

# **FINANCIAL REPORT**

**SAROJ WEAVERS PRIVATE LIMITED**

**FINANCIAL YEAR 2018-19**

**INDEPENDENT AUDITOR'S REPORT**

To,  
Board of Directors,  
Saroj Weavers Private Limited  
Ahmadabad

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Saroj Weavers Private Limited** CIN U17120GJ2013PTC074090. ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, 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 division 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 Division'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 division 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 Division as at 31st March, 2019
- 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

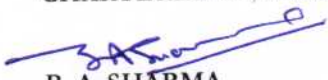
## Report on Other Legal and Regulatory Requirements

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 division 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, 2019, and 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) 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 Division 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 Division 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 : 17th May 2019



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 division of 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 division of company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Division of company is maintaining proper records of its inventories and no material discrepancies were noticed on such physical verification.
3. As informed to us, the division of company has not taken loans from the parties covered in the register maintained under section 189. The division of 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 division of 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 Division of 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 Division of 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 division of 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, 2019.
  - 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 Division of company has no accumulated losses at the end of the financial year under audit. The division of 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 Division of 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 Division of 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 Division of company.
11. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the division of 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 division of 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 : 17th May 2019



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

*B. A. Sharma*

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 Saroj Weavers Private Limited on the Ind AS financial statements for the year ended 31st March,2019.**

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 **Saroj Weavers Private Limited** as of 31<sup>st</sup> March,2019 in conjunction with our audit of the Ind AS financial statements of the division 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**

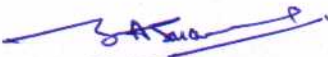
In our opinion, the Division has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria 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.

Place : AHMEDABAD

Date : 17th May 2019



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

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

**M.NO. - 038236  
FRN. - 101064W**



Saroj Weavers Private Limited  
CIN: U17120GJ2013PTC074090  
Balance Sheet as at 31 March, 2019

Particulars	Notes	Amount (₹ in Lakh)	
		As at 31 March 2019	As at 31 March 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,846.62	3,240.96
Financial assets			
- Investments	6	1,214.75	0.09
<b>Total non-current assets</b>		<b>4,061.37</b>	<b>3,241.05</b>
<b>Current assets</b>			
- Cash and cash equivalents	7	1.65	3.57
- Other financial assets	8	300.00	1,300.00
Other current assets	9	586.87	584.11
<b>Total current assets</b>		<b>888.52</b>	<b>1,887.68</b>
<b>Total assets</b>		<b>4,949.89</b>	<b>5,128.73</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	10	401.00	401.00
Other equity	11	35.11	(0.67)
<b>Total equity</b>		<b>436.11</b>	<b>400.33</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	12	2,334.38	2,490.00
Deferred tax liabilities (net)	13	3.32	0.06
<b>Total non-current liabilities</b>		<b>2,337.70</b>	<b>2,490.06</b>
<b>Current liabilities</b>			
Financial liabilities			
- Trade Payables	14	3.93	21.16
Other current liabilities	15	2,171.20	2,217.11
Current-tax liabilities	16	0.95	0.06
<b>Total current liabilities</b>		<b>2,176.08</b>	<b>2,238.33</b>
<b>Total equity and liabilities</b>		<b>4,949.89</b>	<b>5,128.73</b>
Summary of significant accounting policies	1 to 4		
Notes on Financial statement	5 to 32		

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

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

For and on behalf of Board of Directors of  
**Saroj Weavers Private Limited**

(B. A. SHARMA)  
PARTNER



(Dr. YAMUNADUTT AGARWAL) (Dr. AMIT AGRAWAL)  
Director Director  
DIN: 00243192 DIN: 00169061

M. No. : 038236  
Place : Ahmedabad  
Date : 17th May 2019



Statement of Profit and Loss for the year ended 31 March 2019

Particulars	Notes	Amount (₹ in Lakh)	
		For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Income</b>			
Revenue from operations	17	7,024.89	19.92
Other income	18	0.95	28.68
<b>Total income</b>		<b>7,025.84</b>	<b>48.60</b>
<b>Expenses</b>			
Cost of Materials Consumed	19	5,556.47	-
Purchases of Trade Goods	20	46.34	-
Employee benefits expense	21	180.47	3.61
Finance costs	22	274.76	11.53
Depreciation and amortization expense	23	594.01	24.40
Other expenses	24	325.45	8.44
<b>Total expenses</b>		<b>6,977.50</b>	<b>47.98</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>48.34</b>	<b>0.61</b>
Exceptional items			
<b>Profit before tax</b>		<b>48.34</b>	<b>0.61</b>
<b>Tax expense:</b>	25		
Current tax		9.30	0.12
Tax of earlier periods			
Deferred tax		12.57	0.17
Less: MAT credit entitlement		(9.30)	(0.12)
<b>Income tax expense</b>		<b>12.57</b>	<b>0.17</b>
<b>Profit for the year</b>		<b>35.77</b>	<b>0.44</b>
<b>Total comprehensive income for the year</b>		<b>35.77</b>	<b>0.44</b>
<b>Unused tax credits</b>	26	<b>9.30</b>	<b>0.12</b>
<b>Earnings per equity share</b>			
Basic and diluted earnings per equity shares (In ₹)	27	<b>0.89</b>	<b>0.01</b>

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

**B. A. BEDAWALA & COMPANY**

Firm Registration No.: 101064W

Chartered Accountants

(B. A. SHARMA)  
PARTNER

M. No. : 038236  
Place : Ahmedabad  
Date : 17th May 2019



For and on behalf of Board of Directors of  
**Saroj Weavers Private Limited**

(Dr. YAMUNADUTT AGRAWAL)  
Director  
DIN: 00243192

(Mr. AMIT AGRAWAL)  
Director  
DIN: 00169061

**Saroj Weavers Private Limited**

CIN: U17120GJ2013PTC074090

Consolidated Cash flow statement for the year ended 31 March 2019

	Amount (₹ in Lakh)	
	Year ended 31-03-2019	Year ended 31-03-2018
<b>A Cash flow from operating activities:</b>		
Profit before tax	48.34	0.61
<b>Adjustments for :</b>		
Depreciation and amortisation expense	594.01	24.40
Finance expense	274.76	11.53
MAT	(9.30)	-
<b>Operating profit before working capital changes</b>	<b>907.81</b>	<b>36.54</b>
<b>Adjustments for changes in working capital :</b>		
(Increase) in financial assets	997.24	-
(Increase) in other assets	-	(1,883.78)
Increase in trade payables	(17.23)	21.14
Increase in other liabilities	(45.02)	2,216.46
Increase in financial liabilities	-	-
<b>Cash flow from/ (used in) operations</b>	<b>1,842.79</b>	<b>390.36</b>
Income taxes paid	-	-
<b>Net cash flow from/(used in) operating activities</b>	<b>1,842.79</b>	<b>390.36</b>
<b>B Cash flow from investing activities:</b>		
Purchase of fixed assets (including capital work-in-progress, capital advances and intangibles under development)	(199.67)	(3,265.35)
Purchase of investments	(1,214.66)	-
Interest received	-	-
<b>Net cash (used in)/flow from investing activities</b>	<b>(1,414.33)</b>	<b>(3,265.35)</b>
<b>C Cash flow from financing activities:</b>		
Net (repayment)/proceeds from Share capital	-	400.00
Proceeds from long-term borrowings	(155.62)	2,490.00
Repayment of long-term borrowings	-	-
Finance expense paid	(274.76)	(11.53)
<b>Net cash (used in)/flow from financing activities:</b>	<b>(430.38)</b>	<b>2,878.47</b>
<b>D Net increase in cash and cash equivalents</b>	<b>(1.92)</b>	<b>3.48</b>
Cash and cash equivalents at the beginning of the year	3.57	0.09
<b>Cash and cash equivalents at the end of the year</b>	<b>1.65</b>	<b>3.57</b>
<b>E Cash and cash equivalents comprises of:</b>		
Balances with banks		
on current accounts	1.65	3.57
Cash on hand	-	-
Deposits with maturity less than 3 months	-	-
	<b>1.65</b>	<b>3.57</b>

The accompanying notes form an integral part of these financials statements.

As per our report of even date.

**B. A. BEDAWALA & COMPANY**

Firm Registration No.: 101064W

Chartered Accountants

(B. A. SHARMA)  
PARTNER

M. No.: 038236

Place : Ahmedabad

Date : 17th May 2019



For and on behalf of Board of Directors of  
Saroj Weavers Private Limited

(Dr. YAMUNADUTT AGRAWAL)  
Director  
DIN: 00243192

(Mr. AMIT AGRAWAL)  
Director  
DIN: 00169061

Saroj Weavers Private Limited

Statement of Changes in Equity for the year ended 31 March 2019

A. Equity share capital

Amount (₹ in Lakh)

Equity shares of ₹ 10/- each issued, subscribed and	Number of shares	Amount
As at 31 March 2018	4,010,000	401.00
Issue/reduction, if any during the year	-	-
As at 31 March 2019	4,010,000	401.00

B. Other equity

Amount (₹ in Lakh)

Particulars	Retained earnings	Securities Premium Account	Total
As on 31 March, 2018	(0.67)	-	(0.67)
Profit for the year	35.77	-	35.77
Movement for the year	-	-	-
As on 31 March, 2019	35.11	-	35.11

The accompanying notes form an integral part of these financial statements

As per our report of even date

B. A. BEDAWALA & COMPANY

Firm Registration No.: 101064W

Chartered Accountants

For and on behalf of Board of Directors of  
Saroj Weavers Private Limited

(B. A. SHARMA)  
PARTNER



M. No. : 038236

Place : Ahmedabad

Date : 17th May 2019

(Dr. YAMUNADUTT AGRAWAL)

Director

DIN: 00243192

(Mr. AMIT AGRAWAL)

Director

DIN: 00169061



## 1 Corporate information

Saroj Weavers Private Limited ("the Company") is a public Company, domiciled in India under the provision of the Companies Act, 1956. The Company is engaged in Weaving of Textile fabrics.

## 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.

#### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at fair value of the consideration received or receivable, inclusive of excise duty and net off sales tax/ value added tax, trade discounts, returns and allowances, price difference adjustments, volume discounts, liquidated damages and special discounts passed on to customers. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

#### 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.



#### Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

#### Rental income

Rental income from investment properties and subletting of properties is recognised on a straight line basis over the term of the relevant leases.

### 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)

Under the previous GAAP (Indian GAAP), fixed assets (including capital work in progress) are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs, if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. The Company has elected to regard previous GAAP carrying values of property as deemed cost at the date of transition to Ind AS.

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	Basis for useful life
Plant and Machinery	15	
Electrical Installations	10	
Computers	3	
Furniture and Fixtures	10	

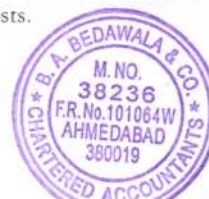
\*Depreciation on factory building at leasehold land is charged over the period of lease by WDV method.  
Freehold land is carried at cost.

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 derecognized.

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 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.





### 3.6 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to the date of transition, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

#### The Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Assets acquired on leases where substantial risks and rewards incidental to ownership are not transferred to the Company are classified as operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. 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 finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term after considering effects of escalation unless the payments are structured to increase in line with general inflation to compensate for lessors expected inflationary cost increase.

### 3.7 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.

### 3.8 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.

Minimum alternate tax ('MAT') credit is recognized as a deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### 3.9 Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

### 3.10 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.

### 3.11 Foreign currency transactions

The standalone financial statements are presented in currency INR, which is also the functional currency of the Company. Functional currency is the currency of the primary economic environment in which the entity operates.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.



### 3.12 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")

### 3.13 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.

All 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
- > 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 re-assessed 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.

### 3.14 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 fees or 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 11 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.





#### 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.

##### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

##### 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.

##### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.





Saroj Weavers Private Limited

Notes to standalone financials statements for the year ended 31 March 2019

Note 5 - Property, plant and equipment

Amount (₹ in Lakh)

Particulars	Plant and machinery	Computer	Furniture & Fixtures	Electrical Installations	Total
As at 31 March 2018	3,239.86	1.73	1.35	22.41	3,265.35
Additions	197.92	-	0.55	1.20	199.67
Deductions	-	-	-	-	-
As at 31 March 2019	3,437.78	1.73	1.90	23.61	3,465.02
<b>Accumulated depreciation</b>					
As at 31 March 2018	24.10	0.04	0.01	0.24	24.40
Depreciation for the year	586.55	1.06	0.35	6.05	594.01
Deductions	-	-	-	-	-
Adjustments	-	-	-	-	-
As at 31 March 2019	610.65	1.11	0.36	6.29	618.41
<b>Net block</b>					
As at 31 March 2019	2,827.13	0.62	1.54	17.32	2,846.62
As at 31 March 2018	3,215.76	1.68	1.34	22.17	3,240.96



	Amount (₹ in Lakh)	
	As at 31 March 2019	As at 31 March 2018
<b>6 Investments</b>		
Non current investments		
Unquoted equity instruments - at cost		
Investment in equity shares		
Investment in other companies		
Yash Exports (India) Pvt. Ltd. (211622 shares)	1,214.71	-
Amitara Green Hi-Tech Textile Park Pvt. Ltd (400 shares)	0.04	-
Amitara Green Hi-Tech Textile Park Pvt. Ltd (900 shares)	-	0.09
	<b>1,214.75</b>	<b>0.09</b>
<b>7 Cash and cash equivalents</b>		
Balance in current account	1.65	3.57
	<b>1.65</b>	<b>3.57</b>
<b>8 Other current financial assets</b>		
Advances given to others	300.00	1,300.00
	<b>300.00</b>	<b>1,300.00</b>
<b>9 Other current assets</b>		
Balances with statutory authorities	586.87	584.11
	<b>586.87</b>	<b>584.11</b>
<b>10 Share capital</b>		
A). Authorized, issued, subscribed and paid up share capital		
Authorised		
Equity Shares of Rs.10 each	835.00	835.00
	<b>835.00</b>	<b>835.00</b>
Issued, subscribed and fully paid up shares		
Equity Shares of Rs.10 each with voting rights	401.00	401.00
	<b>401.00</b>	<b>401.00</b>

## Notes:

(a) Reconciliation of the number of the shares outstanding as the beginning and end of the year:	Amount (₹ in Lakh)			
	As at 31 March 2019		As at 31 March 2018	
Particulars	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	4,010,000	401.00	10,000	1.00
Movement during the year	-	-	4,000,000	400.00
At the end of the year	<b>4,010,000</b>	<b>401.00</b>	<b>4,010,000</b>	<b>401.00</b>

## (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 all liabilities. The 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 31 March 2019	As at 31 March 2018
Jindal Worldwide Limited	Number of Shares	4,010,000	4,010,000
	% Holding	100.00%	100.00%
Mr. Kailash Agrawal	Number of Shares		
	% 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 of five years 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 current year and preceding five years from 31 March 2018.

## 11 Other equity

	Amount (₹ in Lakh)	
	As at 31 March 2019	As at 31 March 2018
(i) Retained earnings		
Opening balance	(0.67)	(1.10)
Add: Profits for the year	35.77	0.44
Tax expense relating to prior years	-	-
Proposed Dividend on equity shares	-	-
Tax on proposed dividend	-	-
Closing balance	35.11	(0.67)
Total	35.11	(0.67)

## 12 Borrowings

## Non-current borrowings

Secured term loans from banks

	2,334.38	2,490.00
	-	-
	2,334.38	2,490.00

## Details of security and repayment thereof

- 12.1 Term loans are secured by way of hypothecation of the asset purchased. The interest ranges from 10.9% per annum. The aforementioned loans are repayable in 32 equal quarterly installments after 2 year moratorium period.

## 13 Deferred tax liabilities (net)

On difference between book base and tax base of depreciable assets  
MAT

	12.74	0.17
	(9.42)	(0.12)
	-	-
	3.32	0.06

## 14 Trade payables

Total outstanding due to micro enterprises and small enterprises

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

	-	-
	3.93	21.16
	-	-
	3.93	21.16





**Saroj Weavers Private Limited**

**Notes to standalone financials statements for the year ended 31 March 2019**

**15 Other current liabilities**

Statutory remittances	1.11	0.73
Advances from customers	1,987.86	2,206.58
Electricity Expense Payable	9.63	2.66
Job Work Expense Payable	-	0.14
Salary Payable	16.69	6.99
Current maturities of long-term debt	155.62	-
Audit fees payable	0.30	-
Other	-	-
	<b>2,171.20</b>	<b>2,217.11</b>

**16 Income-tax liabilities**

Income tax provision (net of advance taxes)	0.95	0.06
	<b>0.95</b>	<b>0.06</b>

Amount (₹ in Lakh)

For the year ended 31 March 2019 For the year ended 31 March 2018

**17 Revenue from operations**

**Sale of products and services**

Sale of Product: Grey Fabric	6,578.23	19.92
Sale of Product: Grey Fabric (Trading)	46.37	-
Sale of Service: Weaving Income	400.28	-
	<b>7,024.89</b>	<b>19.92</b>

**18 Other income**

Profit on High Sea Sales	-	28.68
Profit on Sale of Share	0.95	-
	<b>0.95</b>	<b>28.68</b>

**19 Cost of material consumed**

Op. Stock		
Add: Purchase	5,556.47	-
Less: Closing Stock		
	<b>5,556.47</b>	<b>-</b>

**20 Purchase of Trade goods**

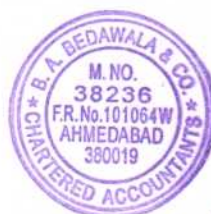
Grey Fabrics	46.34	-
	<b>46.34</b>	<b>-</b>

**21 Employee benefits expense**

Salaries, wages and allowance	179.11	3.49
Staff welfare expenses	1.37	0.12
	<b>180.47</b>	<b>3.61</b>

**22 Finance costs**

Interest charged on :		
Term Loan	274.73	11.53
Others	0.03	0.00
	<b>274.76</b>	<b>11.53</b>



**23 Depreciation and amortization expenses**

Depreciation of property, plant and equipment

594.01	24.40
<b>594.01</b>	<b>24.40</b>

**24 Other expenses**

Stores and Spare parts

3.90

0.22

Packing Material

0.73

-

Electric Consumption

219.86

2.66

Lease Rent

72.10

3.00

Job Work Charges

24.02

1.04

Audit Fees

0.30

0.25

Consultancy Charges

0.02

-

CSR Activity

0.21

-

Filling Fees

0.14

-

GPCB NOC Charges

-

0.18

Insurance Expense

1.94

0.11

Software Charges

0.75

0.03

Franking &amp; Notary Expenses

0.00

0.06

Laboratory Exps.

-

0.01

Loading Unloading Charges

-

0.01

Printing &amp; Stationery Charges

0.38

0.01

Professional &amp; Consultancy Charges

0.91

0.83

Sundry balances written off

(0.00)

-

Repairs &amp; Maintenance

0.12

-

Transportation

0.04

-

Interest on TDS

-

0.06

Other Miscellaneous Expenses

0.03

-

**0.00****0.00****\* Payment to auditor****As auditor:**

Audit fee

0.25

0.25

Tax audit fees

0.05

-

**0.30****0.25****25 Income tax profit and loss section****Income tax recognised in statement of profit and loss:**

Current income tax

9.30

0.12

Adjustment in respect of previous years

-

-

MAT credit entitlement

(9.30)

(0.12)

**Deffered tax:**

Relating to origination and reversal of temporary differences

12.57

0.17

**Income tax expenses reported in statement of profit and loss****12.57****0.17**



**26 Unused tax credits**

The Company had unused MAT credit amounting to ₹ as at 31 March 2019  
(31 March 2018 ₹ 11695)

Such tax credits have been recognised on the basis that recovery is probable in the foreseeable future. This recognised MAT credit expires, if unutilized, based on the year of origination as follows:

**Financial year ending**

31 March 2029	9.30	-
31 March 2028	-	0.12

Unused tax credits carried over to subsequent financial years

9.30 0.12

**27 Earnings per share**

Basic EPS amounts are calculated by dividing the profit for the year attributable on equity holders of the company by the weighted average number of equity shares outstanding during the year.

The following reflects the income and share data used in the basic & diluted EPS computation

**Basic and diluted earning per share**

Profit attributable to equity shareholders of the Company for basic & diluted earning	35.77	0.44
Weighted average number of equity shares for basic & diluted EPS	40.10	40.10
<b>Basic and diluted earning per share (in ₹)</b>	<b>0.89</b>	<b>0.01</b>



**28 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 Lakh)	
	As at 31 March 2019	As at 31 March 2018
Equity share capital	401.00	401.00
Other equity	35.11	(0.67)
<b>Total equity</b>	<b>436.11</b>	<b>400.33</b>
Non-current borrowings	2,334.38	2,490.00
Short term borrowings	-	-
Current maturities of long term borrowings	-	-
<b>Gross Debt</b>	<b>2,334.38</b>	<b>2,490.00</b>
Gross debt as above	2,334.38	2,490.00
Less: Cash and cash equivalents	1.65	3.57
<b>Net Debt</b>	<b>2,332.73</b>	<b>2,486.43</b>
Net debt to equity	5.349	6.211

**29 Fair value measurement**

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

Particulars	Amount (₹ in Lakh)		
	Fair value through other comprehensive income	Fair value through other profit & loss	Amortised Cost
<b>Financial assets</b>			
Investments	-	-	1,214.75
Trade receivables	-	-	-
Cash and cash equivalents	-	-	1.65
Others financial assets	-	-	300.00
	-	-	<b>1,516.40</b>
<b>Financial liabilities</b>			
Borrowings	-	-	2,334.38
Trade payables	-	-	3.93
	-	-	<b>2,338.31</b>

- (b) The carrying value and fair value of financial instruments by categories as of 31 March 2018 is as follows :

Particulars	Amount (₹ in Lakh)		
	Fair value through other comprehensive income	Fair value through other profit & loss	Amortised Cost
<b>Financial assets</b>			
Investments	-	-	0.09
Trade receivables	-	-	-
Cash and cash equivalents	-	-	3.57
Other bank balances	-	-	-
Others financial assets	-	-	1,300.00
	-	-	<b>1,303.66</b>





Borrowings	-	-	2,490.00
Trade payables	-	-	21.16
Other financial liabilities	-	-	-
	-	-	<b>2,511.16</b>

39 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.

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 2018, as summarised below:

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.

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 another 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.

	Amount (₹ in Lakh)	
	31 March 2019	31 March 2018
<b>Floating and fixed rate</b>		
- Expiring within one year (cash credit and other facilities- Floating rate)	-	-
- Expiring within one year (bank loans - Fixed rate)	-	-
- Expiring beyond one year (bank loans - Floating rate)	2,490.00	2,490.00
	<b>2,490.00</b>	<b>2,490.00</b>

(ii) **Maturities of financial liabilities**

Maturities of financial liabilities					Amount (₹ in Lakh)
31 March 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	-	-	-	2,334.38	2,334.38
Finance lease obligation	-	-	-	-	-
Trade payable	3.93	-	-	-	3.93
Security deposits	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
					Amount (₹ in Lakh)
31 March 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	-	-	-	2,490.00	2,490.00
Trade payable	21.16	-	-	-	21.16
Security deposits	-	-	-	-	-
Other financial liabilities	-	-	-	-	-



(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 2018, 31 March 2017 and 1 April 2016.

(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 Lakh)

Particulars	31 March 2019	31 March 2018
Variable rate borrowing	2,490.00	2,490.00
Fixed rate borrowing	-	-
<b>Total borrowings</b>	<b>2,490.00</b>	<b>2,490.00</b>
Amount disclosed under other current financial liabilities	155.62	-
<b>Amount disclosed under borrowings</b>	<b>2,334.38</b>	<b>2,490.00</b>

**Sensitivity**

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

Amount (₹ in Lakh)

Particulars	31 March 2019	31 March 2018
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	24.90	24.90
Interest rates – decrease by 100 basis points (100 bps)	(24.90)	(24.90)
* 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.

31 **Recent accounting pronouncements**

**Standards issued but not yet effective**

The amendments to standards that are issued and new standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ("MCA") has issued certain amendments to Ind AS through (Indian Accounting Standards) Amendment Rules, 2019. These amendments maintain convergence with IFRS by incorporating amendments issued by International Accounting Standards Board (IASB) into Ind AS and has amended/issued the following standards:

1. Ind AS 116-Leases
2. Ind AS 12-Income Taxes
3. Ind AS 19-Employee Benefits

These amendments are effective for annual periods beginning on or after April 01, 2019.

The Company is assessing the potential effect of the amendments on its financial statements. The Company will adopt these amendments, if applicable, from their applicability date."

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

**B. A. BEDAWALA & COMPANY**

Firm Registration No.: 101064W

Chartered Accountants

(B. A. SHARMA)  
PARTNER

M. No. : 038236  
Place : Ahmedabad  
Date : 17th May 2019



For and on behalf of Board of Directors of  
**Saroj Weavers Private Limited**

(Dr. YAMUNADUTT AGRAWAL)  
Director  
DIN: 00243192

(Mr. AMIT AGRAWAL)  
Director  
DIN: 00169061



**Saroj Weavers Private Limited**

Notes to standalone financials statements for the year ended 31 March 2019

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

**a) List of related parties**

**Relationship**

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

**Name of related party**

Amitara Geen Hi-Tech Textile Park Pvt. Ltd  
Jindal Denim Inc. (A Div. of Jindal Worldwide Ltd.)  
Kashyap Tele-Medicines Limited

**b) Summary of related party transactions**

S.No	Particulars	Amount (₹ in Lakh)					
		Wholly owned subsidiaries/ subsidiary		Key management personnel		Entities where significant influence is exercised by KMP	
		2019	2018	2019	2018	2019	2018
i	<b>Transactions during the year</b>						
	<b>Sale of goods and services</b>						
	Jindal Denim Inc. (A Div. of Jindal Worldwide Ltd.)					6,976.18	9.16
ii	<b>Purchase of goods and services</b>						
	Kashyap Tele-Medicines Limited					0.75	0.45
	Jindal Denim Inc. (A Div. of Jindal Worldwide Ltd.)					46.34	-
iii	<b>Advance given</b>						
	Amitara Geen Hi-Tech Textile Park Pvt. Ltd					-	300.00
iv	<b>Rental paid</b>						
	Amitara Geen Hi-Tech Textile Park Pvt. Ltd					72.00	9.16
	Jindal Denim Inc. (A Div. of Jindal Worldwide Ltd.)					0.10	-

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

**B. A. BEDAWALA & COMPANY**

Firm Registration No.: 101064W

Chartered Accountants

(B. A. SHARMA)  
PARTNER

M. No.: 038236

Place: Ahmedabad

Date: 17th May 2019



For and on behalf of Board of Directors of  
Saroj Weavers Private Limited

(Dr. YAMUNADUTT AGRAWAL)

Director

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