk Management**

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

**Market Risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices could affect the Company's income or the value of its holdings of financial instruments including cash flow. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks.

All such transactions are carried out within the guidelines set by the Board of Directors. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

**Currency Risk**

The Company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows:

Particulars	GBP	USD	Others	Total
<b>As at 31 March 2020</b>				
<b>Trade Receivables</b>	<b>20,786</b>	<b>9,173</b>	<b>469</b>	<b>30,428</b>
<b>Advances to Suppliers</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>18</b>
<b>Trade &amp; Other Payables</b>	<b>546</b>	<b>184</b>	<b>-</b>	<b>730</b>
	<b>21,332</b>	<b>9,375</b>	<b>469</b>	<b>31,176</b>
<b>As at 31 March 2019</b>				
Trade Receivables	7,938	16,408	1,202	25,548
Advances to Suppliers	-	-	416	416
Trade & Other Payables	26	-	-	26
	7,964	16,408	1,618	25,990



### Notes forming part of the Financials Statement

The above year-end foreign currency exposures have not been hedged by derivative instruments or otherwise. The Company has taken forward contract on year-end foreign currency exposures. The details are as under

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows:

Particulars	GBP	USD	Others	Total
<b>As at 31 March 2020</b>				
Trade Receivables	4,042	6,587	-	10,629
	4,042	6,587	-	10,629
<b>As at 31 March 2019</b>				
Trade Receivables	9,507	3,601	-	13,108
	9,507	3,601	-	13,108

The above foreign currency forward contract, the Company has accrued loss on foreign currency transaction and translation of (Rs. ₹ '000) 369 (previous year gain on foreign currency transaction and translation of (₹'000) 443).

#### Credit Risk

Credit Risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counter parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure are continuously monitored.

#### Trade Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit amounting to Rs. 5 lakh and also certain sales are undertaken based on advance payments from customers, which is considered as collateral and these are considered in determination of expected credit losses, where applicable.

The credit risk on liquid funds such as Fixed deposits with Banks, investment in IRFC Bonds and derivative financial instruments is limited because the counter parties are banks and financial institutions with high credit-ratings.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on ongoing basis. To assess whether there is a significant increase in credit risk, the company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

#### Liquidity Risk

The Company has established an appropriate liquidity risk management framework for the management of short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### Maturity profile of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

## Notes forming part of the Financials Statement

(₹' 000)

Particulars	Less than 1 year	1 - 3 years	3 - 5 years	5 years and above
<b>A) Liabilities</b>				
<b>As at 31 March 2020</b>				
Short term borrowings	10,574	-	-	-
Long term borrowings	-	2,257	808	-
Trade payables	23,834	415	-	-
Other Financial Liabilities	3,039	-	-	-
<b>Total</b>	<b>37,447</b>	<b>2,672</b>	<b>-</b>	<b>-</b>
<b>As at 31 March 2019</b>				
Short term borrowings	4,000	-	-	-
Long term borrowings	-	-	-	-
Trade payables	22,244	415	-	-
Other Financial Liabilities	3,382	-	-	-
<b>Total</b>	<b>29,626</b>	<b>415</b>	<b>-</b>	<b>-</b>
<b>B) Assets</b>				
<b>As at 31 March 2020</b>				
Investment	-	-	-	-
Loans	159	142	-	-
Security Deposit	-	-	-	2,329
Trade Receivables	36,012	-	-	-
Cash and cash equivalents	11,106	-	-	-
Bank Fixed Deposits	15,153	-	-	-
Balance with Government Authorities	21,520	-	-	-
<b>Total</b>	<b>83,950</b>	<b>142</b>	<b>-</b>	<b>2,329</b>
<b>As at 31 March 2019</b>				
Investment	-	-	-	-
Loans	185	294	-	-
Security Deposit	-	-	-	2,329
Trade Receivables	33,342	-	-	-
Cash and cash equivalents	4,995	-	-	-
Bank Fixed Deposits	4,997	-	-	-
Balance with Government Authorities	20,701	-	-	-
<b>Total</b>	<b>64,220</b>	<b>294</b>	<b>-</b>	<b>2,329</b>

**Notes forming part of the Financials Statement**

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counter party to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

**41. Sensitivity Analysis****Foreign Currency Sensitivity**

The sensitivity analysis arises on account of outstanding foreign currency denominated assets and liabilities, including derivative contracts. The Company considers a sensitivity of 10% in applicable foreign currency rates, holding all other variables constant.

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP and AUD exchange rates, with all other variables held constant.

(₹' 000)

Particulars	Currency	Change in rate	Effect on pre-tax equity	Effect on Profit Before Tax
Year ended 31 March 2020	USD	+10%	899	899
	GBP	+10%	2,034	2,034
	EURO	+10%	-	-
	AUD	+10%	47	47
Year ended 31 March 2019	USD	+10%	1,596	1,596
	GBP	+10%	729	729
	EURO	+10%	40	40
	AUD	+10%	120	120

If the change in rates decline by a similar percentage, there will be opposite impact of similar amount on Profit Before Tax and Pre-tax Equity Effect. The sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

**Interest Rate sensitivity**

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

## Notes forming part of the Financials Statement

Particulars	Currency	Increase / decrease in basis points	Effect on profit before tax	Effect on Pre Tax Equity
Year ended 31 March 2020	INR	+50/-50 bps	-	-
	Foreign Currency*	+25/-25 bps	NA	NA
Year ended 31 March 2019	INR	+50/-50 bps	-	-
	Foreign Currency*	+25/-25 bps	NA	NA

\*Note: The Company does not have any foreign currency borrowings hence not applicable.

### Offsetting of balances

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognized amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability, simultaneously. Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

Our Company has not offset any financial asset and financial liability

## 42. Fair Value Measurement

### Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short-term nature.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

43. Consequent to outbreak of unexpected COVID-19 in India and subsequent imposition of nationwide lockdown on 25th March 2020, the Company's manufacturing activities came to complete halt. This adversely impacted the performance of fourth quarter of financial year 2019 - 20. The pandemic has dashed hope of an early recovery to the economy which will have wide ramifications in the current year.

The Company restarted with restricted activity on 4th May 2020 and has started despatching shipments to overseas buyers. The activity is picking up.

The company has considered the possible adverse effects due to lockdown and is hopeful to make good the losses in a few coming months. Also the company has made adequate availability of liquidity from its own accruals to carryout operations smoothly without any interruption. A definitive assessment of impact at this stage is not possible in view of highly uncertain economic environment. The company is closely monitoring the situation and taking suitable steps accordingly.

## Notes forming part of the Financials Statement

44. 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

**Adi F. Madan**  
(Managing Director)  
**DIN : 00023629**

**Ayesha K. DadyBurjor**  
(Whole Time Director)  
**DIN : 02949248**

**Kaizad R. DadyBurjor**  
(Director)  
**DIN : 00022387**

**Pheroze A. Dhanbhoora**  
(Director)  
**DIN : 00622769**

**Ajit P. Walwaikar**  
(Director)  
**DIN : 00022123**

**Harish H. Shah**  
(Director)  
**DIN : 03032200**

**Bhavik R. Maisuria**  
(Chief Financial Officer)  
Place : Mumbai  
Date: 25th June, 2020

**Tony G. Gandhi**  
(Company Secretary)



## **VIRAT INDUSTRIES LIMITED**

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