



***Virat  
Industries  
Limited***

**29<sup>th</sup>  
Annual Report  
2018-2019**

# **VIRAT INDUSTRIES LIMITED**

## **29<sup>th</sup> Annual Report 2018-2019**

### **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.

### **29<sup>TH</sup> ANNUAL GENERAL MEETING**

on  
Thursday, the 19<sup>th</sup> September, 2019  
at 11.30 a.m. at  
A-1/2, GIDC Industrial Estate,  
Kabilpore, Navsari - 396 424, Gujarat.

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

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**NOTICE**

NOTICE is hereby given that the 29<sup>th</sup> Annual General Meeting of the Members of Virat Industries Limited will be held at the Registered Office of the Company at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424 on Thursday, 19<sup>th</sup> September, 2019, at 11-30 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2019 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 of Shri. Ajit P. Walwaikar (DIN: 00022123) as an Independent 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** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri. Ajit P. Walwaikar (DIN: 00022123), Independent Director of the Company, whose period of office is liable to expire on September 30, 2019, and who has submitted a declaration under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term of 5 years under the provisions of the Companies Act, 2013 and rules made thereunder and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company with effect from this Annual General Meeting to the Annual General Meeting in the year 2024”.

4. To re-appoint of Shri. Harishchandra H. Shah (DIN: 03032200) as an Independent 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** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri. Harishchandra H. Shah (DIN: 03032200), Independent Director of the Company, whose period of office is liable to expire on this Annual General Meeting, and who has submitted a declaration under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term of 5 years under the provisions of the Companies Act, 2013 and rules made thereunder and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company with effect from this Annual General Meeting to the Annual General Meeting in the year 2024”.

5. To change the designation of Shri. Pheroze Dhanbhoora (DIN: 00622769) from Non Executive Retired by Rotation to Non Executive Independent Director.

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

“**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and rules & regulations made there under, approval of the members of the Company be and is hereby accorded to the change in designation of Shri Pheroze Dhanbhoora from Non-Executive Director, liable to retire by rotation to Non-Executive Independent Director, effective from 14-11-2018.”

By Order of the Board of Directors

**Registered Office:**

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

Place : Mumbai.

Date : 22<sup>nd</sup> May, 2019

**Tony G. Gandhi**

*Company Secretary*

Membership No.: ACS 53163

**NOTES :**

- A. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- B. PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- C. The Register of Members and the Share Transfer Books shall remain closed **from 13-09-2019 to 19-09-2019 (including both dates)** for the purpose of 29<sup>th</sup> Annual General Meeting.
- D. Members/Proxies are requested to fill the Attendance Slip for attending the meeting.
- E. Members are informed that the facility of dematerialization of shares of the Company is available and members are advised to go for that by approaching concerned DPs.
- F. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- G. The Members holding shares in physical form are requested to notify any change in their address to the Company.
- H. Members desiring any information as regards to Accounts are requested to write to the Company at least 10 days before the date of the meeting to enable the management to keep the information ready.
- I. As per Companies (Management and Administration) Rules, 2014 read with Chapter VII of the Companies Act, 2013, the Shareholders of the Company are requested to furnish their information as per Annexure attached herewith and are required to submit the same to Link Intime India Pvt. Ltd. RTA of Virat industries Limited on or before **19<sup>th</sup> September, 2019**.
- J. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the Members the facility to exercise their right to vote at the 29<sup>th</sup> Annual general Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by **CDSL Ventures Ltd. (CVL)**.
- K. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- L. **E-voting**
- M. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members facility to exercise their right to vote at the 29<sup>th</sup> Annual General Meeting (AGM) on the items mentioned in the notice by electronic means through e-voting Service provided by Link Intime India Pvt. Ltd. **The e-voting shall be open on 16-09-2019 to 18-09-2019 from 9.00 AM to 5.00 PM.**
- N. Shri. Vishal Dewang, Practicing Company Secretary (Membership No: ACS 26683) has been appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

- O. E-voting is optional. The e-voting rights of the shareholders/beneficiary owners shall be reckoned on the equity shares held by them as on **12<sup>th</sup> September, 2019** being the Cut-off date for the purpose. Shareholders of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically.
- P. The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.

The Results of the e-voting along with the result of the poll conducted at the 29<sup>th</sup> AGM and the Scrutinizer's Report shall be sent to stock exchanges, where the securities of the Company are listed and placed on the Company's **website [www.viratindustries.com](http://www.viratindustries.com)** and on the **website <https://www.evotingindia.co.in>** within two (2) days of passing of the resolutions at the 29<sup>th</sup> AGM.

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

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

- i) The voting period begins **16-09-2019 to 18-09-2019 from 9.00 AM to 5.00 PM** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) on **12-09-2019**, may cast their vote electronically. The e-voting module shall be disabled by **CDSL** for voting thereafter.
- ii) Log on to the **e-voting website [www.evotingindia.com](http://www.evotingindia.com)**
- iii) Click on "Shareholders" tab.
- iv) Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to **[www.evotingindia.com](http://www.evotingindia.com)** and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

| <b>For Members holding shares in Demat Form and Physical Form</b> |                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN*                                                              | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. |
| Dividend Bank Details#<br>Date of Birth                           | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records for the said demat account or folio.<br>If the details are not recorded with the depository or company please enter <b>the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv).</b>       |

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolutions details.
- xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If a Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL's mobile app M-Voting available for android based mobiles. The M-Voting app can be downloaded from Google Play Store, Apple and Windows phone users can download the app from App store and Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix) (i) Note for Non - Individual Shareholders and Custodians
  - o Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - o A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - o After receiving the login details they have to create compliance user, using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - o The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - o A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (ii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

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

**Q. Poll at the Meeting**

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

R. A Route Map showing directions to reach the venue of the 29<sup>th</sup> Annual General Meeting is given on the inside back cover of this Annual Report.



**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, 3, 4 and 5 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-third 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, (50) 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 22<sup>nd</sup> 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 & 4:**

Pursuant to Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications) or enactments thereof for the time being in force read with Schedule IV to the Companies Act, 2013, **Shri. Ajit P. Walwaikar and Shri. Harish H. Shah** are being re-appointed as the Independent Directors of the Company and shall hold office from a term of further five years w.e.f. from this AGM to 34<sup>th</sup> AGM to be held in the year 2024 with a view to bring an independent judgment on the Board's deliberation on various issues and to safeguard and balance the conflicting interest of the shareholders particularly minority shareholders and to assist the Company in implementing the best corporate governance and business practices.

The Board confirms that in making this recommendation, it has given careful consideration to the Director's balanced skills, knowledge, expertise and experience and is satisfied that the directors offering themselves for re-appointment as independent directors have sufficient time to discharge their duties effectively, taking into account their other commitments. In the opinion of the Board, all Directors fulfil the conditions specified in Companies Act, 2013 and the Rules made thereunder for their appointment as Independent Directors of the Company and that they are independent of the Management.

Copy of the draft letter for appointment of all Independent Directors setting out the terms and conditions would be available for inspection without any fee by the Members at the registered office of the Company during normal business hours on any working day.

The Board considers that the association of these Directors would be of immense benefit to the Company and it is desirable to avail of the services of all of them as Independent Directors.

The Company has received a declaration from Shri Ajit P. Walwaikar and Shri Harish H. Shah that they meet the criteria of Independence under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further the Company has also received their consent to act as an Independent Director in terms of Section 152 of the Companies Act, 2013 and a declaration in terms of Section 164 of the Companies Act, 2013.

In the opinion of the Board of Directors, Shri Ajit P. Walwaikar and Shri Harish H. Shah fulfil the conditions specified in the Companies Act, 2013 and the rules made thereunder, for their re-appointment as Independent Directors of the Company and are independent of the management.

Except the Independent Directors being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise.

Additional Information about Shri Ajit P. Walwaikar and Shri Harish H. Shah are provided in Annexure A enclosed hereto.

**Business No. 5**

Shri. Pheroze Dhanbhoora (58) was originally appointed on 22<sup>nd</sup> September, 2016, as the Non-executive Director of the Company, subject to retire by rotation within the meaning of Sec. 152 of the Companies Act, 2013. But due to resignation of Shri Vinay Sanghi and Shri Arun Sanghi in the reported financial year, the required figure as per Regulation 17 of SEBI (LODR) Regulations, 2015 of 1/3 Independent Directors on the Board has come down. Hence, at the Board Meeting held on 14<sup>th</sup> November, 2018, Board of Director has changed the designation of Shri Pheroze Dhanbhoora from Non-executive Director who retires by Rotation to Non-executive Independent Director.

Shri Pheroze Dhanbhoora is qualified Chartered Accountant. He is a founder Partner at P.A. Dhanbhoora & Co. His appointment as an Independent Director will be highly beneficial for the Company, keeping in view his long professional experience of being CHARTERED ACCOUNTANT.

Except Shri Pheroze Dhanbhoora, 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 Pheroze Dhanbhoora is provided in Annexure A enclosed hereto.

**ANNEXURE A**

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

| Name of Director                            | Shri. Pheroze Dhanbhoora                                                                                                                                                                               | Shri. Kaizad DadyBurjor                                                                                                                                                                                                                         | Shri. Ajit P. Walwaikar                                                                                                                                                                                                                                                                                                                | Shri. Harish H. Shah                                                                 |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Age                                         | 58 years                                                                                                                                                                                               | 50 years                                                                                                                                                                                                                                        | 64 years                                                                                                                                                                                                                                                                                                                               | 75 years                                                                             |
| Qualification                               | B. Com. FCA                                                                                                                                                                                            | Diploma in Business Management                                                                                                                                                                                                                  | B.A. (Economics), LL.M., F.C.S.                                                                                                                                                                                                                                                                                                        | Dip. In Textile Tech. LTM                                                            |
| Date of Appointment                         | 04/11/2015                                                                                                                                                                                             | 03/09/2015                                                                                                                                                                                                                                      | 26/02/2004                                                                                                                                                                                                                                                                                                                             | 25/03/2010                                                                           |
| Expertise                                   | Founder Partner at P. A. Dhanbhoora & Co. Income Tax and Service Tax Regulatory, Audit, Strategic Business Advisory, Consultancy in M & A matters, Assisting clients in setting up ODI entities., etc. | 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. | Rich experience in Secretarial, Legal and Commercial Fields. Has vast experience of dealing with Company Laws, Security Laws and the laws relating to Commercial Matters. Has experience of setting a 100% E.O.U., dealing with Ministry of Industry, Development Commissioner, Stock Exchange, SEBI, etc.; Has handled Public Issues. | Rich experience in textile industries in production in charge and technical advisor. |
| Other Directorships                         | None                                                                                                                                                                                                   | Shapoorjee Chandabhoy Finvest Pvt. Ltd.                                                                                                                                                                                                         | 1. Asiatic Oxygen Ltd<br>2. Sah & Sanghi Auto Agencies Pvt. Ltd                                                                                                                                                                                                                                                                        | None                                                                                 |
| Chairmanship / Membership of the Committees | 1. Member of Audit Committee<br>2. Member of Remuneration and Nomination Committee<br>3. Member of Share Transfer Committee                                                                            | None                                                                                                                                                                                                                                            | 1. Member of Audit Committee<br>2. Member of Remuneration and Nomination Committee<br>3. Member of Share Transfer Committee                                                                                                                                                                                                            | 1. Member of Audit Committee<br>2. Member of Remuneration and Nomination Committee   |
| Shareholding in the Company                 | Nil                                                                                                                                                                                                    | 53004                                                                                                                                                                                                                                           | Nil                                                                                                                                                                                                                                                                                                                                    | 50                                                                                   |



**ANNEXURE TO NOTE H**

**Virat Industries Limited**

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

**CIN: L29199GJ1990PLC014514**

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

Website: www.viratindustries.com

Dear Members of the Company,

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

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

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

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

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

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

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

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

Yours faithfully,

**For Virat Industries Limited**

**Tony Gandhi**

*Company Secretary*

Membership No.: ACS 53163

Place : Mumbai,

Date : 22<sup>nd</sup> May, 2019.

Date:

To:

**M/s. Link Intime India Pvt. Ltd.**Unit: **Virat Industries Limited,**

C-101, 247 Park,

L.B.S. Marg, Vikhroli (W),

Mumbai – 400 083.

Dear Sir,

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

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

Yours faithfully

Name of the Shareholder: \_\_\_\_\_

**DIRECTORS' REPORT**

Your Directors are pleased to present the 29<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2019.

**FINANCIAL RESULTS AND ACCOUNTS:**

The Financial Results are as under:

(₹ in Lakhs)

| Particulars                                                                                                                                                                                                         | 2018 - 2019 | 2017 - 2018 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Gross Income                                                                                                                                                                                                        | 2436.90     | 3568.98     |
| Profit Before Interest and Depreciation                                                                                                                                                                             | 309.62      | 670.59      |
| Finance Charges                                                                                                                                                                                                     | 10.20       | 13.50       |
| Gross Profit before Depreciation                                                                                                                                                                                    | 299.42      | 657.09      |
| Provision for Depreciation                                                                                                                                                                                          | 193.60      | 162.38      |
| Net Profit Before Tax                                                                                                                                                                                               | 105.82      | 494.71      |
| Provision for Tax                                                                                                                                                                                                   | 41.08       | 147.66      |
| Net Profit After Tax                                                                                                                                                                                                | 64.74       | 347.05      |
| <b>Note: (i) Proposed Dividend on Equity Share</b><br>Proposal Dividend for the year ended 31 <sup>st</sup> March, 2019/<br>Actual dividend paid for the year ended 31 <sup>st</sup> March, 2018<br>₹1.50 per share | –           | 73.85       |
| Dividend Distribution Tax on proposed Dividend                                                                                                                                                                      | –           | 15.04       |

**DIVIDEND**

You are aware that the management acquired new imported machinery, solely from plough back of internal accruals without external borrowings or leveraging equity.

The board has therefore, this year decided not to recommend a dividend, in order to replenish and build up strong reserves.

We are sure you will appreciate the efforts of the management in this regard.

**Year in retrospect**

Due to the fragile world economy, your Company faced many challenges and headwinds during the year under review leading to all round underperformance.

The set back in performance was mainly the outcome of downturn in face of global slowdown, policy of protectionism adopted by some big countries resulting in creation of trade barriers and heavy pressure on prices, due to intensified competition from Turkey/China, and other countries which are exempted from import duty.

**Revenues:**

The knitting production of 57.05 lakh pairs during this year is 34% lower compared to previous year. The despatches of 61.33 lakh pairs this year are 25.7% lower against previous year.

The export sales of ₹1972 lakh this year lagged by 28.4% compared to ₹2754 lakh achieved in the previous year. One of the main reasons for decline in export sales is because of significantly lower despatches sent to UAE due to internal issues in Gulf Countries. The overall sluggish demand in international markets restrained the export sales and consequently profits of your Company.

Your Company's business pivots around export sales. The export sales this year constituted 87.70% of total sales of your Company.

Domestic sales of your Company comprise mainly of contract manufacturing of socks supplied to reputed Brand outlets, and also under the Company's own Brand "Lord Walker" launched in the end of 2014. Over the years the structural shift from unorganised to organised trade in the domestic market has been slow and uninspiring. However the easing of GST related hurdles, along with E-way bill implementation it will become difficult for the unorganised players to compete and that would support organised players like your Company.

The domestic sales for the year remained flat at ₹249.90 lakh against ₹247.71 lakh in previous year.

Your Company is making relentless efforts to increase its share in domestic market and thereby reducing the risk of relying solely on the export business.

**Goods and Service Tax:**

Goods and Service Tax was introduced from 1<sup>st</sup> July 2017 as a unified tax across India in substitution of countervailing duty of customs, excise duty, sales tax, vat and service tax etc. It was a big structural reform and was indeed a necessity for ease of doing business.

During the year under review, your Company paid total GST of ₹141.43 lakh.

Your Company is facing the menace of inverted duty structure wherein the output tax liability GST rate is 5% whereas the input tax GST rates are 5%, 12% and 18% for various raw materials and input services. In short the input tax GST is always higher, than what can be adjusted against output GST tax liability. Besides, there is delay in getting refund of GST on export sales, resulting in blockage of working capital of your Company.

**Exchange Rate:**

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

The net exchange gain including due to forward contracts was ₹7.85 lakh this year.

**Expenditure:**

Raw material prices remained soft during the year.

Total employees' remuneration expenses for the year are 11.58% lower in absolute terms against previous year.

This year there was reduction in capacity utilization. In such situation, as it normally happens, the semi variable and particularly fixed expenses per unit of production i.e. one pair of socks, increase. Several initiatives aimed at restricting and reducing the cost of store/spares, power, wages and also fixed expenses were implemented to defend the operating margin of your Company as much as possible. The impact of cost cutting was experienced more in second half of this year, where overhead cost per pair recorded saving against previous year.

**Depreciation:**

During last three years, the total capital outlay of your Company, all funded from own accruals were ₹995.94 Lakh. This was done to expand capacity, upgrade production facilities and to carry out extension of factory building. Consequent to this the depreciation charge increased to ₹193.61 lakh per annum from ₹162.38 lakh in previous year, increase of ₹31.23 lakh.

**Profit before Tax:**

The profit before tax this year is significantly lower at ₹105.82 lakh against ₹494.71 lakh achieved in previous year.

34% lower knitting production, higher incidence of fixed cost per pair due to reduced production base and increase of ₹1.51 per pair of depreciation charge are the main reasons for such drastic drop in profit. Cost cutting efforts initiated restricted the costs to an extent and reduced the drop in profits.

Your Company is in process of improving its client mix, by reducing the sales share of clients purchasing socks at non remunerative prices. Simultaneously, efforts are being made to reach out to new customers with better prices. A start in that direction has already been done.

Besides increased focus is being initiated to increase share of exclusive products, which bring better margins.

In addition, efforts to reduce costs are being explored and implemented.

Your Company is hopeful to improve the margin in current year.

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

| Particulars                               | Units         | INDAS          |         |         | IGAAP   |         |
|-------------------------------------------|---------------|----------------|---------|---------|---------|---------|
|                                           |               | 2018-19        | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
| <b>Income Statement</b>                   |               |                |         |         |         |         |
| Total Income                              | ₹ in lakh     | <b>2436.90</b> | 3568.98 | 2724.89 | 2651.94 | 2106.47 |
| Export Sale                               | ₹ in lakh     | <b>1972.14</b> | 2753.95 | 2021.09 | 2165.28 | 1729.78 |
| Operating EBITDA                          | ₹ in lakh     | <b>309.62</b>  | 670.59  | 647.87  | 596.49  | 414.86  |
| Net Profit before Tax                     | ₹ in lakh     | <b>105.82</b>  | 494.71  | 503.84  | 470.34  | 302.18  |
| Net Profit after Tax                      | ₹ in lakh     | <b>64.74</b>   | 347.05  | 352.43  | 323.98  | 208.14  |
| Cash Profit                               | ₹ in lakh     | <b>258.34</b>  | 509.43  | 488.44  | 446.24  | 312.11  |
| <b>Balance Sheet</b>                      |               |                |         |         |         |         |
| Net Worth                                 | ₹ in lakh     | <b>2024.57</b> | 2043.96 | 1845.66 | 1637.84 | 1327.50 |
| Capital Employed                          | ₹ in lakh     | <b>2292.42</b> | 2034.07 | 1825.11 | 1614.39 | 1303.97 |
| <b>Significant Ratios</b>                 |               |                |         |         |         |         |
| Operating EBITDA/Net Sale                 | %             | <b>13.77</b>   | 22.15   | 27.63   | 25.50   | 21.91   |
| Return on Capital Employed (EBIT/Avg. CE) | %             | <b>4.92</b>    | 26.34   | 29.76   | 32.50   | 24.84   |
| Price Earning Ratio                       |               | <b>41.12</b>   | 23.49   | 14.99   | 11.94   | 12.97   |
| Book Value Per Share                      | ₹             | <b>41.05</b>   | 41.76   | 37.49   | 33.27   | 26.96   |
| Current Ratio                             |               | <b>3.96</b>    | 2.39    | 4.31    | 5.33    | 3.13    |
| <b>Operations</b>                         |               |                |         |         |         |         |
| Knitting Production                       | Pairs in lakh | <b>57.05</b>   | 86.34   | 63.08   | 56.56   | 41.86   |
| Pairs Dispatched                          | Pairs in lakh | <b>61.33</b>   | 82.55   | 60.20   | 55.13   | 43.45   |
| Sales realization                         | ₹ per pair    | <b>36.79</b>   | 36.67   | 38.96   | 42.44   | 43.57   |
| Earning Per Share                         | ₹             | <b>1.43</b>    | 6.93    | 7.21    | 6.46    | 4.23    |

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

#### Overview of the Economy:

The Indian economy in 2018-19, began its journey to recovery and achieved the position as the fastest growing economy. Structural reforms, normal monsoons and reduced external vulnerabilities with the improved consumer sentiments, strengthened economic growth which led to a swift revival, post the temporary disruption caused due to demonetisation and Goods & Service Tax. The consumer price inflation remained steady around 4.5%.

India's merchandise exports registered positive growth of 10.93% this year against previous year, at value reaching USD 331.02 billion. This was the highest value ever achieved, surpassing the earlier peak of USD 314.4 billion achieved in 2013-14. The major product segments showing the impressive growth are petroleum products, chemicals, pharmaceutical and electronic items, etc.

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

During the year, the Company carried out sales in the following geographical segments. (₹ in Lakhs)

|          | Europe  | UAE   | India  | Rest of World | Total          |
|----------|---------|-------|--------|---------------|----------------|
| Revenues | 1803.67 | 87.45 | 276.50 | 81.53         | <b>2248.64</b> |

**Industry Structure and Development**

The textile industry continues to be second largest employer after agriculture. It is also second largest in the world after China. 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 exchange earnings, as import component in cost is very less. Your Company earned foreign exchange of ₹1990.37 lakh (₹1972.14 lakh export sales and ₹18.22 lakh other remittances) during this year. As against this foreign exchange used was ₹40.39 lakh (2.03%). This resulted in net foreign exchange earnings of ₹1949.98 lakh (97.97%). The textile and hosiery companies earn such high percentage of foreign exchange, besides creating employment second to agriculture only.

**Opportunities**

Your Company has state of art equipment and infrastructure. Over and above plain and design socks of premium quality, it is capable of manufacturing technical, athletic/football and other exclusive quality socks, which cater to niche high value luxury customers and which do not have many competitors. Such socks bring high value addition.

In domestic business, the organised sock suppliers face competition from unorganised sector. With GST implementation the unorganised sector is experiencing insurmountable challenges. This is surely an opportunity for organised players like your Company to boost sales.

**Threats:**

Textile industry including Hosiery is facing stiff price competition from Turkey/China, both on domestic and export fronts. The Chinese goods at cheaper prices are dumped to Indian markets and have adverse impact on sale of domestic socks. In export business, some of our customers are insisting to supply them socks with prices in parity with China. This leads to erosion in the profit margins of your Company.

Socks exported from India to European Union countries attract 10.6% advalorem custom duty. As against that, the countries like Bangladesh, Sri Lanka and Vietnam, being less developed countries are exempted from such custom duty. Also Turkey, being the deemed member of the E.U. countries, besides enjoying exemption from the custom duty, has the added advantage of lesser freight and minimum delivery time. This has posed a threat to the Indian sock suppliers to reduce their prices.

**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.

**INSURANCE**

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

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

Shri. Vinay V. Sanghi resigned from the post of the Independent Director of the Company, on 31<sup>st</sup> July, 2018. The Board places on record its appreciation for the contribution of Shri Vinay Sanghi as Independent Director throughout his directorship and also for the valuable advises he made to the Board from time to time.

Shri. Arun Sanghi, resigned from the post of Independent Director of the Company, on 25<sup>th</sup> October, 2018. He also resigned from the various Committees. i.e. Audit Committee, Remuneration and Nomination Committee and Stakeholder Relationship Committee. The Board places on record its appreciation for his valuable contribution as a Chairman of the Company and lastly as Independent Director of the Company. His rich experience in business and his direction given to the Company in shaping success during his tenure was appreciated by everyone.

Shri. Vijay Merchant resigned from the post of Chairman and Director of the Company, on 20<sup>th</sup> November, 2018.



He also resigned from the various Committees. i.e. Audit Committee and Stakeholder Relationship Committee. The Board places on record its sincere appreciation of the efforts and dedicated service rendered during his tenure as a Chairman and Director of the Company.

Shri. Pheroze Dhanbhoora was appointed as the member of the Remuneration and Nomination committee and also member of Stakeholder Relationship Committee. During the reported year, Board also changed the designation of Shri Pheroze Dhanbhoora from Non- Executive Director, liable to retire by rotation to Non-Executive Independent Director.

Shri. Adi F. Madan was reappointed as a Managing Director by the members at the Annual General Meeting held on 6<sup>th</sup> September, 2018.

Smt. Ayesha K. DadyBurjor was reappointed as Whole Time Director by the members at the Annual General Meeting held on 6<sup>th</sup> September, 2018.

#### **BOARD OF DIRECTORS**

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

Policy formulations, setting up of goals, evaluations of performance and control functions vest with the Board. The composition of the Board of Directors of the Company as on March 31, 2019 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 R. DadyBurjor  | Non-Executive Director |
| 6.      | Shri. Pheroze A. Dhanbhoora | Independent Director   |

Shri Ajit P. Walwaikar, Independent Director of the Company, whose first term of first five years, expires on this ensuing Annual General Meeting and who is eligible for re-appointment for a second term of Five years at this ensuing Annual General Meeting under the provisions of the Companies Act, 2013.

Shri Harish H. Shah, Independent Director of the Company, whose first term of first five years, expires on this ensuing Annual General Meeting and who is eligible for re-appointment for a second term of 5 years at this ensuing Annual General Meeting under the provisions of the Companies Act, 2013.

#### **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 Five (5) times during the FY 2018-19, on the following dates.

|            |            |            |
|------------|------------|------------|
| 25/05/2018 | 15/06/2018 | 09/08/2018 |
| 14/11/2018 | 12/02/2019 |            |

| Name of the Member          | No. of Meetings Attended | Whether attended Last AGM |
|-----------------------------|--------------------------|---------------------------|
| Shri. Adi F. Madan          | 5                        | YES                       |
| Shri. Ajit P. Walwaikar     | 5                        | YES                       |
| Shri. Harish H. Shah        | 5                        | YES                       |
| Smt. Ayesha K. DadyBurjor   | 5                        | YES                       |
| Shri. Kaizad R. DadyBurjor  | 5                        | NO                        |
| Shri. Pheroze A. Dhanbhoora | 5                        | YES                       |

**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 statement. The Committee members meet regularly and make their recommendations in accordance with the terms of reference specified by the Board. Such recommendations are thoroughly discussed in Board meetings and by and large accepted for implementation.

During the reported year, Shri Arun Sanghi and Shri Vijay Merchant had resigned from the member of the Audit Committee of the Company.

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 31/03/2019. 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:

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

**NOMINATION AND REMUNERATION COMMITTEE**

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

Due to resignation of Shri Arun Sanghi, the Committee is left with only two directors on the Committee (Shri Ajit P. Walwaikar and Shri Harish Shah). Hence, the Board appointed Shri. Pheroze Dhanbhoora being a member in the Committee on 14<sup>th</sup> November, 2018.

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 two (2) times during the financial year ended on 31/03/2019. The attendance records of the members at the meeting were as follows:

| Name of the Member       | Designation | No. of Meetings Attended |
|--------------------------|-------------|--------------------------|
| Shri. Ajit P. Walwaikar  | Chairman    | 2                        |
| Shri. Pheroze Dhanbhoora | Member      | 1                        |
| Shri. Harish H. Shah     | Member      | 2                        |

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

Due to resignation of Shri Arun Sanghi, the Committee is left with only two directors on the Committee (Shri Ajit P. Walwaikar and Shri Adi F. Madan). Hence, the Board appointed Shri. Pheroze Dhanbhoora being a member in the Committee on 14<sup>th</sup> November, 2018.

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 31/03/2019. The attendance records of the members at the meeting were as follows:

| Name of the Member          | Designation | No. of Meetings Attended |
|-----------------------------|-------------|--------------------------|
| Shri. Ajit P. Walwaikar     | Chairman    | 4                        |
| Shri. Pheroze A. Dhanbhoora | Member      | 2                        |
| Mr. 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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- 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 2019 and of the profit and loss of the Company for the period ended 31<sup>st</sup> March 2019;
- 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;
- The Directors had prepared the annual accounts on a going concern basis;
- 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
- 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, 2019 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 2018-19, in the Board Meeting held on 14<sup>th</sup> November, 2018. The Report of the Secretarial Auditor for the F.Y 2018-19 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. 2018-19 is annexed and forms part of this Report as **Annexure - III**.

**DETAILS RELATING TO DEPOSITS**

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

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

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

**INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY**

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

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

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

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

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

During the year, your Company transferred ₹1,14,150 for the financial year ended 31<sup>st</sup> March, 2010 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 17,650 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-averse basis.

**Commodity Prices Risk:**

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

**Compliance Risk:**

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

**People Risk:**

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

**CORPORATE SOCIAL RESPONSIBILITY**

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

**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 on 25-05-2018.

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, including the Chairman of the Board. The exercise was carried out

through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc.

**MEETING OF INDEPENDENT DIRECTORS**

All the independent Directors of the Company held a meeting on 12<sup>th</sup> February 2019, 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 2018-19.

**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 2020 to the Bombay Stock Exchange on **24<sup>th</sup> April, 2019**.

**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 2018-19:

No. of complaints received: Nil

No. of complaints disposed of: Not applicable

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANACIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN 31-03-2019 AND DATE OF THIS REPORT**

There were no Material changes and Commitments affecting the Financial Positions of the Company which have occurred between 31-03-2019 and date of this report.

**PARTICULARS OF EMPLOYEES**

As per provision of Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of the employees are required to be annexed in respect of the employees of the Company who were in receipt of total remuneration of ₹60.00 Lakh per



annum or ₹5.00 Lakh per month. During the financial year 2018-19, 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 : 22<sup>nd</sup> May, 2019.

**Adi F. Madan**  
*Managing Director*

**Pheroze A. 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 31<sup>st</sup> March, 2019  
[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                                                                         | <b>L29199GJ1990PLC014514</b>                                                                                                                                                                                    |
| ii) Registration Date                                                          | 14/10/1990                                                                                                                                                                                                      |
| iii) Name of the Company                                                       | <b>VIRAT INDUSTRIES LIMITED</b>                                                                                                                                                                                 |
| 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,<br>Navsari, Gujarat, India, PIN - 396 424.<br>Tel.: 02637-265011/265022 Fax: 02637-265712<br>Email: factory@viratindustries.com<br>Website: www.viratindustries.com |
| vi) Whether listed Company Yes / No                                            | Yes                                                                                                                                                                                                             |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | <b>Link Intime India Private Limited</b><br>C - 101, 247 Park,<br>L.B.S. Marg, Vikhroli (W),<br>Mumbai, Maharashtra, India, PIN - 400 083.<br>Tel: 022-25963838<br>Email: rnt.helpdesk@linkintime.co.in         |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

| Category of Shareholders |                                                           | No. of Shares held at the beginning of the year 01/04/2018 |          |                  |                   | No. of Shares held at the end of the year 31/03/2019 |          |                  |                   | % Change during the year |
|--------------------------|-----------------------------------------------------------|------------------------------------------------------------|----------|------------------|-------------------|------------------------------------------------------|----------|------------------|-------------------|--------------------------|
|                          |                                                           | Demat                                                      | Physical | Total            | % of Total Shares | Demat                                                | Physical | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>      |                                                           |                                                            |          |                  |                   |                                                      |          |                  |                   |                          |
| (1)                      | Indian                                                    |                                                            |          |                  |                   |                                                      |          |                  |                   |                          |
| a)                       | Individual/Hindu Undivided Family                         | 584,934                                                    | -        | 584,934          | 11.881            | 584,934                                              | -        | 584,934          | 11.881            | -                        |
| b)                       | Central Government                                        | -                                                          | -        | -                | -                 | -                                                    | -        | -                | -                 | -                        |
| c)                       | State Governments                                         | -                                                          | -        | -                | -                 | -                                                    | -        | -                | -                 | -                        |
| d)                       | Bodies Corporate                                          | 1,753,795                                                  | -        | 1,753,795        | 35.622            | 1,753,795                                            | -        | 1,753,795        | 35.622            | -                        |
| e)                       | Banks/Family Institutions                                 | -                                                          | -        | -                | -                 | -                                                    | -        | -                | -                 | -                        |
| f)                       | Any Other....                                             | -                                                          | -        | -                | -                 | -                                                    | -        | -                | -                 | -                        |
|                          | <b>Sub-total (A) (1)</b>                                  | <b>2,338,729</b>                                           | <b>-</b> | <b>2,338,729</b> | <b>47.503</b>     | <b>2,338,729</b>                                     | <b>-</b> | <b>2,338,729</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 (A) = (A)(1)+(A)(2)</b> | <b>2,338,729</b>                                           | <b>-</b> | <b>2,338,729</b> | <b>47.503</b>     | <b>2,338,729</b>                                     | <b>-</b> | <b>2,338,729</b> | <b>47.503</b>     | <b>-</b>                 |

| Category of Shareholders                                                       | No. of Shares held at the beginning of the year 01/04/2018 |                |                  |                   | No. of Shares held at the end of the year 31/03/2019 |                |                  |                   | % 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                                                                | -                                                          | 3,000          | 3,000            | 0.061             | -                                                    | 3,000          | 3,000            | 0.061             | -                        |
| b) Banks / Family Institutions                                                 | -                                                          | -              | -                | -                 | -                                                    | -              | -                | -                 | -                        |
| c) Central Government                                                          | -                                                          | -              | -                | -                 | -                                                    | -              | -                | -                 | -                        |
| d) State Governments                                                           | -                                                          | -              | -                | -                 | -                                                    | -              | -                | -                 | -                        |
| e) Venture Capital Funds                                                       | -                                                          | -              | -                | -                 | -                                                    | -              | -                | -                 | -                        |
| f) Insurance Companies                                                         | -                                                          | -              | -                | -                 | -                                                    | -              | -                | -                 | -                        |
| g) Foreign Institutional Investors                                             | -                                                          | -              | -                | -                 | -                                                    | -              | -                | -                 | -                        |
| h) Foreign Venture Capital Investors                                           | -                                                          | -              | -                | -                 | -                                                    | -              | -                | -                 | -                        |
| i) Others                                                                      | -                                                          | -              | -                | -                 | -                                                    | -              | -                | -                 | -                        |
| <b>Sub-total (B)(1)</b>                                                        | -                                                          | <b>3,000</b>   | <b>3,000</b>     | <b>0.061</b>      | -                                                    | <b>3,000</b>   | <b>3,000</b>     | <b>0.061</b>      | -                        |
| [2] Non – Institutions                                                         |                                                            |                |                  |                   |                                                      |                |                  |                   |                          |
| a) Bodies Corporate                                                            |                                                            |                |                  |                   |                                                      |                |                  |                   |                          |
| i) Indian                                                                      | 121,191                                                    | 15,800         | 136,991          | 2.782             | 103,487                                              | 15,800         | 119,287          | 2.423             | (0.360)                  |
| ii) Overseas                                                                   |                                                            |                |                  |                   |                                                      |                |                  |                   |                          |
| b) Individuals                                                                 |                                                            |                |                  |                   |                                                      |                |                  |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹1 lakh          | 1,032,395                                                  | 209,540        | 1,241,935        | 25.225            | 1,066,494                                            | 178,440        | 1,244,934        | 25.286            | 0.061                    |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 468,794                                                    | 22,000         | 490,794          | 9.969             | 467,863                                              | 22,000         | 489,863          | 9.950             | (0.019)                  |
| c) Others                                                                      |                                                            |                |                  |                   |                                                      |                |                  |                   |                          |
| i) Hindu Undivided Family                                                      | 93,634                                                     | -              | 93,634           | 1.902             | 97,101                                               | -              | 97,101           | 1.972             | 0.070                    |
| ii) Clearing Member                                                            | 28,558                                                     | -              | 28,558           | 0.580             | 20,551                                               | -              | 20,551           | 0.417             | (0.163)                  |
| iii) Non Resident Indians (Repat)                                              | 27,495                                                     | -              | 27,495           | 0.558             | 26,666                                               | -              | 26,666           | 0.542             | (0.017)                  |
| iv) Non Resident Indians (Non Repat)                                           | 7,154                                                      | -              | 7,154            | 0.145             | 10,509                                               | -              | 10,509           | 0.213             | 0.068                    |
| v) Foreign Companies                                                           | 492,340                                                    | -              | 492,340          | 10.000            | 492,340                                              | -              | 492,340          | 10.000            | -                        |
| vi) IEPF                                                                       | 59,710                                                     | -              | 59,710           | 1.213             | 77,360                                               | -              | 77,360           | 1.571             | 0.358                    |
| vii) Overseas Bodies Corporates                                                | -                                                          | 3,000          | 3,000            | 0.061             | -                                                    | 3,000          | 3,000            | 0.061             | -                        |
| <b>Sub-total (B)(2)</b>                                                        | <b>2,331,271</b>                                           | <b>250,340</b> | <b>2,581,611</b> | <b>52.436</b>     | <b>2,362,371</b>                                     | <b>219,240</b> | <b>2,581,611</b> | <b>52.436</b>     | <b>0.000</b>             |
| <b>Total Shareholding of Public (B) = (B)(1)+(B)(2)</b>                        | <b>2,331,271</b>                                           | <b>253,340</b> | <b>2,584,611</b> | <b>52.497</b>     | <b>2,362,371</b>                                     | <b>222,240</b> | <b>2,584,611</b> | <b>52.497</b>     | <b>0.000</b>             |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                         | -                                                          | -              | -                | -                 | -                                                    | -              | -                | -                 | -                        |
| <b>Grand Total (A+B+C)</b>                                                     | <b>4,670,000</b>                                           | <b>253,340</b> | <b>4,923,340</b> | <b>100.000</b>    | <b>4,701,100</b>                                     | <b>222,240</b> | <b>4,923,340</b> | <b>100.000</b>    | -                        |

**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name                         | Shareholding at the beginning of the year - 01/04/2018 |                                  |                                                 | Shareholding at the end of the year - 31/03/2019 |                                  |                                                 | % change in share holding during the year |
|---------|--------------------------------------------|--------------------------------------------------------|----------------------------------|-------------------------------------------------|--------------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------------|
|         |                                            | No. of Shares                                          | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares                                    | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares |                                           |
| 1       | SHAPOORJEE CHANDABHOY FINVEST PRIVATE LTD. | 1,753,795                                              | 35.62                            | –                                               | 1,753,795                                        | 35.62                            | –                                               | –                                         |
| 2       | NAOZER J AGA                               | 475,277                                                | 9.65                             | –                                               | –                                                | –                                | –                                               | -9.65                                     |
| 3       | KAIZAD R DADYBURJOR                        | 53,004                                                 | 1.07                             | –                                               | 53,004                                           | 1.07                             | –                                               | -                                         |
| 4       | ARMAND NAOZER AGA                          | 17,117                                                 | 0.34                             | –                                               | 267,678                                          | 5.43                             | –                                               | 5.09                                      |
| 5       | AYESHA K DADYBURJOR                        | 17,536                                                 | 0.36                             | –                                               | 242,252                                          | 4.92                             | –                                               | 4.56                                      |
| 6       | RUSI H DADYBURJOR                          | 11,000                                                 | 0.22                             | –                                               | 11,000                                           | 0.22                             | –                                               | –                                         |
| 7       | ZENOBIA R DADYBURJOR                       | 11,000                                                 | 0.22                             | –                                               | 11,000                                           | 0.22                             | –                                               | –                                         |
|         | <b>Total</b>                               | <b>2,338,729</b>                                       | <b>47.48</b>                     | <b>–</b>                                        | <b>2,338,729</b>                                 | <b>47.48</b>                     | <b>–</b>                                        | <b>0</b>                                  |

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

| Sl. No. | Particulars                         | Shareholding at the beginning of the year - 01/04/2018 |                                  | Shareholding at the end of the year - 31/03/2019 |                                  |
|---------|-------------------------------------|--------------------------------------------------------|----------------------------------|--------------------------------------------------|----------------------------------|
|         |                                     | No. of Shares                                          | % of total Shares of the Company | No. of Shares                                    | % of total Shares of the Company |
|         | <b>AT THE BEGINNING OF THE YEAR</b> | 2,338,729                                              | 47.48                            | 2,338,729                                        | 47.48                            |
|         | <b>NAME OF THE PROMOTERS</b>        | <b>CHANGE DURING THE YEAR</b>                          |                                  |                                                  |                                  |
| 1       | ARMAND NAOZER AGA                   | 250561 (DUE TO TRANSMISSION OF SHARES)                 |                                  |                                                  |                                  |
| 2       | AYESHA K. DADYBURJOR                | 224716 ( DUE TO TRANSMISSION OF SHARES)                |                                  |                                                  |                                  |
| 3       | NAOZER J AGA                        | (-475277) ( DUE TO TRANSMISSION OF SHARES)             |                                  |                                                  |                                  |
|         | <b>AT THE END OF THE YEAR</b>       | <b>2,338,729</b>                                       | <b>47.48</b>                     | <b>2,338,729</b>                                 | <b>47.48</b>                     |

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

| Sl. No. | For Each of the Top 10 Shareholders                                         | Shareholding at the beginning of the year - 01/04/2018 |                                  | Shareholding at the end of the year - 31/03/2019 |                                  |
|---------|-----------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------|--------------------------------------------------|----------------------------------|
|         |                                                                             | No. of shares                                          | % of total shares of the Company | No. of shares                                    | % of total shares of the Company |
| 1       | H M INVESTMENTS (UK) LIMITED                                                | 492,340                                                | 10.00                            | <b>492,340</b>                                   | <b>10.00</b>                     |
| 2       | PRAMILA HEMRAJ MUNOT / LATA MUNOT                                           | 177,542                                                | 3.61                             | <b>177,542</b>                                   | <b>3.61</b>                      |
| 3       | ADI F MADAN                                                                 | 118,406                                                | 2.40                             | <b>118,406</b>                                   | <b>2.40</b>                      |
| 4       | INVESTOR EDUCATION PROTECTION FUND AUTHORITY, MINISTRY OF CORPORATE AFFAIRS | 59,710                                                 | 1.21                             | <b>77,360</b>                                    | <b>1.57</b>                      |
| 5       | BOMSI WADIA                                                                 | 45,203                                                 | 0.92                             | <b>45,203</b>                                    | <b>0.92</b>                      |
| 6       | VIKRAM ADVISORY SERVICES PRIVATE LIMITED                                    | 44,000                                                 | 0.89                             | <b>44,000</b>                                    | <b>0.89</b>                      |
| 7       | DILIP NAVIN DALAL                                                           | 28,750                                                 | 0.58                             | <b>27,650</b>                                    | <b>0.56</b>                      |
| 8       | NARAYANBHAI K PATEL                                                         | 25,000                                                 | 0.51                             | <b>25,000</b>                                    | <b>0.51</b>                      |
| 9       | VIKAS MUNOT / LATA MUNOT                                                    | 23,762                                                 | 0.48                             | <b>23,762</b>                                    | <b>0.48</b>                      |
| 10      | PHARMASYNTH FORMULATIONS LTD.                                               | 16,702                                                 | 0.34                             | <b>16,702</b>                                    | <b>0.34</b>                      |

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

| Sl. No. | For Each of the Directors and KMP         | Shareholding at the beginning of the year - 01/04/2018 |                                  | Shareholding at the end of the year - 31/03/2019 |                                  |
|---------|-------------------------------------------|--------------------------------------------------------|----------------------------------|--------------------------------------------------|----------------------------------|
|         |                                           | No. of shares                                          | % of total shares of the Company | No. of shares                                    | % of total shares of the Company |
| 1       | NAOZER J AGA / ARMAND N AGA               | 250,561                                                | 5.09                             | –                                                | –                                |
| 2       | NAOZER J AGA / AYESHA K DADYBURJOR        | 224,716                                                | 4.56                             | –                                                | –                                |
| 3       | ADI MADAN / AYESHA MADAN/ JEHAN ADI MADAN | 134,205                                                | 2.73                             | <b>134,205</b>                                   | <b>2.73</b>                      |
| 4       | KAIZAD R DADYBURJOR / AYESHA K DADYBURJOR | 53,004                                                 | 1.08                             | <b>53,004</b>                                    | <b>1.08</b>                      |
| 5       | ARMAND NAOZER AGA                         | 17,117                                                 | 0.35                             | <b>267,678</b>                                   | <b>5.44</b>                      |
| 6       | AYESHA K. DADYBURJOR                      | 17,536                                                 | 0.36                             | <b>242,252</b>                                   | <b>4.92</b>                      |
| 7       | HARISHCHANDRA H SHAH                      | 50                                                     | 0.00                             | <b>50</b>                                        | <b>0.00</b>                      |
| 8       | BHAVIK R MAISURIA                         | 82                                                     | 0.00                             | <b>82</b>                                        | <b>0.00</b>                      |
| 8       | TONY GANDHI                               | –                                                      | –                                | –                                                | –                                |



**V. INDEBTEDNESS**

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

| Particulars                                            | Secured Loans<br>excluding Deposits | Unsecured<br>Loans | Deposits       | Total<br>Indebtedness |
|--------------------------------------------------------|-------------------------------------|--------------------|----------------|-----------------------|
| Indebtedness at the beginning<br>of the financial year |                                     |                    |                |                       |
| i) Principal Amount                                    | 20,768,196                          | –                  | 500,000        | 20,768,196            |
| ii) Interest due but not paid                          | 15,217                              | –                  | 26,145         | –                     |
| iii) Interest accrued but not due                      | –                                   | –                  | –              | –                     |
| <b>Total (i+ii+iii)</b>                                | <b>20,783,413</b>                   | <b>–</b>           | <b>526,145</b> | <b>20,768,196</b>     |
| Change in Indebtedness<br>during the financial year    |                                     |                    |                |                       |
| – Addition                                             | –                                   | –                  | 100,000        | –                     |
| – Reduction                                            | 15,989,718                          | –                  | 175,000        | 15,989,718            |
| Net Change                                             | -15,989,718                         | –                  | -75,000        | -15,989,718           |
| Indebtedness at the end of the financial year          |                                     |                    |                |                       |
| i) Principal Amount                                    | 4,793,695                           | –                  | 451,145        | 4,793,695             |
| ii) Interest due but not paid                          | –                                   | –                  | 33,060         | –                     |
| iii) Interest accrued but not due                      | –                                   | –                  | –              | –                     |
| <b>Total (i+ii+iii)</b>                                | <b>4,793,695</b>                    | <b>–</b>           | <b>484,205</b> | <b>4,793,695</b>      |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

| Sl. No. | Particulars of Remuneration                                                    | Shri. Adi F. Madan<br>Managing Directors | Smt. Ayesha K. DadyBurjor<br>Whole-time Director | Total            |
|---------|--------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------|------------------|
| 1       | Gross Salary:                                                                  |                                          |                                                  |                  |
| (a)     | Salary as per provisions contained in section 17(1) of the Income–tax Act,1961 | 4,081,728                                | 1,697,760                                        | 5,779,488        |
| (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                                                         | –                                        | –                                                | –                |
|         | <b>Total (A)</b>                                                               | <b>4,081,728</b>                         | <b>1,697,760</b>                                 | <b>5,779,488</b> |
|         | Ceiling as per the Act                                                         |                                          |                                                  |                  |

## B. Remuneration to Other Directors:

| Sl. No. | Particulars of Remuneration                 | Name of Directors                     |                       |                                        |                    |                                       |                        | Total Amount        |
|---------|---------------------------------------------|---------------------------------------|-----------------------|----------------------------------------|--------------------|---------------------------------------|------------------------|---------------------|
|         |                                             | Mr. Arun S. Sanghi (Up to 25-10-2018) | Mr. Ajit P. Walwaikar | Mr. Vinay V. Sanghi (Up to 31-07-2018) | Mr. Harish H. Shah | Mr. Vijay Marchant (Up to 20-11-2018) | Mr. Pheroze Dhanbhoora |                     |
| 1       | <b>Independent Directors</b>                |                                       |                       |                                        |                    |                                       |                        |                     |
|         | Fee for attending Board, Committee Meetings | 170,000                               | 270,000               | 35,000                                 | 205,000            | 165,000                               | 210,000                | 1,055,000           |
|         | Commission                                  | –                                     | –                     | –                                      | –                  | –                                     | –                      | –                   |
|         | Others, please specify                      | –                                     | –                     | –                                      | –                  | –                                     | –                      | –                   |
|         | <b>Total (1)</b>                            | <b>170,000</b>                        | <b>270,000</b>        | <b>35,000</b>                          | <b>205,000</b>     | <b>165,000</b>                        | <b>210,000</b>         | <b>1,055,000</b>    |
| 2       | <b>Other Non-Executive Directors</b>        |                                       |                       |                                        |                    | <b>Mr. Kaizad DadyBurjor</b>          |                        | <b>Total Amount</b> |
|         | Fee for attending Board, Committee Meetings |                                       |                       |                                        |                    | 115,000                               |                        | 115,000             |
|         | Commission                                  |                                       |                       |                                        |                    | –                                     |                        | –                   |
|         | Others, please specify                      |                                       |                       |                                        |                    | –                                     |                        | –                   |
|         | <b>Total (2)</b>                            |                                       |                       |                                        |                    | <b>115,000</b>                        |                        | <b>115,000</b>      |
|         | <b>Total (B)=(1+2)</b>                      |                                       |                       |                                        |                    |                                       |                        | <b>1,170,000</b>    |
|         | Total Managerial Remuneration               |                                       |                       |                                        |                    |                                       |                        |                     |
|         | Overall Ceiling as per the Act              |                                       |                       |                                        |                    |                                       |                        |                     |

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

| Sl. No. | Particulars of Remuneration                                                     | Key Managerial Personnel                  |                                                     | Total          |
|---------|---------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------|----------------|
|         |                                                                                 | Shri. Tony G. Gandhi<br>Company Secretary | Shri. Bhavik R. Maisuria<br>Chief Financial Officer |                |
| 1       | Gross Salary:                                                                   |                                           |                                                     |                |
| (a)     | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 265,807                                   | 674,648                                             | 940,455        |
| (b)     | Value of perquisites u/s 17(2) Income-tax Act, 1961                             | –                                         | 16,305                                              | 16,305         |
| (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                                                          | –                                         | –                                                   |                |
|         | <b>Total</b>                                                                    | <b>265,807</b>                            | <b>690,953</b>                                      | <b>956,760</b> |

## 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, 2019

[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, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 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:

We 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, 2019 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

Place : Surat,

Dated : 13<sup>th</sup> May, 2019.

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

**Annexure - 'A'**

To,  
The Members,  
**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)

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

Place : Surat,  
Dated : 13<sup>th</sup> May, 2019.

## ANNEXURE - III

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

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

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

- i) Maintained the power factor to 0.999, throughout the year and got rebate of ₹ 172027/- on this account in electricity bills.
- ii) Installed VSD (Variable Speed drive) on central suction machines to control the suction flow by varying the speed of the motor, before it was controlled manually by damper. This resulted in Electricity unit saving of ₹ 94,000 per month in electricity bill and saving of 518kwh/day.

As the result of above changes, the power consumption per pair of sock production decreased from 0.32 KWH in 2017-18 to 0.31 KWH in 2018-19,

*Natural Gas:*

- i) Reduced steam leakages from boiler house to plant level and maintained the same throughout the year.
- ii) Installed one high speed socks boarding processing machine. The production of the said machine is three time more than the existing Socks boarding machine which has resulted in saving of Rs. 499264/year on the account of Natural Gas.

The natural gas consumption for 1000 pairs of socks is 11.10 Standard Cubic Meters in 2018-19, as against 12.40 in 2017-18.

**(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 90.97% of total revenues were derived from the export.

| <b>Total Foreign Exchange Used and Earned:</b> | <b>(₹ in Lakhs)</b> |
|------------------------------------------------|---------------------|
| a. i. Total foreign exchange earned            | 1972.14             |
| ii. Others                                     | 20.20               |
| <b>SUB-TOTAL (a)</b>                           | <b>1992.34</b>      |
| b. Total foreign exchange used                 |                     |
| i. For import of Plant and Machinery           | 4.23                |
| ii. For Spares, etc.                           | 12.97               |
| iii. Raw Materials                             | -                   |
| iv. For Dividend remitted                      | 7.39                |
| v. Others                                      | 15.80               |
| <b>SUB-TOTAL (b)</b>                           | <b>40.39</b>        |
| % of Import to Export                          | 2.03%               |



## PARTICULARS WITH RESPECT TO ABSORPTION

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

- i) New styles of socks by using BC-1 Cotton yarn and various types of Lurex yarn have been developed as required by some of our overseas client.
- ii) Upgrading in packing materials has been done for better presentation and improved aesthetic value of socks.

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

New Business in export market.

**3. Future plan of action:**

To be planned

**4. Expenditure on R & D:**

Not ascertainable

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

**Technology absorption, adaptation and innovation:****1. Efforts in brief, made towards technology absorption, adaptation and innovation:**

The Company has not imported any technology. It has imported major plant and machinery.

**2. Benefits, derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:**

Not Applicable

**3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:**

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

## ANNEXURE - IV

## FORM NO. AOC - 2

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

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

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

Not Applicable

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

|                                                                                                                         |                |
|-------------------------------------------------------------------------------------------------------------------------|----------------|
| (a) Name(s) of the related party and nature of relationship                                                             | 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 passed in General Meeting as required under first proviso to section 188 : | NOT APPLICABLE |

## ANNEXURE - V

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

| Sl. No. | Requirements                                                                                                                                                             | Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Ratio |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| (i)     | The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;                                        | <u>Remuneration:</u><br><u>Executive Directors:</u><br>Mr. Adi F. Madan<br>Managing Director<br>32.37<br><br>Mrs. Ayesha K. DadyBurjor<br>Whole-time Director<br>13.53<br><br><u>Sitting Fees:</u><br><u>Independent Directors:</u><br>Mr. Arun S. Sanghi - Director<br>(Up to 25-10-2018)<br>1.36<br>Mr. Ajit P. Walwaikar - Director<br>2.15<br>Mr. Harish H. Shah - Director<br>1.63<br>Mr. Vinay V. Sanghi - Director<br>(Up to 31-07-2018)<br>0.28<br><br><u>Non-Independent Directors:</u><br>Mr. Vijay V. Merchant - Chairman<br>(Up to 20-11-2018)<br>1.32<br>Mr. Kaizad R. DadyBurjor - Director<br>0.92<br>Mr. Pheroze A. Dhanbhoora - Director<br>1.67 |       |
| (ii)    | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; | Managing Director<br>3.96%<br>Whole-time Director<br>3.18%<br>Company Secretary<br>—<br>Chief Financial Officer<br>5.18%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |       |
| (iii)   | The percentage increase in the median remuneration of employees in the financial year;                                                                                   | The median remuneration of the employees in the financial year decreased by 0.49%.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |       |
| (iv)    | The number of permanent employees on the rolls of the Company;                                                                                                           | There were 170 employees as on March 31, 2019.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |       |

| Sl. No. | Requirements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                       |                |         |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------|
| (v)     | The explanation on the relationship between average increase in remuneration and Company performance;                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>(₹ in Thousand)</b>                                                                                                                                                                                                                                                                                                                                                                                                                           |                |         |
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Details</b>                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>2018-19</b> | 2017-18 |
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Total Income                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>243689</b>  | 356898  |
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | PBT                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>10580</b>   | 49471   |
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | PBT % of Total Income                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>4.34</b>    | 13.86   |
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Average decrease of 5.35% during reporting financial year.                                                                                                                                                                                                                                                                                                                                                                                       |                |         |
| (vi)    | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;                                                                                                                                                                                                                                                                                                                                                                                                                                 | For the FY 2018-19, KMPs were paid approx 63.31% of the net profit before tax for the year.                                                                                                                                                                                                                                                                                                                                                      |                |         |
| (vii)   | Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed Companies, and in case of unlisted Companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year; | <p>The Market capitalization of the Company has decreased from ₹802,504 thousand as of March 31, 2018 to ₹289,492 thousand as of March 31, 2019. Over the same period, the price to earnings ratio moved from 23.49 to 41.12. The Virat Industries Limited stock price as at March 31, 2019 has decreased by 63.93% and by ₹104.20 over the last financial year.</p> <p>During the year, the Company did not come out with any public offer.</p> |                |         |
| (viii)  | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;                                                                                                                                                                                    | <p>During the year, the non-managerial remuneration decreased by 14.78% being the rise in minimum wages as declared by government of Gujarat.</p> <p>There is no rise in managerial remuneration during the year.</p>                                                                                                                                                                                                                            |                |         |

| Sl. No.                 | Requirements                                                                                                                                                                               | Disclosure                                                                                                                                                                                                                                                                                                                                                          |                                |                                |                   |        |                     |        |                         |       |                   |       |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|-------------------|--------|---------------------|--------|-------------------------|-------|-------------------|-------|
| (ix)                    | Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company                                                                                  | The comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company is as under :                                                                                                                                                                                                                                         |                                |                                |                   |        |                     |        |                         |       |                   |       |
|                         |                                                                                                                                                                                            | <table border="1"> <thead> <tr> <th>Particulars</th> <th>% of Net Profit for FY 2018-19</th> </tr> </thead> <tbody> <tr> <td>Managing Director</td> <td>38.37%</td> </tr> <tr> <td>Whole-time Director</td> <td>16.05%</td> </tr> <tr> <td>Chief Financial Officer</td> <td>6.38%</td> </tr> <tr> <td>Company Secretary</td> <td>2.51%</td> </tr> </tbody> </table> | Particulars                    | % of Net Profit for FY 2018-19 | Managing Director | 38.37% | Whole-time Director | 16.05% | Chief Financial Officer | 6.38% | Company Secretary | 2.51% |
|                         |                                                                                                                                                                                            | Particulars                                                                                                                                                                                                                                                                                                                                                         | % of Net Profit for FY 2018-19 |                                |                   |        |                     |        |                         |       |                   |       |
|                         |                                                                                                                                                                                            | Managing Director                                                                                                                                                                                                                                                                                                                                                   | 38.37%                         |                                |                   |        |                     |        |                         |       |                   |       |
|                         |                                                                                                                                                                                            | Whole-time Director                                                                                                                                                                                                                                                                                                                                                 | 16.05%                         |                                |                   |        |                     |        |                         |       |                   |       |
| Chief Financial Officer | 6.38%                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                     |                                |                                |                   |        |                     |        |                         |       |                   |       |
| Company Secretary       | 2.51%                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                     |                                |                                |                   |        |                     |        |                         |       |                   |       |
|                         |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                     |                                |                                |                   |        |                     |        |                         |       |                   |       |
|                         |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                     |                                |                                |                   |        |                     |        |                         |       |                   |       |
|                         |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                     |                                |                                |                   |        |                     |        |                         |       |                   |       |
| (x)                     | The key parameters for any variable component of remuneration availed by the Directors;                                                                                                    | 1% commission of net profit of the Company if applicable as per section 197 and 198 of the Companies Act, 2013 and if decided by the Board.                                                                                                                                                                                                                         |                                |                                |                   |        |                     |        |                         |       |                   |       |
| (xi)                    | The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year; | None                                                                                                                                                                                                                                                                                                                                                                |                                |                                |                   |        |                     |        |                         |       |                   |       |
| (xii)                   | Affirmation that the remuneration is as per the remuneration policy of the Company.                                                                                                        | Yes                                                                                                                                                                                                                                                                                                                                                                 |                                |                                |                   |        |                     |        |                         |       |                   |       |

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of  
**VIRAT INDUSTRIES LIMITED**

Report on the 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 31<sup>st</sup> March 2019, 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, 2019, 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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.

| <b>Key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Our response to Key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Other Operating Revenue</b></p> <p>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 verification financial statements</p> <p>Other Operating revenue mainly consisting 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>Principle audit procedures:</b></p> <p>Our audit procedures included reviewing appropriateness of Company's accounting policies in recognition of other operating income, 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 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 standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

#### **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 OCI, 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 Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 litigation;
  - 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)

Place: Mumbai  
Date: 22<sup>nd</sup> May, 2019.

**Shirish Rahalkar**  
*Partner*  
(Membership No. 111212)

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**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, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for 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.

**Auditors’ 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, 2019, 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)

Place: Mumbai  
Date: 22<sup>nd</sup> May, 2019.

**Shirish Rahalkar**  
*Partner*  
(Membership No. 111212)

**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, 2019

We have audited the internal financial controls over financial reporting of **Virat Industries Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

- 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, 2019.
- 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 31st March, 2019. 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, Service Tax, Value Added Tax, GST 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, 2019 for a period of more than 6 months from the date they become payable.  
ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST 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 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)

Place: Mumbai  
Date: 22<sup>nd</sup> May, 2019.

**Shirish Rahalkar**  
*Partner*  
(Membership No. 111212)

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019

(₹ 000)

| Particulars                                                               | Note No. | As at 31 March, 2019 | As at 31 March, 2018 |
|---------------------------------------------------------------------------|----------|----------------------|----------------------|
| <b>A ASSETS</b>                                                           |          |                      |                      |
| <b>1 Non-current assets</b>                                               |          |                      |                      |
| (a) Property, Plant and Equipment                                         | 3        | 104,269              | 108,120              |
| (b) Capital work-in-progress                                              |          | –                    | 12,037               |
| (c) Financial Assets                                                      |          |                      |                      |
| (i) Loans                                                                 | 4        | 294                  | 474                  |
| (ii) Other financial assets                                               | 5        | 2,329                | 2,329                |
| (d) Other non-current assets                                              | 6        | 2,714                | 4,111                |
| <b>Total Non-Current Assets</b>                                           |          | <b>109,606</b>       | <b>127,071</b>       |
| <b>2 Current assets</b>                                                   |          |                      |                      |
| (a) Inventories                                                           | 7        | 60,473               | 75,347               |
| (b) Financial Assets                                                      |          |                      |                      |
| (i) Trade receivables                                                     | 8        | 33,342               | 27,837               |
| (ii) Cash and cash equivalents                                            | 9        | 4,995                | 5,691                |
| (iii) Bank balances other than (ii) above                                 | 9        | 8,564                | 7,676                |
| (iv) Loans                                                                | 10       | 185                  | 189                  |
| (v) Other financial assets                                                | 11       | 1,441                | 1,487                |
| (c) Other current assets                                                  | 12       | 22,735               | 26,068               |
| <b>Total Current Assets</b>                                               |          | <b>131,735</b>       | <b>144,295</b>       |
| <b>Total Assets (1+2)</b>                                                 |          | <b>241,341</b>       | <b>271,366</b>       |
| <b>B EQUITY AND LIABILITIES</b>                                           |          |                      |                      |
| <b>1 Equity</b>                                                           |          |                      |                      |
| (a) Equity share capital                                                  | 13       | 49,233               | 49,233               |
| (b) Other equity                                                          | 14       | 152,875              | 155,163              |
| <b>Total equity (a+b)</b>                                                 |          | <b>202,108</b>       | <b>204,396</b>       |
| <b>Liabilities</b>                                                        |          |                      |                      |
| <b>2 Non-current Liabilities</b>                                          |          |                      |                      |
| (a) Financial Liabilities                                                 |          |                      |                      |
| (i) Borrowings                                                            | 15       | –                    | 820                  |
| (b) Provisions                                                            | 16       | 1,342                | 1,306                |
| (c) Deferred tax liabilities (Net)                                        | 17       | 4,180                | 4,458                |
| (d) Other non-current liabilities                                         | 18       | 425                  | 500                  |
| <b>Total non-current Liabilities</b>                                      |          | <b>5,947</b>         | <b>7,084</b>         |
| <b>3 Current liabilities</b>                                              |          |                      |                      |
| (a) Financial Liabilities                                                 |          |                      |                      |
| (i) Borrowings                                                            | 19       | 4,000                | 17,333               |
| (ii) Trade payables                                                       | 20       |                      |                      |
| (a) dues to micro enterprises and small enterprises                       |          | 10                   | –                    |
| (b) dues of creditors other than micro enterprises and small enterprises  |          | 22,659               | 35,230               |
| (iii) Other financial liabilities (other than in (b) below)               | 21       | 3,382                | 4,946                |
| (b) Provisions                                                            | 22       | 238                  | 445                  |
| (c) Current tax liabilities (Net)                                         |          | –                    | 124                  |
| (d) Other current liabilities                                             | 23       | 2,997                | 1,808                |
| <b>Total Current Liabilities</b>                                          |          | <b>33,286</b>        | <b>59,886</b>        |
| <b>Total Equity and Liabilities (1+2+3)</b>                               |          | <b>241,341</b>       | <b>271,366</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

**Shirish Rahalkar**  
Partner  
Membership No.:111212

For and on behalf of the Board of Directors

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

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

**Bhavik R. Maisuria**  
Chief Financial Officer

**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

Mumbai, Dated: 22<sup>nd</sup> May, 2019.

Mumbai, Dated: 22<sup>nd</sup> May, 2019.



STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2019

(₹ 000)

| Particulars                                                                                                                | Note No. | For the year ended 31 March, 2019 | For the year ended 31 March, 2018 |
|----------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------|-----------------------------------|
| I Revenue from operations                                                                                                  | 24       | 241,343                           | 340,882                           |
| II Other Income                                                                                                            | 25       | 2,347                             | 16,016                            |
| <b>III Total Income (I + II)</b>                                                                                           |          | <b>243,690</b>                    | <b>356,898</b>                    |
| <b>IV EXPENSES</b>                                                                                                         |          |                                   |                                   |
| (a) Cost of materials consumed                                                                                             | 26       | 87,014                            | 133,981                           |
| (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade                                          | 27       | 9,885                             | (8,471)                           |
| (c) Employee benefit expense                                                                                               | 28       | 45,774                            | 51,769                            |
| (d) Finance costs                                                                                                          | 29       | 1,020                             | 1,350                             |
| (e) Depreciation and amortisation expense                                                                                  | 3        | 19,360                            | 16,238                            |
| (f) Other expenses                                                                                                         | 30       | 70,055                            | 112,560                           |
| <b>Total Expenses (IV)</b>                                                                                                 |          | <b>233,108</b>                    | <b>307,427</b>                    |
| <b>V Profit/(loss) before tax (III - IV)</b>                                                                               |          | <b>10,582</b>                     | <b>49,471</b>                     |
| <b>VI Tax Expense</b>                                                                                                      |          |                                   |                                   |
| (1) Current tax                                                                                                            |          | 4,239                             | 12,795                            |
| (2) Short provision for tax relating to prior years                                                                        |          | 20                                | –                                 |
| (3) Deferred tax                                                                                                           | 17       | (151)                             | 1,971                             |
| <b>Total tax expense</b>                                                                                                   |          | <b>4,108</b>                      | <b>14,766</b>                     |
| <b>VII Profit/(loss) for the period (V - VI)</b>                                                                           |          | <b>6,474</b>                      | <b>34,705</b>                     |
| <b>VIII Other comprehensive income</b>                                                                                     |          |                                   |                                   |
| A (i) Items that will not be reclassified to profit or loss<br>Remeasurements of the defined benefit liabilities / (asset) |          | 458                               | (222)                             |
| (ii) Income tax relating to items that will not be reclassified to profit or loss                                          |          | 127                               | (61)                              |
| <b>IX Total comprehensive income for the period (VII + VIII(i) + VIII(ii))</b>                                             |          | <b>7,059</b>                      | <b>34,422</b>                     |
| <b>X Earnings per equity share (for continuing operation):</b>                                                             |          |                                   |                                   |
| (1) Basic                                                                                                                  |          | 1.43                              | 6.99                              |
| (2) Diluted                                                                                                                |          | 1.43                              | 6.99                              |
| <b>Accompanying notes 1 to 46 from integral part of the financial statements</b>                                           |          |                                   |                                   |

In terms of our Report attached  
For **B. K. KHARE & CO.**  
Chartered Accountants

**Shirish Rahalkar**  
Partner  
Membership No.:111212

For and on behalf of the Board of Directors

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

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

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Chief Financial Officer

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Whole Time Director  
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Director  
DIN: 00622769

**Tony G. Gandhi**  
Company Secretary

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

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

Mumbai, Dated: 22<sup>nd</sup> May, 2019.

Mumbai, Dated: 22<sup>nd</sup> May, 2019.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ 000)

| Particulars                                                                               | For the year ended<br>31 March, 2019 | For the year ended<br>31 March, 2018 |
|-------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A Cash Flow from Operating Activities</b>                                              |                                      |                                      |
| Profit before exceptional item and tax                                                    | 10,582                               | 49,471                               |
| Adjustments for:                                                                          |                                      |                                      |
| Depreciation and Amortisation expenses                                                    | 19,360                               | 16,238                               |
| (Profit)/Loss on property, plant and equipment sold/scrapped/written off (Net)            | 887                                  | 286                                  |
| (Gain)/Loss on foreign exchange fluctuations (Net)                                        | 270                                  | (387)                                |
| Net (gain)/loss arising on financial assets measured at fair value through profit or loss | 458                                  | (222)                                |
| Finance costs                                                                             | 1,020                                | 1,350                                |
| Custom Duty Saved on Property, Plant and Equipments under EPCG                            | -                                    | (6,094)                              |
| Interest Income                                                                           | (529)                                | (716)                                |
| Impact on Leasehold Land decapitalised                                                    | -                                    | 8                                    |
| <b>Operating Profit before change in Working Capital</b>                                  | <b>32,048</b>                        | <b>59,934</b>                        |
| Changes in :                                                                              |                                      |                                      |
| Trade and other receivables                                                               | 707                                  | (30,446)                             |
| Inventories                                                                               | 14,874                               | (9,544)                              |
| Trade and other payables                                                                  | (12,205)                             | 11,140                               |
|                                                                                           | <b>3,376</b>                         | <b>(28,850)</b>                      |
| Cash generated from operations                                                            | <b>35,424</b>                        | <b>31,084</b>                        |
| Net income tax paid                                                                       | (3,921)                              | (14,999)                             |
| <b>Net Cash flow from Operating Activities</b>                                            | <b>31,503</b>                        | <b>16,085</b>                        |
| <b>B Cash Flow from Investing Activities</b>                                              |                                      |                                      |
| Payments to acquire property, plant and equipment and other intangible assets             | (10,409)                             | (51,879)                             |
| Proceeds from disposal of property, plant and equipment and other intangible assets       | 1,201                                | 120                                  |
| Proceeds from disposal of investment in IRFC bond                                         | -                                    | 2,724                                |
| Changes in earmarked balances and margin accounts with banks                              |                                      |                                      |
| - Placed                                                                                  | (15,888)                             | (15,792)                             |
| - Matured                                                                                 | 15,000                               | 34,797                               |
| Interest received from Investments                                                        | -                                    | 140                                  |
| Interest received on Fixed Deposits                                                       | 553                                  | 875                                  |
| <b>Net Cash used in Investing Activities</b>                                              | <b>(9,543)</b>                       | <b>(29,015)</b>                      |
| <b>C Cash Flow from Financing Activities</b>                                              |                                      |                                      |
| Repayment of long-term borrowing (including current maturities)                           | (2,615)                              | (1,046)                              |
| Proceeds from short term borrowings                                                       | (13,333)                             | 17,333                               |
| Dividend and tax on dividend paid                                                         | (5,690)                              | 406                                  |
| Finance cost                                                                              | (1,028)                              | (1,353)                              |
| <b>Net Cash used in Financing Activities</b>                                              | <b>(22,666)</b>                      | <b>15,340</b>                        |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                               | <b>(706)</b>                         | <b>2,410</b>                         |
| <b>CASH AND CASH EQUIVALENTS :</b>                                                        |                                      |                                      |
| <b>Opening Balance</b>                                                                    | <b>5,691</b>                         | <b>3,281</b>                         |
| <b>Closing Balance</b>                                                                    | <b>4,985</b>                         | <b>5,691</b>                         |

**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

**Shirish Rahalkar**  
Partner  
Membership No.:111212

For and on behalf of the Board of Directors

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

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

**Bhavik R. Maisuria**  
Chief Financial Officer

**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

Mumbai, Dated: 22<sup>nd</sup> May, 2019.

Mumbai, Dated: 22<sup>nd</sup> May, 2019.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****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 1<sup>st</sup> 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

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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:

- 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, excise 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

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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.

**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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****2.9 Borrowing Cost:**

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

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 includes excise and other duties which the Company pays as principal but excludes amounts collected on behalf of third parties, such as sales tax and value added tax and 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)

The effective date of adoption of Ind AS 115 is financial period beginning on or after April 01, 2018.

The Company has adopted the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. There is no material impact on adoption of Ind AS 115.

### **Other Income 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".

### **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 Assets**

#### **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.

#### 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.

#### **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 FINANCIAL STATEMENTS

## 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 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 |
| <b>As at 31 March 2018</b>                         |           |                     |                  |                        |                  |                                |         |
| I. Gross Carrying Amount                           | 30,447    | 170,657             | 3,539            | 5,226                  | 3,838            | 13,004                         | 226,711 |
| II. Accumulated depreciation and impairment        | 21,631    | 86,311              | 2,642            | 3,193                  | 1,632            | 3,182                          | 118,591 |
| III. Net carrying amount (I-II)                    | 8,816     | 84,346              | 897              | 2,033                  | 2,206            | 9,822                          | 108,120 |
| <b>Cost or Deemed Cost</b>                         |           |                     |                  |                        |                  |                                |         |
| <b>I. Gross Carrying Amount</b>                    |           |                     |                  |                        |                  |                                |         |
| 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 |
| <b>II. Accumulated depreciation and impairment</b> |           |                     |                  |                        |                  |                                |         |
| 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 |
| <b>Cost or Deemed Cost</b>                         |           |                     |                  |                        |                  |                                |         |
| <b>I. Gross Carrying Amount</b>                    |           |                     |                  |                        |                  |                                |         |
| Balance as at 1 April 2018                         | 30,447    | 141,279             | 3,124            | 4,911                  | 5,806            | 10,563                         | 196,130 |
| Additions                                          | –         | 33,897              | 415              | 315                    | –                | 2,441                          | 37,068  |
| Disposals                                          | –         | –                   | –                | –                      | 1,968            | –                              | 1,968   |
| Others [Written off]                               | –         | 4,519               | –                | –                      | –                | –                              | 4,519   |
| Balance as at 31 March 2019                        | 30,447    | 170,657             | 3,539            | 5,226                  | 3,838            | 13,004                         | 226,711 |
| <b>II. Accumulated depreciation and impairment</b> |           |                     |                  |                        |                  |                                |         |
| Balance as at 1 April 2018                         | 20,592    | 77,704              | 2,358            | 2,896                  | 3,206            | 1,677                          | 108,433 |
| Depreciation expense for the year                  | 1,039     | 12,818              | 284              | 297                    | 295              | 1,505                          | 16,238  |
| Eliminated on disposal of assets                   | –         | –                   | –                | –                      | 1,869            | –                              | 1,869   |
| Others [Written off]                               | –         | 4,211               | –                | –                      | –                | –                              | 4,211   |
| Balance as at 31 March 2019                        | 21,631    | 86,311              | 2,642            | 3,193                  | 1,632            | 3,182                          | 118,591 |
| III. Net carrying amount (I-II)                    | 8,816     | 84,346              | 897              | 2,033                  | 2,206            | 9,822                          | 108,120 |

**Note:** Hypothecated by deposit of title deeds of leasehold land and by a charge on buildings, structures, fixtures and fittings, immovable plant and machinery thereon. further secured by a charge on the company's stocks, book debts, other receivables, movable properties and assets, etc., both present and future, for 'loans repayable on demand', closing balance as at 31 March, 2019 is (₹ '000) 4,000 (as at 31 March, 2018 is (₹ '000) 17,333).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                              | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|--------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>4 Non-Current Loans</b>                                               |                         |                         |
| <b>a) Loans to Employee</b>                                              |                         |                         |
| - Secured, considered good                                               | –                       | –                       |
| - Unsecured, considered good                                             | 294                     | 474                     |
| - Doubtful                                                               | –                       | –                       |
| Less: Allowance for Bad and doubtful loans                               | –                       | –                       |
| <b>Total</b>                                                             | <b>294</b>              | <b>474</b>              |
| <b>5 Other Non-Current Financial Assets</b>                              |                         |                         |
| Security Deposit                                                         | 2,329                   | 2,329                   |
| <b>Total</b>                                                             | <b>2,329</b>            | <b>2,329</b>            |
| <b>6 Other Non-Current Assets</b>                                        |                         |                         |
| Advance income-tax (Net)                                                 | 2,714                   | 3,176                   |
| Others - Balances with government authorities                            | –                       | 935                     |
| <b>Total</b>                                                             | <b>2,714</b>            | <b>4,111</b>            |
| <b>7 Inventories</b>                                                     |                         |                         |
| (a) Raw materials                                                        | 21,478                  | 25,633                  |
| (b) Goods in transit as above                                            | 847                     | –                       |
| (c) Work-in-progress (Knitted Socks)                                     | 3,116                   | 5,093                   |
| (d) Finished goods                                                       | 25,622                  | 33,530                  |
| (e) Stores and spares                                                    | 6,851                   | 7,522                   |
| (f) Goods in transit as above                                            | 17                      | –                       |
| (g) Packing Material                                                     | 2,543                   | 3,569                   |
| <b>Total Inventories<br/>(at lower of cost and net realisable value)</b> | <b>60,473</b>           | <b>75,347</b>           |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                                                                                          | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>8 Trade receivables</b>                                                                                                           |                         |                         |
| Trade receivables                                                                                                                    |                         |                         |
| (a) Secured, considered good                                                                                                         | –                       | –                       |
| (b) Unsecured, considered good                                                                                                       | <b>33,342</b>           | 27,837                  |
| (c) Doubtful                                                                                                                         | –                       | –                       |
| Less: Allowance for doubtful debts                                                                                                   | –                       | –                       |
| <b>Total</b>                                                                                                                         | <b>33,342</b>           | 27,837                  |
| Of the above, trade receivables from:                                                                                                |                         |                         |
| - Related Parties                                                                                                                    | –                       | –                       |
| - Others                                                                                                                             | <b>33,342</b>           | 27,837                  |
| <b>Total</b>                                                                                                                         | <b>33,342</b>           | 27,837                  |
| <b>9 Cash and Bank Balances</b>                                                                                                      |                         |                         |
| Cash and cash equivalents                                                                                                            |                         |                         |
| (a) Balances with banks                                                                                                              | <b>4,995</b>            | 5,691                   |
| (b) Cash on hand                                                                                                                     | –                       | –                       |
| <b>Total Cash and cash equivalent</b>                                                                                                | <b>4,995</b>            | 5,691                   |
| Other Bank Balances                                                                                                                  |                         |                         |
| (a) Earmarked balances with banks                                                                                                    | <b>2,529</b>            | 2,290                   |
| (b) Balances with Banks:                                                                                                             |                         |                         |
| (i) On Margin Accounts                                                                                                               | <b>1,038</b>            | 386                     |
| (ii) Fixed Deposits with maturity<br>greater than 3 months (Refer Note below)                                                        | <b>4,997</b>            | 5,000                   |
| <b>Total Other Bank balances</b>                                                                                                     | <b>8,564</b>            | 7,676                   |
| <b>Note :</b>                                                                                                                        |                         |                         |
| Other Bank balance include deposits with remaining of<br>more than 12 months from the balance sheet date NIL<br>(Previous Year NIL). |                         |                         |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                            | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Reconciliation of Cash and Cash Equivalents</b>                     |                         |                         |
| Total Cash and Cash Equivalents as per Balance Sheet                   | 4,995                   | 5,691                   |
| 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>4,995</b>            | <b>5,691</b>            |
| <b>10 Current Loans</b>                                                |                         |                         |
| <b>a) Loans to Employee</b>                                            |                         |                         |
| - Unsecured, considered good                                           | 185                     | 189                     |
| - Doubtful                                                             | –                       | –                       |
| Less: Allowance for Bad and doubtful loans                             | –                       | –                       |
| <b>TOTAL (A)</b>                                                       | <b>185</b>              | <b>189</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>185</b>              | <b>189</b>              |



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                     | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|-------------------------------------------------|-------------------------|-------------------------|
| <b>11 Other Current Financial Assets</b>        |                         |                         |
| - Security Deposit                              | 1,145                   | 1,159                   |
| - Advances                                      | 51                      | 59                      |
| - Others                                        |                         |                         |
| - Interest accrued on deposits                  | 245                     | 269                     |
| - Interest accrued on ICD                       | 68                      | 68                      |
| Less: Provision for doubtful Interest           | (68)                    | (68)                    |
| <b>Total</b>                                    | <b>1,441</b>            | <b>1,487</b>            |
| <b>12 Other Current Assets</b>                  |                         |                         |
| <b>(A) Others</b>                               |                         |                         |
| a) Prepaid expenses (includes Lease Land)       | 1,145                   | 1,490                   |
| b) Balances with government authorities         |                         |                         |
| - VAT Credit Receivable                         | 1,158                   | 1,091                   |
| - Personal Ledger Account (Excise)              | -                       | 2                       |
| - Duty Drawback (Customs)                       | 617                     | 520                     |
| - GST Receivable                                | 13,453                  | 12,573                  |
| - Merchandise Export From India Scheme          | 3,219                   | 5,373                   |
| - Rebate of State Levies(ROSL)                  | 2,255                   | 4,751                   |
| - Advances against suppliers                    | 446                     | 226                     |
| c) Exchange gain receivable on forward contract | 443                     | 42                      |
| <b>TOTAL</b>                                    | <b>22,735</b>           | <b>26,068</b>           |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                                           | As at<br>31 March, 2019 |               | As at<br>31 March, 2018 |               |
|---------------------------------------------------------------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                                                                       | Number                  | ₹ 000         | Number                  | ₹ 000         |
| <b>13 Share Capital</b>                                                               |                         |               |                         |               |
| (a) Authorised<br>Equity Shares of ₹ 10/- each with<br>voting rights                  | 5,000,000               | 50,000        | 5,000,000               | 50,000        |
| (b) Issued, Subscribed and Paid Up<br>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> |

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

| Particulars                                                 | Opening<br>Balance | Closing<br>Balance |
|-------------------------------------------------------------|--------------------|--------------------|
| Equity shares with voting rights<br>Balance at 1 April 2018 |                    |                    |
| - Number of Shares                                          | 4,923,340          | 4,923,340          |
| - Amount in Thousand (₹'000)                                | 49,233             | 49,233             |
| Half year ended 30 Sept, 2018                               |                    |                    |
| - 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<br>31 March, 2019  |                 | As at<br>31 March, 2018  |                 |
|-----------------------------------------------|--------------------------|-----------------|--------------------------|-----------------|
|                                               | Number of<br>Shares held | % of<br>Holding | Number of<br>Shares held | % of<br>Holding |
| Equity shares with voting rights              |                          |                 |                          |                 |
| Shapoorjee Chandabhoj Finvest Private Limited | 1,753,795                | 35.62           | 1,753,795                | 35.62           |
| H M Investments (UK) Limited                  | 492,340                  | 10.00           | 492,340                  | 10.00           |
| Shri. Naozer J. Aga                           | 267,678                  | 5.43            | —                        | —               |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                          | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| <b>14 Other Equity</b>                                               |                         |                         |
| <b>General Reserve</b>                                               |                         |                         |
| Opening balance                                                      | 9,839                   | 9,839                   |
| Add: Transferred from surplus in<br>Statement of Profit and Loss     | —                       | —                       |
| Closing balance                                                      | 9,839                   | 9,839                   |
| <b>Surplus in Statement of Profit and Loss</b>                       |                         |                         |
| Opening balance                                                      | 145,324                 | 125,498                 |
| Add: Remeasurements of the defined<br>benefit liabilities / (asset)  | (458)                   | 222                     |
| Add: Profit for the year                                             | 6,474                   | 34,705                  |
| Add: Equity Dividend                                                 | (7,385)                 | (12,312)                |
| Add: Tax on Equity Dividend                                          | (1,504)                 | (2,506)                 |
| Balance available for appropriation                                  | 142,451                 | 145,607                 |
| Other Comprehensive Income                                           |                         |                         |
| Less: Remeasurements of the<br>defined benefit liabilities / (asset) | 458                     | (222)                   |
| Less: Deferred tax adjustment                                        | 127                     | (61)                    |
| Closing balance                                                      | 143,036                 | 145,324                 |
| <b>Total Other Equity</b>                                            | <b>152,875</b>          | <b>155,163</b>          |
|                                                                      |                         |                         |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                                                                                                                         | Rate of Interest | As at 31 March, 2019 | As at 31 March, 2018 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|----------------------|
| <b>15 Non-Current Borrowings</b>                                                                                                                                    |                  |                      |                      |
| <b>Measured at amortised cost*</b>                                                                                                                                  |                  |                      |                      |
| <b>A. Secured Borrowings:</b>                                                                                                                                       |                  |                      |                      |
| (a) Term Loans                                                                                                                                                      |                  |                      |                      |
| From HDFC Bank Limited                                                                                                                                              | <b>8.51</b>      | –                    | 820                  |
| (Secured by hypothecation of the concerned vehicle purchased)                                                                                                       |                  |                      |                      |
| (Terms of Payment: Equated Monthly Installments of ₹ 66,240/- payable in 36 equal installments at interest rate of 9.50% per annum, 12 installments are remaining.) |                  |                      |                      |
| <b>Total Secured Borrowings (Refer Note No. 36)</b>                                                                                                                 |                  | –                    | 820                  |
| (₹ 000)                                                                                                                                                             |                  |                      |                      |
| Particulars                                                                                                                                                         |                  | As at 31 March, 2019 | As at 31 March, 2018 |
| <b>16 Provisions</b>                                                                                                                                                |                  |                      |                      |
| (a) Provision for employee benefits                                                                                                                                 |                  |                      |                      |
| Provision for Compensated Absences                                                                                                                                  |                  | <b>1,342</b>         | 1,306                |
| <b>Total</b>                                                                                                                                                        |                  | <b>1,342</b>         | 1,306                |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                                                     | As at 31 March, 2019        |                               | As at 31 March, 2018 |                      |                                             |                 |
|-------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------|----------------------|----------------------|---------------------------------------------|-----------------|
| <b>17 Current Tax and Deferred Tax</b>                                                          |                             |                               |                      |                      |                                             |                 |
| <b>(i) Movement in deferred tax balances</b>                                                    |                             |                               |                      |                      |                                             |                 |
| <b>Deferred Tax Liabilities</b>                                                                 | <b>(4,180)</b>              |                               | <b>(4,458)</b>       |                      |                                             |                 |
|                                                                                                 | <b>As at 31 March, 2019</b> |                               |                      |                      |                                             |                 |
| Particulars                                                                                     | Opening Balance             | Recognised in Profit and Loss | Recognised in OCI    | Recognised in Equity | Reclassified from equity to profit and loss | Closing Balance |
| Tax effect of items constituting deferred tax liabilities                                       |                             |                               |                      |                      |                                             |                 |
| Property, Plant and Equipment                                                                   | 7,040                       | (169)                         | –                    | –                    | –                                           | 6,871           |
| Other Temporary Differences (please specify)                                                    | –                           | –                             | –                    | –                    | –                                           | –               |
|                                                                                                 | <b>7,040</b>                | <b>(169)</b>                  | <b>–</b>             | <b>–</b>             | <b>–</b>                                    | <b>6,871</b>    |
| Tax effect of items constituting deferred tax assets                                            |                             |                               |                      |                      |                                             |                 |
| Employee Benefits                                                                               | 421                         | (25)                          | 127                  | –                    | –                                           | 523             |
| Provisions for doubtful debts and other current asset                                           | 707                         | 7                             | –                    | –                    | –                                           | 714             |
| Other Items                                                                                     | –                           | –                             | –                    | –                    | –                                           | –               |
| Carry forward Tax Loss                                                                          | –                           | –                             | –                    | –                    | –                                           | –               |
| Other Temporary Differences (Other disallowances under Section 43B of the Income Tax Act, 1961) | 1,454                       | –                             | –                    | –                    | –                                           | 1,454           |
|                                                                                                 | <b>2,582</b>                | <b>(18)</b>                   | <b>127</b>           | <b>–</b>             | <b>–</b>                                    | <b>2,691</b>    |
| <b>Net Tax Asset (Liabilities)</b>                                                              | <b>(4,458)</b>              | <b>151</b>                    | <b>127</b>           | <b>–</b>             | <b>–</b>                                    | <b>(4,180)</b>  |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                                                     | As at 31 March, 2018 |                               |                   |                      |                                             |                 |
|-------------------------------------------------------------------------------------------------|----------------------|-------------------------------|-------------------|----------------------|---------------------------------------------|-----------------|
|                                                                                                 | Opening Balance      | Recognised in Profit and Loss | Recognised in OCI | Recognised in Equity | Reclassified from equity to profit and loss | Closing Balance |
| Tax effect of items constituting deferred tax liabilities                                       |                      |                               |                   |                      |                                             |                 |
| Property, Plant and Equipment                                                                   | 5,368                | 1,672                         | –                 | –                    | –                                           | 7,040           |
| Other Temporary Differences (please specify)                                                    | –                    | –                             | –                 | –                    | –                                           | –               |
|                                                                                                 | <b>5,368</b>         | <b>1,672</b>                  | <b>–</b>          | <b>–</b>             | <b>–</b>                                    | <b>7,040</b>    |
| Tax effect of items constituting deferred tax assets                                            |                      |                               |                   |                      |                                             |                 |
| Employee Benefits                                                                               | 631                  | (149)                         | (61)              | –                    | –                                           | 421             |
| Provisions for doubtful debts and other current asset                                           | 849                  | (142)                         | –                 | –                    | –                                           | 707             |
| Other Items                                                                                     | –                    | –                             | –                 | –                    | –                                           | –               |
| Carry forward Tax Loss                                                                          | –                    | –                             | –                 | –                    | –                                           | –               |
| Other Temporary Differences (Other disallowances under Section 43B of the Income Tax Act, 1961) | 1,462                | (8)                           | –                 | –                    | –                                           | 1,454           |
|                                                                                                 | <b>2,942</b>         | <b>(299)</b>                  | <b>(61)</b>       | <b>–</b>             | <b>–</b>                                    | <b>2,582</b>    |
| <b>Net Tax Asset (Liabilities)</b>                                                              | <b>(2,426)</b>       | <b>(1,971)</b>                | <b>(61)</b>       | <b>–</b>             | <b>–</b>                                    | <b>(4,458)</b>  |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                                                                                                                                                                                                                                                                                   | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>18 Other non-current liabilities</b>                                                                                                                                                                                                                                                                                       |                         |                         |
| <b>Others</b>                                                                                                                                                                                                                                                                                                                 |                         |                         |
| Trade/Security deposits received                                                                                                                                                                                                                                                                                              | 425                     | 500                     |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                  | <b>425</b>              | <b>500</b>              |
| <b>19 Borrowings</b>                                                                                                                                                                                                                                                                                                          |                         |                         |
| <b>Loans repayable on demand</b>                                                                                                                                                                                                                                                                                              |                         |                         |
| - From Banks Secured                                                                                                                                                                                                                                                                                                          | 4,000                   | 17,333                  |
| (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>4,000</b>            | <b>17,333</b>           |
| <b>20 Trade Payables</b>                                                                                                                                                                                                                                                                                                      |                         |                         |
| Trade payable - Micro and small enterprises                                                                                                                                                                                                                                                                                   | 10                      | –                       |
| Trade payable - Other than micro and small enterprises                                                                                                                                                                                                                                                                        | 22,659                  | 35,230                  |
| Liability for Cash-settled share-based payments                                                                                                                                                                                                                                                                               | –                       | –                       |
| Acceptances                                                                                                                                                                                                                                                                                                                   | –                       | –                       |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                  | <b>22,659</b>           | <b>35,230</b>           |
| <b>21 Other Financial Liabilities</b>                                                                                                                                                                                                                                                                                         |                         |                         |
| (a) Current maturities of finance lease obligations (Refer Note No. 36)                                                                                                                                                                                                                                                       | 820                     | 2,615                   |
| (b) Interest accrued and due on vehicle loans                                                                                                                                                                                                                                                                                 | 33                      | 41                      |
| (c) Unclaimed/Unpaid dividends                                                                                                                                                                                                                                                                                                | 2,529                   | 2,290                   |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                  | <b>3,382</b>            | <b>4,946</b>            |



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                      | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|--------------------------------------------------|-------------------------|-------------------------|
| <b>22 Provisions</b>                             |                         |                         |
| <b>Provision for Employee Benefits</b>           |                         |                         |
| Provision for Compensated Absences               | <b>238</b>              | 445                     |
| <b>Total</b>                                     | <b>238</b>              | 445                     |
| <b>23 Other Current Liabilities</b>              |                         |                         |
| a. Advances received from customers              | <b>690</b>              | 45                      |
| b. Deferred Income for EPCG grant                | <b>1,245</b>            | –                       |
| c. Statutory dues                                |                         |                         |
| - taxes payable (other than income taxes)        | <b>248</b>              | 238                     |
| - Gratuity (Refer Note No. 33(b))                | <b>208</b>              | 954                     |
| - Employee Recoveries and Employer Contributions | <b>606</b>              | 571                     |
| <b>Total</b>                                     | <b>2,997</b>            | 1,808                   |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                             | For the year ended<br>31 March, 2019 | For the year ended<br>31 March, 2018 |
|---------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>24 Revenue from operations</b>                       |                                      |                                      |
| a) Sale of Products (Refer Note (i) below)              | <b>224,864</b>                       | 302,684                              |
| b) Other Operating Revenues (Refer Note (ii) below)     | <b>16,479</b>                        | 38,198                               |
| <b>Total</b>                                            | <b>241,343</b>                       | 340,882                              |
| <b>(i) Sale of products comprises</b>                   |                                      |                                      |
| Manufactured goods - Knitted Socks                      | <b>224,864</b>                       | 302,684                              |
| <b>Total - Sale of manufactured goods</b>               | <b>224,864</b>                       | 302,684                              |
| Traded goods - Knitted Socks                            | –                                    | –                                    |
| <b>Total - Sale of traded goods</b>                     | –                                    | –                                    |
| <b>Total - Sale of products</b>                         | <b>224,864</b>                       | 302,684                              |
| <b>(ii) Other operating revenues comprise:</b>          |                                      |                                      |
| Duty drawback                                           | <b>4,544</b>                         | 16,279                               |
| Sale of Licenses - Merchandise Export From India Scheme | <b>7,826</b>                         | 10,423                               |
| Rebate of State Lavies (ROSL)                           | <b>3,103</b>                         | 9,759                                |
| Job Work Income                                         | <b>153</b>                           | 437                                  |
| Sale of Scrap                                           | –                                    | 55                                   |
| Samples Development Income                              | <b>853</b>                           | 1,245                                |
| <b>Total - Other operating revenues</b>                 | <b>16,479</b>                        | 38,198                               |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars            |                                                           | For the year ended<br>31 March, 2019 | For the year ended<br>31 March, 2018 |
|------------------------|-----------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>25 Other Income</b> |                                                           |                                      |                                      |
|                        | Interest Income (Refer Note (i) below)                    | 529                                  | 716                                  |
|                        | Net gain on foreign currency transactions and translation | 785                                  | 8,058                                |
|                        | Other Non-operating Income (Refer Note (ii) below)        | 1,033                                | 7,242                                |
|                        | <b>Total</b>                                              | <b>2,347</b>                         | <b>16,016</b>                        |
|                        |                                                           |                                      |                                      |
| Note                   | Particulars                                               | For the year ended<br>31 March, 2019 | For the year ended<br>31 March, 2018 |
| (i)                    | <b>Interest Income comprises:</b>                         |                                      |                                      |
|                        | Interest from banks on Deposits                           | 157                                  | 483                                  |
|                        | Interest from overdue Trade Receivable                    | 197                                  | –                                    |
|                        | Interest from loans and advances                          | 175                                  | 177                                  |
|                        | Interest from long term investments                       | –                                    | 56                                   |
|                        | <b>Total - Interest Income</b>                            | <b>529</b>                           | <b>716</b>                           |
| (ii)                   | <b>Other non-operating income comprises:</b>              |                                      |                                      |
|                        | Gain on disposal of IRFC Bond                             | –                                    | 224                                  |
|                        | Custom Duty on purchased of Capital Good (EPCG)           | –                                    | 6,094                                |
|                        | Miscellaneous Income                                      | 1,033                                | 924                                  |
|                        | <b>Total - Other non-operating Income</b>                 | <b>1,033</b>                         | <b>7,242</b>                         |
|                        |                                                           |                                      |                                      |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                             | For the year ended<br>31 March, 2019 | For the year ended<br>31 March, 2018 |
|-------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>26 Cost of Materials Consumed</b>                                    |                                      |                                      |
| Opening Stock                                                           | <b>25,633</b>                        | 26,142                               |
| Add: Purchases                                                          | <b>83,706</b>                        | 133,472                              |
|                                                                         | <b>109,339</b>                       | 159,614                              |
| Less: Closing Stock                                                     | <b>22,325</b>                        | 25,633                               |
|                                                                         | <b>87,014</b>                        | 133,981                              |
| <b>Cost of Materials Consumed</b>                                       | <b>87,014</b>                        | 133,981                              |
| Material Consumed comprises of yarn only.                               |                                      |                                      |
| <b>27 Changes in inventories of finished goods and work in progress</b> |                                      |                                      |
| Inventories at the end of the year                                      |                                      |                                      |
| Finished goods                                                          | <b>25,622</b>                        | 33,530                               |
| Work-in-progress                                                        | <b>3,116</b>                         | 5,093                                |
|                                                                         | <b>28,738</b>                        | 38,623                               |
| Inventories at the beginning of the year                                |                                      |                                      |
| Finished goods                                                          | <b>33,530</b>                        | 28,277                               |
| Work-in-progress                                                        | <b>5,093</b>                         | 1,875                                |
|                                                                         | <b>38,623</b>                        | 30,152                               |
| <b>Net (Increase)/Decrease</b>                                          | <b>9,885</b>                         | (8,471)                              |
| <b>28 Employee Benefits Expense</b>                                     |                                      |                                      |
| Salaries and wages                                                      | <b>40,377</b>                        | 47,118                               |
| Contribution to Provident and other funds (Refer Note No.33(a))         | <b>2,612</b>                         | 2,483                                |
| Staff welfare expenses                                                  | <b>2,785</b>                         | 2,168                                |
| <b>Total</b>                                                            | <b>45,774</b>                        | 51,769                               |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                   | For the year ended<br>31 March, 2019 | For the year ended<br>31 March, 2018 |
|---------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>29 Finance Costs</b>                                       |                                      |                                      |
| Interest Expense on:                                          |                                      |                                      |
| - Borrowings                                                  | 953                                  | 1,187                                |
| - Others                                                      | 67                                   | 27                                   |
| Other borrowing costs                                         | –                                    | 136                                  |
| <b>Total</b>                                                  | <b>1,020</b>                         | <b>1,350</b>                         |
| <b>30 Other Expenses</b>                                      |                                      |                                      |
| Consumption of stores and spare parts                         | 4,719                                | 7,798                                |
| Consumption of packing materials                              | 13,295                               | 17,122                               |
| Processing Charges                                            | 7,975                                | 28,870                               |
| Power and Fuel                                                | 15,356                               | 19,380                               |
| Lease Rent                                                    | 1,888                                | 2,689                                |
| Repairs:                                                      |                                      |                                      |
| - To Buildings                                                | –                                    | –                                    |
| - To Machinery                                                | 525                                  | 629                                  |
| Insurance                                                     | 937                                  | 1,218                                |
| Rates and taxes                                               | 1,464                                | 981                                  |
| Carriage Outward                                              | 6,331                                | 9,207                                |
| Sales Expenses                                                | 3,903                                | 5,024                                |
| Donations                                                     | 65                                   | 162                                  |
| Payment to Auditors                                           | 828                                  | 851                                  |
| Travelling and Conveyance Expenses                            | 2,298                                | 2,496                                |
| Loss on Property, Plant and Equipments sold/written off (Net) | 887                                  | 286                                  |
| Miscellaneous Expenses                                        | 9,584                                | 15,847                               |
| <b>Total</b>                                                  | <b>70,055</b>                        | <b>112,560</b>                       |
| <b>Payment to Auditor</b>                                     |                                      |                                      |
| (i) Payment to the Auditors Comprises:                        |                                      |                                      |
| (a) To Statutory Auditors                                     |                                      |                                      |
| - For Audit                                                   | 375                                  | 550                                  |
| - For Taxation matters                                        | 125                                  | 125                                  |
| - For Other Services                                          | 325                                  | 150                                  |
| Reimbursement of Expenses                                     | 3                                    | 26                                   |
| <b>Total</b>                                                  | <b>828</b>                           | <b>851</b>                           |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

(₹ 000)

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | For the year ended<br>31 March, 2019 | For the year ended<br>31 March, 2018 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>31 Contingent Liabilities and Commitments<br/>(to the extent not provided for)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                      |                                      |
| <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<br>on capital account and not provided for                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -                                    | 1,100                                |
| <b>32 Disclosures required under Section 22 of the Micro, Small and<br/>Medium Enterprises Development Act, 2006</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                      |                                      |
| (i) Principal amount remaining unpaid to any supplier<br>as at the end of the accounting year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | -                                    | -                                    |
| (ii) Interest due thereon remaining unpaid to any supplier<br>as at the end of the accounting year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | -                                    | -                                    |
| (iii) The amount of interest paid along with the amounts of the<br>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<br>at the end of the accounting year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | -                                    | -                                    |
| (vi) The amount of further interest due and payable<br>even in the succeeding year, until such date when<br>the interest dues as above are actually paid                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | -                                    | -                                    |
| Dues to Micro and Small Enterprises have been determined to the extent<br>such parties have been identified on the basis of information collected by<br>the Management. This has been relied upon by the auditors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                      |                                      |
| <b>33 Employee Benefit Plans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                      |                                      |
| <b>(a) Defined Contribution Plan:</b> The Company makes Provident<br>fund and other funds contributions to defined contribution plans<br>for qualifying employees. The Company recognised (₹ '000)<br>2,612 (Year ended 31 March, 2018 (₹ '000) 2,483) for Provident<br>Fund contributions.<br><br>In February 2019, the Supreme Court of India in its judgement<br>clarified the applicability of allowances that should be considered<br>to measure obligations under Employees Provident Fund Act,<br>1952. The Company has been legally advised that there are<br>interpretative challenges on the application of judgement<br>retrospectively and as such does not consider there is any<br>probable obligations for past periods. Accordingly, based on<br>legal advice the Company has made a provision for provident<br>fund contribution from the date of the Supreme Court order. |                                      |                                      |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## DISCLOSURE UNDER ACCOUNTING STANDARDS

## (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:

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<br>31 March, 2019<br>₹ '000          | For the year ended<br>31 March, 2018<br>₹ '000          |         |         |         |
|-------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------|---------|---------|
|                                                                         | <b>Gratuity</b>                                         |                                                         |         |         |         |
| <b>Components of employer expense</b>                                   |                                                         |                                                         |         |         |         |
| Current Service Cost                                                    | 651                                                     | 556                                                     |         |         |         |
| Interest Cost                                                           | 663                                                     | 489                                                     |         |         |         |
| Interest Income                                                         | (588)                                                   | (548)                                                   |         |         |         |
| Past service cost                                                       | –                                                       | 1,000                                                   |         |         |         |
| <b>Total Expense recognized in the Statement of Profit and Loss</b>     | <b>726</b>                                              | <b>1,497</b>                                            |         |         |         |
| Return on Plan Assets, Excluding Interest Income                        | (535)                                                   | 222                                                     |         |         |         |
| Actuarial Losses/(Gain)                                                 | 77                                                      | 76                                                      |         |         |         |
| <b>Total Expense recognized in the Other Comprehensive Income (OCI)</b> | <b>(458)</b>                                            | <b>298</b>                                              |         |         |         |
| <b>Actual contribution and benefit payments for year</b>                |                                                         |                                                         |         |         |         |
| Actual benefit payments                                                 | 255                                                     | 230                                                     |         |         |         |
| Actual contributions                                                    | 1,013                                                   | 62                                                      |         |         |         |
| <b>Net asset / (liability) recognised in the Balance Sheet</b>          |                                                         |                                                         |         |         |         |
| Present value of defined benefit obligation                             | (8,943)                                                 | (8,419)                                                 |         |         |         |
| Fair value of plan assets                                               | 8,735                                                   | 7,466                                                   |         |         |         |
| Funded status [Surplus / (Deficit)]                                     | (209)                                                   | (954)                                                   |         |         |         |
| <b>Net asset / (liability) recognised in the Balance Sheet</b>          | <b>(209)</b>                                            | <b>(954)</b>                                            |         |         |         |
| <b>Change in defined benefit obligations (DBO) during the year</b>      |                                                         |                                                         |         |         |         |
| Present value of DBO at beginning of the year                           | 8,419                                                   | 6,382                                                   |         |         |         |
| Current Service Cost                                                    | 651                                                     | 556                                                     |         |         |         |
| Interest Cost                                                           | 663                                                     | 489                                                     |         |         |         |
| Past service cost                                                       | –                                                       | 1,000                                                   |         |         |         |
| Benefit Paid                                                            | (255)                                                   | (230)                                                   |         |         |         |
| Actuarial Losses/(Gain)                                                 | (535)                                                   | 222                                                     |         |         |         |
| <b>Present value of DBO at end of the year</b>                          | <b>8,943</b>                                            | <b>8,419</b>                                            |         |         |         |
| <b>Change in fair value of assets during the year</b>                   |                                                         |                                                         |         |         |         |
| Fair value of Plan assets at beginning of the year                      | 7,466                                                   | 7,160                                                   |         |         |         |
| Expected Return on Plan Assets                                          | 511                                                     | 473                                                     |         |         |         |
| Actual company contributions                                            | 1,013                                                   | 62                                                      |         |         |         |
| Benefit Paid from the Fund                                              | (255)                                                   | (230)                                                   |         |         |         |
| <b>Fair value of Plan assets at the end of the year</b>                 | <b>8,735</b>                                            | <b>7,466</b>                                            |         |         |         |
| <b>Category of Assets</b>                                               |                                                         |                                                         |         |         |         |
| Insurance Fund                                                          | 8,735                                                   | 7,466                                                   |         |         |         |
| <b>Actuarial Assumptions:</b>                                           |                                                         |                                                         |         |         |         |
| Discount Rate (p.a.)                                                    | 7.78%                                                   | 7.87%                                                   |         |         |         |
| Salary Escalation Rate (p.a.)                                           | 5.00%                                                   | 5.00%                                                   |         |         |         |
| Attrition Rate (p.a.)                                                   | 2.00%                                                   | 2.00%                                                   |         |         |         |
| Mortality                                                               | Indian Assured<br>Lives Mortality<br>(2006-08) Ultimate | Indian Assured<br>Lives Mortality<br>(2006-08) Ultimate |         |         |         |
| Estimate of amount of contribution in the immediate next year           | –                                                       | –                                                       |         |         |         |
| <b>Experience Adjustment:</b>                                           | <b>2018-19</b>                                          | 2017-18                                                 | 2016-17 | 2015-16 | 2014-15 |
|                                                                         | ₹ '000                                                  | ₹ '000                                                  | ₹ '000  | ₹ '000  | ₹ '000  |
| On Plan Liability (Gain) / Loss                                         | (529)                                                   | 457                                                     | (507)   | 187     | (295)   |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****DISCLOSURE UNDER ACCOUNTING STANDARDS****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 -

(In ₹'000)

| Particulars       | Revenues                    | Segment Assets<br>(Trade<br>Receivable) | Cost incurred on<br>acquisition of<br>Property, Plant<br>and Equipment |
|-------------------|-----------------------------|-----------------------------------------|------------------------------------------------------------------------|
| United Kingdom    | <b>75,401</b><br>(83,392)   | <b>14,711</b><br>(9,297)                | –<br>(–)                                                               |
| Switzerland       | <b>104,916</b><br>(138,277) | <b>9,636</b><br>(12,011)                | –<br>(–)                                                               |
| UAE               | <b>8,745</b><br>(43,495)    | –<br>(–)                                | –<br>(–)                                                               |
| India             | <b>27,650</b><br>(27,288)   | <b>7,793</b><br>(6,048)                 | <b>28,159</b><br>(37,068)                                              |
| Rest of the World | <b>8,153</b><br>(10,232)    | <b>1,202</b><br>(482)                   | –<br>(–)                                                               |
| <b>Total</b>      | <b>224,865</b><br>(302,684) | <b>33,342</b><br>(27,837)               | <b>28,159</b><br>(37,068)                                              |

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) 104916, 50048 and 8745 (2017-2018 : (In ₹'000), 138,277, 51,009 and 43,495) are revenues of approximately (In ₹'000) 163709 (2017-18: (In ₹' 000) 232781) 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 2018-2019 and 2017-2018.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)****35 Related Party Transactions****Details of related parties:**

| <b>Description of relationship</b>                           | <b>Names of related parties:</b>                                                                                                                   |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Promoter Company                                             | Shapoorjee Chandabhoy Finvest Private Limited                                                                                                      |
| Associates                                                   |                                                                                                                                                    |
| Key Management Personnel (KMP) and their Relatives           | Key Management Personnel:<br>Shri. Adi F. Madan - Managing Director<br>Smt. Ayesha K. DadyBurjor - Whole-time Director                             |
|                                                              | Their Relatives:<br>Late Shri. Naozer J. Aga<br>Shri. Armand N. Aga<br>Shri. Kaizad R. DadyBurjor<br>Smt. Ayesha A. Madan<br>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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)

Details of related party transactions during the year ended 31 March, 2019 and balances outstanding as at 31 March, 2019: (in ₹' 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>Expenditure:</b>                                |                  |            |                         |                                                              |         |
| 1) Lease Rent:                                     |                  |            |                         |                                                              |         |
| Armayesh Embroideries Pvt. Ltd                     | -                | -          | -                       | -                                                            | -       |
|                                                    | (-)              | (-)        | (-)                     | (394)                                                        | (394)   |
| 2) Managerial Remuneration                         |                  |            |                         |                                                              |         |
| Mr. Adi F. Madan                                   | -                | -          | 4,312                   | -                                                            | 4,312   |
|                                                    | (-)              | (-)        | (3,732)                 | (-)                                                          | (3,732) |
| Mrs. Ayesha K. DadyBurjor                          | -                | -          | 1,698                   | -                                                            | 1,572   |
|                                                    | (-)              | (-)        | (1,645)                 | (-)                                                          | (1,645) |
| 3) Advisory fee                                    |                  |            |                         |                                                              |         |
| Late Mr. Naozer Aga                                | -                | -          | -                       | -                                                            | -       |
|                                                    | (-)              | (-)        | (2,208)                 | (-)                                                          | (2,208) |
| <b>Other Transactions:</b>                         |                  |            |                         |                                                              |         |
| Dividend paid:                                     |                  |            |                         |                                                              |         |
| Shapoorjee Chandabhoy Finvest Private Limited      | 2,631            | -          | -                       | -                                                            | 2,631   |
| Shri. Adi F. Madan                                 | (4,384)          | (-)        | (-)                     | (-)                                                          | (4,384) |
| Smt. Ayesha A. Madan                               | -                | -          | 178                     | -                                                            | 178     |
|                                                    | (-)              | (-)        | (296)                   | (-)                                                          | (296)   |
| Shri. Jehan Adi Madan                              | -                | -          | 12                      | -                                                            | 12      |
|                                                    | (-)              | (-)        | (20)                    | (-)                                                          | (20)    |
| Smt. Ayesha K. DadyBurjor                          | -                | -          | 12                      | -                                                            | 12      |
|                                                    | (-)              | (-)        | (19)                    | (-)                                                          | (19)    |
| Late Shri. Naozer J. Aga                           | -                | -          | 363                     | -                                                            | 363     |
|                                                    | (-)              | (-)        | (44)                    | (-)                                                          | (44)    |
| Shri. Armand N. Aga                                | -                | -          | -                       | -                                                            | -       |
|                                                    | (-)              | (-)        | (1,188)                 | (-)                                                          | (1,188) |
| Shri. Kaizad R. DadyBurjor                         | -                | -          | 402                     | -                                                            | 402     |
|                                                    | (-)              | (-)        | (87)                    | (-)                                                          | (87)    |
| Shri. Rusi H. DadyBurjor                           | -                | -          | 80                      | -                                                            | 80      |
|                                                    | (-)              | (-)        | (210)                   | (-)                                                          | (210)   |
| Shri. Zenobia R. DadyBurjor                        | -                | -          | 17                      | -                                                            | 17      |
|                                                    | -                | -          | (28)                    | -                                                            | (28)    |
|                                                    | -                | -          | 17                      | -                                                            | 17      |
|                                                    | -                | -          | (28)                    | -                                                            | (28)    |
| <b>Balances outstanding at the end of the year</b> |                  |            |                         |                                                              |         |
| <b>Managerial Remuneration Payable</b>             |                  |            |                         |                                                              |         |
| Shri. Adi F. Madan                                 | -                | -          | 221                     | -                                                            | 221     |
|                                                    | (-)              | (-)        | (209)                   | (-)                                                          | (209)   |
| Mrs. Ayesha K. DadyBurjor                          | -                | -          | 141                     | -                                                            | 141     |
|                                                    | (-)              | (-)        | (122)                   | (-)                                                          | (122)   |

Note: Figures in bracket relates to the previous year.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****36 Details of leasing arrangements****As Lessee**

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

| Particulars                                       | For the year ended<br>31 March, 2019<br>(in ₹' 000) | For the year ended<br>31 March, 2018<br>(in ₹' 000) |
|---------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| <b>Future minimum lease</b>                       |                                                     |                                                     |
| not later than one year                           | <b>861</b>                                          | 2,794                                               |
| later than one year and not later than five years | –                                                   | 861                                                 |
| Less: Unmatured finance charges                   |                                                     |                                                     |
| not later than one year                           | <b>41</b>                                           | 179                                                 |
| later than one year and not later than five years | –                                                   | 41                                                  |
| Present value of minimum lease payments payable   |                                                     |                                                     |
| not later than one year                           | <b>820</b>                                          | 2,615                                               |
| later than one year and not later than five years | –                                                   | 820                                                 |

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) 1888 (Previous year (₹'000) 2689) 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.

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.**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****36 Details of leasing arrangements (contd.)****As Lessee (contd.)**

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****(in ₹)**

| Particulars                                                                              | For the year ended<br>31 March, 2019 | For the year ended<br>31 March, 2018 |
|------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Basic and Diluted</b>                                                                 |                                      |                                      |
| a) Net Profit for the year attributable to the equity shareholders (₹'000)               | <b>7,059</b>                         | 34,422                               |
| b) Weighted average number of Equity Shares basic and diluted                            | <b>4,923,340</b>                     | 4,923,340                            |
| c) Earnings per Share - Basic and diluted<br>(Equity Share of face value of ₹ 10/- each) | <b>1.43</b>                          | 6.99                                 |

**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 Disclosures****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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****39 Capital management (contd.)**

Total Capital as of 31 March 2019 and 31 March 2018 are as follows:

(₹'000)

| Particulars                                                    | As at<br>31 March, 2019 | As at<br>31 March, 2018 |
|----------------------------------------------------------------|-------------------------|-------------------------|
| <b>Equity</b>                                                  |                         |                         |
| <b>Total Shareholders' Equity as reported in Balance Sheet</b> | <b>202,108</b>          | 204,396                 |
| <b>Debt</b>                                                    |                         |                         |
| Short Term Debt                                                | <b>4,000</b>            | 17,333                  |
| Long Term Debt (including current portion of long term debt)   | <b>820</b>              | 3,435                   |
| <b>Sub-total</b>                                               | <b>4,820</b>            | 20,768                  |
| <b>Total Capital</b>                                           | <b>206,928</b>          | 225,164                 |
|                                                                |                         |                         |

**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 primary 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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****40 Financial Risk Management (contd.)****Currency Risk (contd.)**

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows: (₹'000)

| Particulars                | GBP          | USD           | Others       | Total         |
|----------------------------|--------------|---------------|--------------|---------------|
| <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            |
|                            | <b>7,964</b> | <b>16,408</b> | <b>1,618</b> | <b>25,990</b> |
| <b>As at 31 March 2018</b> |              |               |              |               |
| Trade Receivables          | 2,436        | 18,871        | 482          | 21,789        |
| Advances to Suppliers      | –            | –             | 3,659        | 3,659         |
| Trade & Other Payables     | –            | 20            | 387          | 407           |
|                            | <b>2,436</b> | <b>18,891</b> | <b>4,528</b> | <b>25,855</b> |

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: (₹'000)

| Particulars                | GBP          | USD          | Others   | Total         |
|----------------------------|--------------|--------------|----------|---------------|
| <b>As at 31 March 2019</b> |              |              |          |               |
| Trade Receivables          | 9,507        | 3,601        | –        | 13,108        |
|                            | <b>9,507</b> | <b>3,601</b> | <b>–</b> | <b>13,108</b> |
| <b>As at 31 March 2018</b> |              |              |          |               |
| Trade Receivables          | –            | –            | –        | –             |
|                            | <b>–</b>     | <b>–</b>     | <b>–</b> | <b>–</b>      |

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

**Credit Risk**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties 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.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****40 Financial Risk Management (contd.)****Trade Receivables (contd.)**

The credit risk on liquid funds such as Fixed deposits with Banks, investment in IRFC Bonds and derivative financial instruments is limited because the counterparties 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.

(₹'000)

| Particulars                 | Less than<br>1 year | 1 - 3<br>years | 3 - 5<br>years | 5 years<br>and above |
|-----------------------------|---------------------|----------------|----------------|----------------------|
| <b>A) Liabilities</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>As at 31 March 2018</b>  |                     |                |                |                      |
| Short term Borrowings       | 17,333              | –              | –              | –                    |
| Long term Borrowings        | –                   | 820            | –              | –                    |
| Trade payables              | 35,230              | –              | –              | –                    |
| Other Financial Liabilities | 4,946               | –              | –              | –                    |
| <b>Total</b>                | <b>57,509</b>       | <b>820</b>     | <b>–</b>       | <b>–</b>             |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****40 Financial Risk Management (contd.)***Maturity profile of financial liabilities (contd.)*

(₹'000)

| Particulars                         | Less than 1 year | 1 - 3 years | 3 - 5 years | 5 years and above |
|-------------------------------------|------------------|-------------|-------------|-------------------|
| <b>B) Assets</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>64,221</b>    | <b>294</b>  | <b>–</b>    | <b>2,329</b>      |
| <b>As at 31 March 2018</b>          |                  |             |             |                   |
| Investment                          | –                | –           | –           | –                 |
| Loans                               | 189              | 474         | –           | –                 |
| Security Deposit                    | –                | –           | –           | 2,329             |
| Trade Receivables                   | 27,837           | –           | –           | –                 |
| Cash and Cash Equivalents           | 5,691            | –           | –           | –                 |
| Bank Fixed Deposits                 | 5,000            | –           | –           | –                 |
| Balance with Government Authorities | 24,310           | –           | –           | –                 |
| <b>Total</b>                        | <b>63,027</b>    | <b>474</b>  | <b>–</b>    | <b>2,329</b>      |

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 counterparty 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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****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 Profit Before Tax | Effect on pre-tax Equity |
|--------------------------|----------|----------------|-----------------------------|--------------------------|
| Year ended 31 March 2019 | USD      | +10%           | 1,596                       | 1,596                    |
|                          | GBP      | +10%           | 729                         | 729                      |
|                          | EURO     | +10%           | 40                          | 40                       |
|                          | AUD      | +10%           | 120                         | 120                      |
| Year ended 31 March 2018 | USD      | +10%           | 1,754                       | 1,754                    |
|                          | GBP      | +10%           | 208                         | 208                      |
|                          | EURO     | +10%           | 334                         | 334                      |
|                          | AUD      | +10%           | 48                          | 48                       |

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:

| Particulars              | Currency          | Increase / decrease in basis points | Effect on Profit Before Tax | Effect on pre-tax Equity |
|--------------------------|-------------------|-------------------------------------|-----------------------------|--------------------------|
| Year ended 31 March 2019 | INR               | +50/-50 bps                         |                             |                          |
|                          | Foreign Currency* | +25/-25 bps                         | NA                          | NA                       |
| Year ended 31 March 2018 | INR               | +50/-50 bps                         |                             |                          |
|                          | Foreign Currency* | +25/-25 bps                         | NA                          | NA                       |

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

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

|                                                                  |                                                                            |                                                                  |
|------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------|
| <b>Adi F. Madan</b><br><i>Managing Director</i><br>DIN: 00023629 | <b>Ayesha K. DadyBurjor</b><br><i>Whole Time Director</i><br>DIN: 02949248 | <b>Kaizad R. DadyBurjor</b><br><i>Director</i><br>DIN : 00022387 |
| <b>Ajit P. Walwaikar</b><br><i>Director</i><br>DIN: 00022123     | <b>Pheroze A. Dhanbhoora</b><br><i>Director</i><br>DIN: 00622769           | <b>Harish H. Shah</b><br><i>Director</i><br>DIN :03032200        |
| <b>Bhavik R. Maisuria</b><br><i>Chief Financial Officer</i>      | <b>Tony G. Gandhi</b><br><i>Company Secretary</i>                          |                                                                  |

Mumbai, Dated: 22<sup>nd</sup> May, 2019.

**BUS FACILITY FOR SHAREHOLDERS  
AT NAVSARI RAILWAY STATION ON 29<sup>TH</sup> ANNUAL GENERAL MEETING**

All Shareholders are hereby informed that Company has made arrangement for both outstation and local Shareholders for commuting from Navsari Railway Station to Virat Industries Ltd. at GIDC on 19<sup>th</sup> September 2019, the day of Annual General Meeting. The same buses will take back from Virat Industries Ltd. to Navsari Station after the meeting is over.

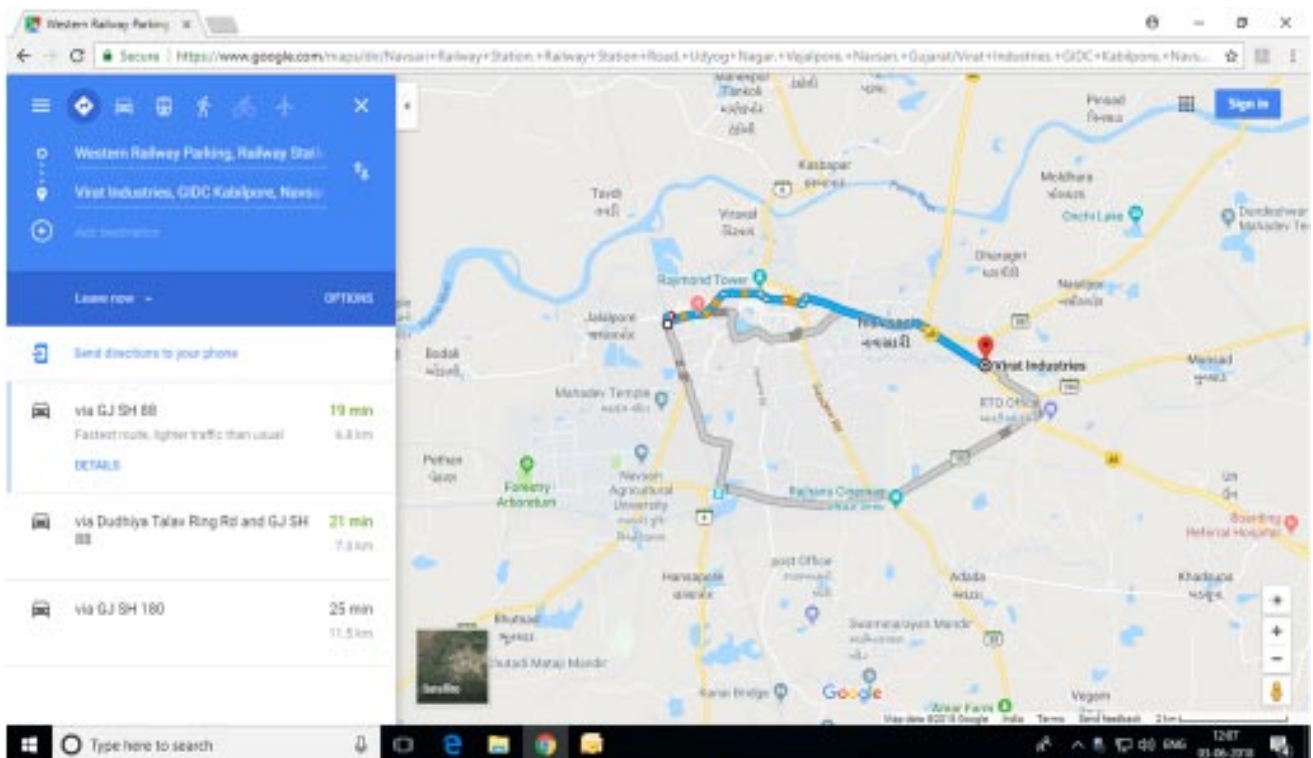
There will be one bus each on Eastern and Western side of the Navsari Railway Station at 10.00 A.M.

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

For **Virat Industries Limited**

**Tony Gandhi**  
Company Secretary

**Road Map from Navsari Railway Station to the Venue of 29<sup>th</sup> Annual General Meeting of the Company  
(at Registered Office of Virat Industries Ltd) Thursday, 19<sup>th</sup> September, 2019 at 11.30 AM**





# Virat Industries Limited

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

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

## ATTENDANCE SLIP

29<sup>TH</sup> ANNUAL GENERAL MEETING - THURSDAY, 19<sup>TH</sup> SEPTEMBER, 2019 AT 11-30 A.M.

|                                                                                                                                                                                                                                                                                                                 |                              |          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------|
| Registered Folio/DP ID & Client ID                                                                                                                                                                                                                                                                              | Sr. No.                      |          |
| Name and Address of the shareholder(s)                                                                                                                                                                                                                                                                          |                              |          |
| Joint Holder 1<br>Joint Holder 2                                                                                                                                                                                                                                                                                |                              |          |
| I /We hereby record my/our presence at the 29 <sup>th</sup> ANNUAL GENERAL MEETING of the Company held at the Registered office situated at A - 1/2 GIDC Industrial Estate, Kabilpore, Navsari - 396 424, Gujarat, on Thursday, 19 <sup>th</sup> September, 2019.                                               |                              |          |
| Note: Please complete this Attendance slip and hand it over at the entrance of the Meeting hall.                                                                                                                                                                                                                | Member's / Proxy's Signature |          |
| <b>ELECTRONIC VOTING PARTICULARS</b>                                                                                                                                                                                                                                                                            |                              |          |
| Electronic Voting Sequence Number (EVSN)                                                                                                                                                                                                                                                                        | User ID                      | Password |
| <b>190723003</b>                                                                                                                                                                                                                                                                                                |                              |          |
| Note: Please read the instructions given under the note no. of notice of 29 <sup>th</sup> Annual General Meeting. The date of e-voting period is on 16 <sup>th</sup> September, 2019 to 18 <sup>th</sup> September, 2019 from 9.00 am to 5.00 pm. The e-voting shall be disabled by CDSL for voting thereafter. |                              |          |



# Virat Industries Limited

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

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

## FORM NO. MGT - 11 PROXY

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

|                       |                            |  |
|-----------------------|----------------------------|--|
| Name of the Member(s) |                            |  |
| Registered Address:   |                            |  |
| No. of Shares held    | Folio No./DP ID/Client ID: |  |
| Joint Holder(s)       | E-mail id:                 |  |

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company, to be held on the Thursday, 19<sup>th</sup> September, 2019 at 11.30 a.m. at A-1/2 GIDC Industrial Estate, Kabilpore, Navsari - 396424, Gujarat, and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolution                                                                                                                                       |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
|                | <b>Ordinary Business:</b>                                                                                                                        |
| 1.             | Adoption of Financial Statements for the year ended March 31, 2019 and reports of Directors and Auditors thereon.                                |
| 2.             | Re-appointment of Shri. Kaizad R. DadyBurjor, who retires from office by rotation and being eligible, offers himself for re-appointment.         |
|                | <b>Special Business:</b>                                                                                                                         |
| 3.             | Re-appointment of Shri. Ajit P. Walwaikar (DIN: 00022123) as an Independent Director of the Company.                                             |
| 4.             | Re-appointment of Shri. Harishchandra H. Shah (DIN: 03032200) as an Independent Director of the Company.                                         |
| 5.             | Change the designation of Shri. Pheroze Dhanbhoora (DIN: 00622769) from Non Executive Retired by Rotation to Non Executive Independent Director. |

Signed this ..... day of ..... 2019.

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

Signature of Proxy holder .....

Affix Re.1  
Revenue  
Stamp

### Notes:

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

BY COURIER

*If undelivered, please return to :*

**VIRAT INDUSTRIES LIMITED**

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