



**AMK & ASSOCIATES**  
*Chartered Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

**To the Members of IRIS Clothings Limited**

**Report on the Audit of the Ind AS financial statements**

**Opinion**

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

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, of the state of affairs of the Company as at March 31, 2020, and its profit, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

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

We have determined the matters described below to be the key audit matters to be communicated in our report.





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Srl. No.	Key Audit Matter	Auditor's Response
1	<b>Estimation Uncertainty relating to the global pandemic COVID-19</b> In assessing the recoverability of financial assets and non-financial assets, the Company has considered internal and external information up to the date of approval of these financial statements.	<b>Principal Audit Procedures</b> We have reviewed management assessment on recovery and compliance relating to financial and non-financial assets. We also discussed with the Key Management and reviewed the supporting documents along-with the adequacy of Internal Controls over the carrying amount of the assets. <b>Our Observations</b> Based on our review and audit procedures, we found that the management assessment on recovery of the carrying amount of the financial and non-financial assets is reasonable.

**Management's Responsibility for the Ind AS financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.





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

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

**Auditor's Responsibilities for the Audit of the Ind AS financial statements**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty





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exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on Other Legal and Regulatory Requirements**

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.





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(2) As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, 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 the written representations received from the directors as on 31st March, 2020 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) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 (i) (1) to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.





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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For AMK & Associates  
Chartered Accountants  
FRN: 327817E

Bhupendra Kumar Bhutia  
Partner

Membership No. 059363

UDIN: 20059363 AAAA VS 9916

Place: Kolkata

Date: 29<sup>th</sup> June, 2020





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**Annexure "A" to the Independent Auditors' Report**

**Annexure to the Independent Auditors' Report to the Members of IRIS Clothings Limited referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements in our Report of even date**

(i) In respect of its fixed assets (property, plant and equipment):

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals.

According to the information and explanations given to us no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of freehold land, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.





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(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

As informed to us, no order has been passed by the Company law Board and National Company Law Tribunal or Reserve Bank of India or any other tribunal against the company for any violation of deposit rules as referred above.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, , Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.

c) Details of dues of Income Tax, Excise Duty and Value Added Tax which have not been deposited as on 31 March 2020 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount(Rs.) (Net of Deposit)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	1,35,66,260/-	A.Y. 2013-14	C.I.T.(Appeal)





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(viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). The money has been raised by way of term loans during the year and utilized the same for the purposes which they are raised.

(x) No fraud by the company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has paid or provided managerial remuneration during the current financial year, in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

(xii) The Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;

(xiv) The company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year under review 2013. Accordingly, paragraph 3 (xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, there are no personal expenses which have been charged to the revenue account and the Company has not entered into non-cash transactions with directors or persons connected with him.





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(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For AMK & Associates  
Chartered Accountants  
FRN: 327817E

Bhupendra Kumar Bhutia  
Partner

Membership No. 059363

UDIN: 20059363 MMF VS 9916

Place: Kolkata

Date: 29<sup>th</sup> June, 2020





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## **ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

**Annexure to the Independent Auditors' Report to the Members of IRIS Clothings Limited referred to in paragraph 2 (g) of Report on Other Legal and Regulatory Requirements in our Report of even date.**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IRIS Clothings Limited as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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.





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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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





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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 March 31, 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For AMK & Associates  
Chartered Accountants  
FRN: 327817E

Bhupendra Kumar Bhutia  
Partner

Membership No. 059363

UDIN: 20059363 AAAA VS 9916

Place: Kolkata

Date: 29<sup>th</sup> June, 2020



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

#### 1. CORPORATE INFORMATION

IRIS Clothings Limited is a limited company incorporated under the provision of the Companies Act, 1956 and domiciled in India. The registered office of the company is at 103/24/1, Foreshore Road Shibpur Howrah-711102 West-Bengal India. The Company is engaged in manufacturing of Readymade Garments.

Its shares are listed on the National Stock Exchange (NSE) Emerge Platform, India.

#### 2. Statement of Compliance

These financial statements are prepared and presented in accordance with the 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 notified under section 133 read with sub-section (1) of section 210 A the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations require a different treatment.

The financial statements for the year ended March 31, 2020 of the Company is the first financial statements prepared in compliance with Ind AS.

The date of transition to Ind AS is April 1, 2018. The financial statements up to the year ended March 31, 2019, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2019 have, now been restated under Ind AS to provide comparability. Refer Note 48 for the details of first-time adoption exemptions availed by the Company.

#### 2.1. Basis of Preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

The cost of unquoted investments included in Level 3 of fair value hierarchy approximate their fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

#### 2.2. Presentation of Financial Statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division II to Schedule III to the Companies Act, 2013 ("the Act") applicable for the Companies preparing and presenting their financial statements as per Ind AS. The Statement of Cash Flows has prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees (INR) and per share data are presented in Indian Rupee to two decimal places.

#### 2.3. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable as reduced for estimated customer credits and other similar allowances.

##### i) Sales of goods

The Company recognises revenue from sale of goods when the goods are delivered and titles have been passed at which time all the following conditions are satisfied:

- i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) the amount of revenue can be measured reliably;
- iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### ii) Export Incentives

Revenue in respect of the export incentives is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

##### iii) Insurance and Other Claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof

##### iv) Interest and Dividend Income

Interest income is recognised in the Statement of Profit and Loss and for all financial instruments except for those classified as held for trading or those measured or designated as at fair value through profit or loss (FVTPL) is measured using the effective interest method (EIR).

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date and no significant uncertainty as to collectability exists.



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

#### v) Other Operational Revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

#### 2.4. Properties, Plant and Equipment (PPE)

PPE is recognised 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. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per Previous GAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2018. In respect of revalued assets, the value as determined by valuers as reduced by accumulated depreciation and cumulative impairment is taken as cost on transition date.

Land and buildings held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work in progress".

Depreciation is recognised using reducing balance method so as to write off the cost of the assets (other than freehold land)) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

#### 2.5. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

#### 2.6. Impairment of Tangible and Intangible Assets other than Goodwill

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- ii) in the case of a cash generating unit (the smallest identifiable Company of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

Recoverable amount is the higher of fair value less costs of disposal 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.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit), except for allocated goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

#### 2.7. Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on First in First Out (FIFO) method except work in progress which is valued at raw material cost plus conversion costs depending upon the stage of completion. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

#### 2.8. Employee Benefits

- i) Short Term Employee Benefits

Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

- ii) Post-employment benefits:

- a) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/ payable under the schemes is recognised during the period in which the employee renders the related service.
- b) Defined benefit plans: The obligation in respect of defined benefit plans, which cover Gratuity are provided for on the basis of an actuarial valuation at the end of each financial



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

year using project unit credit method. The Company's liability is actuarially determined (using the Projected Unit Credit Method) at the end of the year. Actuarial losses/gains are recognised in the Other Comprehensive Income in the year in which they arise.

Re-measurement, comprising actuarial gains and losses, is reflected immediately in the Balance Sheet with a charge or credit recognised in the Other Comprehensive Income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings, and will not be reclassified to profit or loss.

Defined benefit costs are categorised as follows:

- i) Service cost (including current service cost, past service cost, as well as gain and losses on curtailments and settlements);
- ii) Net interest expense or income; and
- iii) Re-measurement.

The Company presents the first two components of defined benefit costs in Statement of Profit and Loss in the line item 'Employee Benefits Expense'.

The present value of the defined benefit plan liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds.

The retirement benefit obligation, recognized in the Balance Sheet, represents the Company's liability based on actuarial valuation.

iii) Long term employee benefits:

The obligation recognised in respect of long term benefits such as long term compensated absences is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plans vide (ii) (b) above.

iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier.

## 2.9. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

#### Company as a Lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

#### Transition

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.



**2.10. Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

**1) Financial Assets****a) Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows 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.

**b) Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

**c) Debt instruments at amortised cost or at FVTOCI**

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For an asset to be classified and measured at FVTOCI, the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

#### d) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

#### e) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognised 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.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### 2) Financial liabilities

a) Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

b) A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

#### 2.11. Write Off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

#### 2.12. Impairment

The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt investment securities;
- Trade and other receivable;
- Lease receivables;
- Irrevocable loan commitments issued; and
- Financial guarantee contracts issued.



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

#### Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

#### Significant increase in credit risk

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a corporate loans becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets. In respect of the corporate loan assets, shifting to Stage 2 has been rebutted using historical evidence from own portfolio to a threshold of 60 days past due, which is reviewed annually.



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

#### **Purchased or originated credit-impaired (POCI) financial assets**

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Company recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

#### **Definition of default**

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full,

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument. With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.



**2.13. Modification and derecognition of financial assets**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then;

- a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.
- b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:
  - the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
  - the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

#### 2.14. Presentation of allowance for ECL in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

#### 2.15. Government Grant:

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received upon the Company complying with the conditions attached to the grant.

Accordingly, government grants:

- (a) related to or used for assets, are deducted from the carrying amount of the asset.
- (b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- (c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

#### 2.16. Cash and bank balances:

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

#### 2.17. Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 2.18. Share-based payment arrangements:

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

#### 2.19. Accounting and reporting of information for Operating Segments:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company.

#### 2.20. Foreign currencies:

- i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.
- ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.
- iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:
  - A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
  - B. income and expenses for each income statement are translated at average exchange rates; and
  - C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

#### 2.21. Taxation:

##### Current Tax:

Tax on income for the current period is determined on the basis of taxable income and computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

The Company irreversibly opted to pay the Current Tax as per the Section 115BAA of the Income Tax Act, 1961.



**Deferred Tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

**2.22. Provisions, contingent liabilities and contingent assets:**

Provisions are recognised only when:

- i) a Company entity has a present obligation (legal or constructive) as a result of a past event; and
- ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

**2.23. Commitment:**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) uncalled liability on shares and other investments partly paid;
- c) funding related commitment to associate companies; and
- d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.



## Notes

### Forming Part of the Financial Statements for the year ended 31<sup>st</sup> March 2020

#### 2.24. Statement of cash flows:

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- i) changes during the period in operating receivables and payables transactions of a non-cash nature;
- ii) non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and
- iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

#### 2.25. Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### 2.26. Key source of estimation:

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

#### 2.27. Operating cycle for current and non-current classification:

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

#### 2.28. Changes in Accounting Standard and recent accounting pronouncements (New Accounting Standards issued but not effective):

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



**IRIS Clothings Limited**  
Balance Sheet as at 31st March, 2020

(Rs.)

Particulars	Note No.	As on 31.03.2020	As on 31.03.2019	As on 01.04.2018
<b>I ASSETS :</b>				
<b>1 Non-current Assets</b>				
Property, Plant & Equipment	2	27,21,57,928	13,84,72,968	14,85,39,588
Right of Use Assets	2	6,83,88,467	-	-
Capital work-in-progress		-	10,43,31,336	1,40,000
Other Intangible Assets	2	5,06,791	2,29,627	2,46,948
Financial Assets				
Loans	3	72,30,890	67,25,760	47,48,086
Deferred Tax Assets (Net)	4	20,44,011	19,80,398	6,39,526
		<u>35,03,28,087</u>	<u>25,17,40,089</u>	<u>15,43,14,148</u>
<b>2 Current Assets</b>				
Inventories	5	30,75,70,253	23,26,02,676	11,03,31,731
Financial Assets				
Trade receivables	6	11,51,90,219	9,58,22,425	10,54,11,657
Cash & cash equivalents	7	3,27,420	4,53,384	13,19,414
Other Bank balances	8	2,23,77,659	2,09,68,374	1,72,94,484
Loans	9	4,11,948	12,97,360	94,500
Current Tax Assets (Net)		11,95,388	13,17,313	15,69,822
Other Current Assets	10	1,84,34,017	1,20,37,766	75,23,005
		<u>46,55,06,904</u>	<u>36,44,99,298</u>	<u>24,35,44,613</u>
<b>TOTAL ASSETS</b>		<u>81,58,34,991</u>	<u>61,62,39,387</u>	<u>39,78,58,761</u>
<b>II EQUITY AND LIABILITIES:</b>				
<b>1 Equity</b>				
Equity Share capital	11	4,66,11,790	4,66,11,790	2,81,00,000
Other Equity	12	27,50,36,300	23,92,04,013	7,32,05,488
		<u>32,16,48,090</u>	<u>28,58,15,803</u>	<u>10,13,05,488</u>
<b>2 Non-current Liabilities :</b>				
Financial Liabilities				
Borrowings	13	4,40,05,898	3,97,11,100	6,27,42,376
Lease Liabilities	14	7,04,23,102	-	-
Provisions	15	-	-	17,77,345
		<u>11,44,29,000</u>	<u>3,97,11,100</u>	<u>6,45,19,721</u>
<b>3 Current Liabilities</b>				
Financial Liabilities				
Borrowings	16	20,24,40,743	16,14,66,535	14,71,01,775
Trade Payables	17	-	-	-
(A) total outstanding dues of micro enterprises and small enterprises;		69,51,202	41,76,223	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		<u>13,75,59,468</u>	<u>10,14,49,412</u>	<u>6,41,98,750</u>
Lease Liabilities	18	24,23,475	-	-
Other financial liabilities	19	2,48,74,576	1,85,15,779	1,79,85,326
Other current liabilities	20	55,08,437	51,04,535	26,60,888
Provisions	21	-	-	86,813
		<u>37,97,57,901</u>	<u>29,07,12,484</u>	<u>23,20,33,552</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>81,58,34,991</u>	<u>61,62,39,387</u>	<u>39,78,58,761</u>

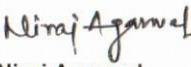
Accounting Polices

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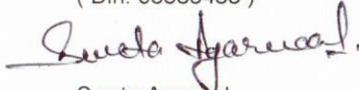
For AMK & Associates  
Chartered Accountants  
FRN: 327817E

Bhupendra Kumar Bhutia  
M. No. 059363  
Place: Kolkata  
Date: 29 June, 2020

  
**Santosh Ladha**  
Managing Director  
( Din: 03585561 )

  
**Niraj Agarwal**  
CFO

  
**Geeta Ladha**  
Whole Time Director  
( Din: 03585488 )

  
**Sweta Agarwal**  
Company Secretary



# IRIS Clothings Limited

Statement of Profit & Loss for the Year Ended 31st March, 2020

SI No	Particulars	Note No.	For the period ended 31.03.2020	For the period ended 31.03.2019
I	Revenue From operations	22	60,74,27,003	62,04,68,402
II	Other Income	23	18,85,176	14,19,206
III	<b>Total Income (I +II)</b>		<b>60,93,12,179</b>	<b>62,18,87,608</b>
IV	<b>EXPENSES</b>			
	Cost of materials consumed	24	29,64,71,572	34,97,95,027
	Purchases of Stock-in-Trade	25	2,82,48,497	4,21,07,362
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	26	(7,25,83,509)	(9,80,90,577)
	Employee benefit expense	27	10,15,94,835	9,25,53,133
	Finance costs	28	3,26,25,110	1,87,84,159
	Depreciation and amortization expense	29	5,00,95,879	2,37,27,633
	Other expenses	30	11,73,62,401	12,21,74,218
	<b>Total expenses (IV)</b>		<b>55,38,14,785</b>	<b>55,10,50,955</b>
V	<b>Profit(loss) before exceptional items and tax(III-IV)</b>		<b>5,54,97,394</b>	<b>7,08,36,654</b>
VI	<b>Exceptional items</b>		-	-
VII	<b>Profit/ (loss) before tax (V-VI)</b>		<b>5,54,97,394</b>	<b>7,08,36,654</b>
VIII	<b>Tax Expenses</b>	31		
	a) Current Tax		1,61,58,823	2,16,04,328
	b) Deferred Tax		(63,613)	(13,40,872)
IX	<b>Profit/(loss) for the period (VII-VIII)</b>		<b>3,94,02,184</b>	<b>5,05,73,198</b>
X	<b>Other Comprehensive Income</b>	32		
	(a) Items that will not be reclassified to profit or loss		(35,69,896)	(3,88,485)
	(b)Income tax relating to items that will not be reclassified to profit or loss		-	-
			(35,69,896)	(3,88,485)
XI	<b>Total Comprehensive Income for the period (IX+X)</b>		<b>3,58,32,288</b>	<b>5,01,84,713</b>
XII	<b>Earnings per equity share</b>	33		
	1) Basic		8.45	12.94
	2) Diluted		8.45	12.94
	<b>Accounting Polices</b>	1		

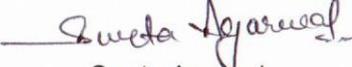
For AMK & Associates  
Chartered Accountants  
FRN: 327817E

Bhupendra Kumar Bhutia  
M. No. 059363  
Place: Kolkata  
Date: 29 June, 2020

  
Santosh Ladha  
Managing Director  
( Din: 03585561 )

  
Niraj Agarwal  
CFO

  
Geeta Ladha  
Whole Time Director  
( Din: 03585488 )

  
Sweta Agarwal  
Company Secretary



**IRIS Clothings Limited**  
**Statement of Cash Flow for the Year Ended 31st March, 2020**

(In Rupees)

PARTICULARS	Year ended 31-03-2020	Year ended 31-03-2019
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extra-ordinary Items	5,54,97,394	7,08,36,654
<u>Adjustments for:</u>		
-Depreciation	5,00,95,879	2,37,27,633
-Sundry Balances Written Off	(21)	3,128
-Finance Cost	3,26,25,110	1,87,84,159
-OCI Defined Benefit Scheme	(35,69,896)	(3,88,485)
-Interest Income	(15,63,083)	(13,13,956)
<b>Operating Profit Before Working Capital Changes</b>	<b>13,30,85,382</b>	<b>11,16,49,132</b>
<u>Adjustments for:</u>		
-Trade Payables	4,00,35,456	4,42,05,314
-Trade and other Receivables	(2,67,93,025)	(17,83,081)
-Inventories	(7,49,67,579)	(12,22,70,944)
<b>Cash Generated from Operations :</b>	<b>7,13,60,234</b>	<b>3,18,00,421</b>
-Direct Taxes Paid	(1,60,36,898)	(2,13,51,819)
<b>Net Cash generated from Operating Activities</b>	<b>5,53,23,336</b>	<b>1,04,48,602</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipments (Net)	(7,28,87,819)	(11,78,35,028)
Interest Received	15,63,083	13,13,956
<b>Net Cash used in Investing Activities</b>	<b>(7,13,24,736)</b>	<b>(11,65,21,072)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Equity Share Capital	-	13,43,25,602
Proceeds from Short Term Borrowings	4,09,74,208	1,43,64,760
Proceeds/(Repayment) of Long Term Borrowings	99,07,339	(2,46,99,763)
Lease Rent	(23,81,001)	-
Interest Paid	(3,26,25,110)	(1,87,84,159)
<b>Net Cash generated/(used) in Financing Activities</b>	<b>1,58,75,436</b>	<b>10,52,06,440</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)</b>	<b>(1,25,964)</b>	<b>(8,66,030)</b>
Opening Cash and Cash Equivalents	4,53,384	13,19,414
Closing Cash and Cash Equivalents	3,27,420	4,53,384

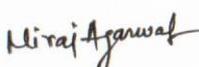
This is the Cash Flow statement referred to in our Report of even date.

For AMK & Associates  
Chartered Accountants  
FRN: 327817E

  
Bhupendra Kumar Bhutia  
M. No. 059363  
Place: Kolkata  
Date: 29 June, 2020

  
Santosh Ladha  
Managing Director  
(Din: 03585561)

  
Geeta Ladha  
Whole Time Director  
(Din: 03585488)

  
Niraj Agarwal  
CFO

  
Sweta Agarwal  
Company Secretary



IRIS Clothing Limited

a Equity Share Capital

(Amt in Rs.)

Particulars	Balance at the beginning of the reporting period 01.04.2018	Changes in equity share capital during the year	Balance at the end of the reporting period 31.03.2019
Equity Share	2,81,00,000.00	1,85,11,790.00	4,66,11,790.00

Particulars

Particulars	Balance at the beginning of the reporting period 01.04.2019	Changes in equity share capital during the year	Balance at the end of the reporting period 31.03.2020
Equity Share	4,66,11,790.00	-	4,66,11,790.00

b Other Equity

(Amt in Rs.)

Particulars	Reserve and Surplus		Total
	Securities Premium Reserve	Retained Earnings	
Balance at the beginning of the reporting period	20,07,700	7,11,97,788	7,32,05,488
Changes due to IND AS implementation	-	-	-
<b>Restated balance at the beginning of the reporting period</b>	<b>20,07,700</b>	<b>7,11,97,788</b>	<b>7,32,05,488</b>
Total Comprehensive Income for the year	-	5,05,73,198	5,05,73,198
OCI Components of Remeasurements of the net defined benefit	-	(3,88,485)	(3,88,485)
Security Premium on the Equity Share Capital Issued	11,58,13,812	-	11,58,13,812
<b>Balance at the end of the reporting period (31.03.2019)</b>	<b>11,78,21,512</b>	<b>12,13,82,501</b>	<b>23,92,04,013</b>
Total Comprehensive Income for the year	-	3,94,02,184	3,94,02,184
OCI Components of Remeasurements of the net defined benefit	-	(35,69,896)	(35,69,896)
<b>Balance at the end of the reporting period (31.03.2020)</b>	<b>11,78,21,512</b>	<b>15,72,14,788</b>	<b>27,50,36,300</b>



**Note No. 2** **Property, Plant & Equipment**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Original Cost as at 01.04.19 (Rs.)	Addition during the year (Rs.)	Sales/Adjustments during the year (Rs.)	Total Cost as at 31.03.2020 (Rs.)	Up to 01.04.19 (Rs.)	For the Period (Rs.)	Adjustment (Rs.)	Up to 31.03.2020 (Rs.)	As at 31.03.2019 (Rs.)	As at 31.03.2020 (Rs.)
Land	18,34,700	-	-	18,34,700	-	-	-	-	18,34,700	18,34,700
Building	7,12,23,115	3,11,52,640	-	10,23,75,755	1,05,13,299	80,07,279	-	1,85,20,578	8,38,55,177	6,07,09,816
Plant & Machinery	11,67,25,687	9,78,15,374	-	21,45,41,061	6,04,64,710	2,25,69,363	-	8,30,34,073	13,15,06,988	5,62,60,977
Electrical Installation	67,86,496	1,85,50,225	-	2,53,36,721	37,82,032	29,64,148	-	67,46,180	1,85,90,541	30,04,464
Office Equipments	43,71,060	10,70,617	-	54,41,677	30,07,538	8,99,181	-	39,06,719	15,34,958	13,63,522
Furniture Fittings	1,42,76,928	2,79,10,862	-	4,21,87,790	52,95,784	69,33,771	-	1,22,29,555	2,99,58,235	89,81,144
Vehicles	1,10,33,836	2,03,437	-	1,12,37,273	47,15,491	16,44,454	-	63,59,945	48,77,328	63,18,345
	<b>22,62,51,822</b>	<b>17,67,03,155</b>	<b>-</b>	<b>40,29,54,977</b>	<b>8,77,78,854</b>	<b>4,30,18,196</b>	<b>-</b>	<b>13,07,97,050</b>	<b>27,21,57,928</b>	<b>13,84,72,968</b>

**Note No. 2** **Right of Use Assets**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Original Cost as at 01.04.18 (Rs.)	Addition during the year (Rs.)	Sales/Adjustments during the year (Rs.)	Total Cost as at 31.03.2019 (Rs.)	Up to 01.04.18 (Rs.)	For the Period (Rs.)	Adjustment (Rs.)	Up to 31.03.2019 (Rs.)	As at 31.03.18 (Rs.)	As at 31.03.18 (Rs.)
Land & Building	-	7,52,27,314	-	7,52,27,314	-	68,38,847	-	68,38,847	6,83,88,467	-
	<b>-</b>	<b>7,52,27,314</b>	<b>-</b>	<b>7,52,27,314</b>	<b>-</b>	<b>68,38,847</b>	<b>-</b>	<b>68,38,847</b>	<b>6,83,88,467</b>	<b>-</b>

**Note No. 2** **Other Intangible Assets**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Original Cost as at 01.04.18 (Rs.)	Addition during the year (Rs.)	Sales/Adjustments during the year (Rs.)	Total Cost as at 31.03.2019 (Rs.)	Up to 01.04.18 (Rs.)	For the Period (Rs.)	Adjustment (Rs.)	Up to 31.03.2019 (Rs.)	As at 31.03.18 (Rs.)	As at 31.03.18 (Rs.)
Computer Software	5,39,000	5,16,000	-	10,55,000	3,09,373	2,38,836	-	5,48,209	5,06,791	2,29,627
	<b>5,39,000</b>	<b>5,16,000</b>	<b>-</b>	<b>10,55,000</b>	<b>3,09,373</b>	<b>2,38,836</b>	<b>-</b>	<b>5,48,209</b>	<b>5,06,791</b>	<b>2,29,627</b>



Property, Plant & Equipment											
DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	Original Cost as at 01.04.18 (Rs.)	Addition during the year (Rs.)	Sales/Adjustments during the year (Rs.)	Total Cost as at 31.03.2019 (Rs.)	Up to 01.04.18 (Rs.)	For the Period (Rs.)	Adjustment (Rs.)	Up to 31.03.2019 (Rs.)	As at 31.03.2019 (Rs.)	As at 31.03.18 (Rs.)	
Land	18,34,700	-	-	18,34,700	-	-	-	-	18,34,700	18,34,700	
Building	7,12,23,115	-	-	7,12,23,115	41,40,445	63,72,854	-	1,05,13,299	6,07,09,816	6,70,82,670	
Plant & Machinery	10,93,79,848	73,45,839	-	11,67,25,687	4,90,55,808	1,14,08,902	-	6,04,64,710	5,62,60,977	6,03,24,040	
Electrical Installation	63,47,970	4,38,526	-	67,86,496	31,75,080	6,06,952	-	37,82,032	30,04,464	31,72,890	
Office Equipments	34,38,995	9,32,065	-	43,71,060	21,08,951	8,98,587	-	30,07,538	13,63,522	13,30,044	
Furniture Fittings	94,74,466	48,02,462	-	1,42,76,928	32,04,852	20,90,932	-	52,95,784	89,81,144	62,69,614	
Vehicles	1,10,33,836	-	-	1,10,33,836	25,08,206	22,07,285	-	47,15,491	63,18,345	85,25,630	
	<b>21,27,32,930</b>	<b>1,35,18,892</b>	-	<b>22,62,51,822</b>	<b>6,41,93,342</b>	<b>2,35,85,512</b>	-	<b>8,77,78,854</b>	<b>13,84,72,968</b>	<b>14,85,39,588</b>	

**Note No. 2**  
Right of Use Assets

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Original Cost as at 01.04.18 (Rs.)	Addition during the year (Rs.)	Sales/Adjustments during the year (Rs.)	Total Cost as at 31.03.2019 (Rs.)	Up to 01.04.18 (Rs.)	For the Period (Rs.)	Adjustment (Rs.)	Up to 31.03.2019 (Rs.)	As at 31.03.18 (Rs.)
Land & Building	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

**Note No. 2**  
Other Intangible Assets

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Original Cost as at 01.04.18 (Rs.)	Addition during the year (Rs.)	Sales/Adjustments during the year (Rs.)	Total Cost as at 31.03.2019 (Rs.)	Up to 01.04.18 (Rs.)	For the Period (Rs.)	Adjustment (Rs.)	Up to 31.03.2019 (Rs.)	As at 31.03.18 (Rs.)	
Computer Software	4,14,200	1,24,800	-	5,39,000	1,67,252	1,42,121	-	3,09,373	2,29,627	2,46,948
	<b>4,14,200</b>	<b>1,24,800</b>	-	<b>5,39,000</b>	<b>1,67,252</b>	<b>1,42,121</b>	-	<b>3,09,373</b>	<b>2,29,627</b>	<b>2,46,948</b>



**Note No. 2**  
**Property, Plant & Equipment**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Original Cost as at 01.04.18 (Rs.)	Addition during the year (Rs.)	Sales/Adjustments during the year (Rs.)	Total Cost as at 01.04.18 (Rs.)	Up to 01.04.18 (Rs.)	For the Period (Rs.)	Adjustment (Rs.)	Up to 01.04.18 (Rs.)	As at 01.04.18 (Rs.)
Land	18,34,700	-	-	18,34,700	-	-	-	18,34,700	18,34,700
Building	7,12,23,115	-	-	7,12,23,115	41,40,445	-	-	41,40,445	6,70,82,670
Plant & Machinery	10,93,79,848	-	-	10,93,79,848	4,90,55,808	-	-	4,90,55,808	6,03,24,040
Electrical Installation	63,47,970	-	-	63,47,970	31,75,080	-	-	31,75,080	31,72,890
Office Equipments	34,38,995	-	-	34,38,995	21,08,951	-	-	21,08,951	13,30,044
Furniture Fittings	94,74,466	-	-	94,74,466	32,04,852	-	-	32,04,852	62,69,614
Vehicles	1,10,33,836	-	-	1,10,33,836	25,08,206	-	-	25,08,206	85,25,630
	<b>21,27,32,930</b>	-	-	<b>21,27,32,930</b>	<b>6,41,93,342</b>	-	-	<b>6,41,93,342</b>	<b>14,85,39,588</b>

**Note No. 2**  
**Right of Use Assets**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Original Cost as at 01.04.18 (Rs.)	Addition during the year (Rs.)	Sales/Adjustments during the year (Rs.)	Total Cost as at 01.04.18 (Rs.)	Up to 01.04.18 (Rs.)	For the Period (Rs.)	Adjustment (Rs.)	Up to 01.04.18 (Rs.)	As at 01.04.18 (Rs.)
Land & Building	-	-	-	-	-	-	-	-	-

**Note No. 2**  
**Other Intangible Assets**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Original Cost as at 01.04.18 (Rs.)	Addition during the year (Rs.)	Sales/Adjustments during the year (Rs.)	Total Cost as at 01.04.18 (Rs.)	Up to 01.04.18 (Rs.)	For the Period (Rs.)	Adjustment (Rs.)	Up to 01.04.18 (Rs.)	As at 01.04.18 (Rs.)
Computer Software	4,14,200	-	-	4,14,200	1,67,252	-	-	1,67,252	2,46,948
	<b>4,14,200</b>	-	-	<b>4,14,200</b>	<b>1,67,252</b>	-	-	<b>1,67,252</b>	<b>2,46,948</b>



**IRIS Clothings Limited**  
Notes to Financial Statements

Note	Particulars	Rs.		
		As on 31.03.2020	As on 31.03.2019	As on 01.04.2018
<b>Note 3</b>	<b>Loans</b>			
	Security Deposits	<u>72,30,890</u>	<u>67,25,760</u>	<u>47,48,086</u>
		<u>72,30,890</u>	<u>67,25,760</u>	<u>47,48,086</u>
<b>Note 4</b>	<b>Deferred Tax Assets (net)</b>			
	The major components of the Deferred Tax Liabilities / (Assets) based on the tax effects of timing differences are as follows:			
	<b>Deferred Tax Assets</b>			
	Difference in WDV of PPE as per the Companies Act, 2013 and Income Tax Act, 1961	20,44,011	19,80,398	6,39,526
	<b>Total Deferred Tax Assets</b>	<u>20,44,011</u>	<u>19,80,398</u>	<u>6,39,526</u>
	<b>Deferred Tax Liabilities</b>			
	Difference in WDV of PPE as per the Companies Act, 2013 and Income Tax Act, 1961	-	-	-
	<b>Total Deferred Tax Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>20,44,011</u>	<u>19,80,398</u>	<u>6,39,526</u>
<b>Note 5</b>	<b>Inventories</b>			
	Raw Materials	3,63,00,091	3,40,72,715	75,87,549
	Work in Progress	9,00,67,925	9,83,79,905	4,64,81,649
	Finished Goods	17,68,62,159	9,59,66,671	4,97,74,349
	Stores and Spares	43,40,079	41,83,385	64,88,184
		<u>30,75,70,254</u>	<u>23,26,02,675</u>	<u>11,03,31,731</u>
<b>Note 6</b>	<b>Trade Receivables</b>			
	Unsecured, considered good	11,51,90,219	9,58,22,425	10,54,11,657
		<u>11,51,90,219</u>	<u>9,58,22,425</u>	<u>10,54,11,657</u>
<b>Note 7</b>	<b>Cash and cash equivalents</b>			
	Balances with banks			
	- In current accounts	2,60,683	2,05,305	11,91,455
	Cash on hand	66,737	2,48,079	1,27,959
		<u>3,27,420</u>	<u>4,53,384</u>	<u>13,19,414</u>



Note	Particulars	Rs.	Rs.	Rs.
		As on 31.03.2020	As on 31.03.2019	As on 01.04.2018
<b>Note 8</b>	<b>Bank balances other than above</b>			
	Special Term Deposit /Balance with banks held as Margin Money	2,23,77,659	2,09,68,374	1,72,94,484
		<u>2,23,77,659</u>	<u>2,09,68,374</u>	<u>1,72,94,484</u>
<b>Note 9</b>	<b>Loans</b>			
	Security Deposits to others	25,000	11,32,360	-
	<b>Other Loan</b>			
	To Employee	3,86,948	1,65,000	94,500
		<u>4,11,948</u>	<u>12,97,360</u>	<u>94,500</u>
<b>Note 10</b>	<b>Other Current Assets</b>			
	<b>Other advances</b>			
	Advance to Parties	37,77,887	46,29,537	50,54,320
	Other Advances	-	-	80,892
	<b>Others</b>			
	Prepaid Expenses	23,06,404	5,89,032	-
	Balances with Government Dept	1,23,49,726	68,19,197	23,87,793
		<u>1,84,34,017</u>	<u>1,20,37,766</u>	<u>75,23,005</u>
<b>Note 11</b>	<b>Equity Share Capital</b>			
	<b>Authorised</b>			
	Equity Share of Rs. 10/- par value			
	1,60,00,000 (as on 31.03.2019: 1,60,00,000) (as on 01.04.2018: 1,60,00,000) Equity Share	16,00,00,000	16,00,00,000	16,00,00,000
		<u>16,00,00,000</u>	<u>16,00,00,000</u>	<u>16,00,00,000</u>
	<b>Issued, Subscribed and Paid-up Capital</b>			
	Equity Share of Rs. 10/- par value			
	46,61,179 (as on 31.03.2019: 46,61,179) (as on 01.04.2018: 28,10,000) Equity Share of Rs. 10/- each fully paid-up	4,66,11,790	4,66,11,790	2,81,00,000
		<u>4,66,11,790</u>	<u>4,66,11,790</u>	<u>2,81,00,000</u>

**Notes:**

- The Company has only one class of shares referred to as equity shares having a par value of Rs.10/-. 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 any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of shares held by the shareholders.
- Details of Share holders holding more than 5% of total shares as on 31st March, 2020

Name of Shareholder	As on 31.03.2020		As on 31.03.2019		As on 01.04.2018	
	No. of Shares	% to Total Shares	No. of Shares	% to Total Shares	No. of Shares	% to Total Shares
Geeta Ladha	2207547	47.36	2207547	47.36	2128600	75.75
Santosh Ladha	345074	7.40	345074	7.40	305600	10.88
Ajinkya Mercantile Pvt Ltd.	-	-	254400	5.46	-	-

- The reconciliation of the number of shares outstanding as at 31st March, 2020 is as below:

Particulars	As on 31.03.2020		As on 31.03.2019		As on 01.04.2018	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Number of shares at the beginning	46,61,179	4,66,11,790	28,10,000	2,81,00,000	26,91,900	2,69,19,000
Addition during the Year	-	-	18,51,179	1,85,11,790	1,18,100	11,81,000
<b>Number of shares at the closing</b>	<b>46,61,179</b>	<b>4,66,11,790</b>	<b>46,61,179</b>	<b>4,66,11,790</b>	<b>28,10,000</b>	<b>2,81,00,000</b>



Note	Particulars	Rs.	Rs.	Rs.
		As on 31.03.2020	As on 31.03.2019	As on 01.04.2018
<b>Note 12</b>	<b>Other Equity</b>			
	<b>Securities Premium</b>			
	Balance as per last Account	11,78,21,512	20,07,700	20,07,700
	Addition during the year	-	11,58,13,812	-
		<u>11,78,21,512</u>	<u>11,78,21,512</u>	<u>20,07,700</u>
	<b>Retained Earnings</b>			
	Surplus at the beginning of the year	12,13,82,501	7,11,97,788	7,11,97,788
	Add : Profit for the year	3,94,02,184	5,05,73,198	-
	OCI Components of Remeasurements of the net defined benefit Plans	(35,69,896)	(3,88,485)	-
		<u>15,72,14,788</u>	<u>12,13,82,501</u>	<u>7,11,97,788</u>
	<b>Total</b>	<u>27,50,36,300</u>	<u>23,92,04,013</u>	<u>7,32,05,488</u>

**a) Securities Premium**

Securities premium is used to record premium amount received on issue of securities. The reserve can be used for the purpose as given in provisions of the Companies Act, 2013 (the "Companies Act").

**Note 13 Financial Liabilities - Borrowings**

**Secured**

**Term loans**

Rupee Term Loan

From Bank

4,19,83,809

3,62,00,000

5,76,96,748

Vehicle Loan

From Bank

3,41,837

50,45,628

From Other Parties

20,22,089

31,69,263

4,40,05,898

3,97,11,100

6,27,42,376

**Note:**

**Rupee Term Loan**

Primary: Pari-Passu Charge 1st charge over Property, Plant and Equipments of the Company both present and Future except property at Srijan Industrial Logistic Park (NH 6) , 4th Floor, Block-A, Warehouse unit-I, Village- Ankurhati, Near Saraswati Bridge, P.S.- Domjur, Howrah which is exclusively financed by the Kotak Mahindra Bank against Term Loans of Rs. 2,35,00,000/-

Collateral: Pari-Passu Charge 2nd charge over the hypothecation of stocks and book debts both present and future.

**Rupee Term Loan have been guaranteed by the directors.**

**Repayments of Rupee Term Loan**

Rs. 3,00,00,000 Rupee Term Loan will be Repaid in 20 quarterly Instalments commencing from 30.06.2017.

Rs. 2,90,00,000 Rupee Term Loan will be Repaid in 20 quarterly Instalments commencing from 30.06.2018.

Rs. 2,35,00,000 Rupee Term Loan will be Repaid in 120 monthly Instalments commencing from 10.08.2019.

**Vehicle Loan**

Vehicle Loan has been secured against the hypothecation of Vehicles against which loan has been paid.

**Note 14 Financial -Non-Current**

**Lease Liabilities**

7,04,23,102

-

-

7,04,23,102

-

-

**Note 15 Provisions**

Provision for employee benefits (Gratuity)

-

-

17,77,345

-

-

17,77,345

**Note 16 Financial Liabilities - Borrowings**

**Loans repayable on demand**

**Secured**

From Banks

Cash Credit

20,24,40,743

16,14,66,535

12,82,01,775

**Unsecured**

From Other Parties

Body Corporates

-

-

1,45,00,000

Directors

-

-

44,00,000

20,24,40,743

16,14,66,535

14,71,01,775

**Note:**

**Cash Credit:**

Primary: Pari-Passu Charge 1st charge over the hypothecation of stocks and book debts and other current assets of the Company both present and future

Collateral: Pari-Passu Charge 2nd charge over Property, Plant and Equipments of the Company both present and Future.

**Cash Credit facilities has been guaranteed by the directors.**



Note	Particulars	Rs.	Rs.	Rs.
		As on 31.03.2020	As on 31.03.2019	As on 01.04.2018
<b>Note 17</b>	<b>Trade payables</b>			
	Dues to Micro and Small Enterprises	69,51,202	41,76,223	-
	Others			
	For Goods	11,52,24,671	8,46,94,435	6,05,11,880
	For Capital Goods	54,25,603	90,09,654	-
	For Others	1,69,09,194	77,45,323	36,86,870
		<u>13,75,59,468</u>	<u>10,14,49,412</u>	<u>6,41,98,750</u>
		<u>14,45,10,670</u>	<u>10,56,25,635</u>	<u>6,41,98,750</u>
<b>Note 18</b>	<b>Financial -Current</b>			
	Lease Liabilities	24,23,475	-	-
		<u>24,23,475</u>	<u>-</u>	<u>-</u>
<b>Note 19</b>	<b>Other financial liabilities</b>			
	Current maturities of long-term debt	1,65,47,069	1,09,34,528	1,26,03,015
	Interest accrued			
	Interest accrued but not due on borrowings	3,12,775	4,00,504	4,48,139
	Others			
	Liabilities for Expenses	13,55,746	62,08,839	49,34,172
	Gratuity Payable	66,58,986	9,71,908	-
		<u>2,48,74,576</u>	<u>1,85,15,779</u>	<u>1,79,85,326</u>
<b>Note 20</b>	<b>Other current liabilities</b>			
	Advances from Customers	5,938	1,56,390	40,000
	Others			
	TDS and other taxes payable	21,96,622	18,60,864	21,20,888
	Security Deposits	33,05,877	30,87,281	5,00,000
		<u>55,08,437</u>	<u>51,04,535</u>	<u>26,60,888</u>
<b>Note 21</b>	<b>Provisions</b>			
	Provision for employee benefits (for gratuity)	-	-	86,813
		<u>-</u>	<u>-</u>	<u>86,813</u>



**IRIS Clothings Limited**  
**Notes to Financial Statements**

Note	Particulars	Rs.	
		For the period ended 31.03.2020	For the period ended 31.03.2019
<b>Note 22</b>	<b>Revenue From operations</b>		
(a)	<u>Sale of products</u>		
	- Traded goods	2,67,89,641	2,04,32,907
	- Raw Material	2,58,78,712	1,55,64,345
	- Others	55,24,77,362	58,29,77,059
		<u>60,51,45,715</u>	<u>61,89,74,311</u>
(b)	Other operating revenues	22,81,288	14,94,092
		<u>60,74,27,003</u>	<u>62,04,68,402</u>
<b>Note 23</b>	<b>Other Income</b>		
(a)	<b>Interest Income</b>		
	From Bank	15,63,083	13,13,956
	From Others	81,439	-
(b)	<b>Other non-operating income</b>		
	Miscellaneous Receipts and Income	2,03,286	-
	Discount Received	14,773	63,616
	Insurance Claim Received	22,595	41,634
		<u>18,85,176</u>	<u>14,19,206</u>
<b>Note 24</b>	<b>Cost of Materials Consumed</b>		
	Opening Stock of Raw Materials	3,40,72,715	75,87,549
	Add: Raw materials Purchased	29,86,98,949	37,62,80,193
		<u>33,27,71,664</u>	<u>38,38,67,742</u>
	Less: Closing Stock of Raw Materials	<u>3,63,00,091</u>	<u>3,40,72,715</u>
		<u>29,64,71,572</u>	<u>34,97,95,027</u>
<b>Note 25</b>	<b>Purchase of Stock-in-Trade (Readymade Garments)</b>	2,82,48,497	4,21,07,362
<b>Note 26</b>	<b>Changes In Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress</b>		
	<b>Opening Stock</b>		
	Finished Goods	9,59,66,671	4,97,74,349
	Work-in-Progress	9,83,79,905	4,64,81,649
		<u>19,43,46,575</u>	<u>9,62,55,999</u>
	<b>Less : Closing Stock</b>		
	Finished Goods	17,68,62,159	9,59,66,671
	Work-in-Progress	9,00,67,925	9,83,79,905
		<u>26,69,30,085</u>	<u>19,43,46,575</u>
	Increase / Decrease in Stock	<u>(7,25,83,509)</u>	<u>(9,80,90,577)</u>
<b>Note 27</b>	<b>Employee benefit expenses</b>		
	Salaries ,Wages and Bonus	9,31,91,001	8,65,65,332
	Contribution to provident and other funds	60,55,308	31,38,769
	Staff Welfare Expenses	23,48,526	28,49,032
		<u>10,15,94,835</u>	<u>9,25,53,133</u>
<b>Note 28</b>	<b>Finance Costs</b>		
	<b>Interest</b>		
	Banks	2,33,29,009	1,61,37,482
	Others	90,35,016	18,13,200
	Other Borrowing Costs	2,61,085	8,33,477
		<u>3,26,25,110</u>	<u>1,87,84,159</u>
<b>Note 29</b>	<b>Depreciation and Amortization Expense</b>		
	Depreciation	4,30,18,196	2,35,85,512
	Amortisation	70,77,683	1,42,121
		<u>5,00,95,879</u>	<u>2,37,27,633</u>



Note	Particulars	For the period ended 31.03.2020	For the period ended 31.03.2019
<b>Note 30</b>	<b>Other Expenses</b>		
	Consumption of stores and spares part	3,83,30,308	4,02,13,678
	Power and Fuel	1,22,17,591	99,63,962
	Rent	66,22,265	82,67,556
	Repairs to buildings	5,65,815	88,000
	Repairs to machinery	78,57,522	38,55,477
	Repairs to others	13,93,263	3,42,390
	Insurance	7,65,400	6,37,786
	Rates and Taxes excluding taxes on Income	2,85,145	9,53,294
	Stiching, Printing, Embroidery and Other Expenses	1,80,49,143	1,52,62,902
	Carriage Outward	50,65,422	62,85,173
	Royalty & Knowhow	-	15,63,331
	Commission Paid	76,26,281	1,01,57,369
	Sales Promotion Expenses	40,26,523	64,51,043
	Director's Sitting Fees	1,10,000	-
	<b>Payments to the Auditor</b>		
	As Auditor	1,50,000	1,50,000
	For Tax Audit	25,000	-
	For Fees for Other Services (incl for issuing various certificates)	30,000	-
	For Reimbursement of out of pocket expenses	-	-
	Donation	-	11,000
	CSR Expenses	9,92,000	-
	Discount Allowed	54,10,118	47,55,145
	Legal & Professional Charges	31,46,911	27,51,749
	Travelling and Conveyance	16,41,416	29,19,652
	Security Charges	6,61,801	5,26,033
	Miscellaneous Expenses	24,29,481	81,17,395
	Sundry Debit Balance Adjusted	(21)	3,128
	Net (gain)/loss on foreign currency transaction	(38,981)	(11,01,847)
		<u>11,73,62,401</u>	<u>12,21,74,218</u>



## NOTES ON ACCOUNTS

### 31. Tax Expense

The components of income tax expense for the years ended 31 March 2020 and 2019 are:

	Rs.	
	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Current Tax	1,61,58,823	2,16,04,328
Income Tax for earlier years	-	-
Deferred Tax	(63,613)	(13,40,872)
<b>Total Tax Charge</b>	<b>1,60,95,210</b>	<b>2,02,63,456</b>
Current Tax	1,61,58,823	2,16,04,328
Deferred Tax	(63,613)	(13,40,872)

#### Note 31.1 : Reconciliation of the Total Tax Charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows:

	Rs.	
	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Accounting profit before tax	5,54,97,392	7,08,36,654
Applicable tax rate	25.17%	27.82%
<b>Computed tax expense</b>	<b>1,39,67,584</b>	<b>1,97,06,757</b>
<b>Tax effect of:</b>		
Exempted Income	-	-
Non deductible items	2,44,507	2,72,775
Adjustment on account of change on tax rate	-	-
Effects of Expenses Incurred In Previous Year but allowed in Current Year	(1,61,027)	8,00,973
Others	21,07,759	8,23,823
<b>Tax expenses recognised in the statement of profit and loss</b>	<b>1,61,58,823</b>	<b>2,16,04,328</b>
Effective tax rate	<b>29.12%</b>	<b>30.50%</b>



**Note 31.2 : Deferred Tax**

	Rs.	
	Year Ended 31st March, 2020	Year Ended 31st March, 2019
<b>Deferred tax asset/ liability (net)</b>		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	19,80,398	6,39,526
Credit / (charge) for equity instruments through OCI	-	-
Credit / (charge) for re-measurement of the defined benefit	-	-
Credit / (charge) to the statement of profit and loss	63,613	13,40,872
<b>At the end of year DTA / (DTL) (net)</b>	<b>20,44,011</b>	<b>19,80,398</b>

As per the Income Tax Act, 1961, the Company is liable to pay income tax based on higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT). MAT paid in excess of regular income tax during a year can be carried forward for a period of fifteen years and can be offset against future tax liabilities arising from regular income tax.

As per the recent Taxation Laws (Amendment) Ordinance, 2019 the company has exercised the option to pay tax at a lower rate of 22%. The Ordinance also amended the relevant section governing MAT provisions and provide that companies opting for new tax rate would not be governed by MAT. The company has adopted the new tax rate starting this financial year.

The Company can claim tax exemptions/deductions under specific sections of the Income Tax Act, 1961 subject to fulfilment of prescribed conditions, as may be applicable.

Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

**32 Other Comprehensive Income****Items that will not be reclassified to profit or loss**

Re-measurements of the deferred benefit plans

(35,69,896)	(3,88,485)
<b>(35,69,896)</b>	<b>(3,88,485)</b>

**Items that will be reclassified to profit or loss**

-	-
-	-



### 33. Earnings per share

		For the period ended 31.03.2020	For the period ended 31.03.2019
Particulars	Calculation		
a) Basic Earnings per share	Net Profit attributable to Equity Shareholders	3,94,02,182	5,05,73,198
	Weighted Average Number of Equity Shares outstanding	46,61,179	38,45,854
	Basic Earnings Per Share of Rs. 10/- each fully paid up	8.45	13
b) Diluted Earnings per share	Net Profit attributable to Equity Shareholders	3,94,02,182	5,05,73,198
	Weighted Average Number of Equity Shares outstanding	46,61,179	38,45,854
	Diluted Earnings Per Share of Rs. 10/- each fully paid up	8.45	13.15

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

#### i. Contingent Liabilities:

##### 1. Claims against the Company not acknowledged as debts (Net of Deposit) –

(Rs.)

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	1 <sup>st</sup> April, 2018
<b>1) Income Tax *</b>	<b>1,35,66,260</b>	<b>1,35,68,260</b>	<b>1,35,68,260</b>

\*The company had received a Demand Order dated March 16, 2016 for Assessment year 2013-14, under Section 143(3) of the Income Tax Act, 1961, of Rs. 1,59,62,660/-, against which, on April 29, 2016, an Appeal has been filed before the Commissioner of Income Tax Appeal. The company has already paid Rs. 23,94,400/- against the demand order. The matter is still pending before the concerned authorities. (Net off Refunds and Self-Assessment Tax)

##### 2. Guarantees

(Rs.)

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	1 <sup>st</sup> April, 2018
Guarantees	-	-	-

##### 3. Commitment

		31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	1 <sup>st</sup> April, 2018
a.	Estimated Capital Commitments (Net of advances)	NIL	NIL	NIL
b.	Other Commitments-i) Export Obligations against import of capital goods under EPCG Scheme	17,43,28,505	17,96,31,358	4,84,98,000



35. As per Section 135 of the Companies Act, 2015, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are healthcare including preventive healthcare, providing safe drinking water, sanitation facility, promoting education, old age home maintenance, environmental sustainability and promotion and development of traditional art and handicrafts. A Corporate Social Responsibility Committee has formed by the Company as per the Act.

As per the provisions of the Act, amount not less than Rs.9,48,611/- (year ended 31/03/2019 Rs. Nil) should have been incurred during the year under CSR. The Company has incurred expenses amounting to Rs. 9,51,000/- (year ended 31/03/2019: Rs. Nil), in line with the CSR policy, which is in conformity with the activities specified in Schedule VII of the Companies Act, 2013.

Particulars	Rs.	
	For the year ended 31 March 2020	For the year ended 31 March 2019
The amounts expended are as follows:		
(i) Construction / acquisition of any assets	-	-
(ii) On purposes other than (i) above	9,51,000	-

36. Details of dues to Micro and Small Enterprise as per MSMED Act, 2006 as per the information available with the Company:

(Rs. In lacs)

S. No	Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	1 <sup>st</sup> April, 2018
(a)	(i) Principal amount remaining unpaid at the end of the accounting year	69,51,202	41,76,223	Nil
	(ii) Interest due thereon	Nil	Nil	Nil
(b)	Interest paid by the buyer in terms of section 16 of MSMED Act, 2006 along with the amount of the payment made to the suppliers beyond the appointed date	Nil	Nil	Nil
(c)	Interest due and payable for the period of delay in making the payments (which have been paid but beyond the due date during the year) but without adding interest specified under this Act	Nil	Nil	Nil
(d)	The amount of interest accrued and remaining unpaid at the end of the financial year	Nil	Nil	Nil
(e)	The amount of further interest remaining due and payable in succeeding years, until such interest is actually paid	Nil	Nil	Nil



37. Disclosure as required by Indian Accounting Standard (Ind AS) 19 on Employee Benefits

(a) Defined Contribution Plans

The Company has recognized expenses towards the defined contribution plans as under:

(Rs.)

		31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
a.	Contribution to Superannuation fund	-	-
b.	Contribution to Provident fund (Government)	29,66,218	16,11,423
c.	Others	-	-

(b) Defined Benefits Plan:

Defined Benefit Plans (Gratuity) as per actuarial valuation on 31<sup>st</sup> March, 2020

Particulars	Gratuity (Funded)			
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	1st April, 2018	
<b>I</b>	<b>Reconciliation of Defined Benefit Obligations (DBO) during the year ended 31<sup>st</sup> March, 2020</b>			
1	Present value of DBO at the beginning of period	37,82,321	18,64,158	7,53,744
2	Current service cost	30,51,671	13,83,806	8,71,243
3	Interest cost	2,91,239	1,43,540	58,415
4	Past Service Cost		-	-
5	Actuarial (Gains)/Losses	35,61,673	3,90,817	1,80,756
6	Benefits paid		-	-
7	Present value of DBO at the end of period	<b>1,06,86,904</b>	<b>37,82,321</b>	<b>18,64,158</b>

<b>II</b>	<b>Reconciliation of Fair Value of plan assets during the year ended 31<sup>st</sup> March, 2020</b>			
1	Plan assets at the beginning of period	28,10,413		-
2	Expected return on plan assets	2,53,820	2,332	-
3	Actuarial Gains/(Losses)	-8,223		-
4	Company contribution	971908	2808081	-
5	Benefits paid			-
6	Plan assets at the end of period	<b>40,27,918</b>	<b>28,10,413</b>	-



III	<u>Reconciliation of fair value of assets and obligation as at 31<sup>st</sup> March, 2020</u>			
	1 Present value of Defined Benefit Obligation	1,06,86,904	37,82,321	18,64,158
	2 Fair value on plan assets	40,27,918	28,10,413	-
	3 Status [Surplus/(Deficit)]	66,58,986	9,71,908	18,64,158
	4 Effect of Asset Ceiling / Onerous Liability	-	-	-
	5 Net assets / (liability) recognised in the Balance Sheet	<b>66,58,986</b>	<b>9,71,908</b>	<b>18,64,158</b>

IV	<u>Expenses recognised during the year</u>			
	1 Current service cost	30,51,671	13,83,806	8,71,243
	2 Net Interest cost	37,419	1,43,540	58,415
	3 Expected Return on Plan Assets		-	-
	4 Past Service Cost		-	-
	5 Total expenses recognised in the Statement of Profit & Loss	<b>30,89,090</b>	<b>15,27,346</b>	<b>9,29,658</b>

V	<u>Other Comprehensive Income</u>			
	<u>Re measurements of the net defined benefit liability/(assets)</u>			
	Actuarial (gain)/loss for the year on PBO	35,61,673	3,90,817	1,80,756
	Actuarial (gain)/loss for the year on Asset		-	-
	Return on Plan Assets(excluding Interest Income)	-8,223	2,332	-
	<b>Total Re-measurement in OCI</b>	<b>35,69,896</b>	<b>3,88,485</b>	<b>1,80,756</b>

VI	<u>Major category of plan assets as a % of the total plan assets as at 31<sup>st</sup> March 2020</u>			
	Fund Managed By LIC	100%	100%	0%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>

VII	<u>Actuarial assumptions</u>			
	1 Discount rate (%)	7.00%	7.70%	7.75%
	2 Expected Rate of Return on Assets	7.00%	7.70%	NA
	3 Rate of escalation in salary (per annum) (%)	6.00%	6.00%	6.00%
	4 Mortality table (IALM) Table Ultimate	2012-14	2012-14	2006-08



### Sensitivity analysis

Particulars	Change in Assumptions	Gratuity		
		31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	1st April, 2018
Discount Rate	1.00 % increase	95,52,506	33,90,029	16,68,587
	1.00 % decrease	1,20,37,751	42,48,984	20,97,273
Change in salary increase	1.00 % increase	1,20,91,239	42,70,804	21,07,644
	1.00 % decrease	94,90,839	33,66,357	16,57,401

### Maturity Profile of Defined Benefit Obligations

Year	Amount (Rs.)
April 2020 – March 2021	5,02,528
April 2021 – March 2022	3,78,917
April 2022 – March 2023	5,85,693
April 2023 – March 2024	6,78,603
April 2024 – March 2025	10,86,729
April 2025 –	2,56,73,313

### 38. Segment information as per IND AS-108

Operating segment are components of the Company whose operating results, the Chief Operating Decision Maker (“CODM”) to make decisions about resources to be allocated to the segment and assess its performance regularly review and for which discrete financial information is available.

The Company is engaged primarily on the business of “manufacturing & trading of readymade garments business” only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – “Operating segments”.

### 39. Lease Disclosures:

39.1 The following is the break-up of current and non-current lease liabilities as at March 31, 2020, March 31, 2019 and April 1, 2018

Particulars	Rs.		
	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Current Lease Liabilities	24,23,475	-	-
Non- Current Lease Liabilities	7,04,23,102	-	-
<b>Total</b>	<b>7,28,46,577</b>	-	-



- 39.2 The following is the movement in lease liabilities during the year ended March 31, 2020, March 31, 2019 and April 1, 2018

Particulars	Rs.		
	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Balance at the Beginning	-	-	-
Additions	7,52,27,314	-	-
Finance cost accrued during the period	66,58,683	-	-
Deletion	-	-	-
Payment of lease liabilities	-90,39,420	-	-
<b>Balance at the End</b>	<b>7,28,46,577</b>	-	-

- 39.3 The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020, March 31, 2019 and April 1, 2018 on an undiscounted basis:

Particulars	Rs.		
	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Less than one year	94,91,391	-	-
One to five years	4,29,54,535	-	-
more than five years	6,69,35,770	-	-
<b>Total</b>	<b>11,93,81,696</b>	-	-

- 39.4 The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

- 39.5 During the period ended March 31, 2020 the expense recognized in the statement of profit and loss includes:

- (i) Rental Expenses recorded for Short-term lease ₹ 66,22,265/- for the year ended 31 March, 2020 (Previous Year: ₹ 82,67,556/-)
- (ii) Variable lease expense not forming part of lease liability of ₹ Nil (Previous Year: ₹ Nil)

#### 40. Related Party information as per Ind AS 24.

##### I. List of Related Party

##### (a) Key Management Personnel (KMP)

Name of the Key Management Personnel	Relationship
Mrs. Geeta Ladha	Whole-time Director (w.e.f. 30.07.2018)
Mr. Santosh Ladha	Managing Director (w.e.f. 27.07.2018)
Mr. Niraj Agarwal	Chief Financial Officer (w.e.f. 27.07.2018)
Mrs. Sweta Agarwal	Company Secretary (w.e.f. 20.08.2018)



(b Relative of the Key Managerial Personnel)

Name of the Relative of KMP	Relationship
Baldev Das Ladha	Relative of KMP
Kamala Devi Ladha	Relative of KMP

(c) Entities in which Control of the Company and/or Key Management Personal exist

Name of the Relative of KMP	Relationship
Iris Fashions Pvt. Ltd	Control of KMP
Iris Apparels Pvt. Ltd	Control of KMP

II. Transaction with related parties

**For the Financial year ended 2019-20**

Sl.	Name of the party	Nature of Relation	Nature of Transaction	Amount (Rs.)
1	Iris Fashions Pvt. Ltd.	Control of KMP	Machine Hire charges	7,80,000
2	Iris Apparels Pvt. Ltd.	Control of KMP	Machine Hire charges	5,40,000
3	Mrs. Geeta Ladha	Whole Time Director	Remuneration	1,20,00,000
4	Mr. Santosh Ladha	Managing Director	Remuneration	1,20,00,000
5	Mr. Niraj Agarwal	CFO	Remuneration	3,24,000
6	Mr. Sweta Agarwal	Company Secretary	Remuneration	3,60,000
7	Mr. Baldev Das Ladha	Relative of KMP	Director's Sitting Fees	40,000

**For the Financial year ended 2018-19**

Sl.	Name of the party	Nature of Relation	Nature of Transaction	Amount (Rs.)
1	Iris Fashions Pvt. Ltd.	Control of KMP	Machine Hire charges	7,80,000
2	Iris Apparels Pvt. Ltd.	Control of KMP	Machine Hire charges	5,40,000
3	Mrs. Geeta Ladha (upto 31.07.2018)	Director	Director's Remuneration	24,00,000
4	Mrs. Geeta Ladha (w.e.f. 01.08.2018)	Whole Time Director	Director's Remuneration	80,00,000
5	Mr. Baldev Das Ladha (upto 31.07.2018)	Director	Director's Remuneration	24,00,000
6	Mr. Baldev Das Ladha	Director	Loan from Director	20,000
7	Mr. Santosh Ladha (upto 31.07.2018)	Share Holder	Salary	28,00,000
8	Mr. Santosh Ladha	Managing Director	Director's Remuneration	80,00,000
9	Mr. Santosh Ladha	Share Holder	Loan from Shareholder	2,00,000
10	Mrs. Kamala Devi Ladha	Relative of KMP	Loan from Shareholder	50,000
11	Mrs. Kamala Devi Ladha (upto 31.07.2018)	Relative of KMP	Salary	4,00,000



**III Outstanding balance as on:****Amount (Rs.)**

Sl.	Name of the party	31 March, 2020	31 <sup>st</sup> March, 2019	1 <sup>st</sup> April, 2018
1	Iris Fashions Pvt. Ltd.	5,52,400	-	-
2	Iris Apparels Pvt. Ltd.	-	-	-
3	Mrs. Geeta Ladha	5,50,000	6,70,000	-
4	Mrs. Geeta Ladha (Loan from Director)	-	-	30,50,000
5	Mr. Santosh Ladha	5,50,000	7,00,000	-
6	Mr. Santosh Ladha (Loan from Director)	-	-	13,50,000
7	Mr. Niraj Agarwal	18,103	21,872	18,068
8	Mr. Sweta Agarwal	22,128	29,850	-
9	Mr. Baldev Das Ladha	9,000	-	3,90,000

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

**41. Financial Instruments**

Financial Instruments by category

**(Rs.)**

Particulars	31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019		1 <sup>st</sup> April, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b><u>Financial assets/ liabilities at fair value through profit or loss</u></b>	-	-	-	-	-	-
<b><u>Financial assets designated at fair value through other Comprehensive Income</u></b>	-	-	-	-	-	-
<b><u>Financial Assets designated at Amortised Cost</u></b>						
Cash and Cash Equivalent	3,27,420	-	4,53,384	-	13,19,414	-
Bank balances other than above	2,23,77,659	-	2,09,68,374	-	1,72,94,484	-
Investment	-	-	-	-	-	-
Trade and Other Receivables	11,51,90,219	-	9,58,22,425	-	10,54,11,657	-
Loan	76,42,838	-	80,23,120	-	48,42,586	-
<b><u>Financial Liabilities designated at fair value through profit or loss</u></b>						
<b><u>Financial Liabilities designated at amortised cost</u></b>						
Borrowings	24,64,46,641	-	20,11,77,635	-	20,98,44,151	-
Lease Liabilities	7,28,46,577	-	-	-	-	-
Trade and Other payables	14,45,10,670	-	10,56,25,635	-	6,41,98,750	-
Other Financial Liabilities	2,48,74,576	-	1,85,15,779	-	1,79,85,326	-



### Fair Value Hierarchy

- Level-1 Quoted Price (unadjusted) is active markets for identical assets or liabilities  
Level-2 Inputs other than quoted prices included within Level-1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e.) derived from prices)  
Level-3 Inputs other than quoted prices included within Level-1 that are based on non-observable market data.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

(Rs.)

Particulars	As of 31 <sup>st</sup> March, 2020	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in equity instruments	-	-	-	-
<b>Liabilities</b>				
Derivative financial instruments	-	-	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

(Rs.)

Particulars	As of 31 <sup>st</sup> March, 2019	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in equity instruments	-	-	-	-
<b>Liabilities</b>				
Derivative financial instruments	-	-	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2018:

(Rs.)

Particulars	As of 1st April, 2018	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in equity instruments	-	-	-	-
<b>Liabilities</b>				
Derivative financial instruments	-	-	-	-



#### 42. Financial risk management objective and policies

The Company's financial liabilities include Loan and borrowings and Trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade & other receivables, deposits and cash & cash equivalents.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes.

- A. Credit Risk-** A risk that counterparty may not meet its obligations under a financial instrument or customer contract, leading to a financial loss is defined as Credit Risk. The Company is exposed to credit risk from its operating and financial activities.

Customer credit risk is managed by the respective marketing department subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company reviews the creditworthiness of these customers on an on-going basis. The Company estimates the expected credit loss on the basis of past data, experience and policy laid down in this respect. The maximum exposure to the credit risk at the reporting date is the carrying value of the trade receivables disclosed in Note 6 (Six) as the Company does not hold any collateral as security. The Company has a practice to provide for doubtful debts as per its approved policy.

The Company's activities expose it to Credit Risk, Liquidity Risk and Market Risk. The Company's Board of Directors review and discuss with the management on various risks face by the Company and also advise on the appropriate financial risk governance framework for the Company. The Company's Management provides assurance to the Company's Board of Directors that the Company's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses.

The ageing analysis of the receivables (gross of allowances) has been considered from the date the invoice falls due.

Particulars	Neither due nor impaired (including unbilled)	Past due			Total
		Up to 6 months	6 to 12 months	Above 12 months	
<b>Trade receivables</b>					
<b>As at 31<sup>st</sup> March, 2020</b>					
Secured	-	-	-	-	-
Unsecured	11,51,90,219	11,48,22,080	3,68,139	-	11,51,90,219
<b>Total</b>	<b>11,51,90,219</b>				<b>11,51,90,219</b>



<b>As at 31<sup>st</sup> March, 2019</b>					
Secured	-				-
Unsecured	9,58,22,425	9,57,86,993	35,432	-	9,58,22,425
<b>Total</b>	<b>9,58,22,425</b>				<b>9,58,22,425</b>
<b>As at 1<sup>st</sup> April, 2018</b>					
Secured	-				-
Unsecured	10,54,11,657	10,53,32,225	79,432	-	10,54,11,657
<b>Total</b>	<b>10,54,11,657</b>				<b>10,54,11,657</b>

**B. Liquidity Risk-** A risk that the Company may not be able to settle or meet its obligations at a reasonable price is defined as liquidity risks. The Company's finance department is responsible for managing liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through expected cash flows.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, Term loans among others.

**C. Market Risk-** A risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market prices is defined as Marketing Risk. Such changes in the value of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

(i) **Foreign Currency Risk-** A risk that the fair value or future value of the cash flows of a forex exposure will fluctuate because of changes in foreign exchange rates is defined as Foreign Currency Risk. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's import and export activities. The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange exposure. The management monitors the foreign exchange fluctuations on a continuous basis.

**Derivative instruments and un-hedged foreign currency exposure:**

The Company does not enter into any derivative instruments for trading or speculative purposes.

(ii) **Interest rate risk-**The Company's exposure to the risk of changes in market interest rates relates primarily to long-term debt.

**Maturity profile of financial liabilities**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.



(Rs.)

Financial Liabilities	Outstanding	0-1 year	- 2-5 year	5-10 year	Above 10 years
<b>As at 31<sup>st</sup> March, 2020</b>					
Borrowings	24,64,46,641	20,24,40,743	3,12,16,605	1,27,89,293	-
Lease Liabilities	7,28,46,577	24,23,475	1,88,16,330	5,16,06,772	-
Trade Payables	14,45,10,670	14,45,10,670	-	-	-
Other financial liabilities	2,48,74,576	2,48,74,576	-	-	-
<b>Total</b>	<b>48,86,78,464</b>	<b>37,42,49,464</b>	<b>5,00,32,935</b>	<b>6,43,96,065</b>	-
<b>As at 31<sup>st</sup> March, 2019</b>					
Borrowings	20,11,77,635	16,14,66,535	3,97,11,100	-	-
Lease Liabilities	-	-	-	-	-
Trade Payables	10,56,25,635	10,56,25,635	-	-	-
Other financial liabilities	1,85,15,779	1,85,15,779	-	-	-
<b>Total</b>	<b>32,53,19,049</b>	<b>28,56,07,949</b>	<b>3,97,11,100</b>	-	-
<b>As at 1<sup>st</sup> April, 2018</b>					
Borrowings	20,98,44,151	14,71,01,775	6,27,42,376	-	-
Lease Liabilities	-	-	-	-	-
Trade Payables	6,41,98,750	6,41,98,750	-	-	-
Other financial liabilities	1,79,85,326	1,79,85,326	-	-	-
<b>Total</b>	<b>29,20,28,227</b>	<b>22,92,85,851</b>	<b>6,27,42,376</b>	-	-

#### 43. Capital management

The Company's objective when managing capital (defined as net debt and equity) is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, while protecting and strengthening the Balance Sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in taking into consideration the economic conditions and strategic objectives of the Company.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings, trade and other payables less cash and short-term deposits.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing for reported periods.



#### 44. Estimation of Uncertainty Relating to Covid - 19

The World Health Organization ("WHO") announced a global health emergency because of coronavirus (COVID – 19) and classified its outbreak as a pandemic in March 2020. The Company is committed towards providing uninterrupted supply of goods and services to its customer and has actively implemented business continuity plans including the option of working from home facility. In assessing the impact of the pandemic on the Company's operations and performance, the Company has considered internal and external information up to the date of the approval of the financial statements and based on current indicators of future economic conditions, the Management is of the view that it will not be severely impacted. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions **COVID 19 Statements.**

45. Contribution to political parties during the year 2019-20 is Rs. Nil (previous year Rs. Nil)

46. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2020.

#### 47. Events after the reporting period

There has been no events after the reporting date that require disclosure in financial statements.

#### 48. Explanation to transition to Ind AS

As stated in Note 1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2019, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

The accounting policies set out in Note 1 have been applied in preparing these financial statements for the year ended 31 March 2020 including the comparative information for the year ended 31 March 2019 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2018.

In preparing the Ind AS balance sheet as at 1 April 2018 and in presenting the comparative information for the year ended 31 March 2019, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

##### A. Optional exemptions availed

##### 1. Property plant and equipment

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

– fair value;

– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.



(iii) use carrying values of property, plant and equipment and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under Previous GAAP for all the items of property, plant and equipment.

## **B. Mandatory exceptions**

### **1. Accounting estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the Previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVOCI.
- Financial instruments designated at fair value through profit or loss.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Determination of OCI Components by re measurement of defined benefit plans
- Classification of equity and liability.

### **2. De-recognition of financial assets and liabilities**

As per Ind AS 101, an entity should apply the de-recognition requirements in Ind AS 109 - Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the de-recognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

### **3. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.



## Reconciliation of equity\*

(Rs.)

	Note	As at date of transition 1 April 2018		
		Previous GAAP #	Adjustment on transition to Ind AS	Ind AS
<b>ASSETS :</b>				
<b>Non-current Assets</b>				
Property, Plant & Equipment		14,85,39,588	-	14,85,39,588
Capital work-in-progress		1,40,000	-	1,40,000
Other Intangible Assets		2,46,948	-	2,46,948
Financial Assets				
Loans		47,48,086	-	47,48,086
Deferred Tax Assets (Net)		6,39,526	-	6,39,526
		<b>15,43,14,148</b>	<b>-</b>	<b>15,43,14,148</b>
<b>Current Assets</b>				
Inventories		11,03,31,731	-	11,03,31,731
Financial Assets				
Investments				
Trade receivables		10,54,11,657	-	10,54,11,657
Cash & cash equivalents		13,19,414	-	13,19,414
Other Bank balances		1,72,94,484	-	1,72,94,484
Loans		94,500	-	94,500
Current Tax Assets (Net)		15,69,822	-	15,69,822
Other Current Assets		75,23,005	-	75,23,005
		<b>24,35,44,613</b>	<b>-</b>	<b>24,35,44,613</b>
<b>TOTAL ASSETS</b>		<b>39,78,58,761</b>	<b>-</b>	<b>39,78,58,761</b>
<b>EQUITY AND LIABILITIES:</b>				
<b>Equity</b>				
Equity Share capital		2,81,00,000	-	2,81,00,000
Other Equity				



	7,32,05,488	-	7,32,05,488
	<b>10,13,05,488</b>	-	<b>10,13,05,488</b>
<b>Non-current Liabilities :</b>			
(a) Financial Liabilities			
Borrowings			
Provisions	6,27,42,376	-	6,27,42,376
	17,77,345	-	17,77,345
	<b>6,45,19,721</b>	-	<b>6,45,19,721</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings			
Trade Payables	14,71,01,775	-	14,71,01,775
(A) total outstanding dues of micro enterprises and small enterprises;		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises			
Other financial liabilities	6,41,98,750	-	6,41,98,750
Other current liabilities	1,79,85,326	-	1,79,85,326
Provisions	26,60,888	-	26,60,888
	86,813	-	86,813
	<b>23,20,33,552</b>	-	<b>23,20,33,552</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39,78,58,761</b>	-	<b>39,78,58,761</b>



(Rs.)			
As at date of transition 31 March, 2019			
Note	Previous GAAP #	Adjustment on transition to Ind. AS	Ind AS
<b>ASSETS :</b>			
<b>Non-current Assets</b>			
Property, Plant & Equipment	13,84,72,968	-	13,84,72,968
Capital work-in-progress	10,43,31,336	-	10,43,31,336
Other Intangible Assets	2,29,627	-	2,29,627
Financial Assets			
Loans	67,25,760	-	67,25,760
Deferred Tax Assets (Net)	19,80,398	-	19,80,398
	<b>25,17,40,089</b>	<b>-</b>	<b>25,17,40,089</b>
<b>Current Assets</b>			
Inventories	23,26,02,675	-	23,26,02,675
Financial Assets			
Investments			
Trade receivables	9,58,22,425	-	9,58,22,425
Cash & cash equivalents	4,53,384	-	4,53,384
Other Bank balances	2,09,68,374	-	2,09,68,374
Loans	12,97,360	-	12,97,360
Current Tax Assets (Net)	13,17,313	-	13,17,313
Other Current Assets	1,20,37,766	-	1,20,37,766
	<b>36,44,99,298</b>	<b>-</b>	<b>36,44,99,298</b>
<b>TOTAL ASSETS</b>	<b>61,62,39,387</b>	<b>-</b>	<b>61,62,39,387</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Equity</b>			
Equity Share capital	4,66,11,790	-	4,66,11,790
Other Equity	23,92,04,013	-	23,92,04,013
	<b>28,58,15,803</b>	<b>-</b>	<b>28,58,15,803</b>
<b>Non-current Liabilities :</b>			
<b>(a) Financial Liabilities</b>			
Borrowings	3,97,11,100	-	3,97,11,100
	<b>3,97,11,100</b>	<b>-</b>	<b>3,97,11,100</b>



<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	16,14,66,535	-	16,14,66,535
Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises;	41,76,223	-	41,76,223
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	10,14,49,412	-	10,14,49,412
Other financial liabilities	1,85,15,779	-	1,85,15,779
Other current liabilities	51,04,535	-	51,04,535
	<b>29,07,12,484</b>	<b>-</b>	<b>29,07,12,484</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61,62,39,387</b>	<b>-</b>	<b>61,62,39,387</b>



Reconciliation of total comprehensive income for the year ended 31 March 2019\*

(Rs.)

	Note	Previous GAAP #	Adjustment on transition to Ind AS	Ind AS
(I) Total Revenue from operations		62,04,68,402	-	62,04,68,402
(II) Other Income		14,19,206	-	14,19,206
(III) Total Income (I +II)		62,18,87,608	-	62,18,87,608
<b>EXPENSES</b>				
(i) Cost of Materials Consumed		34,97,95,027	-	34,97,95,027
(ii) Purchases of Stock-in-Trade		4,21,07,362	-	4,21,07,362
(iii) Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		-9,80,90,577	-	-9,80,90,577
(iv) Employee benefit expense	1	9,29,41,618	3,88,485	9,33,30,103
(v) Finance Costs		1,87,84,159	-	1,87,84,159
(vi) Depreciation and Amortisation		2,37,27,633	-	2,37,27,633
(vii) Other expenses		12,21,74,218	-	12,21,74,218
(IV) Total expenses (IV)		55,14,39,440	3,88,485	55,18,27,925
V Profit(loss) before exceptional items and tax(III-IV)		7,04,48,168	-3,88,485	7,00,59,683
VI Exceptional items		-	-	-
VII Profit(loss) before tax(V-VI)		7,04,48,168	-3,88,485	7,00,59,683
<b>VIII Tax Expenses</b>				
1)Current Tax		2,16,19,498	-	2,16,19,498
2)Income Tax for earlier years		-	-	-
3)Deferred Tax		-13,42,288	-	-13,42,288
		2,02,77,210	-	2,02,77,210
IX Profit/(loss) for the period (VII-VIII)		5,01,70,958	-3,88,485	4,97,82,473
<b>X Other comprehensive income</b>				
A(i) Items that will not be reclassified to profit or loss	2	-	3,88,485	3,88,485
A(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-
Subtotal (A)		-	3,88,485	3,88,485
B(i) Items that will be reclassified to profit or loss		-	-	-
B(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
Subtotal (B)		-	-	-
Other Comprehensive Income (A+B)		-	3,88,485	3,88,485



XI	Total Comprehensive Income for the period (IX+X) (Comprising Profit (Loss) and other Comprehensive Income for the period)	5,01,70,958	-	5,01,70,958
XII	Earnings per equity share (FV Rs. 10/-)			
	1) Basic (Rs.)	13.05	-0.11	12.94
	2) Diluted (Rs.)	13.05	-0.11	12.94

\* Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The Company has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure

# The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

#### Notes to the reconciliation

##### 1) OCI Defined Benefit Plan

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under Previous GAAP, the Company recognised actuarial gains and losses in the statement of profit or loss. However, this has no major impact on the total comprehensive income and total equity as on 1 April 2018 or as on 31 March 2019.

##### 2) Other comprehensive income

Under Previous GAAP, the Company did not present OCI separately. Hence, it has reconciled Previous GAAP profit and loss to profit and loss as per Ind AS. Further, Previous GAAP profit and loss is reconciled to total comprehensive income as per Ind AS.



49. Previous year figures are regrouped and reclassified to make them comparable with Ind AS presentation.

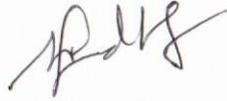
50. The above financial statements have been reviewed by the audit committee and subsequently approved by the Board of Directors at its meeting held on 29<sup>th</sup> June, 2020.

As per our Report of even date

For AMK & Associates  
Chartered Accountants  
FRN 327817E



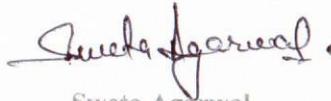
Bhupendra Kumar Bhutia  
Partner  
Membership No. 059363  
Kolkata  
The, 29<sup>th</sup> June, 2020



Santosh Ladha  
Managing Director  
DIN : 03585561



Geeta Ladha  
Whole Time Director  
DIN : 03585488



Sweta Agarwal  
Company Secretary



Niraj Agarwal  
Chief Financial Officer

