

# **FINANCIAL REPORT**

**PLANET SPINNING MILLS PRIVATE LIMITED**

**FINANCIAL YEAR 2019-20**

UDIN : 20038236 AAAACK3405

**INDEPENDENT AUDITOR'S REPORT**

To,  
Members,  
**PLANET SPINNING MILLS PRIVATE LIMITED**  
Ahmadabad

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **PLANET SPINNING MILLS PRIVATE LIMITED**. CIN U17291MH2011PTC222105. ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the statement of Profit and Loss and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors are 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

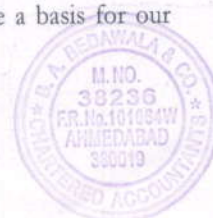
**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.





## Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2020
- b) In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to the "Order"), and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid 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 written representations received from the Directors as on 31st March, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) Internal Financial Control over financial reporting is given in the Annexure "B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors), 2014, in our opinion and to the best of our information and according to the explanations given to us.
    - i. The Company does not have any impact of pending litigations on its financial position in its Ind AS financial statements,
    - ii. In our opinion and as per the information and explanations provides to us, the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses, and
    - iii. There has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.


Place : AHMEDABAD

Date : 11<sup>th</sup> June, 2020

UDIN-20038236AAAACK3405



FOR, B. A. BEDAWALA & CO.  
CHARTERED ACCOUNTANTS

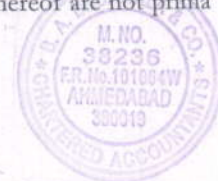
  
B. A. SHARMA  
(PARTNER)  
M.NO. - 038236  
FRN. - 101064W



## ANNEXURE ("A") TO THE INDEPENDENT AUDITOR'S REPORT:

(Referred to in Paragraph 1 under section (Report on Other Legal and Regulatory Requirements, of our report of even date)

1.
  - a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) All the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us, title deed of immovable properties is held in the name of company.
2.
  - a) The inventories have been physically verified at reasonable intervals by the management.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on such physical verification.
3. As informed to us, the company has not taken loans from the parties covered in the register maintained under section 189. The company has not granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations given to us, the Company has not accepted any deposits in terms of directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
6. We have broadly reviewed the books of account maintained by the Company pursuant sub-section (1) of Section 148 of the Companies Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
7.
  - a) The company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess, GST and any other statutory dues with the appropriate authorities and we have been informed that there are no arrears of outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, no undisputed amount is payable in respect of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess or GST as at 31<sup>st</sup> March, 2020.
  - c) In our opinion and according to the information and explanations given to us, amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under have been transferred to such fund within time,
8. The Company has no accumulated losses at the end of the financial year under audit. The company has not incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.
9. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.




11. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the company has not raised new term loan during the current financial year.
12. Based upon the audit procedures performed and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year of our audit.
13. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS Financial Statements.
14. Based upon the audit procedures performed and according to the information and explanations given to us, in our opinion, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. Based upon the audit procedures performed and according to the information and explanations given to us, in our opinion, The Company has not entered into any non-cash transactions with directors or persons connected with him.
16. Based upon the audit procedures performed and according to the information and explanations given to us, The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

Place : AHMEDABAD  
Date : 11<sup>th</sup> June, 2020

UDIN- 20038236AAAACk3405



FOR, B. A. BEDAWALA & CO.  
CHARTERED ACCOUNTANTS

  
B. A. SHARMA  
(PARTNER)  
M.NO. - 038236  
FRN. - 101064W



## ANNEXURE(" B") TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) of the Independent Auditors' Report of even date to the members of PLANET SPINNING MILLS PRIVATE LIMITED on the Ind AS financial statements for the year ended 31st March,2020.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting PLANET SPINNING MILLS PRIVATE LIMITED as of 31<sup>st</sup> March,2020 in conjunction with our audit of the Ind AS financial statements of the company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act,2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 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, 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 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.


Place : AHMEDABAD

Date : 11<sup>th</sup> June, 2020

UDIN- 20038236AAAACK3405



FOR, B. A. BEDAWALA & CO.  
CHARTERED ACCOUNTANTS

  
B. A. SHARMA  
(PARTNER)  
M.NO. - 038236  
FRN. - 101064W

**PLANET SPINNING MILLS PRIVATE LIMITED**

CIN: U17291MH2011PTC222105

Balance Sheet as at 31st March, 2020

Particulars	Notes	Amount (₹)	
		As at 31st March, 2020	As at 31st March, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	97,012,735	115,010,873
Capital work-in-progress			2,366,370
Deferred tax assets (net)	6	3,338,587	
<b>Total non-current assets</b>		<b>100,351,322</b>	<b>117,377,243</b>
<b>Current assets</b>			
Inventories	7	26,231,259	79,104,026
Financial assets			35,757,376
Trade Receivables	8	22,806,254	2,821,417
Cash and cash equivalents	9	5,528,429	25,000
Other Financial assets	10	20,000	73,575,339
Other current assets	11	48,654,688	
Other current tax assets	12	1,230,707	0
<b>Total current assets</b>		<b>104,471,337</b>	<b>191,283,159</b>
<b>Total assets</b>		<b>204,822,658</b>	<b>308,660,402</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	13	30,000,000	30,000,000
Other equity	14	(12,923,508)	(9,849,433)
<b>Total equity</b>		<b>17,076,492</b>	<b>20,150,567</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	15	67,515,528	11,13,18,642
<b>Total non-current liabilities</b>		<b>67,515,528</b>	<b>11,13,18,642</b>
<b>Current liabilities</b>			
Financial liabilities			
- Trade Payables	16	30,338,739	10,30,68,063
- Other financial liabilities	17	60,090,441	7,27,54,262
Other current liabilities	18	29,594,155	13,68,866
Provisions	19	207,304	0
<b>Total current liabilities</b>		<b>120,230,639</b>	<b>17,71,91,191</b>
<b>Total equity and liabilities</b>		<b>204,822,658</b>	<b>308,660,402</b>
<b>Summary of significant accounting policies</b>	1 to 4		
<b>Notes on Financial statement</b>	5 to 36		

The accompanying notes form an integral part of these financial statements  
As per our report of even date

**FOR, B. A. BEDAWALA & COMPANY**  
Firm Registration No.: 101064W  
Chartered Accountants

For and on behalf of Board of Directors of  
**PLANET SPINNING MILLS PRIVATE LIMITED**

(B. A. SHARMA)  
PARTNER  
M. No. : 038236



(Karan Rajendrakumar  
Arya)  
Director  
DIN: 01712373

(Rajendrakumar  
Chandulal Arya)  
Director  
DIN: 05263134

Place : Ahmedabad  
Date : 11th June 2020



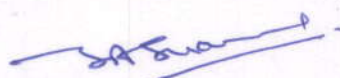
**PLANET SPINNING MILLS PRIVATE LIMITED**
**CIN: U17291MH2011PTC222105**
**Statement of Profit and Loss for the year ended 31st March, 2020**

		<b>Amount (₹)</b>	
<b>Particulars</b>	<b>Notes</b>	<b>For the year ended 31st March, 2020</b>	<b>For the year ended 31 March 2019</b>
<b>Income</b>			
Revenue from operations	20	810,074,863	474,306,031
Other income	21	1,473,420	323,072
<b>Total income</b>		<b>811,548,283</b>	<b>474,629,103</b>
<b>Expenses</b>			
Cost of material	22	432,069,139	366,832,023
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	51,869,085	(30,969,165)
Purchases of Trade Goods	24	220,335,831	44,952,536
Employee benefits expense	25	14,615,626	12,029,525
Finance costs	26	9,536,720	12,237,657
Depreciation and amortization expense	27	17,998,135	18,690,724
Other expenses	28	68,162,734	53,174,411
<b>Total expenses</b>		<b>814,587,270</b>	<b>476,947,711</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(3,038,987)</b>	<b>(2,318,609)</b>
Exceptional items		0	0
<b>Profit before tax</b>		<b>(3,038,987)</b>	<b>(2,318,609)</b>
<b>Tax expense:</b>	29		
Current tax		207,304	0
Tax of earlier periods		800,000	0
Deferred tax		(972,217)	(602,838)
Less: MAT credit entitlement		0	0
<b>Income tax expense</b>		<b>35,087</b>	<b>(602,838)</b>
<b>Profit for the year</b>		<b>(3,074,074)</b>	<b>(1,715,771)</b>
<b>Total comprehensive income for the year</b>		<b>(3,074,074)</b>	<b>(1,715,771)</b>
<b>Earnings per equity share</b>			
Basic and diluted earnings per equity shares	30	(1.02)	(0.57)

The accompanying notes form an integral part of these financials statements  
As per our report of even date

**FOR, B. A. BEDAWALA & COMPANY**

Firm Registration No.: 101064W

**Chartered Accountants**

**(B. A. SHARMA)**
**PARTNER**

M. No. : 038236



For and on behalf of Board of Directors of  
**PLANET SPINNING MILLS PRIVATE LIMITED**



(Karan Rajendrakumar Arya)

Director

DIN: 01712373



(Rajendrakumar Chandulal Arya)

Director

DIN: 05263134

Place : Ahmedabad

Date : 11th June 2020

**PLANET SPINNING MILLS PRIVATE LIMITED**  
**CIN: U17291MH2011PTC222105**  
**Cash flow statement for the year ended 31 March 2020**

Particulars	(Amount in ₹)	
	Year ended 31-03-2020	Year ended 31-03-2019
<b>A Cash flow from operating activities:</b>		
Profit before tax	(3,038,987)	(2,318,609)
<b>Adjustments for :</b>		
Depreciation and amortisation expense	17,998,135	18,690,724
Finance expense	9,536,720	12,237,657
Interest income	(226)	(1,881)
<b>Operating profit before working capital changes</b>	<b>24,495,643</b>	<b>28,607,892</b>
<b>Adjustments for changes in working capital :</b>		
(Increase) in trade receivables	12,951,122	25,765,084
Decrease/(Increase) in inventories	52,872,767	(21,219,017)
(Increase) in financial assets	5,000	28,300
(Increase) in other assets	23,689,945	(15,763,338)
Increase in trade payables	(67,808,744)	31,499,047
Increase in other liabilities	28,225,289	(28,078,320)
Increase in financial liabilities	(11,128,445)	(37,527,937)
<b>Cash flow from/ (used in) operations</b>	<b>63,302,576</b>	<b>(16,688,289)</b>
Income taxes paid	(800,000)	(3,763)
<b>Net cash flow from/(used in) operating activities</b>	<b>62,502,576</b>	<b>(16,692,052)</b>
<b>B Cash flow from investing activities:</b>		
Interest received	226	1,881
<b>Net cash (used in)/flow from investing activities</b>	<b>226</b>	<b>1,881</b>
<b>C Cash flow from financing activities:</b>		
Proceeds from long-term borrowings	(50,259,070)	21,319,526
Finance expense paid	(9,536,720)	(12,237,657)
<b>Net cash (used in)/flow from financing activities:</b>	<b>(59,795,790)</b>	<b>9,081,869</b>
<b>D Net increase in cash and cash equivalents</b>	<b>2,707,012</b>	<b>(7,608,302)</b>
Cash and cash equivalents at the beginning of the year (refer note 19)	2,821,417	10,429,719
<b>Cash and cash equivalents at the end of the year</b>	<b>5,528,429</b>	<b>2,821,417</b>
<b>E Cash and cash equivalents comprises of:</b>		
Balances with banks on current accounts	3,181,014	569,002
Cash on hand	2,347,415	2,252,415
Deposits with maturity less than 3 months	5,528,429	2,821,417

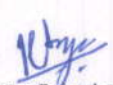
The accompanying notes form an integral part of these financial statements  
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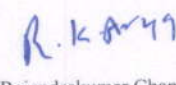
**FOR, B. A. BEDAWALA & COMPANY**  
Firm Registration No.: 101064W  
Chartered Accountants

  
**(B. A. SHARMA)**  
**PARTNER**  
M. No. : 038236



For and on behalf of Board of Directors of  
**PLANET SPINNING MILLS PRIVATE LIMITED**

  
**(Karan Rajendrakumar Arya)**  
Director  
DIN: 01712373

  
**(Rajendrakumar Chandulal Arya)**  
Director  
DIN: 05263134

Place : Ahmedabad  
Date : 11th June 2020



**PLANET SPINNING MILLS PRIVATE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2020**

**A. Equity share capital**

(Amount in ₹)

Equity shares of ₹ 10/- each issued, subscribed and fully paid up	Number of shares	Amount
As at 31 March 2018	3,000,000	30,000,000
Issue/reduction, if any during the year	0	0
As at 31 March 2019	3,000,000	30,000,000
Issue/reduction, if any during the year	0	0
As at 31 March 2020	3,000,000	30,000,000

**B. Other equity**

(Amount in ₹)

Particulars	Retained earnings	Total
As on 31 March, 2018	(8,133,662)	(8,133,662)
Profit for the year	(1,715,771)	(1,715,771)
Movement for the year	0	0
As on 31 March, 2019	(9,849,435)	(9,849,435)
Profit for the year	(3,074,074)	(3,074,074)
Movement for the year	0	0
As on 31 March, 2020	(12,923,508)	(12,923,508)

The accompanying notes form an integral part of these financial statements  
As per our report of even date

**FOR, B. A. BEDAWALA & COMPANY**

Firm Registration No.: 101064W

Chartered Accountants

(B. A. SHARMA)

PARTNER

M. No. 038236

Place : Ahmedabad

Date : 11th June 2020



For and on behalf of Board of Directors of  
**PLANET SPINNING MILLS PRIVATE LIMITED**

(Karan Rajendrakumar Arya)

Director

DIN: 01712373

(Rajendrakumar Chandulal Arya)

Director

DIN: 05263134



**1 Corporate information**

Planet Spinning Mills Private Limited ('the Company') is a private Company, domiciled in India under the provision of the Companies Act, 2013. The Company is engaged in Spinning activity.

**2 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The financial statements are presented in Indian rupees (INR) and all values are presented in full, except otherwise indicated.

**3 Summary of significant accounting policies**

**3.1 Current vs Non Current Classification**

**The Company presents assets and liabilities in the Balance Sheet base on current/non-current classification.**

**An asset is current when it is:**

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
  - ii) Held primarily for the purpose of trading
  - iii) Expected to be realised within twelve months after the reporting period, or
  - iv) Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current

**A liability is current when it is:**

- i) Expected to be settled in normal operating cycle
  - ii) Held primarily for the purpose of trading
  - iii) Due to be settled within twelve months after the reporting period, or
  - iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- All other liabilities are treated as non-current
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**3.2 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of discounts, taking into account contractually defined terms and inclusive of excise duty, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

**3.2.1 Interest income**

Interest income is recognised using effective interest method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but doesn't consider the expected credit losses. Interest income is included in the other income in the Statement of Profit and Loss.

**3.3 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**3.4 Property, plant and equipment (PPE)**

Property, plant and equipment and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Borrowing cost relating to acquisition / construction of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.



Depreciation is calculated on written down value (WDV) method using the rates arrived at based on the useful lives estimated by the management. Further, pursuant to the notification of Schedule II of the Companies Act 2013, by the Ministry of Corporate Affairs effective 01st April, 2014, the management has internally reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013.

#### Depreciation and Amortisation

Depreciation is charged on the basis of useful life of assets on WDV method which are as follows:-

Asset Category	Life in Year
Building	30
Office Equipment	5
Plant and Machinery	15
Electrical Installations	10
Computers	3
Fire Extinguisher	5
Furniture and Fixtures	10

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is recognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### 3.5 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### 3.6 Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

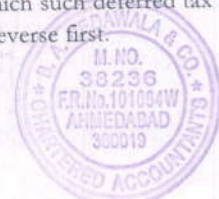
##### Current income tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing and applicable for the relevant assessment year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### Deferred tax

Deferred income taxes are recognised for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases in the financial statements. The effect on deferred tax assets and liabilities of a change in the tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.





**3.7 Provisions, contingent liabilities, contingent assets and commitments**

A provision is recognised when there is a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**3.8 Fair value disclosures for financial assets and financial liabilities**

The management believes that the fair values of non-current financial assets (e.g. Investments at FVPL, loans and others), current financial assets (e.g. , cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities (e.g Trade payables and other payables and others) approximate their carrying amounts.

The Company has not performed a fair valuation of its investment in unquoted equity shares other than subsidiary, which are classified as FVOCI (refer Note 4), as the Company believes that impact of change on account of fair value is insignificant.

Fair value of quoted investment in mutual fund is determined by reference to available net asset value (NAV) available from respective Assets Management Companies ("AMC")

**3.9 Fair value measurement**

The Company measures financial instruments, such as, investments and derivatives, at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- > In the principal market for the asset or liability, or
- > In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy,

- > Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- > Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- > Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

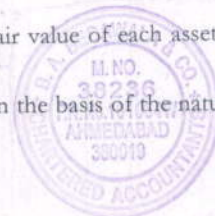
The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted/quoted financial assets measured at fair value.

External valuers are involved for valuation of unquoted financial assets and financial liabilities. Involvement of external valuers is decided upon annually by the Management. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with The Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on a yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.





**3.10 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets****Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

**A) Debt instruments****i) Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and any costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans, security deposits given, trade and other receivables.

**ii) Debt instrument at FVTOCI**

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has not classified any financial asset into this category.

**iii) Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**B) Equity instruments**

All equity instruments are subsequently measured at fair value in the balance sheet, with value changes recognised in statement of profit and loss except for those equity instruments for which the Company has elected to present value changes in "other comprehensive income". If an equity instrument is not held for trading, the Company may make an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income. The Company makes such election on an instrument by instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, The Company may transfer the cumulative gain or loss within equity.

The Company has elected to present all equity instruments, other than those in subsidiary, through FVTPL and all subsequent changes are recognized in Statement of Profit and Loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- > The rights to receive cash flows from the asset have expired, or
- > The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.





When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Impairment of financial assets**

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure;

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances
- b) Financial assets that are debt instruments and are measured as at other comprehensive income (FVTOCI)
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

Under the simplified approach the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period the credit risk reduces since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The Company has presumed that default doesn't occur later than when a financial asset is 90 days past due.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head "Other Expense" in the P&L. The impairment loss is presented as an allowance in the Balance Sheet as a reduction from the net carrying amount of the trade receivable, loan, deposits and lease receivable respectively.

#### **Financial liabilities**

##### **Initial recognition and measurement**

All financial liabilities are initially recognised at fair value. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft and derivative financial instruments.

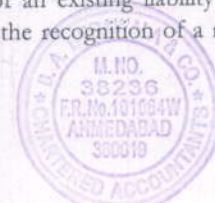
##### **Subsequent measurement**

Subsequent measurement of financial liabilities depends on their classification as fair value through Profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part of the EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

##### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.





**Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument are recognised in the statement of profit and loss.

**Reclassification of financial instruments**

After initial recognition, no reclassification is made for financial assets which are equity instruments. For financial assets, which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in the business model.

**Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.11 Events Occurring After Balance - Sheet**

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 31st March 2020, there were no subsequent events to be recognised or reported that are not already disclosed.

**3.12 Impact of Covid – 19**

In the last week of March 2020, an outbreak situation arose in India on account of COVID-2019. The Company has considered such outbreak situation as subsequent event to the Balance Sheet date i.e., March 31, 2020 in terms of Ind AS 10 "Reporting on Event After Balance Sheet Date" and has assessed the operational and financial risk on going forward basis though Company's operations continued in the given situation. In assessing the impact on the recoverability of financial and non-financial assets, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts whereby it expects to recover the carrying amounts of the assets. The Company has performed sensitivity analysis on the assumptions used on assessing the impact on the Company's operations. On overall basis, the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due, and compliance with the debt covenants, as applicable. The impact on the operations and earnings/ cashflows of the Company due to COVID- 2019 outbreak may be different from that estimated as at date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**3.13 Government Grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.





**4 Significant accounting estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Depreciation**

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

**Taxes**

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these condensed financial statements.





**PLANET SPINNING MILLS PRIVATE LIMITED**

Notes to standalone financials statements for the year ended 31st March, 2020

**Note 5 - Property, plant and equipment**

Note 5 - Property, plant and equipment										(Amount in ₹)
Particulars	Land	Factory Building	Plant & Machinery	Furniture & Fixtures	Computer Equipment	Office Equipment	Fire Extinguisher	Vehicle	Total	
Deemed cost										
As at 31 March 2018	17,736,540	40,923,387	98,027,079	159,036	2,308	172,644	6,872	0	157,027,866	
Additions	0	0	0	0	0	0	0	0	0	
Deductions	0	0	0	0	0	0	0	0	0	
As at 31 March 2019	17,736,540	40,923,387	98,027,079	159,036	2,308	172,644	6,872	0	157,027,866	
Additions	0	0	0	0	0	0	0	0	0	
Deductions	0	0	0	0	0	0	0	0	0	
As at 31st March, 2020	17,736,540	40,923,387	98,027,079	159,036	2,308	172,644	6,872	0	157,027,866	
Accumulated depreciation										
As at 31 March 2018	0	4,052,105	19,181,869	44,789	0	45,642	1,867	0	23,326,272	
Depreciation for the year	0	3,650,761	14,961,301	32,151	0	45,487	1,025	0	18,690,724	
Deductions	0	0	0	0	0	0	0	0	-	
Adjustments	0	0	0	0	0	0	0	0	-	
As at 31 March 2019	0	7,702,866	34,143,170	76,940	0	91,129	2,892	0	42,016,996	
Depreciation for the year	0	3,314,602	14,615,102	33,756	0	34,675	0	0	17,998,135	
Deductions	0	0	0	0	0	0	0	0	0	
Adjustments	0	0	0	0	0	0	0	0	0	
As at 31st March, 2020	0	11,017,468	48,758,272	110,696	0	125,804	2,892	0	78,013,266	
Net block										
As at 31st March, 2020	17,736,540	29,905,919	49,268,807	48,340	2,308	46,840	3,980	0	97,012,735	
As at 31 March 2019	17,736,540	33,220,521	63,883,909	82,096	2,308	81,515	3,980	0	115,010,870	





**PLANET SPINNING MILLS PRIVATE LIMITED**

Notes to standalone financials statements for the year ended 31st March, 2020

Particulars	(Amount in ₹)	
	As at 31st March, 2020	As at 31st March, 2019
<b>6 Deferred tax assets (net)</b>		
On difference between book base and tax base of depreciable assets	3,338,587	2,366,370
	<b>3,338,587</b>	<b>2,366,370</b>
<b>7 Inventories</b>		
Raw material and components	16,716,441	17,720,123
Work-in-progress	2,635,734	4,553,571
Finished goods	6,879,084	56,830,332
	<b>26,231,259</b>	<b>79,104,026</b>
<b>8 Trade Receivables</b>		
<b>Current</b>		
Unsecured, considered good		
Outstanding for more than six months from the date they became due for payment	4,503,623	3,284,422
Others	18,302,631	32,472,954
	<b>22,806,254</b>	<b>35,757,376</b>
<b>9 Cash and cash equivalents</b>		
Balance in current account	3,181,014	569,002
Cash on hand	2,347,415	2,252,415
	<b>5,528,429</b>	<b>2,821,417</b>
<b>10 Other Financial assets Current</b>		
Deposits	20,000	25,000
	<b>20,000</b>	<b>25,000</b>
<b>11 Other current assets</b>		
Balances with statutory/ Government authorities	20,252,227	31,166,271
Advances to Suppliers	4,462,523	36,974,316
Other advances	23,939,937	5,196,229
Prepaid Factory Licence Fee	0	238,523
	<b>48,654,688</b>	<b>73,575,339</b>
<b>12 Other current tax assets</b>		
Advance Income Tax(Net of Provision)	1,150,000	0
TCS Receivable	80,707	0
	<b>1,230,707</b>	<b>0</b>
<b>13 Share capital</b>		
<b>A). Authorized, issued, subscribed and paid up share capital</b>		
<b>Authorised</b>		
Equity Shares of Rs.10 each	50,000,000	50,000,000
	<b>50,000,000</b>	<b>50,000,000</b>
<b>Issued, subscribed and fully paid up shares</b>		
30,00,000 Equity Shares of Rs.10 each with voting rights	30,000,000	30,000,000
	<b>30,000,000</b>	<b>30,000,000</b>

Notes:

(a) Reconciliation of the number of the shares outstanding as the beginning and end of the year:

Particulars	As at 31st March, 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	3,000,000	30,000,000	3,000,000	30,000,000
Movement during the year	0	0	0	0
At the end of the year	<b>3,000,000</b>	<b>30,000,000</b>	<b>3,000,000</b>	<b>30,000,000</b>



# PLANET SPINNING MILLS PRIVATE LIMITED

Notes to standalone financials statements for the year ended 31st March, 2020

## (b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of distribution will be in proportion to the number of equity shares held by the shareholders.

## (c) Details of shareholder holding more than 5% shares in the Company

Equity shares of ₹10 each fully paid		As at 31st March, 2020	As at 31 March 2019
	Number of Shares	3,000,000	3,000,000
Jindal Worldwide Limited	% Holding	100.00%	100.00%

## (d) Shares reserved for issue under option

The Company has not reserved any shares for issuance under options

## (e) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period immediately preceding the reporting date

The Company has neither issued any bonus shares, shares for consideration other than cash nor has there been any buyback of shares in the period immediately preceding five years from 31st March, 2020.

## 14 Other equity

### (i) Retained earnings

Opening balance	(9,849,435)	(8,133,662)
Add: Profit/ (loss) for the year	(3,074,074)	(1,715,771)
Closing balance	(12,923,508)	(9,849,433)
Total	(12,923,508)	(9,849,433)

## 15 Borrowings

### Non-current borrowings

Unsecured loan- Interest free

Others	67,515,528	2,59,95,000
From Body corporates	0	8,53,23,642

67,515,528 11,13,18,642

## 16 Trade payables

Total outstanding due of creditors other than micro enterprises and small enterprises

30,338,739 10,30,68,063

30,338,739 10,30,68,063

## 17 Other financial liabilities

Bank Term Loan

Cash Credit

Loan from FIs

0 1,05,80,738

60,090,441 6,06,38,147

15,35,377

60,090,441 7,27,54,262

## 18 Other current liabilities

Statutory dues

Advance from customers

Salary Payable

Audit fees payable

Others

188,099 120,098

2,418,479 0

962,577 1,148,768

30,000 100,000

25,995,000 0

29,594,155 1,368,866

## 19 Provisions

Provisions for Income Tax

207,304 0

207,304 0





**PLANET SPINNING MILLS PRIVATE LIMITED**

Notes to standalone financial statements for the year ended 31st March, 2020

Particulars	(Amount in ₹)	
	For the year ended 31st March, 2020	For the year ended 31st March 2019
<b>20 Revenue from operations</b>		
<b>Sale of products and services</b>		
<u>Sale of Product:</u>		
Yarn	534,898,198	455,486,817
Waste	9,888,298	18,819,214
<u>Trading Sale:</u>		
Cotton	11,649,080	-
Cotton Yarn	19,235,363	-
Grey Fabric	25,717,173	-
Cotton & Cotton Yarn	208,686,750	-
	<b>810,074,863</b>	<b>474,306,031</b>
<b>21 Other income</b>		
<u>Interest income on</u>		
IT Refund	226	-
Other Interest income	-	1,881
Sales Tax Incentive	1,473,171	-
Miscellaneous income	-	321,191
Sundry balance written off	23	-
	<b>1,473,420</b>	<b>323,072</b>
<b>22 Cost of material</b>		
Opening stock	17,720,123	25,695,071
Add : Purchases during the year	431,065,457	358,857,075
Less: Inventory at the end of the year	16,716,441	17,720,123
	<b>432,069,139</b>	<b>366,832,023</b>
<b>Cost of material consumed</b>		
<b>23 Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Inventory as at the beginning of the year		
Work-in-progress	4,553,571	2,444,716
Finished goods	56,830,332	27,970,022
Inventory as at the end of the year		
Work-in-progress	2,635,734	4,553,571
Finished goods	6,879,084	56,830,332
	<b>51,869,085</b>	<b>(30,969,165)</b>
<b>24 Purchases of Trade Goods</b>		
Cotton & Cotton Yarn	208,686,750	-
Cotton	11,649,080	-
Yarn	-	19,235,363
Grey Fabric	-	25,717,173
	<b>220,335,831</b>	<b>44,952,536</b>
<b>25 Employee benefits expense</b>		
Salaries, wages and allowance	14,120,019	11,611,900
Contribution to employee fund	215,280	199,345
Staff Welfare Expenses	280,327	218,280
	<b>14,615,626</b>	<b>12,029,525</b>
<b>26 Finance costs</b>		
Interest charged on :		
Fixed Loans, Buyer's Credit, Short Term etc.	8,496,436	12,214,368
Others Finance costs	1,040,284	23,289
	<b>9,536,720</b>	<b>12,237,657</b>





# PLANET SPINNING MILLS PRIVATE LIMITED

Notes to standalone financials statements for the year ended 31st March, 2020

<b>27 Depreciation and amortization expenses</b>		
Depreciation of property, plant and equipment	17,998,135	18,690,724
	<b>17,998,135</b>	<b>18,690,724</b>
<b>28 Other expenses</b>		
Stores & Spares	11,375,152	12,516,225
Packing Material	4,917,309	4,159,361
Electricity Consumption	45,167,198	31,952,081
Job Work Expense	2,851,318	516,567
Audit Fees	30,000	100,000
Conveyance & Travelling Expenses	-	135,573
Carriage Inward and Freight	1,600	556,553
Filling Fees	13,200	3,100
Insurance Exp.	253,893	603,337
Labour Charges	1,486,757	863,775
Lease filling fees	2,650	
Lease Line Expense	70,000	67,003
Other Repairs	1,485,410	64,968
Postage and Courier	-	5,548
Professional Fees	60,925	207,500
Printing & Stationery	468	5,311
Repairs to Machinery	-	839,744
Property Taxes	100,000	100,000
Security Exp	-	89,850
Loading & Unloading Expenses	35,100	-
Telephone & Mobile Exp	-	46,052
Factory Exps	311,755	341,863
	<b>68,162,734</b>	<b>53,174,411</b>
<b>* Payment to auditor</b>		
<b>As auditor:</b>		
Audit fee	25,000	70,000
Tax audit fees	5,000	30,000
	<b>30,000</b>	<b>100,000</b>
<b>29 Income tax profit and loss section</b>		
<b>Income tax recognised in statement of profit and loss:</b>		
Current income tax	207,304	-
Adjustment in respect of previous years	800,000	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(972,217)	(602,838)
	<b>35,087</b>	<b>(602,838)</b>
<b>Income tax expenses reported in statement of profit and loss</b>		
<b>30 Earnings per share</b>		
Basic EPS amounts are calculated by dividing the profit for the year attributable on equity holders of the company by the weighted average shares outstanding during the year.		
The following reflects the income and share data used in the basic & diluted EPS computation		
<b>Basic and diluted earning per share</b>		
Profit attributable to equity shareholders of the Company for basic & diluted earning	(3,074,074)	(1,715,771)
Weighted average number of equity shares for basic & diluted EPS	3,000,000	3,000,000
<b>Basic and diluted earning per share (in ₹)</b>	<b>(1.02)</b>	<b>(0.57)</b>





### 31 Capital management

- (a) The Company's capital management objective are to ensure Company's ability to continue as a going concern as well to create value for shareholders by facilitating the meeting of long term and short term goals of the Company. The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through cash generated from operations, long term and short term bank borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents, other bank balances (including non-current earmarked balances) and current investments. The table below summarises the capital, net debt and net debt to equity ratio of the company.

Particulars	(Amount in ₹)	
	As at 31 March 2020	As at 31 March 2019
Equity share capital	30,000,000	30,000,000
Other equity	(12,923,508)	(9,849,433)
<b>Total equity</b>	<b>17,076,492</b>	<b>20,150,567</b>
Non-current borrowings	67,515,528	117,774,598
Short term borrowings	60,090,441	71,218,885
<b>Gross Debt</b>	<b>127,605,969</b>	<b>188,993,483</b>
Gross debt as above	127,605,969	188,993,483
Less: Cash and cash equivalents	5,528,429	2,821,417
<b>Net Debt</b>	<b>122,077,539</b>	<b>186,172,066</b>
<b>Net debt to equity</b>	<b>7.149</b>	<b>9.239</b>

### 32 Fair value measurement

- (a) The carrying value and fair value of financial instruments by categories as of 31 March 2020 is as follows :

Particulars	(Amount in ₹)		
	Fair value through other comprehensive income	Fair value through other profit & loss	Amortised Cost
<b>Financial assets</b>	0	0	5,528,429
Cash and cash equivalents	0	0	22,806,254
Trade Receivables	0	0	20,000
Other Financial assets	0	0	0
	<b>0</b>	<b>0</b>	<b>28,354,683</b>
<b>Financial liabilities</b>	0	0	67,515,528
Borrowings	0	0	30,338,739
Trade payables	0	0	60,090,441
Other financial liabilities	0	0	0
	<b>0</b>	<b>0</b>	<b>157,944,708</b>

- (b) The carrying value and fair value of financial instruments by categories as of 31 March 2019 is as follows :

Particulars	(Amount in ₹)		
	Fair value through other comprehensive income	Fair value through other profit & loss	Amortised Cost
<b>Financial assets</b>	0	0	2,821,417
Cash and cash equivalents	0	0	35,757,376
Trade Receivables	0	0	25,000
Other Financial assets	0	0	0
	<b>0</b>	<b>0</b>	<b>38,603,793</b>
<b>Financial liabilities</b>	0	0	117,774,598
Borrowings	0	0	98,147,484
Trade payables	0	0	71,218,885
Other financial liabilities	0	0	0
	<b>0</b>	<b>0</b>	<b>287,140,967</b>

The carrying amounts of trade payables and other payables, working capital borrowing current loan and cash & cash equivalents are considered to be the same as fair value, due to short term in nature





33 The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. Company's principal financial liabilities comprises, loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liability is to finance company's operation. Company's principal financial asset include loan to subsidiaries, investments, trade and other receivables, security deposits and cash and cash equivalent, that directly derive from its business.

(a) **Credit Risk**

Credit Risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

**Credit Risk Management**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March 2019, as summarised below:

	(Amount in ₹)	
	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	5,528,429	2,821,417
Trade Receivables	22,806,254	35,757,376
Other Financial assets	20,000	25,000
	<b>28,354,683</b>	<b>38,603,793</b>

The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties only.

(b) **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

(i) **Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	(Amount in ₹)	
	31 March 2020	31 March 2019
<b>Floating and fixed rate</b>		
- Expiring within one year (cash credit and other facilities- Floating rate)	60,090,441	60,638,147
- Expiring within one year (bank loans - Fixed rate)	0	10,580,738
- Expiring beyond one year (bank loans - Floating rate)	0	0
	<b>60,090,441</b>	<b>71,218,885</b>

(ii) **Maturities of financial liabilities**

	(Amount in ₹)				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>31 March 2020</b>					
<b>Non-derivatives</b>					
Borrowings	67,515,528	0	0	0	67,515,528
Trade payables	30,338,739	0	0	0	30,338,739
Other financial liabilities	60,090,441	0	0	0	60,090,441
<b>31 March 2019</b>					
<b>Non-derivatives</b>					
Borrowings	117,774,598	0	0	0	117,774,598
Trade payables	98,147,484	0	0	0	98,147,484
Other financial liabilities	71,218,885	0	0	0	71,218,885

(c) **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

(d) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any long term borrowings with floating interest rate and carrying short term borrowings with floating interest rate. The company's investment in fixed deposit carries fixed interest rate.

(i) Below is the overall exposure of the Company to interest rate risk:

	(Amount in ₹)	
	31 March 2020	31 March 2019
<b>Particulars</b>		
Variable rate borrowing	0	-
Fixed rate borrowing	0	10,580,738
<b>Total borrowings</b>	<b>0</b>	<b>10,580,738</b>
Amount disclosed under other current financial liabilities	0	0
<b>Amount disclosed under borrowings</b>	<b>0</b>	<b>0</b>



## Sensitivity

Below is the sensitivity of profit or loss in interest rates.

	31 March 2020	31 March 2019
Particulars		
Interest sensitivity*	0	0
Interest rates – increase by 100 basis points (100 bps)	0	0
Interest rates – decrease by 100 basis points (100 bps)		
* Holding all other variables constant		

## ii Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

34 Previous Year's figures have been regrouped/ reclassified wherever necessary correspond with the figures for the year under review.

## 35 Recent accounting pronouncements

### Standards issued but not effective

As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.





**PLANET SPINNING MILLS PRIVATE LIMITED**

Notes to standalone financials statements for the year ended 31 March 2020

36 In accordance with the requirements of Accounting Standard (AS-18), related party disclosures are as follows:

**a) List of related parties**

 Relationship  
Holding Co.

Directors/Key Managerial Persons

Entities where significant influence is exercised by KMP having transactions with the Company

**Name of related party**

Jindal Worldwide Ltd.

Karan Arya

Rajendra Arya

Jindal Spinning Inc. (A Div. of Jindal Worldwide Ltd.)

Jindal Denim Inc. (A Div. of Jindal Worldwide Ltd.)

Jindal Worldwide Ltd.

Jindal Fabric Inc. (A Div. of Jindal Worldwide Ltd.)

Saroj Arya

Khushboo Arya

Lokesh Gupta

Karan Gupta

Ghanshaym Gupta

Bhagirath Arya

**b) Summary of related party transactions**

(Amount in ₹)

S.No	Particulars	Wholly owned subsidiaries/ subsidiary		Key management personnel		Entities where significant influence is exercised by KMP	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	<b>Transactions during the year</b>						
i	<b>Sale of goods and services</b>						
	Jindal Denim Inc. (A Div. of Jindal Worldwide Ltd.)					333,525,236	360,230,738
	Jindal Spinning Inc. (A Div. of Jindal Worldwide Ltd.)					18,152,570	10,132,537
	Jindal Fabric Inc. (A Div. of Jindal Worldwide Ltd.)					25,717,173	0
ii	<b>Purchase of goods and services</b>						
	Jindal Worldwide Ltd.					0	25,717,173
	Jindal Spinning Inc. (A Div. of Jindal Worldwide Ltd.)					436,787,837	304,913,579
iv	<b>Salary</b>						
	Khushboo Arya					0	50,000
	Lokesh Gupta					0	50,000
	Karan Gupta					0	10,000
	<b>Outstanding at the end of the year</b>						
i	<b>Unsecured loans</b>						
	Bhagirath Arya					25,995,000	25,995,000
i.	<b>Trade payables</b>						
	Jindal Worldwide Ltd.					0	27,003,032
	Jindal Spinning Inc. (A Div. of Jindal Worldwide Ltd.)					0	20,161,445
v	<b>Non-current borrowings</b>						
	Jindal Spinning Inc.					67,515,528	12,052,012
	Jindal Denim Inc.					0	57,518,567
vi	<b>Trade Receivables</b>						
	Jindal Denim Inc.					0	28,999,195

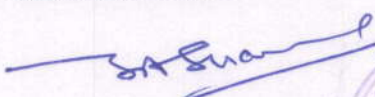
The accompanying notes form an integral part of financials statements

As per our report of even date

FOR, B. A. BEDAWALA &amp; COMPANY

Firm Registration No.: 101064W

Chartered Accountants



(B. A. SHARMA)

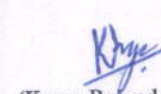
PARTNER

M. No. : 038236



For and on behalf of Board of Directors of

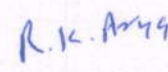
PLANET SPINNING MILLS PRIVATE LIMITED



(Karan Rajendrakumar Arya)

Director

DIN: 01712373



(Rajendrakumar Chandulal Arya)

Director

DIN: 05263134

Place : Ahmedabad

Date : 11th June 2020