



PRANAVADITYA SPINNING MILLS LIMITED





Pranavadiya Spinning Mills Limited

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CORPORATE INFORMATION

Board of Directors

Mr. S. K. Agrawal	-	Non-Executive Independent Chairman
Mr. Anil Kumar Jain	-	Non-Executive Non-Independent Director
Mr. Kamal Mitra	-	Non-Executive Non-Independent Director
Mr. P. N. Shah	-	Non-Executive Independent Director
Mr. R. Anand	-	Non-Executive Independent Director
Ms. Preeti Sheth	-	Non-Executive Independent Director (Resigned w.e.f. 16 th January, 2019)
Dr. Ashok Desai	-	Non-Executive Independent Director (Appointed w.e.f. 1 st August, 2018)
Ms. Kala Agarwal	-	Non-Executive Independent Director (Appointed w.e.f. 7 th February, 2019)
Mr. L. Viswanathan	-	Non-Executive Independent Director (Appointed w.e.f. 8 th May, 2019)

Chief Financial Officer

Mr. K. Muralidharan

Company Secretary and Compliance Officer

Mrs. Amruta Avasare

Auditors

M/s. Suresh Kumar Mittal & Co.

Corporate Office

301, Arcadia, 3rd Floor,
Nariman Point,
Mumbai - 400 021

Registered Office

Office No. 2, Plot No. 266,
Village Alte, Kumbhoj Road,
Taluka Hatkanangale,
District Kolhapur - 416109,
Maharashtra

Registrar and Share Transfer Agent

Bigshare Services Pvt. Ltd.
1st Floor, Bharat Tin Works Building,
Opp, Vasant Oasis, Makvana Road,
Marol, Andheri (East), Mumbai - 400 059

Corporate Identification Number

L17119PN1990PLC058139

Website

www.pranavaditya.com

BOARD'S REPORT

Dear Members,

On behalf of the Board of Directors ("the Board"), it gives me pleasure to present the 29th Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31st March, 2019.

Financial Results (As per IND AS)

(₹ In Lakhs, except EPS)

Particulars	2018-19	2017-18
Revenue from operations	8226.07	7137.04
Other Income	29.23	67.10
Total Income	8255.30	7204.14
EBIDTA	55.06	(70.74)
Less : Finance Cost	28.09	34.71
Less : Depreciation and Amortisation expenses	123.41	124.36
Profit / (Loss) before Tax	(96.44)	(229.81)
Less: Provision for taxation	30.83	66.05
Net Profit / (Loss) after tax	(65.61)	(163.76)
Add: Other Comprehensive Income	3.42	6.73
Total Comprehensive Income	(62.19)	(157.03)
EPS (in ₹)	(0.34)	(0.85)

Your Company achieved total revenue from operations of ₹ 8,226.07 Lakhs as compared to ₹ 7,137.04 Lakhs in previous year registering growth of around 15% over previous year. Increase in power & other input costs and disparity between cotton and yarn price resulted in net loss of ₹ 65.61 lakhs for the year ended 31st March 2019. More details on operational and financial performance are provided in Management Discussion and Analysis Report.

Dividend

In view of loss incurred by the Company for the year ended 31st March, 2019, the Board of Directors of the Company has not recommended any dividend on the equity shares of the Company for the financial year under review.

Transfer to Reserves

During FY 2018-19, no amount has been transferred to the general reserves/ retained earnings of the Company.

Share Capital

The paid up equity share capital of the Company as on 31st March, 2019 is ₹ 19,24,12,800/- comprising of 1,92,41,280 Equity shares of Face Value of ₹ 10/- each. During the financial year 2018-19, your Company has neither issued equity shares with differential rights as to dividends, voting or otherwise nor has issued Sweat Equity shares. Your Company does not have any Employee Stock Option Scheme or Employee Stock Purchase Scheme.

Directors and Key Managerial Personnel

During the year under review, Dr. Ashok N. Desai (DIN: 03609419) was appointed as a Non-Executive Independent Director of the Company for a first term of five consecutive years w.e.f. 1st August, 2018. His appointment was duly approved by the members of the Company at the Annual General Meeting (AGM) of the Company held on 11th September, 2018.

Ms. Preeti Sheth (DIN: 00202080) Non-Executive Independent Director of the Company resigned from the Directorship of the Company w.e.f. 16th January, 2019 due to personal reasons. The Board places on record its appreciation and gratitude for the valuable guidance and contributions made by Ms. Preeti Sheth as a Board Member during her association with the Company.

Ms. Kala Agarwal (DIN: 08015576) was appointed as an Additional Director of the Company and as a Non-Executive Independent Director of the Company for a first term of five consecutive years w.e.f. 7th February, 2019, subject to the approval of members of the Company. With the appointment of Ms. Kala Agarwal, the vacancy caused in the position of Woman Independent Director was filled within the prescribed time. The resolution for the appointment of Ms. Kala Agarwal as an Independent Director of the Company w.e.f. 7th February, 2019 is placed before the members at the ensuing AGM.

Mr. L. Viswanathan (DIN: 00193056) was appointed as an Additional Director of the Company and as a Non-Executive Independent Director of the Company for a first term of five consecutive years w.e.f. 8th May, 2019, subject to the approval of members of the Company. The resolution for the appointment of Mr. L. Viswanathan as an Independent Director of the Company w.e.f. 8th May, 2019 is placed before the members at the ensuing AGM.

The aforesaid appointments were made by the Board pursuant to the recommendation of Nomination and Remuneration Committee (NRC).

The first term of Mr. S. K. Agrawal (DIN: 00400892), Independent Chairman is ending on 15th August, 2019 and he is eligible for re-appointment for a second term. Pursuant to the recommendation of NRC, the Board at its meeting held on 8th May 2019, approved and recommended to the members of the Company, re-appointment of Mr. S. K. Agrawal as a Non-Executive Independent Director designated as 'Chairman' of the Company, not liable to retire by rotation for a second term of five consecutive years w.e.f. 16th August, 2019 to 15th August, 2024. Accordingly, special resolution for his re-appointment is included in the Notice of ensuing AGM for approval of members of the Company.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Kamal Mitra (DIN: 01839261), Non-Executive Non Independent Director of the Company, retires by rotation at the ensuing AGM and being eligible, has offered himself for the re-appointment. The Board recommends his re-appointment for consideration at the ensuing AGM.

Members are requested to refer the Notice of the ensuing AGM for brief profile and other related information of Directors seeking appointment/re-appointment.

Mr. Pradyumna N. Shah (DIN: 00096793) and Mr. Anand Ramanna (DIN: 00040325), Independent Directors of the Company are not seeking re-appointment for a second term due to their advanced age and consequently, they shall cease to be Directors of the Company w.e.f. 16th August, 2019 due to expiry of their first term. The Board places on record its appreciation and gratitude for immense contributions and valuable guidance given by Mr. P. N. Shah and Mr. R. Anand during their long association as Board members of the Company.

During FY 2018-19, Mr. Dilip Kumar Ghorawat resigned from the position of Chief Financial Officer of the Company w.e.f. close of working hours of 20th September, 2018. In accordance with the provisions of Section 203 of the Companies Act, 2013 ('Act'), Mr. K. Muralidharan was appointed as Chief Financial Officer of the Company w.e.f. 3rd November, 2018 by the Board pursuant to recommendation of NRC.

As on 31st March, 2019, Mr. Ashok G. Halasangi, Chief Executive Officer, Mr. K. Muralidharan, Chief Financial Officer and Mrs. Amruta Avasare, Company Secretary & Compliance Officer are the Key Managerial Personnel (KMP) of the Company in terms of Section 203 of the Companies Act, 2013.

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence. In the opinion of the Board, all Independent Directors are independent of the management.

Number of Board Meetings

During the year under review, 4 Board Meetings were held on 30th April, 2018, 1st August, 2018, 1st November, 2018 and 7th February, 2019. The maximum gap between any two consecutive Board meetings did not exceed 120 days.

Company's policy on appointment and remuneration of Directors and Key Managerial Personnel

Pursuant to Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee (NRC) has formulated "Nomination and Remuneration Policy" which deals *inter-alia* with appointment and remuneration of Directors, Key Managerial Personnel, Senior Management and other employees. The said policy is uploaded on the website of the Company and web-link thereto is https://www.pranavaditya.com/admin/uploads/pdf/Nomination_and_Remuneration_Policy.pdf

The salient features of the policy are as under:

I. Criteria for appointment:

- a. NRC shall identify, ascertain and consider the integrity, qualification, expertise and experience of the person for the appointment as a Director of the Company and recommend to the Board his / her appointment. The Directors shall uphold ethical standards of integrity and probity and shall exercise their duties and responsibilities in the interest of the Company.
- b. A person proposed to be appointed as Director should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. They shall possess appropriate core skills/ expertise/ competencies/ knowledge in one or more fields of finance, law, management, sales and marketing, administration, research and in the context of business and/or the sector in which the company operates. The NRC has the discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.
- c. The Company shall comply with the provisions of the Act and Listing Regulations and any other laws if applicable for appointment of Director of the Company. The Company shall ensure that provisions relating to limit of maximum directorships, age, term etc. are complied with.

II. Remuneration of the Whole Time /Executive Director(s) / Managing Director :

- a. The remuneration including commission payable to the Whole Time /Executive Director(s) / Managing Director shall be determined and recommended by the NRC to the Board for approval.
- b. While determining the remuneration of the Executive Directors, following factors shall be considered by the NRC/ Board:
 - Role played by the individual in managing the Company including responding to the challenges faced by the Company
 - Individual performance and company performance so that remuneration meets appropriate performance benchmarks
 - Reflective of size of the Company, complexity of the sector/ industry/company's operations and the Company's financial position
 - Consistent with recognized best industry practices.
 - Peer remuneration
 - Remuneration involves balance between fixed and incentive pay reflecting performance objectives appropriate to the working of the Company and its goals.
 - Remuneration is reasonable and sufficient to retain and motivate directors to run the company successfully.

III. Remuneration to Non- Executive / Independent Directors:

Sitting Fees: Independent Directors are entitled for sitting fees for attending meetings of the Board and committees (excluding Share Transfer Committee) and Independent Directors Meeting as may be approved by the Board within the limit specified under the Act.

Annual Evaluation of Board Performance and its Committee and Individual Directors

Criteria of performance evaluation of the Board Committees and Directors are laid down by Nomination and Remuneration Committee (NRC) of the Company. Further, pursuant to provisions of the Companies (Amendment) Act, 2017, NRC decided to continue existing method of performance evaluation through circulation of performance evaluation sheets based on SEBI Guidance Note dated 5th January, 2017 and that only Board should carry out performance evaluation of Board, Committees and Individual Directors.

An assessment sheet based on aforesaid SEBI Guidance Note, containing the parameters of performance evaluation along with rating scale was circulated to all the Directors. The Directors rated the performance against each criteria. Thereafter, consolidated score was arrived. Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out performance evaluation of its own, evaluation of working of the Committees and performance evaluation of all Directors in the said manner.

A meeting of Independent Directors of the Company was held on 1st August, 2018, in which Independent Directors *inter-alia* reviewed performance of Non-Executive Independent Chairman and other Non-Independent Directors and the Board as a whole through performance evaluation sheets.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, state and confirm that:

- in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- such accounting policies as mentioned in the notes to the Financial Statements for the year ended 31st March, 2019, have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the loss of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual financial statements for the year ended 31st March, 2019, have been prepared on a going concern basis;
- internal financial controls to be followed by the Company have been laid down and that the said financial controls were adequate and were operating effectively;
- proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

Audit Committee

During the year under review, there was no change in the composition of the Audit Committee of the Company. As on 31st March, 2019, the Audit Committee comprises of Mr. S. K. Agrawal, Independent Director as Chairman, Mr. P. N. Shah,

Mr. R. Anand, Independent Directors and Mr. Kamal Mitra, Non-Executive Non-Independent Director. More details on the Audit Committee are given in Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

Statutory Auditors

In accordance with the provisions of Section 139 of the Act, at the Annual General Meeting (“AGM”) held on 21st August, 2017, M/s. Suresh Kumar Mittal & Co., Chartered Accountants (Firm Registration No. 500063N) were appointed as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of the 27th AGM till the conclusion of 32nd AGM, subject to the ratification by members at every AGM.

The requirement to place the matter relating to appointment of Auditors for ratification by Members at every Annual General Meeting was omitted vide notification dated 7th May, 2018, issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Auditors in ensuing AGM of the Company.

The Company has received a letter from M/s. Suresh Kumar Mittal & Co., Chartered Accountants confirming that they are eligible for continuing as Statutory Auditors of the Company.

Auditors’ Report

The Auditors’ Report on standalone financial statements for the year ended 31st March, 2019 forms part of this Annual Report. The Auditors’ Report does not contain any qualifications, reservations, adverse remarks, disclaimer or emphasis of matter. Notes to the Financial Statements are self-explanatory and do not call for any further comments.

Secretarial Auditors and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act, read with rules thereunder, the Board has appointed M/s. Kothari H. & Associates, a firm of Practicing Company Secretaries to conduct Secretarial Audit of the Company for the year ended 31st March, 2019. The Secretarial Audit Report issued by them in Form No. MR-3 is provided as an “Annexure 1” to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

Internal control systems and their adequacy

Your Company maintains adequate internal control system and procedures commensurate with its size and nature of operations. The internal control systems are designed to provide a reasonable assurance over reliability in financial reporting, ensure appropriate authorization of transactions, safeguarding the assets of the Company and prevent misuse/ losses and legal compliances.

The internal control system includes a well-defined delegation of authority and a comprehensive Management Information System coupled with quarterly reviews of operational and financial performance, a well-structured budgeting process and Internal Audit. The Internal Audit reports are periodically reviewed by the management and the Audit Committee and necessary improvements are undertaken, if required.

Public Deposits

During the year under review, your Company has not accepted any deposits from public under Chapter V of the Act.

Subsidiaries

During the year under review, your Company does not have any subsidiaries or joint ventures or associate companies as defined under the Act.

However, the Company has framed a policy for determining material subsidiaries, which can be accessed at https://www.pranavaditya.com/admin/uploads/pdf/PSML_Policy_on_Material_Subsiidiaries.pdf

Corporate Governance Report

As per Regulation 34(3) read with Schedule V of the Listing Regulations, your Company has complied with the requirements of corporate governance. The Corporate Governance Report along with Statutory Auditors' Certificate confirming compliance of Corporate Governance for the year ended 31st March, 2019, is provided separately and forms integral part of this Annual Report.

Management and Discussion Analysis Report

Pursuant to Regulation 34 of the Listing Regulations, Management Discussion and Analysis Report containing information *inter-alia* on industry trends, your Company's performance, future outlook, opportunities and threats for the year ended 31st March, 2019, is provided in a separate section forming integral part of this Annual Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, Extract of the Annual Return in Form MGT-9 as on 31st March, 2019 is annexed as an "Annexure 2" and is also available on the website of the Company at [https://www.pranavaditya.com/admin/uploads/pdf/Form_MGT.9 - Extract of Annual Return for the year ended March 31, 2019 1.pdf](https://www.pranavaditya.com/admin/uploads/pdf/Form_MGT.9_-_Extract_of_Annual_Return_for_the_year_ended_March_31,_2019_1.pdf) Further, pursuant to Section 134(3)(a) of the Act, a copy of Annual Return for the year ended 31st March, 2019 will be hosted on the website of the company at www.pranavaditya.com.

Related Party Transactions

All Related Party Transactions entered during FY 2018-19 were on arm's length basis and in the ordinary course of business. Further, there were no material related party transactions during FY 2018-19 under Section 188 of the Act and Regulation 23 of Listing Regulations. Hence, pursuant to the provisions of Section 134 of the Act, particulars of contracts/arrangements with Related Parties are not required to be provided in Form AOC-2. The related party transactions are provided in the notes to the financial statements.

Prior approval of Audit Committee is obtained for all Related Party Transactions. A statement of all Related Party Transactions is reviewed by the Audit Committee and Board on quarterly basis. Your Company has adopted a policy on Related Party Transactions and is uploaded on the website of the Company at [https://www.pranavaditya.com/admin/uploads/pdf/PSML - Policy on Related Party Transactions.pdf](https://www.pranavaditya.com/admin/uploads/pdf/PSML_-_Policy_on_Related_Party_Transactions.pdf)

The value of the proposed related party transactions for Financial Year 2019-20, 2020-21 and 2021-22 with Indo Count Industries Limited is likely to exceed threshold limits specified in the Listing Regulations. Hence, approval of members of the Company is being sought for proposed material related party transactions in the ensuing AGM.

Particulars of Loans, Investments, Guarantees, Securities under Section 186 of the Companies Act, 2013

During the year under review, pursuant to Section 186 of the Act, no loans were given to any person, nor any Guarantees or securities were provided. Further, no investment was made in the securities of any other body corporate.

Risk Management

The Company has devised Risk Management System which takes care of risk identification, assessment and mitigation. Some of the risks faced by the Company are raw material price risk, financial risk, foreign currency risk etc. At present, there are no risks which in the opinion of the Board threaten the existence of the Company.

Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177(10) of the Act and Regulation 22 of the Listing Regulations, your Company has established a vigil mechanism for the Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected incidents of fraud or violation of Code of Conduct. The details of Vigil Mechanism/Whistle

Blower Policy are provided in the Corporate Governance Report. The Vigil Mechanism / Whistle Blower Policy may be accessed on the Company's website at https://www.pranavaditya.com/admin/uploads/pdf/PSML_-_Whistle_Blower_Policy_Vigil_Mechanism.pdf

Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace

In order to prevent sexual harassment of women at workplace, your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to look into the complaints relating to sexual harassment at workplace of any woman employee. During the year under review, your Company has not received any complaint pertaining to sexual harassment and no complaint was pending as on 31st March, 2019.

Conservation of Energy, Technology Absorption & Foreign Exchange Earning & Outgo

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 134 (3) (m) of the Act, read with Rules thereunder is given as "Annexure 3" forming part of this Report.

Particulars of Employees and related disclosures

The information required pursuant to Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is provided as "Annexure 4-(I)" and "Annexure 4-(II)" to this report regarding remuneration of Directors, Key Managerial Personnel and other related disclosure.

Significant or Material orders passed by Regulators / Courts

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Material Changes and Commitments affecting the Financial Position of the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2018-19 and the date of this report.

Secretarial Standards

During the year under review, your Company has complied with all the applicable standards. The same has also been confirmed by Secretarial Auditors of the Company.

General

During the year under review, provisions relating to the Cost Audit and Corporate Social Responsibility were not applicable to your Company.

Acknowledgements and Appreciation

We place on record sincere appreciation for the contribution and commitment by all the employees of the Company.

Your Directors take this opportunity to thank Central and State Governments, customers, suppliers, shareholders and bankers for their consistent support and co-operation to the Company.

For and on behalf of Board of Directors

Date : 8th May, 2019
Place : Mumbai

S. K. Agrawal
Chairman
DIN: 00400892

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st March, 2019**

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

To,
The Members,
PRANAVADITYA SPINNING MILLS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pranavaditya Spinning Mills Ltd (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- We have examined the books, papers, minute books, forms and returns filed and other records maintained by Pranavaditya Spinning Mills Limited for the financial year ended on March 31, 2019 according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**
- We have relied on the mechanism formed by the Company for compliances under other Acts, Laws and Regulations as applicable specifically to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable specifically to the Company is:
 1. Essential Commodities Act, 1955 and Textiles (Development and Regulation) Order, 2001

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Amendment made thereunder;

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

We further report that:

The Board of Directors of the Company is duly constituted with balance of Non-Executive Independent Directors and Non-Executive Non-Independent Directors. The Changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that based in our opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not passed any resolution for:

- i. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- ii. Redemption / buy-back of securities.
- iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- iv. Merger / amalgamation / reconstruction, etc,
- v. Foreign technical collaborations.

For **KOTHARI H. & ASSOCIATES**
Company Secretaries

Hitesh Kothari

Membership No. 6038

Certificate of Practice No. 5502

Place : Mumbai

Date : 08/05/2019

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

To,
The Members
PRANAVADITYA SPINNING MILLS LTD.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **KOTHARI H. & ASSOCIATES**
Company Secretaries

Hitesh Kothari
Membership No. 6038
Certificate of Practice No. 5502

EXTRACT OF ANNUAL RETURN

Form No. MGT-9
as on the financial year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. Registration & other details:

CIN	L17119PN1990PLC058139
Registration Date	12 th September, 1990
Name of the Company	Pranavaditya Spinning Mills Limited
Category / Sub - Category of the Company	Public Company / Limited by shares
Address of the Registered office and contact details	Office No. 2, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Kolhapur - 416109, Maharashtra. Phone : (0230) – 2463100/2461929
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited 1 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai- 400059 Tel : 022-62638200/40430200 Fax : 022-28475207/62638299 Email id : investor@bigshareonline.com

II. Principal business activities of the Company

(Business activities contributing 10% or more of the total turnover of the Company)

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Preparation and spinning of Cotton fibers including blended cotton	13111	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name & Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section of the Companies Act, 2013
1.	Indo Count Industries Limited Office No. 1, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Kolhapur - 416109, Maharashtra.	L72200PN1988PLC068972	Holding Company	74.53%	2 (87)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning [As on 01.04.2018]				No. of Shares held at the end of the year [As on 31.03.2019]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1) Indian									
a) Individuals / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	14341280	0	14341280	74.53	14341280	0	14341280	74.53	0.00
e) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f) Any others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(1)	14341280	0	14341280	74.53	14341280	0	14341280	74.53	0.00
2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	14341280	0	14341280	74.53	14341280	0	14341280	74.53	0.00
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
i) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
2) Non-Institutions									
a) Bodies Corporate									
i. Indian	1875083	850	1875933	9.75	1864853	850	1865703	9.70	(0.05)
ii. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	625292	53033	678325	3.53	634168	52353	686521	3.58	0.05

Category of Shareholders	No. of Shares held at the beginning [As on 01.04.2018]				No. of Shares held at the end of the year [As on 31.03.2019]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
ii. Individual shareholders holding nominal share capital in excess of ₹. 1 lakh	2306276	0	2306276	11.99	2310876	0	2310876	12.01	0.02
c) Any other (specify)									
c-i) Clearing Member	4971	0	4971	0.03	2313	0	2313	(0.01)	(0.02)
c-ii) Trust	7596	0	7596	0.04	7596	0	7596	0.04	0.00
c-iii) NRI	14736	9960	24696	0.13	1039	9960	10999	0.06	(0.07)
c-iv) NRI (Non Repat)	256	0	256	0.00	256	0	256	0.00	0.00
c-v) NRI (Repat)	1000	0	1000	0.01	15736	0	15736	0.08	0.07
c-vi) NBFC registered with RBI	947	0	947	0.00	0	0	0	0.00	0.00
Sub Total (B)(2)	4836157	63843	4900000	25.47	4836837	63163	4900000	25.47	0.00
Total Public Shareholding (B)= (B)(1)+(B)(2)	4836157	63843	4900000	25.47	4836837	63163	4900000	25.47	0.00
C. Shares held by Custodians for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	19177437	63843	19241280	100.00	19178117	63163	19241280	100.00	0.00

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2018)			Shareholding at the end of the year (As on 31.03.2019)			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Indo Count Industries Limited.	14341280	74.53	0.00	14341280	74.53	0.00	0.00
	Total	14341280	74.53	0.00	14341280	74.53	0.00	0.00

(iii) Change in Promoters' Shareholding

Sr. No.	Name of shareholder	Shareholding at the beginning of the year as on 01.04.2018		Date wise increase/ decrease in shareholding during the year specifying the reason for increase/ decrease	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)		Shareholding at the end of the year as on 31.03.2019	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Indo Count Industries Limited	14341280	74.53	No changes during the year	14341280	74.53	14341280	74.53

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

Sr. No.	Name	Shareholding		Date	Date wise Increase/ Decrease in shareholding during the year	Reason	Cumulative Shareholding during the Year (01.04.18 to 31.03.19)	
		No. of Shares at the beginning (01.04.18) / end of the year (31.03.19)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Henko Commodities Pvt. Ltd.	9,00,500	4.68	01-Apr-2018	0	N.A	9,00,500	4.68
		9,00,500	4.68	31-Mar-2019				
2	Sarita Saraf	5,00,000	2.60	01-Apr-2018	0	N.A	5,00,000	2.60
		5,00,000	2.60	31-Mar-2019				
3	Suresh Kumar Saraf	5,00,000	2.60	01-Apr-2018	0	N.A	5,00,000	2.60
		5,00,000	2.60	31-Mar-2019				
4	PMC Fincorp Limited	4,98,800	2.59	01-Apr-2018	0	N.A	4,98,800	2.59
		4,98,800	2.59	31-Mar-2019				
5	Raghav Poddar	4,90,000	2.55	01-Apr-2018	0	N.A	4,90,000	2.55
		4,90,000	2.55	31-Mar-2019				
6	Nishant Inbuild Limited	4,41,197	2.29	01-Apr-2018	0	N.A	4,41,197	2.29
		4,41,197	2.29	31-Mar-2019				
7	Anubhav Poddar	3,60,000	1.87	01-Apr-2018	0	N.A	3,60,000	1.87
		3,60,000	1.87	31-Mar-2019				
8	Sharad Kanayalal Shah	2,00,726	1.04	01-Apr-2018	0	N.A	2,00,726	1.04
		2,00,726	1.04	31-Mar-2019				
9	Viswanath Chandran Vicha	68,266	0.35	01-Apr-2018	0	N.A	68,266	0.35
		68,266	0.35	31-Mar-2019				
10	Vishal Uday Sheth	48,885	0.25	01-Apr-2018	0	N.A	48,885	0.25
		48,885	0.25	31-Mar-2019				

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding		Date	Date wise Increase/ Decrease in shareholding during the year	Reason	Cumulative Shareholding during the Year (01.04.18 to 31.03.19)	
		No. of Shares at the beginning (01.04.18) / end of the year (31.03.19)	% of total shares of the Company				No. of shares	% of total shares of the company
A Directors :								
1	Mr. S. K. Agrawal	0	0.00	01-Apr-2018	0	N.A.	0	0.00
		0	0.00	31-Mar-2019				
2	Mr. Anil Kumar Jain	75	0.00	01-Apr-2018	0	N.A.	75	0.00
		75	0.00	31-Mar-2019				
3	Mr. Kamal Mitra	1	0.00	01-Apr-2018	0	N.A.	1	0.00
		1	0.00	31-Mar-2019				
4	Mr. P. N. Shah	10	0.00	01-Apr-2018	-10 (11.01.2019)	Sale	0	0.00
		0	0.00	31-Mar-2019				
5	Mr. R. Anand	10	0.00	01-Apr-2018	0	N.A.	10	0.00
		10	0.00	31-Mar-2019				
6	Dr. Ashok Desai*	0	0.00	01-Apr-2018	0	N.A.	0	0.00
		0	0.00	31-Mar-2019				
7	Ms. Kala Agarwal*	0	0.00	01-Apr-2018	0	N.A.	0	0.00
		0	0.00	31-Mar-2019				
8	Ms. Preeti Sheth*	0	0.00	01-Apr-2018	0	N.A.	0	0.00
		0	0.00	31-Mar-2019				
B Key Managerial Personnel (KMP) :								
1	Mrs. Amruta Avasare, Company Secretary	0	0.00	01-Apr-2018	0	N.A.	0	0.00
		0	0.00	31-Mar-2019				
2	Mr. Dilip Kumar Ghorawat, Chief Financial Officer (Upto 20.09.2018)	0	0.00	01-Apr-2018	0	N.A.	0	0.00
		0	0.00	31-Mar-2019				
3	Mr. Ashok G. Halasangi (CEO)	1	0.00	01-Apr-2018	0	N.A.	1	0.00
		1	0.00	31-Mar-2019				
4	Mr. K. Muralidharan, Chief Financial Officer (w.e.f. 03.11.2018)	0	0.00	01-Apr-2018	0	N.A.	0	0.00
		0	0.00	31-Mar-2019				

* Dr. Ashok Desai was appointed w.e.f. 1st August, 2018, Ms. Preeti Sheth resigned w.e.f. 16th January, 2019 and Ms. Kala Agarwal was appointed w.e.f. 7th February, 2019.

V. Indebtedness

The Company does not have any indebtedness as on 1st April, 2018, during the year and as on 31st March, 2019.

VI. Remuneration of Directors and Key Managerial Personnel

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

Mr. Ashok G. Halasangi, Chief Executive Officer (CEO) of the Company is a Whole-time Key Managerial Personnel under Section 203 of the Companies Act, 2013 and looks after the day to day operations of the Company. Mr. Kamal Mitra, Non-Executive Non-Independent Director of the Company also oversees business of the Company to some extent. In view of appointment of CEO of the Company, pursuant to the provisions of Section 203 of the Companies Act, 2013, appointment of Managing Director / Whole-time Director or Manager is not required. The details of remuneration of Mr. Ashok G. Halasangi, CEO for the year ended 31st March, 2019 is provided in Point C below.

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount (in ₹)
		Mr. S. K. Agrawal	Mr. Anil Kumar Jain	Mr. Kamal Mitra	Mr. P. N. Shah	Mr. R. Anand	Ms. Preeti Sheth (upto 16.01.2019)	Dr. Ashok Desai (w.e.f. 01.08.2018)	Ms. Kala Agarwal (w.e.f. 07.02.2019)	
1.	Independent Directors									
	• Fees for attending Board/Committee Meetings	75,000	NIL	NIL	65,000	50,000	20,000	10,000	NIL	2,20,000
	• Commission	-	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	75,000	NIL	NIL	65,000	50,000	20,000	10,000	NIL	2,20,000
2.	Other Non-Executive Directors									
	• Fees for attending Board/Committee Meetings	-	Refer Note below	40,000	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-	-
	Total (2)	NIL	NIL	40,000	NIL	NIL	NIL	NIL	NIL	40,000
	Total (B)=(1+2)	75,000	NIL	40,000	65,000	50,000	20,000	10,000	NIL	2,60,000
	Total Managerial Remuneration (A+B)	75,000	NIL	40,000	65,000	50,000	20,000	10,000	NIL	2,60,000

Note : Mr. Anil Kumar Jain has voluntarily waived off his entitlement of sitting fees for attending the Board Meetings and Stakeholder's Relationship Committee Meetings of the Company from the meetings of FY 2018-19.

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount (in ₹)
		Mr. Ashok G. Halasangi, Chief Executive Officer	Mr. Dilip Kumar Ghorawat, Chief Financial Officer (Upto 20.09.2018)	Mr. K. Muralidharan, Chief Financial Officer (w.e.f. 03.11.2018)	Mrs. Amruta Avasare (Company Secretary)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	19,46,952	Refer Note below	Refer Note below	Refer Note below	19,46,952
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission					
	- as % of profit					
	- others, specify...	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total	19,46,952	Nil	Nil	Nil	19,46,952

Notes:

- i) Mr. Dilip Kumar Ghorawat has not drawn any remuneration from the Company during the year under review as he was holding position of Chief Financial Officer of Indo Count Industries Limited (Holding Company) and drawing remuneration from Indo Count Industries Limited.
- ii) Mr. K. Muralidharan and Mrs. Amruta Avasare are not drawing any remuneration from the Company during the year under review as they are holding position of Chief Financial Officer and Company Secretary respectively, of Indo Count Industries Limited (Holding Company) and drawing remuneration from Indo Count Industries Limited.

VII. Penalties / Punishment / Compounding of Offences:

There were no Penalties/ Punishments/ Compounding of offences during FY-2018-19.

For and on behalf of the Board of Directors

Date : 8th May, 2019
Place : Mumbai

S. K. Agrawal
Chairman
DIN: 00400892

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 for the year ended 31st March, 2019 are provided hereunder:

(A) Conservation of energy-

- (i) The steps taken or impact on conservation of energy:
- In order to save power, your Company has increased LED tube fixtures in the plant. LED tube lights of 15 watt in place of 36 watt tube lights with copper chokes.
 - There are 2 Cell type humidification plants with 2 KW water pumps. Your Company replaced Benson Fans in place of 2 KW water pumps saving of around 75 units per day.
 - Your Company has conducted study of compressed air requirement and arrested air leakages resulting in saving of 250 units per day.
- (ii) The steps taken by the Company for utilizing alternate sources of energy: NIL
- (iii) The capital investment on energy conservation equipment: NIL

(B) Technology absorption-

- (i) The efforts made towards technology absorption: The Company has not imported technology. However, the Company continuously endeavors to improve its process with the existing resources available.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: N.A.
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – The Company has not imported any technology during last 3 years.
- (a) The details of technology imported: N.A.
- (b) The year of import: N.A.
- (c) Whether the technology been fully absorbed: N.A.
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.
- (iv) The expenditure incurred on Research and Development: NIL

(C) Foreign Exchange Earnings and Outgo-

(₹ in Lakhs)

Particulars	2018-19	2017-18
Foreign Exchange earned – FOB value of exports*	3515.48	3563.97
Foreign Exchange outgo – Selling commission / claims	24.88	17.11

* Including deemed exports of ₹ 126.80 Lakhs (previous year ₹ 1022.87 Lakhs)

For and on behalf of the Board of Directors

Date : 8th May, 2019
Place : Mumbai

S. K. Agrawal
Chairman
DIN: 00400892

Annexure 4 (I)

Information required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Disclosure under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a)	Sr. No.	Name of the Director / Key Managerial Personnel and Designation	Remuneration of Director / Key Managerial Personnel for the year ended March 31, 2019 (Amount in ₹)	% increase in the remuneration in the year ended March 31, 2019	Ratio of the remuneration of each Director to the median remuneration of the employees
	1	Mr. S. K. Agrawal Chairman and Independent Director	75,000/-	Refer Note 1 below	0.46
	2	Mr. Anil Kumar Jain Non-Executive, Non-Independent Director	NIL		Refer Note 1
	3	Mr. Kamal Mitra Non-Executive, Non-Independent Director	40,000/-		0.25
	4	Mr. P. N. Shah Non-Executive Independent Director	65,000/-		0.40
	5	Mr. R. Anand Non-Executive Independent Director	50,000/-		0.31
	6	Ms. Preeti Sheth Non-Executive Independent Director (Resigned w.e.f. 16.01.2019)	20,000/-		0.12
	7	Dr. Ashok N. Desai Non-Executive Independent Director (Appointed w.e.f. 01.08.2018)	10,000/-		0.06
	8	Ms. Kala Agarwal Non-Executive Independent Director (Appointed w.e.f. 07.02.2019)	NIL		Not Applicable
	9	Mr. A. G. Halasangi Chief Executive Officer	19,46,952/-	11.42%	12.05
	10	Mr. Dilip Kumar Ghorawat Chief Financial Officer (Resigned w.e.f. 20.09.2018)	NIL	Refer Note 2 below	Not Applicable
	11	Mrs. Amruta Avasare Company Secretary and Compliance Officer	NIL	Refer Note 3 below	Not Applicable
	12	Mr. K. Muralidharan Financial Officer (Appointed w.e.f. 03.11.2018)	NIL		

Notes:

- The remuneration of all Directors of the Company comprises of sitting fees for attending Board and Committee Meetings. Hence, calculation of percentage increase in remuneration is not applicable. Further, Mr. Anil Kumar Jain has voluntarily waived off his entitlement of sitting fees for attending the Board Meetings and Stakeholder's Relationship Committee Meetings of the Company from the meetings of FY 2018-19.

2. Mr. Dilip Kumar Ghorawat has not drawn any remuneration from the Company during the year under review as he was holding position of Chief Financial Officer of Indo Count Industries Limited (Holding Company) and drawing remuneration from Indo Count Industries Limited.
 3. Mr. K. Muralidharan and Mrs. Amruta Avasare are not drawing any remuneration from the Company during the year under review as they are holding position of Chief Financial Officer and Company Secretary respectively of Indo Count Industries Limited (Holding Company) and drawing remuneration from Indo Count Industries Limited.
- b) The percentage (%) increase in the median remuneration of employees - 10.37%
 - c) As on 31st March, 2019, the Company had 179 permanent employees out of which 41 are permanent staff and 138 are permanent workers
 - d) During the financial year 2018-19, there was an average 8.12% increase in the salaries of employees other than Key Managerial Personnel.
 - e) We affirm that the remuneration paid during the year 2018-19 is as per the Remuneration Policy of the Company.

Annexure 4 (II)

Disclosure under Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i) Details of top ten employees of the Company in terms of remuneration drawn during 2018-19:

Details of top ten employees of the Company in terms of remuneration drawn during 2018-19 will be provided on request. As per the provisions of Section 136 of the Companies Act, 2013, the Annual Report and Accounts are being sent to the members and others entitled thereto excluding the said information of top ten employees. The said details of top ten employees will be available for inspection by the members at the Registered Office of the Company during the business hours on working days of the Company upto the date of ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

ii) List of employees of the Company employed throughout the Financial Year 2018-19 and were paid remuneration not less than one crore and two lakh rupees:

During the year under review, there were no employees of the Company drawing remuneration of ₹ 1.02 Crore p.a. and above.

iii) Employees employed for the part of the year and who were paid remuneration during the Financial Year 2018-19 at a rate which in aggregate was not less than eight lakh and fifty thousand rupees per month:

During the year under review, there were no employees of the Company drawing remuneration of ₹ 8.5 Lakhs per month and above being employed for the part of the year.

For and on behalf of the Board of Directors

Date : 8th May, 2019
Place : Mumbai

S. K. Agrawal
Chairman
DIN: 00400892

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

The Spinning industry, which is highly capital intensive, marks the beginning of cotton textiles and apparel value chain. There has been over capacity in Indian spinning sector but the production has not increased with the same pace. Production of cotton yarn in India has increased from 3079 million kg in 2009-10 to 4059 million kg in 2017-18 while its consumption has marginally increased during the same period. Thus, there is a surplus production of 27% over domestic consumption of cotton yarn in the country in 2017-18. The same trend continues for FY 2018-19 as well. Therefore, for the sustainability and financial viability of the spinning industry, exports of cotton yarn are of very much importance.

However, in value terms, India's exports of cotton yarn declined by 25% from US\$ 4,570 mn. in 2013-14 to US\$ 3,443 mn. in 2017-18. This is mainly because of the duty disadvantage faced by the Indian exporters in major markets. China which is the largest importer of cotton yarn has shifted from India to Vietnam/Indonesia.

Cotton yield has considerably decreased during the last 3 years at a CAGR of almost 8.50% from 568 kgs per hectare in 2016-17 to 476 kgs per hectare, estimated, in 2018-19. Due to fluctuations in both, area and yield of cotton in India, cotton production is also fluctuating. The total cotton production for 2018-19 was around ~330 lakh bales, against 365 Lakh bales in 2017-18 due to crop damage in Maharashtra and Gujarat. Domestic consumption was around at 316 Lakh bales in 2018-19 *vis-a-vis* 324 Lakh bales in the previous year. Exports of cotton from India has increased at a CAGR of almost 6% from 58.21 Lakh bales of 170 kgs each in 2016-17 to 65 Lakh bales of 170 kgs each in 2018-19 and imports of cotton have declined during the same period.

Domestic cotton prices have witnessed sharp volatility and increase from the start of the season, rising initially, coming down around January 2019 and firming up from March 2019 once again. Cotton yarn prices did not correspond positively, resulting in pressure on spinners' margins.

Operational and Financial Performance

With the increase in input cost, low cotton production, reduced demand from China, the spinning industry has been struggling to meet both ends, leading to shutting down of capacities all over India. No new investments in spinning capacities have been taking place and modernisation has not happened due to withdrawal of subsidy under ATUFS by Central Government, notwithstanding that some State Governments still persist with support to this industry. Your Company is also facing stiff competition from co-operative spinners due to leverage of power subsidy granted by the Government. Under these circumstances, sustenance has been possible only with integrated mills and units with lean cost structure.

Despite the above challenging background, your Company has been able to improve production and productivity to stay ahead of competition. During FY 2018-19, the FOB value of exports remained stable at ₹ 3515.48 Lakhs as compared to ₹ 3563.97 Lakhs in previous year. Revenue from operations increased from ₹ 7137.04 Lakhs to ₹ 8226.07 Lakhs in FY 2018-19 registering growth of around 15% over previous year. Despite tight control on overheads, disparity between cotton costs and yarn prices, increase in power and other input cost has impacted the profitability and liquidity. However, the same was partially offset by better plant utilization and higher production. Hence, your Company was able to narrow down the net loss to ₹ 65.61 Lakhs for the year ended 31st March, 2019 as compared to net loss of ₹ 163.76 Lakhs in previous year. The change in Return on Net Worth of the Company was insignificant.

Your Company continues to remain a debt free Company. There are no significant changes in Financial Ratios i.e. change of 25% or more as compared to the immediately previous financial year of the Company.

Opportunities, Threats, Risks and Concerns

The declining cotton yield leading to low cotton production is putting pressure on the domestic spinning industry in terms of low availability of cotton fibre as well as high cotton prices which are further increasing due to its high MSP. With the hike in minimum support price for cotton, the acreage cultivation and production is likely to get boost from the farming community. The condition of the spinning industry is dependent on the vagaries of cotton fibre production in the country. The acreage,

output, rainfall and minimum support prices always have bearing on the fortunes of the industry from time to time. Adequate availability of cotton at right price is very much crucial for spinning companies.

Apart from high and volatile raw material/cotton cost, some of the challenges faced by spinning industry include high power cost, overcapacity in industry, duty challenges in export market & absence of export incentives, surplus production and low consumption, decline in export of cotton yarn, contamination, high moisture content, high manufacturing cost due to high interest rate and power tariff, pending TUFS claims and low labour productivity.

The cotton yarn prices do not increase on the same line as cotton, as demand for cotton yarn is always over shadowed by higher supply. Changes in cotton price in India are not in sync with change in international cotton prices. The rise in international trade and the consequent integration of domestic cotton markets with global markets expose the domestic stakeholders to international price fluctuations and the risks resulting from them. Demand from domestic and international markets has been upbeat and it is expected that the prices of cotton yarn would correct soon to sustain the operations.

China's reduced imports of cotton yarn from India is continuing and the trend is expected to continue in near future thus overall yarn demand is projected to remain lower. China, the largest importer of cotton yarn, has replaced India with Vietnam and Indonesia, as they have duty-free access. Further, Indian exports of cotton yarn are subject to a 4% duty in the EU, while Vietnam and Indonesia have a 3.2% tariff and least developed countries (LDCs) get duty-free access. Therefore such favoured policy to some of the Asian countries and LDCs has made Indian market uncompetitive.

Outlook

The operating margins of Indian cotton yarn spinners may shrink by 100-150 basis points in fiscal 2019-20 owing to lower cotton output, rising cotton prices and moderating demand. India's cotton production is expected to drop by over 5% in Cotton Season (CS) 2018-19 due to low water availability and inadequate monsoon in key cotton producing states and lower yields due to increase in incidents of pest attacks. Lower cotton production is expected to shrink India's cotton stock to a 2 year low of 1.2 months by end of CS 2019, leading to firming up cotton prices to ₹ 128-140 per kg this fiscal, marking a rise of 7-8% over 2018-19. Global cotton prices are expected to remain steady. Overall cotton yarn demand is expected to grow at slower pace of 4.5% in 2019-20. Growth in exports is also expected to be slower at 9-10% in this fiscal year, amidst trade tensions between US and China and commissioning of yarn capacities in Vietnam.

Segment

Your Company is mainly engaged in the manufacturing of yarn and operates in a single segment i.e. Textiles.

Internal control systems and their adequacy

Your Company maintains adequate internal control system and procedures commensurate with its size and nature of operations. The internal control systems are designed to provide a reasonable assurance over reliability in financial reporting, ensure appropriate authorization of transactions, safeguarding the assets of the Company and prevent misuse/ losses and legal compliances.

The internal control system includes a well-defined delegation of authority and a comprehensive Management Information System coupled with quarterly reviews of operational and financial performance, a well-structured budgeting process and internal audit. The internal audit reports are periodically reviewed by the management and the Audit Committee and necessary improvements are undertaken, if required.

Compliance with Indian Accounting Standards (Ind-AS)

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind-AS) notified by Ministry of Corporate Affairs from time to time. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

Environment Protection, Health and Safety

Environment Protection, Health and Safety continue to receive highest priority in all operational and functional areas. Adequate safety measures are undertaken at plant for prevention of any untoward incidents. Various processes required for pollution control and environmental protection are strictly adhered to.

Human Resources

Industrial relations remained cordial during the period under review. Your Company believes and acknowledges competitive advantage of dedicated workforce.

As on March 31, 2019, your Company has employed 179 permanent employees out of which 41 are permanent staff and 138 are permanent workers.

For and on behalf of Board of Directors

Date : 8th May, 2019
Place : Mumbai

S. K. Agrawal
Chairman
DIN: 00400892

CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations"), a report on Corporate Governance for the year ended 31st March, 2019 is given below:

1. Company's Philosophy on Corporate Governance

Your Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings and accountability to ensure efficient conduct of affairs of the Company. The core value of your Company's governance process includes independence, integrity, responsibility, transparency and fairness.

2. Board of Directors

(a) Composition

As on 31st March, 2019, the Board comprises of 7 Directors out of which 2 are Non-Executive Non-Independent Directors and 5 are Non-Executive Independent Directors including one Woman Director. All Directors are competent and experienced personalities in their respective fields.

The Board is headed by Mr. S. K. Agrawal, Non - Executive Independent Chairman of the Company. During the year 2018-19, there were changes at the Board level as under:

- Dr. Ashok N. Desai (DIN: 03609419) was appointed as an Additional Director & Non-Executive Independent Director of the Company for a first term of five consecutive years w.e.f. 1st August, 2018. His appointment as an Independent Director was duly approved by the members of the Company at the Annual General Meeting of the Company held on 11th September, 2018.
- Ms. Preeti Sheth (DIN: 00202080) Non-Executive Independent Director of the Company resigned from the Directorship of the Company w.e.f. 16th January, 2019 due to personal reasons.
- Ms. Kala Agarwal (DIN: 08015576) was appointed as an Additional Director and as a Non-Executive Independent Director of the Company for a first term of five consecutive years w.e.f. 7th February, 2019, subject to the approval of members of the Company. With the appointment of Ms. Kala Agarwal, the vacancy caused in the position of woman independent director was filled within the prescribed time.

The composition of the Board during FY 2018-19, details of other Directorships and Committee positions as on 31st March, 2019 are given below:

Name of the Director	DIN	Category	Number of Directorships held in other public companies [#]	Directorships held in other Listed Companies along with nature of Directorship	Number of Membership/ Chairmanship of Board Committees [@]	
					Member	Chairman
Mr. Sushilkumar K. Agrawal (Chairman)	00400892	C & NEID	5	Margo Finance Limited – NENID	6	3
Mr. Anil Kumar Jain	00086106	NENID	2	Indo Count Industries Limited - C & WTD Margo Finance Limited - C & NENID	3	NIL
Mr. Kamal Mitra	01839261	NENID	1	Indo Count Industries Limited - WTD	2	NIL

Name of the Director	DIN	Category	Number of Directorships held in other public companies#	Directorships held in other Listed Companies along with nature of Directorship	Number of Membership/ Chairmanship of Board Committees@	
					Member	Chairman
Mr. Pradyumna N. Shah	00096793	NEID	5	Indo Count Industries Limited - NEID	1	5
Mr. Anand Ramanna	00040325	NEID	3	Indo Count Industries Limited - NEID NCL Industries Limited - C & NEID	3	NIL
Dr. Ashok Desai*	03609419	NEID	1	Hindoostan Mills Ltd.- NEID	1	1
Ms. Preeti Sheth**	00202080	NEID	NIL	NIL	NIL	NIL
Ms. Kala Agarwal***	08015576	NEID	NIL	NIL	NIL	NIL

*Appointed w.e.f. 1st August, 2018

**Resigned w.e.f. 16th January, 2019 & information on number of Directorships and committee positions are as on date of cessation.

***Appointed w.e.f. 7th February, 2019

Abbreviations:

C	=	Chairman
WTD	=	Whole-time Director
NENID	=	Non-Executive Non-Independent Director
NEID	=	Non-Executive Independent Director

Notes:

#Number of Directorships held in other public companies excludes Directorship of Pranavaditya Spinning Mills Limited, Directorships in private companies, deemed public companies, foreign companies and companies under Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956) and alternate Directorships.

@Only Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of listed and unlisted public limited companies including Pranavaditya Spinning Mills Limited are considered.

Memberships or Chairmanships of the stipulated Board Committees held by all Directors are within the limit specified under Regulation 26 (1) of the Listing Regulations. Further, none of the Directors hold Directorships in more than 20 Companies including 10 Public Companies pursuant to the provisions of Section 165 of the Companies ('Act'). Further, the other directorships held by all Directors including Independent Directors are within the limit prescribed under Listing Regulations.

During the year under review, all Independent Directors of the Company fulfill the criteria of Independence as given under Section 149 (6) of the Act and Regulation 16(1) (b) of the Listing Regulations and have furnished declaration of independence pursuant to Section 149 (7) of the Act and Regulation 25(8) of the Listing Regulations. The said declarations of independence were assessed, reviewed and taken on record by the Board and in the opinion of the Board, all Independent Directors of the Company fulfill the criteria of independence and all conditions specified in the Act and Listing Regulations and are independent of the management.

Mr. Ashok G. Halasangi is the Chief Executive Officer of the Company under section 203 of the Act who looks after the day to day operations of the Company. Further, Mr. Anil Kumar Jain and Mr. Kamal Mitra, Non-Executive Non-Independent Directors of the Company are Executive Chairman and Whole Time Director (Director - Works), respectively in Indo Count Industries Limited, Holding Company. However, Mr. Kamal Mitra also oversees business of the Company to some extent.

There is no inter-se relationship among any of the Directors of the Company.

(b) Independent Directors Meeting

During the year under review, a Meeting of Independent Directors of the Company was held on 1st August, 2018 wherein all Independent Directors were present. At the said meeting, Independent Directors discussed and evaluated performance of the Chairman, other Non-Executive Non-Independent Directors, the Board and its various committees as a whole and also assessed the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

(c) Familiarisation Programme

Your Company has in place Familiarisation Programme for the Independent Directors to familiarize them about the Company and their role, rights and responsibilities in the Company. At the time of appointment of Independent Director, a formal letter of appointment is given to them, which *inter-alia* explains the role, function, duties and responsibilities expected from them as Directors of the Company. The draft letter of appointment containing terms and conditions of their appointment is available on the website of the Company www.pranavaditya.com. The Chairman also does one to one discussion with the newly appointed Directors to familiarize them with the Company's operations. On request of individual director, site visits to plant locations are also organized by the Company for the Directors to enable them to understand the operations of the Company. Further, on an ongoing basis as a part of Agenda of Board meetings, discussions are made on various matters *inter alia* covering the Company's business and operations, Industry and regulatory updates, compliances etc.

The Familiarisation Programme and details thereof imparted during FY 2018-19 are uploaded on the website of the Company www.pranavaditya.com and can be accessed through web-link <http://pranavaditya.com/admin/uploads/pdf/PSML-Familiarisation%20Program.pdf> and https://www.pranavaditya.com/admin/uploads/pdf/PSML-Familiarisation_Program_imparted-2018-2019.pdf respectively.

(d) Matrix of skills/competence/expertise of Directors

The following matrix summarizes list of core skills/ expertise/competencies identified by the Board as required in the context of its business and the sector in which the Company operates.

Board Competency Matrix

Industry Knowledge/Experience	Technical Skills/Expertise/Competencies	
Industry Experience	Finance & Accounting	Leadership
Knowledge of Sector (Textiles)	Legal & Governance	Business Administration
Knowledge of broad public policy direction	Sales and Marketing	Corporate Restructuring
Understanding of government legislation/legislative process	Information Technology	Human Resource Management & Labour Laws
Global Business	Public Relations	Strategy and Business Development
Supply Chain Management	Risk Management	Corporate Social Responsibility

The Company's Board comprises of qualified members, who possesses aforesaid knowledge, experience, technical skills, expertise and competencies for effective contribution to the Board and its Committees.

(e) Board Meetings

During the Financial Year 2018-19, Four (4) Board Meetings were held on 30th April, 2018, 1st August, 2018, 1st November, 2018 and 7th February, 2019. The maximum gap between any two consecutive Meetings did not exceed 120 days.

Composition and Physical Attendance of Directors at the Board Meetings and Annual General Meeting held during the year under review are as under:

Name of the Director	Attendance at the Board Meetings		Attendance at last AGM
	Held	Attended	11 th September, 2018
Mr. S. K. Agrawal	4	4	Yes
Mr. Anil Kumar Jain	4	4	Yes
Mr. Kamal Mitra	4	4	Yes
Mr. P. N. Shah	4	4	No
Mr. R. Anand	4	3	No
Dr. Ashok Desai*	3	2	No
Ms. Preeti Sheth**	3	3	No
Ms. Kala Agarwal***	1	NIL	N.A.

*Appointed w.e.f 1st August, 2018

**Resigned w.e.f 16th January, 2019

***Appointed w.e.f 7th February, 2019

Leave of absence was granted to those Directors who were not able to attend particular board meetings and had requested for leave of absence.

(f) Board Meetings Procedure

In order to ensure maximum presence of all Directors in the Board Meeting, dates of the Board Meetings are fixed in advance after consultation with individual Directors and considering their convenience. The agenda papers along with relevant explanatory notes and supporting documents are circulated within prescribed time to all Directors.

Apart from any specific matter, the Board periodically reviews routine business items which includes approval of financial results along with Auditors review report, operational performance of the Company, minutes of committee meetings, quarterly corporate governance report, statement of investor complaints, shareholding pattern, compliance report on all laws applicable to the Company, annual financial statements, annual budget, capital expenditure and other matters placed before the Board pursuant to Part A of Schedule II of Listing Regulations.

3. Audit Committee

(a) Terms of reference

The terms of reference of the Audit Committee covers matters specified under Part C of Schedule II of Listing Regulations and Section 177 of the Act. Further, the Board at its meeting held on 7th February, 2019 enhanced the role of Audit Committee to include new terms of reference w.e.f 1st April 2019 as specified by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The terms of reference of Audit Committee *inter-alia* includes following matters:

Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and disclosure of its financial information.
- Reviewing with the Management the quarterly unaudited financial results and Auditors Review Report thereon and make necessary recommendation to the Board.
- Reviewing with the Management audited annual financial statements and Auditors' Report thereon and make necessary recommendation to the Board. This would, *inter-alia*, include reviewing changes in the accounting policies, if any, major accounting estimates based on exercise of judgment by the Management, significant

adjustments made in the financial statements arising out of audit findings, disclosure of related party transactions, compliance with legal and other regulatory requirements with respect to the financial statements.

- Reviewing the Management Discussion & Analysis of financial and operational performance and Board's Report.
- Scrutiny of inter-corporate loans and investments.
- Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances / investments existing as on 1st April 2019. (w.e.f 1st April, 2019).

Internal Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's internal control system. Evaluation of Internal Financial Controls and Risk Management Systems, review and discuss with management, the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- Review adequacy of internal audit function, internal audit reports and discussion with Internal Auditors on significant findings and follow-up thereon.
- To oversee and review the functioning of a Vigil Mechanism / Whistle Blower Policy.
- Approval of Related Party Transactions (RPT) or any subsequent modifications of RPT and review of RPT on quarterly basis.
- Approval of appointment of Chief Financial Officer.

Audit & Auditors

- Review and monitor Auditor's Independence and performance and effectiveness of Audit process.
- Reviewing with the management, performance of internal and statutory auditors, adequacy of internal control systems.
- Review the scope of the Statutory Auditor, the Internal Audit Plan with a view to ensure adequate coverage.
- Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- Review and recommend to the Board, appointment, remuneration and terms of appointment of the Auditors including Internal Auditors.
- Approval of such other services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.

(b) Composition and Meetings

As on 31st March, 2019, the Audit Committee comprises of 4 Directors / Members out of which 3 are Independent Directors. Mr. S. K. Agrawal, Chairman of the Audit Committee is a Chartered Accountant and all the Members of the Audit Committee are professionals, experienced and possess sound knowledge of finance and accounting practices. There was no change in the composition of Audit Committee during the year 2018-19.

During the Financial Year 2018-19, Four (4) Audit Committee Meetings were held on 30th April, 2018, 1st August, 2018, 1st November, 2018 and 7th February, 2019. The gap between any two consecutive Audit Committee Meetings was not more than 120 days.

Composition as on 31st March, 2019 and Physical Attendance of Directors at the Audit Committee Meetings held during the year under review are as under:

Name of the Director	Category	Position	Attendance at the Audit Committee Meetings	
			Held	Attended
Mr. S. K. Agrawal	Non-Executive Independent	Chairman	4	4
Mr. P. N. Shah	Non-Executive Independent	Member	4	4
Mr. R. Anand	Non- Executive Independent	Member	4	3
Mr. Kamal Mitra	Non-Executive Non-Independent	Member	4	4

The representatives/partner of the Statutory Auditors, Internal Auditors and Chief Financial Officer of the Company are invitees to the Audit Committee Meetings and they attend and participate in the meetings. Mrs. Amruta Avasare, Company Secretary is Secretary to the Audit Committee and attends the meetings.

Mr. S. K. Agrawal, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 11th September, 2018.

4. Stakeholders' Relationship Committee

(a) Composition and Meetings

As on 31st March, 2019, the Stakeholders' Relationship Committee (SRC) consists of 3 Directors / Members viz. Mr. S.K. Agrawal, Non-Executive Independent Director as Chairman, Mr. Anil Kumar Jain and Mr. Kamal Mitra, Non-Executive Non-Independent Directors as Members of the SRC. There was no change in the composition of SRC during the year under review.

During the year under review, 2 (two) Meetings of the Stakeholders' Relationship Committee were held on 5th October, 2018 and 11th January, 2019 and the said meetings were attended by all members of the Committee except Mr. Kamal Mitra. Leave of absence was granted to Mr. Kamal Mitra from attending the said meetings.

(b) Terms of reference

The role of the SRC *inter-alia* includes reviewing and resolving the queries / complaints / grievances received from the shareholders, if any and approval of transfers/transmissions or any other request pertaining to shares of the Company. The Board at its meeting held on 7th February, 2019 delegated powers of share transfers severally to Mrs. Amruta Avasare, Company Secretary & Compliance Officer of the Company and Registrar and Share Transfer Agent of the Company. Further, at the said meeting, the Board also enhanced the role of SRC w.e.f 1st April, 2019 to include new terms of reference as specified in Point B of Part D of Schedule II of Listing Regulations and revised scope of SRC is as under:

- Resolving the grievances of the security holders of the Company.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

(c) Investor Complaints

Your Company takes all effective steps to resolve complaints from shareholders of the Company. The complaints are duly attended by the Company/ Registrar & Transfer Agent and the same are resolved within prescribed time.

During the year 2018-19, one complaint was received from a shareholder of the Company and the same was resolved within prescribed time. No complaint was pending as on 31st March, 2019. Further, there were no complaints of shareholders received from BSE Limited and SEBI on SCORES platform.

(d) Compliance Officer

Mrs. Amruta Avasare, Company Secretary is the Compliance Officer of the Company.

5. Nomination and Remuneration Committee

(a) Brief description of terms of reference

The Board at its meeting held on 7th February, 2019 enhanced the role of Nomination and Remuneration Committee (NRC) to include new terms of reference w.e.f 1st April 2019 as specified by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The terms of reference of the NRC includes the matters stipulated in Point A of Part D of Schedule II of the Listing Regulations and Section 178 of the Act as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees.
- Lay down criteria for identifying and selection of candidates for appointment as Directors/ Independent Directors, KMP and other Senior Management positions.
- Recommendation to the Board about appointment, re- appointment, removal of Directors, Senior Management Personnel and KMP in accordance with the criteria laid down.
- Recommendation to the Board on remuneration payable to the Directors of the Company.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- Recommendation to the Board to extend or continue the term of appointment of the Independent Director, on the basis of the report of their performance evaluation.
- Devising a policy on Board Diversity.
- Recommendation to the Board, all remuneration, in whatever form, payable to senior management.

(b) Composition, Meetings and Attendance

As on 31st March, 2019, NRC comprises of 3 Independent Directors headed by Mr. R. Anand, Non-Executive Independent Director as Chairman. During FY 2018-19, there was no change in the composition of the NRC.

During the year under review, Four (4) Meetings of NRC were held on 30th April, 2018, 1st August, 2018, 1st November, 2018 and 7th February, 2019.

Composition of NRC as on 31st March, 2019 and physical attendance of Directors at the NRC Meetings held during the year under review is as under:

Name of the Director	Category	Position	Attendance at the NRC Meetings	
			Held	Attended
Mr. R. Anand	Non-Executive, Independent	Chairman	4	3
Mr. S.K. Agrawal	Non-Executive, Independent	Member	4	4
Mr. P. N. Shah	Non-Executive, Independent	Member	4	4

(c) Criteria for evaluation of Independent Directors

NRC has formulated following criteria for performance evaluation of Independent Directors:

1. Participation at Board /Committee Meetings
2. Contributions at Meeting
3. Knowledge and skills
4. Discharging Role, Functions and Duties
5. Personal Attributes

More information on performance evaluation is given in the Board's Report.

6. Remuneration of Directors

At present, all Non-Executive Directors of the Company are entitled to receive sitting fees of ₹ 5,000/- each for attending Board Meetings, Audit Committee Meetings, Nomination and Remuneration Committee Meetings, Stakeholders' Relationship Committee Meetings and Independent Directors Meeting. Details of sitting fees paid to all Directors of the Company for the financial year ended 31st March, 2019 are as under:

Name of the Director	Tenure	Remuneration for the Financial Year ended 31 st March, 2019 (Amount in ₹)	No. of equity shares of the Company held by Non-Executive Directors as on 31 st March, 2019
		Sitting Fees	
Mr. S. K. Agrawal*	Upto 15 th August, 2019	75,000/-	NIL
Mr. Anil Kumar Jain**	NA ^{##}	NIL	75
Mr. Kamal Mitra	NA ^{##}	40,000/-	1
Mr. P. N. Shah [#]	Upto 15 th August, 2019	65,000/-	NIL
Mr. R. Anand [#]	Upto 15 th August, 2019	50,000/-	10
Dr. Ashok Desai	Upto 31 st July, 2023	10,000/-	NIL
Ms. Preeti Sheth	NA	20,000/-	NIL
Ms. Kala Agarwal***	Upto 6 th February, 2024	NIL	NIL

*The resolution for re-appointment of Mr. S.K. Agrawal for a second term of five consecutive years w.e.f 16th August, 2019 is placed for approval of members of the Company at the ensuing AGM.

**Mr. Anil Kumar Jain had voluntarily decided not to take the sitting fees for attending Board and other Committee Meetings of the Company w.e.f 1st April, 2018.

***Ms. Kala Agarwal was appointed as a Non-Executive Independent Director of the Company w.e.f. 7th February, 2019.

[#]Due to advanced age, Mr. P. N. Shah and Mr. R. Anand are not seeking re-appointment for a second term.

^{##}Mr. Anil Kumar Jain and Mr. Kamal Mitra are liable to retire by rotation.

Notes:

1. There is no separate provision for payment of severance fees.
2. There are no variable components and performance linked incentives.
3. There are no pecuniary relationships or transactions between Non-Executive Directors and the Company during the year 2018-19.
4. The Company does not have any Employee Stock Option Scheme.

Criteria of making payment to Non-Executive Directors

The criteria for making payment to Non-Executive Directors of the Company is disclosed under web-link <https://www.pranavaditya.com/admin/uploads/pdf/PSML-Criteria%20for%20making%20payments%20to%20Non-Executive%20Directors.pdf>

7. Finance and Corporate Affairs Committee

The Board at its meeting held on 11th November, 2016 had constituted Finance and Corporate Affairs Committee (“FCA”) comprising of Mr. Anil Kumar Jain as Chairman, Mr. S. K. Agrawal - Member (Independent) and Mr. Kamal Mitra - Member of the Committee.

The role of FCA cover, *inter-alia* routine financial and administrative matters as per the powers delegated to the Committee by the Board including but not limited to opening and closing bank accounts of the Company, revision of signatories & limits of operation of various bank accounts of the Company, availing internet banking, issuance of fax indemnity, authorising Company’s officers to represent the Company before statutory / government/ semi-government authorities and to sign and file necessary documents with the said authorities and consider and approve borrowings from banks upto certain limits.

During the year under review, two (2) meetings of FCA Committee were held on 6th June, 2018 and 5th October, 2018 and the said meetings were attended by all members of the Committee except Mr. Kamal Mitra. Leave of absence was granted to Mr. Kamal Mitra from attending the said meetings.

8. General Body Meetings

a) Annual General Meetings:

The details of previous three Annual General Meeting of the Company are as under:

AGM	Day, Date & Time	Venue	No. of special resolutions passed
26 th	Tuesday, 26 th July, 2016 at 11.00 a.m.	Hotel Pavillion, Conference Room, 1 st Floor, 392, E Ward, Assembly Road, Near Basant Bahar Theater, Shahpuri, Kolhapur - 416 001, Maharashtra.	NIL
27 th	Monday, 21 st August, 2017 at 11.00 a.m.	Hotel Vrishali Executive, Conference Hall, 1 st Floor, 39 A/2, Tarabai Park, District Kolhapur – 416 003, Maharashtra.	One Special Resolution was passed to determine charges for service of documents in a particular mode to the members on their request
28 th	Tuesday, 11 th September, 2018 at 11.00 a.m.	Hotel Vrishali Executive, Conference Hall, 39 A/2, Tarabai Park, District Kolhapur – 416 003, Maharashtra.	Two Special Resolutions were passed for continuation of existing term of Mr. P. N. Shah and Mr. R. Anand, Independent Directors of the Company up to 15 th August, 2019

b) **Extra-Ordinary General Meeting:** No Extra-ordinary General Meeting was held during the year under review.

c) **Postal Ballot:** No Postal Ballot was conducted during the year under review. At present, there is no proposal to pass any resolution through postal ballot.

9. Means of Communication

- **Website:** The Company's website www.pranavaditya.com contains the updated information pertaining to quarterly, half-yearly and annual financial results, shareholding pattern, important announcements made to the stock exchanges, intimation of board meeting dates, newspaper advertisements etc. The said information is available in a user friendly and downloadable form in “Investor Section” of website.
- **Financial Results:** Pursuant to Regulation 33 of the Listing Regulations, the quarterly, half yearly and annual financial results of the Company are submitted to BSE Limited after approval of the Board of Directors of the Company within prescribed time. The uploading of financial results on BSE is made through BSE listing centre

electronic platform. The financial results of the Company are published in one English daily newspaper viz. Business Standard and one Marathi newspaper viz. Tarun Bharat / Navshakti within prescribed time. The financial results are also uploaded on website of the Company.

- **Annual Report:** The Annual Report containing *inter-alia* Standalone Financial Statements, Auditors' Report, Board's Report, Management Discussion and Analysis Report, Corporate Governance Report is sent to all Members of the Company and is also available on the website of the Company www.pranavaditya.com.
- **Designated Exclusive Email ID:** The Company has designated Email Id investors@pranavaditya.com exclusively for shareholder / investor grievances redressal.
- **SCORES (SEBI Complaints Redressal System):** SEBI has commenced processing of investor complaints in a centralized web based complaints redress system i.e. SCORES. The Company supported SCORES by using it as a platform for communication between SEBI and the Company.
- **Uploading on BSE Listing Centre:** The quarterly results, quarterly compliances and all other corporate communications and disclosures are filed electronically on BSE Listing Centre.
- **Presentations:** No presentations were made to analysts, Institutional Investors during the year under review.

10. Disclosures

a) Related Party Transactions

All transactions entered with Related Parties as defined under the Act and Listing Regulations during the financial year 2018-19 were in the ordinary course of business and on arm's length basis. During the year under review, there were no materially significant transactions with related parties that may have potential conflict with the interest of the Company at large. Necessary disclosures regarding Related Party Transactions are given in the notes to the Financial Statements.

The Company has formulated a policy for Related Party Transactions and the said policy has been hosted on the website of the Company under the web link https://www.pranavaditya.com/admin/uploads/pdf/PSML_-_Policy_on_Related_Party_Transactions.pdf The said policy was amended to *inter-alia* include threshold limits.

b) Statutory Compliance, Penalties and Strictures

Your Company has complied with all the requirements of the Stock Exchanges / SEBI and other statutory authorities on all matters related to the capital markets during the last three years. There were no penalties or strictures imposed on the Company by the Stock Exchange, the SEBI or any statutory authority on matters relating to capital markets during last three years. The Company has also obtained Annual Compliance Certificate for the year ended 31st March 2019 as per SEBI Circular from M/s Kothari H.& Associates, Practicing Company Secretaries confirming compliance with SEBI regulations.

c) Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Act and Regulation 22 of Listing Regulations, your Company has formulated Vigil Mechanism / Whistle Blower Policy to enable Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct that could adversely impact the Company's operations, business performance and / or reputation, in a secure and confidential manner. The said policy provides adequate safeguards against victimization of Directors/employees and direct access to Chairman of Audit Committee, in exceptional cases. The Vigil Mechanism / Whistle Blower Policy is available on the website of the Company under the web-link https://www.pranavaditya.com/admin/uploads/pdf/PSML_-_Whistle_Blower_Policy_Vigil_Mechanism.pdf

Your Company affirms that no Director/Employee of the Company has been denied access to the Chairman of the Audit Committee and no complaint has been received during the year under review.

d) Subsidiaries

Your Company does not have any subsidiary. However, your Company has formulated a policy on material subsidiaries. The said policy is hosted on website of the Company under the web-link https://www.pranavaditya.com/admin/uploads/pdf/PSML_Policy_on_Material_Subsiadiaries.pdf

e) Code of Conduct

Your Company has adopted a Code of Conduct applicable for all Directors and Senior Management of the Company which is in consonance with the requirements of Listing Regulations. The said code is available on the website of the Company www.pranavaditya.com.

All the Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct of the Company for the year ended 31st March, 2019. A declaration to this effect signed by Mr. Ashok Halasangi, Chief Executive Officer forms part of this Report as an “Annexure I”.

f) Compliance with Indian Accounting Standards (Ind-AS)

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind-AS) notified by Ministry of Corporate Affairs from time to time. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

There is no deviation in following the treatments prescribed in Indian Ind-AS in preparation of financial statements for the year 2018-19.

g) CEO & CFO Certification

Pursuant to the provisions of Regulation 17(8) of Listing Regulations, Mr. Ashok Halasangi, Chief Executive Officer and Mr. K. Muralidharan, Chief Financial Officer of the Company have furnished certificate to the Board for the year ended 31st March, 2019, in the prescribed format. The said certificate has been reviewed by the Audit Committee and taken on record by the Board at the Meeting held on 8th May, 2019.

h) Reconciliation of Share Capital Audit

In terms of the provisions of Clause 55A of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary. The said report is also submitted to BSE Limited.

i) Code for Prevention of Insider Trading

Your Company has adopted a Code of Conduct to Regulate, Monitor and Report trading by Insiders for prevention of Insider Trading in the shares of the Company. This code is applicable *inter-alia* to all Directors and Designated persons / employees of the Company who are expected to have access to unpublished price sensitive information. This code, *inter-alia*, prohibits purchase / sale / dealing in the equity shares of the Company by Designated persons and their immediate relatives while in possession of unpublished price sensitive information about the Company and during the time when trading window is closed. The Code also contains procedure for pre-clearance of trade, disclosure requirements etc.

Further, pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 ('Amendment Regulations'), your Company has revised its existing Code of Conduct and the revised code is applicable to designated persons and their immediate relatives. The Code available on the website of the Company at www.pranavaditya.com

j) Certificate on Non-disqualification of Directors

M/s Kothari H. & Associates, Practising Company Secretaries have certified that for the financial year ended on 31st March, 2019, none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India (SEBI) or Ministry of Corporate Affairs (MCA) or any such authority. A certificate issued by M/s. Kothari H. & Associates to that effect is attached as an "Annexure II" forming part of this report.

k) Recommendations of the committees

During FY 2018-19, the Board has accepted all recommendations made by Audit Committee and Nomination and Remuneration Committee.

l) Total fees paid to Statutory Auditors and all entities in network group

During FY 2018-19, details of fees paid to M/s. Suresh Kumar Mittal & Co., Statutory Auditors are as under:

For Statutory Audit	- ₹ 2.00 Lakhs
For quarterly review Reports	- ₹ 1.50 Lakhs
For Tax Audit services	- ₹ 0.50 Lakhs
For any other services	- ₹ 0.10 Lakhs
Total	- ₹ 4.10 Lakhs

m) Disclosure regarding Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In order to prevent sexual harassment of women at workplace, your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace. The Company has set up an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to look into complaints relating to sexual harassment at workplace of any woman employee. During the year under review, no complaints pertaining to sexual harassment were received and no complaint was pending as on 31st March, 2019.

n) Compliance with Mandatory & Non-Mandatory Requirements

The Company has complied with all mandatory requirements of Corporate Governance specified in Listing Regulations. The Company has adopted discretionary requirements specified in Part E of Schedule II of Listing Regulations as given below:

The Board: The Company has a Non-Executive Chairman and he is allowed reimbursement of expenses in relation to performance of his duties.

Shareholder's Rights: Quarterly, half-yearly, annual financial results of the Company are published in English and Marathi newspapers and are also forwarded to BSE Limited. The said results are also uploaded on the website of the Company www.pranavaditya.com. Hence, the same are not sent to the Shareholders of the Company by email or physically.

Modified Opinion in Audit Report: There was no qualification or modified opinion in the Independent Auditors' Report on Audited Financial Statements for the year ended 31st March, 2019, nor in past 2 years.

Separate posts of Chairperson and Chief Executive Officer: Mr. S. K. Agrawal, Non-Executive Independent Director is the Chairperson of the Company and Mr. Ashok Halasangi is the Chief Executive Officer of the Company.

Reporting of Internal Auditors: The representatives of Internal Auditors of the Company are permanent invitee to the Audit Committee Meeting. They attend each Audit Committee Meeting and present their internal audit observations to the Audit Committee. They directly interact with Audit Committee Chairman & Members during the meeting.

o) General

During the year under review, the Company has no borrowings or has not raised any funds, hence disclosure pertaining to utilization of funds and Credit Rating is not applicable.

p) Compliance with the requirements of Corporate Governance

All the requirements of Corporate Governance specified in Regulation 17 to 27 of Listing Regulations and of sub-regulation (2) of Regulation 46 of Listing Regulations have been complied with. Provisions of Registration 21 and 24 of Listing Regulations are not applicable to the company.

11. Certificate on compliance with conditions of Corporate Governance

The certificate regarding compliance of the conditions of corporate governance for the year ended 31st March, 2019 given by M/s. Suresh Kumar Mittal & Company, Statutory Auditors is given as “Annexure III” to this Report.

12. General Shareholders’ information

Annual General Meeting

Date : Tuesday, 13th August, 2019
Time : 11.00 a.m.
Venue : Hotel Vrishali Executive, Conference Hall, 39 A/2 Tarabai Park, District Kolhapur - 416003, Maharashtra
Financial Year : 1st April, 2018 to 31st March, 2019

Tentative Financial Calendar (for Financial Year 2019-20) for approval of:

Financial Results for Quarter ending 30 th June, 2019 (Unaudited)	On or before 14-08-2019
Financial Results for Quarter ending 30 th September, 2019 (Unaudited)	On or before 14-11-2019
Financial Results for Quarter ending 31 st December, 2019 (Unaudited)	On or before 14-02-2020
Financial Results for Quarter and Year ending 31 st March, 2020 (Audited)	On or before 30-05-2020

Date of Book Closure :

The Register of Members and the Share Transfer books will remain closed from Wednesday, 7th August, 2019 to Tuesday, 13th August, 2019 (both days inclusive) for the purpose of Annual General Meeting.

Dividend : No dividend has been declared during the year 2018-19.

Listing on Stock Exchanges	:	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
Stock / Scrip Code	:	531172
Listing Fees	:	The Company has paid Listing Fees for FY 2018-19 and 2019-20 to BSE Limited within prescribed time.
Annual Custody Fees	:	The Company has paid the Annual Custody Fees to Central Depository Services (India) Ltd. and National Securities Depository Limited for the year 2018-19
ISIN	:	INE569D01028
Corporate Identity Number (CIN)	:	L17119PN1990PLC058139

Market Price Data

The monthly high and low quotations of the closing price and volume of shares traded at BSE Limited from April, 2018 to March, 2019 and comparison against BSE Sensex is as under:

Month	PSML Share Price			BSE Sensex	
	High (₹)	Low (₹)	Traded Volume	High (₹)	Low (₹)
April – 2018	19.95	15.45	233,894	35213.30	32972.56
May – 2018	17.95	14.70	261,264	35993.53	34302.89
June – 2018	17.59	15.13	12,279	35877.41	34784.68
July – 2018	14.40	14.40	27,403	37644.59	35106.57
August – 2018	16.48	12.56	195,771	38989.65	37128.99
September – 2018	17.50	16.20	1,234	38934.35	35985.63
October – 2018	18.00	15.45	11,173	36616.64	33291.58
November – 2018	15.40	14.70	23,675	36389.22	34303.38
December – 2018	15.00	14.65	73	36554.99	34426.29
January – 2019	15.00	15.00	1,500	36701.03	35375.51
February – 2019	15.40	13.90	86,286	37172.18	35287.16
March – 2019	14.19	11.74	58,511	38748.54	35926.94

Source: *BSE Limited website*

Registrar & Transfer Agents

Bigshare Services Private Limited
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (East), Mumbai – 400 059.
Tel. : 022-62638200/40430200
Fax : 022-28475207/62638299
Email id : investor@bigshareonline.com

Share Transfer System

Transfer of equity shares in dematerialized form is done through the depositories without any involvement of the Company. Share transfers in physical form are processed by Registrar & Transfer Agent and the share certificates

duly transferred are returned to the shareholders within a period of 15 days from the date of receipt, if the documents are in order and complete in all respects. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of Listing Regulations and files a copy of the certificate with BSE Limited. W.e.f 1st April, 2019, the transfer of shares is being effected only in dematerialized mode.

Distribution of shareholding as on 31st March, 2019:

No. of equity shares of face value of ₹ 10/- each	No. of Shareholders*	% of Shareholders	No. of shares held	% of shareholding
Upto 500	3561	92.38	166,690	0.87
501 – 1000	110	2.85	92,093	0.48
1001 – 2000	79	2.05	118,993	0.62
2001 – 3000	30	0.78	73,498	0.38
3001 – 4000	17	0.44	62,235	0.32
4001 – 5000	9	0.23	41,964	0.22
5001 – 10000	26	0.67	182,875	0.95
Above 10000	23	0.60	18,502,932	96.16
Total	3855	100.00	19,241,280	100.00

*No. of shareholders are not consolidated as per PAN No. The number of shareholders consolidated as per PAN are 3827 as on 31st March, 2019.

Shareholding Pattern as on 31st March, 2019:

Category of Shareholder	No. of Equity shares of Face Value of ₹10/- each	As a percentage of total paid up Share Capital
A. Shareholding of Promoter and Promoter Group		
Bodies Corporate (Indian Company- Indo Count Industries Limited)	14,341,280	74.53
Sub Total (A)	14,341,280	74.53
B. Public Shareholding		
(i) Individuals	2,997,397	15.58
(ii) Bodies Corporate	1,865,703	9.70
(iii) Clearing Members	2,313	0.01
(iv) NRI's	26,991	0.14
(v) Trusts	7,596	0.04
Sub Total (B)	4,900,000	25.47
Grand Total (A+B)	19,241,280	100.00

Dematerialisation of shares and liquidity

The equity shares of the Company are available for dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services of India Limited (CDSL). The equity shares of the Company have been notified by SEBI for settlement only in the demat form for all investors from 21st March, 2000. ISIN of the Company for dematerialization is INE569D01028.

As on 31st March 2019, 19,178,117 Equity Shares of the Company constituting 99.67% of the issued, subscribed and paid-up share capital of the Company are held in dematerialized form and 63,163 Equity Shares of the Company constituting 0.33% are held in physical form. The Company's shares were traded on BSE Limited.

Shares held in demat and physical mode as on 31st March, 2019:

Category	Number of		% to total equity
	Shareholders	Shares	
Demat Mode			
NSDL	748	16,092,401	83.63
CDSL	535	3,085,716	16.04
Total	1283	19,178,117	99.67
Physical Mode	2572	63,163	0.33
Grand Total	3855	19,241,280	100.00

Outstanding GDR / ADR / warrants or any convertible instruments, conversion date and likely impact on equity

There are no outstanding GDR / ADR / warrants or any convertible instruments as on 31st March, 2019.

Commodity Price Risks and Foreign exchange risks and hedging

Commodity viz. cotton is key raw material for business of the Company and hence Commodity price risk is one of the most important risks for the Company. Your Company has a framework in place to protect its interests from risks arising out of market volatility & cotton price fluctuations. The Risk Management Policy of the Company with respect to commodities including hedging has been framed. The Company does not have any exposure hedged through Commodity derivatives.

The Risk Management Team, based on market intelligence and continuous monitoring, advises the sales and procurement teams on appropriate strategy to deal with such market volatility.

During the year, the Company has managed foreign exchange risk and hedged it to the extent considered necessary. Open exposures, if any, are reviewed regularly and covered through forward contracts. The details of foreign currency exposure are disclosed in Notes to the Standalone Financial Statements.

Plant Location

Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, District Kolhapur - 416109, Maharashtra.

Address for Correspondence

The Shareholders may contact Company or Registrar & Transfer Agent on below address:

The Company Secretary Pranavaditya Spinning Mills Limited 301, 3 rd Floor, "Arcadia" Nariman Point, Mumbai - 400 021 Phone : 91 22 4341 9500 / 501 Fax : 022-2282 3098 Email Id : investors@pranavaditya.com	Bigshare Services Private Limited Unit: Pranavaditya Spinning Mills Limited 1 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai- 400059 Tel. : 022-62638200/40430200 Fax : 022-28475207/62638299 Email id : investor@bigshareonline.com
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For Pranavaditya Spinning Mills Limited

Place : Mumbai
Date : May 8, 2019

S. K. Agrawal
Chairman
DIN: 00400892

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board Members and Senior Management Personnel of Pranavaditya Spinning Mills Limited have affirmed compliance with the Code of Business Conduct and Ethics for the year ended 31st March, 2019.

For Pranavaditya Spinning Mills Limited

sd/-

Ashok Halasangi
Chief Executive Officer

Dated : May 8, 2019

Place : Mumbai

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS (Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Pranavaditya Spinning Mills Limited

Office No. 2, Plot No. 266,
Village Alte Kumbhoj Road,
Taluka Hatkanangale Kolhapur
MH 416109

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Pranavaditya Spinning Mills Limited having CIN:L17119PN1990PLC058139 and having registered office at Office No. 2, Plot No. 266, Village Alte Kumbhoj Road, Taluka Hatkanangale Kolhapur, MH 416109, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Anand Ramanna	00040325	31/07/2007
2.	Anil Kumar Jain	00086106	31/07/2007
3.	Pradyumna Natvarlal Shah	00096793	31/07/2007
4.	Sushilkumar Agrawal	00400892	25/06/2009
5.	Kamal Sukhamoy Mitra	01839261	27/09/2007
6.	Ashok Naraharrao Desai	03609419	01/08/2018
7.	Kala Agarwal	08015576	07/02/2019
8.	Preeti Sheth*	00202080	11/11/2014

* Resigned w.e.f. 16.01.2019

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

For Kothari H. & Associates
Company Secretaries

Hitesh Kothari
(Partner)

Membership No.: 6038
CP No.: 5502

Place : Mumbai
Date : 8th May, 2019

Annexure III

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To
The Members,
Pranavaditya Spinning Mills Limited

We have examined the compliance of conditions of Corporate Governance by Pranavaditya Spinning Mills Limited ("the Company"), for the financial year ended on 31st March, 2019, as stipulated in Regulations 17 to 27 and clause (b) to (i) of Regulations 46(2) and para C and D of Schedule v of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Auditor's Responsibility

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountant of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC)1, Quality Control for Firms that performs Audits & Reviews of Historical Financial information and other Assurance & related service engagements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as for the year ended 31st March, 2019 stipulated in the above mentioned Listing Regulations, as applicable.

For Suresh Kumar Mittal & Co.
Chartered Accountants
Reg. No. : 500063N

Ankur Bagla
Partner
Membership Number: 521915

Dated : May 8, 2019
Place : Mumbai

INDEPENDENT AUDITOR'S REPORT

To
the Members of
Pranavaditya Spinning Mills Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Pranavaditya Spinning Mills Limited ("the company"), which comprise the Balance Sheet as at 31st March, 2019, and the statement of Profit and Loss, statement of Changes in Equity and statement of Cash Flows for the year then ended, and notes to the 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 Standalone 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 31st March, 2019, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As on 31st March 2019, current tax assets and other current assets includes amounts recoverable from government department for which efforts for recovery are being made (refer note 13 and 14 to the financial statements). Our audit procedures consisted of evaluating whether any change was required to management's position on these uncertainties and the likelihood of recoverability.

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our Auditor's Report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and those charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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. In preparing the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 exists, we are required to draw attention in our Auditor's Report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an

unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, during the year the Company has not paid / provided any remuneration to its directors.

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

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Suresh Kumar Mittal & Co.**
Chartered Accountants
 Firm Registration No.: 500063N

Ankur Bagla
 Partner
 Membership No.: 521915

Mumbai, May 8, 2019

Annexure A referred to in Paragraph (I) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Pranavadiya Spinning Mills Limited on the standalone Ind AS Financial Statements for the year ended 31st March, 2019.

(i)	(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
	(b) The fixed assets have been physically verified by the management during the year as per the phased program designed to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt with in the books of accounts.
	(c) The title deeds of immovable properties are held in the name of the company.
(ii)	As explained to us, the inventories have been physically verified by the management during the year except stocks lying with third parties in respect of whom confirmations have been obtained and the discrepancies noticed on physical verification as compared to book record, which are not material, have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable.
(iii)	As explained to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and as such clauses (iii) (a), (b) and (c) of the order are not applicable to the company.

(iv)	In our opinion and according to the information and explanations given to us no loans, investments, guarantees and security covered under section 185 and 186 of the Companies Act, 2013 has been given by the company. Therefore, the provisions of clause (iv) of the order are not applicable to the company.
(v)	According to the information and explanation given to us, the company has not accepted any deposit from the public. Therefore, the provisions of clause (v) of the order are not applicable to the company.
(vi)	We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 148(1) of the Act, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are neither required to carry out nor have carried out detailed examination of such cost accounting records with a view to determine whether they are accurate or complete.
(vii)	(a) According to the records of the company, examined by us and information and explanations given to us: The company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 st March 2019 for a period of more than six months from the date they became payable.
	(b) There are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and service tax outstanding as at 31 st March 2019.
(viii)	In our opinion and according to the information and explanations given to us, the company has no outstanding loans or borrowings from financial institutional, bank or government hence provisions of clause (viii) of the order are not applicable to the company.
(ix)	In our opinion, during the year no money has been raised by way of initial public offer or further public offer (including debt instruments) or term loans hence provisions of clause (ix) of the order are not applicable to the company.
(x)	According to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
(xi)	In our opinion, and according to the information and explanation given to us, during the year the company has not paid/provided any managerial remuneration and hence provisions of clause (xi) of the order are not applicable to the company.
(xii)	The company is not a nidhi company and hence provisions of clause (xii) of the order are not applicable to the company
(xiii)	According to the records examined by us, and information and explanations given to us, all transactions with the related parties are in compliance with Sections 188 and 177 of the Act and necessary details as required by the accounting standards have been disclosed in the standalone Ind AS Financial Statements.
(xiv)	The Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year ended 31 st March 2019.
(xv)	The company has not entered into any non cash transactions with directors or persons connected with him.
(xvi)	The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934

For **Suresh Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No.: 500063N

Ankur Bagla
Partner

Membership No.: 521915

Mumbai, May 8, 2019

Annexure B referred to in Paragraph (II)(f) under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Pranavaditya Spinning Mills Limited on the standalone Ind AS Financial Statements for the year ended 31st March, 2019.

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

We have audited the internal financial controls over financial reporting of Pranavaditya Spinning Mills Limited (“the Company”) as of 31st March, 2019 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- b) 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
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI".

For **Suresh Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No.: 500063N

Mumbai, May 8, 2019

Ankur Bagla
Partner
Membership No.: 521915

BALANCE SHEET

AS AT 31ST MARCH, 2019

Particulars	Note No.	₹ in lakhs	
		As at 31.03.2019	As at 31.03.2018
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	5	2,658.89	2,761.38
(b) Financial Assets			
(i) Investments	6	-	0.16
(c) Other Non-Current Assets	7	0.69	2.09
(2) Current Assets			
(a) Inventories	8	725.78	826.50
(b) Financial Assets			
(i) Trade Receivables	9	917.67	728.55
(ii) Cash and Cash Equivalents	10	32.03	277.12
(iii) Bank Balances other than (ii) above	11	92.73	90.58
(iv) Loans	12	0.01	0.01
(c) Current Tax Assets (Net)	13	167.68	166.48
(d) Other Current Assets	14	157.39	161.03
TOTAL ASSETS		4,752.87	5,013.90
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	15	1,924.13	1,924.13
(b) Other Equity		1,305.22	1,367.41
LIABILITIES			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Provisions	16	58.06	64.21
(ii) Deferred Tax Liabilities (Net)	17	109.73	138.86
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables			
- Micro & Small Enterprises	18	-	-
- Other than Micro & Small Enterprises	19	862.65	1,022.57
(ii) Other Financial Liabilities	20	16.07	24.16
(b) Other Current Liabilities	21	477.01	472.56
TOTAL EQUITY AND LIABILITIES		4,752.87	5,013.90
CONTINGENT LIABILITIES AND COMMITMENTS	22, 31		
SIGNIFICANT ACCOUNTING POLICIES	3, 4		

The accompanying notes form an integral part of financial statements

As per our Report of even date attached

For and on behalf of Board of Directors

For Suresh Kumar Mittal & Co.,

Chartered Accountants

Firm Regd. No.: 500063N

S. K. Agrawal

Chairman

DIN - 00400892

Anil Kumar Jain

Director

DIN - 00086106

Ankur Bagla

Membership No.: 521915

Mumbai, May 8, 2019

K. Muralidharan

Chief Financial Officer

A.G.Halasanghi

Chief Executive Officer

Amruta Avasare

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in lakhs

Particulars	Note No.	For the year ended 31.03.2019	For the year ended 31.03.2018
CONTINUING OPERATIONS			
I INCOME			
Revenue from Operations	23	8,226.07	7,137.04
Other Income	24	29.23	67.10
TOTAL INCOME		8,255.30	7,204.14
II EXPENSES			
Cost of Materials Consumed	25	5,991.43	5,222.06
Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade	26	(112.64)	(107.22)
Employee Benefits Expense	27	861.30	777.85
Finance Cost	28	28.09	34.71
Depreciation and Amortisation Expense	29	123.41	124.36
Other Expenses	30	1,460.15	1,382.19
TOTAL EXPENSES		8,351.74	7,433.95
III Profit / (Loss) before Exceptional Items and Tax (I-II)		(96.44)	(229.81)
IV Exceptional Items		-	-
V Profit / (Loss) before Tax (III-IV)		(96.44)	(229.81)
VI Tax Expense			
a) Current Tax		-	-
b) Previous Years Tax		0.02	0.04
c) Deferred Tax		(30.85)	(66.09)
VII Profit / (Loss) for the Year (V-VI)		(65.61)	(163.76)
VIII Other Comprehensive Income			
A Items that will not be reclassified to Profit and Loss			
(i) Remeasurement of the net Defined Benefit Liability / Asset		5.14	10.05
(ii) Income Tax Relating to Items that will not be reclassified to Profit and Loss		(1.72)	(3.32)
IX Total Comprehensive Income for the Year (VII+ VIII)		(62.19)	(157.03)
X Earnings per Equity Share (in ₹)	33		
a) Basic		(0.34)	(0.85)
b) Diluted		(0.34)	(0.85)
SIGNIFICANT ACCOUNTING POLICIES	3, 4		

The accompanying notes form an integral part of financial statements

As per our Report of even date attached

For and on behalf of Board of Directors

For Suresh Kumar Mittal & Co.,

Chartered Accountants

Firm Regd. No.: 500063N

S. K. Agrawal

Chairman

DIN - 00400892

Anil Kumar Jain

Director

DIN - 00086106

Ankur Bagla

Membership No.: 521915

Mumbai, May 8, 2019

K. Muralidharan
Chief Financial Officer

A.G.Halasangi
Chief Executive Officer

Amruta Avasare
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. EQUITY SHARE CAPITAL

Particulars	Note	₹ in lakhs
As at 31 st March, 2017		1,924.13
Changes in Equity Share Capital		-
As at 31 st March, 2018		1,924.13
Changes in Equity Share Capital		-
As at 31 st March, 2019	15(a)	1,924.13

B. OTHER EQUITY

Particulars	Reserves & Surplus		Total
	Capital Reserve	Retained Earnings	
Balance as at 31.03.2017	25.00	1,499.44	1,524.44
Profit for the Year	-	(163.76)	(163.76)
Other Comprehensive Income for the Year	-	6.73	6.73
Total Comprehensive Income for the year	-	(157.03)	(157.03)
Balance as at 31.03.2018	25.00	1,342.41	1,367.41
Profit for the Year	-	(65.61)	(65.61)
Other Comprehensive Income for the Year	-	3.42	3.42
Total Comprehensive Income for the year	-	(62.19)	(62.19)
Balance as at 31.03.2019	25.00	1,280.22	1,305.22

Nature and purpose of reserves:

Capital Reserve: Standing in books against capital subsidy received for establishing manufacturing unit.

The accompanying notes form an integral part of financial statements

As per our Report of even date attached

For Suresh Kumar Mittal & Co.,
Chartered Accountants
Firm Regd. No.: 500063N

Ankur Bagla
Membership No.: 521915
Mumbai, May 8, 2019

K. Muralidharan
Chief Financial Officer

For and on behalf of Board of Directors

S. K. Agrawal
Chairman
DIN - 00400892

Anil Kumar Jain
Director
DIN - 00086106

A.G.Halasangi
Chief Executive Officer

Amruta Avasare
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in lakhs

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before Exceptional Items and Tax	(96.44)	(229.81)
Adjustments for:-		
Depreciation and Amortisation	123.41	124.36
Profit on Sale of Assets	-	(0.19)
Investments Written Off	0.16	-
Finance Cost	28.09	34.71
Interest Income	(9.11)	(9.15)
Other Comprehensive Income	5.14	10.05
Operating Profit / (Loss) before Working Capital Changes	51.25	(70.03)
Changes in Working Capital :		
Adjustment for (Increase) / Decrease in Operating Assets:-		
Other Non Current Assets	1.40	40.17
Inventories	100.72	283.91
Trade Receivables	(189.11)	(129.91)
Current Financial Assets	(2.15)	(52.24)
Other Current Assets	3.63	(64.76)
Adjustment for Increase / (Decrease) in Operating Liabilities:-		
Non Current Provisions	(6.15)	5.66
Trade Payables	(159.92)	370.60
Other Current Financial Liabilities	(8.09)	9.39
Other Current Liabilities	4.45	(91.01)
Current Provisions	-	(8.34)
Net Income Tax (paid) / refunds	(1.23)	3.87
Net Cash Flow from / (used in) Operating Activities (A)	(205.20)	297.31
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Tangible Assets	(20.91)	(78.68)
Proceeds from Sale of Fixed Assets	-	0.81
Interest Received - Others	9.11	9.15
Net Cash Flow from / (used in) Investing Activities (B)	(11.80)	(68.72)
C CASH FLOW FROM FINANCING ACTIVITIES		
Finance Cost	(28.09)	(34.71)
Net Cash Flow from / (used in) Financing Activities (C)	(28.09)	(34.71)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(245.09)	193.88
Cash and Cash Equivalents at the beginning of the Year	277.12	83.24
Cash and Cash Equivalents at the end of the Year	32.03	277.12
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:-		
Cash and Cash Equivalents as per Balance sheet	32.03	277.12
Cash and Cash Equivalents at the end of the Year		
Comprises of:-		
(a) Cash in Hand	0.75	1.24
(b) In Current Accounts	31.28	275.88
Notes: Figures in bracket represents Cash Outflow		

As per our Report of even date attached

For and on behalf of Board of Directors

For Suresh Kumar Mittal & Co.,
Chartered Accountants
Firm Regd. No.: 500063N

S. K. Agrawal
Chairman
DIN - 00400892

Anil Kumar Jain
Director
DIN - 00086106

Ankur Bagla
Membership No.: 521915
Mumbai, May 8, 2019

K. Muralidharan
Chief Financial Officer

A.G.Halasangi
Chief Executive Officer

Amruta Avasare
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

1. CORPORATE INFORMATION

Pranavaditya Spinning Mills Limited (the 'Company') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at Office No.2, Plot No.266, Village Alte, Kumbhoj Road, Taluka Hatkanagale, Dist. Kolhapur-416109, Maharashtra, India.

The Company is a Spinning Unit engaged in the manufacture of cotton yarn.

The Financial statements of the Company for the year ended 31st March, 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 8th May, 2019.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as 'Ind AS') as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statement are presented in Indian Rupees ('INR') and all values are rounded to the nearest lakhs, except otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment:

The company has opted to follow cost model for accounting of its entire property, plant and equipment. Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major repair is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in schedule II to the Companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis with reference to the date of addition / deletion.

The Company, based on technical assessment made by technical expert and management estimate, depreciates the certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

In case of some items of plant, depreciation has been provided in range of 26 years (minimum) to 35 years (maximum) based on the technical evaluation of the remaining useful life which is different from the one specified in schedule II to the Companies Act, 2013.

In case of pre-owned assets, the useful life is estimated on a case to case basis.

3.2 Investment properties

Investment properties comprise portions of freehold land and office building that are held for long-term rental yields and/or for capital appreciation. Investment properties are initially recognized at cost. Subsequently, investment property comprising of building is carried at cost less accumulated depreciation and impairment losses.

The cost includes the cost of replacing parts and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in schedule II to the Companies Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arise.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss in the period of derecognition.

3.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and Development Cost:

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

3.4 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

3.5 Impairment of non-financial assets:

As at each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exists or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and the value in use.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

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 assessment of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transaction is taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in profit and loss section of the statement of profit and loss, except for properties previously revalued with the revaluation taken to Other Comprehensive Income (the OCI) for such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- a) Raw material, packing material, construction material, stores & spares:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- b) Finished goods and work in progress:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- c) Traded goods:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- d) Wastage and rejections are valued at estimated realizable value.

Slow and non-moving material, obsolescence, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

3.8 Foreign currency transactions

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items is recognized in line with the gain or losses of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognized in other comprehensive income or the statement of profit and loss is also recognized in other comprehensive income or the statement of profit and loss respectively).

3.9 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.10 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

3.11 Revenue Recognition

The Companies (Indian Accounting Standards) Amendment Rules, 2018 issued by the Ministry of Corporate Affairs (MCA) notified Ind AS 115 "Revenue from Contracts with Customers" related to revenue recognition which replaced Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and provide a single, comprehensive model for all contracts with customers. The revised standard contains principles to determine the measurement of revenue and timing of when it is recognized. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and changes in those judgements as well as assets recognized from costs incurred to fulfill these contracts.

The Company has adopted Ind AS 115 w.e.f. 1st April, 2018 using the modified retrospective approach. However, the adoption of the standard did not have any impact on the financial statements.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services:

Revenue from sale of service is recognised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

Interest Income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividends:

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Lease Income:

Lease agreements where the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals are recognized on straight-line basis as per the terms of the agreements in the statement of profit and loss.

3.12 Government Grants

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

When the grant relates to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

3.13 Earnings per share

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

3.14 Taxes

Current Income Tax:

- Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.
- Current income tax relating to items recognized directly in equity and not in the statement of profit and loss. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred Tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

3.15 Segment accounting

The Chief Operational Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The operating segments have been identified on the basis of the nature of products / services.

- a) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

- b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
- c) Income which relates to the Company as a whole and allocable to segments is included in unallocable income.
- d) Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax to the Company.
- e) Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Inter-Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

3.16 Leases

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

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

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

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charges to the statement of profit and loss on straight line basis.

3.17 Employee benefits

i) Short-term employee benefits

All employee benefits payable only within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, etc. and the excepted cost of bonus, ex-gratia, and incentives are recognized in the period during which the employee renders the related service.

ii) Post-employment benefits

a) Defined contribution plans

State Government Provident Scheme is a defined contribution plan. The contribution paid / payable under the scheme is recognized in the statement of profit and loss during the period in which the employee renders the related services.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

b) Defined Benefit Plans

The employee Gratuity Fund scheme and Leave Encashment scheme managed by different trusts are defined benefit plans.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gain and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognized in the statement of profit and loss in the period of plan amendment.

Net Interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

Long-term employee benefit

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Termination benefits

Termination benefits are recognized as an expenses in the period in which they are incurred.

3.18 Provision, Contingent liabilities, Contingent assets and Commitments

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Contingent liability is disclosed in the case of:

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

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provision, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Liquidated damages

Provision for liquidated damages are recognized on contracts for which delivery dates are exceeded and computed in reasonable manner.

Other Litigation claims

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

Onerous contracts

A provision for onerous contracts is measured at the present value lower of the expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets under the contract.

3.19 Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying the financial statements.

3.20 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the Company that either has been disposed of, or is classified as held for sale and:

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

An entity shall not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

3.21 Financial Instruments

i) Financial assets

Initial recognition and measurement

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

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

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

- Financial asset at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- Cash flow characteristics test: 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.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Cash flow characteristics test: 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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis.

All other financial asset is measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in the statement of profit and loss.

Derecognition

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

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

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

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

Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in associates, joint venture, and subsidiaries at cost.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 - months' expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

- Trade receivables or contract revenue receivables; and
- All lease receivables

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

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 - months' ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognize impairment loss allowance based on 12 - months' ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk to be identified on a timely basis.

ii) **Financial liabilities:**

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

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

iii) Offsetting of financial instruments

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

iv) Derivative financial instruments and hedge accounting

The company enters into derivative contracts to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

3.22 Business combination under common control

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within a group.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest, the assets and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

3.23 The MCA has notified Companies (Indian Accounting Standards) (Amendment) Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new amendments to Ind-AS's which the Company has not applied as they are effective from 1st April, 2019:

i) **Ind AS 116 “Leases”**

Ind AS 116 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognize right-of-use assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting. Ind AS 116 is effective for financial year beginning on or after 1st April, 2019. The Company will adopt the standard for the financial year beginning 1st April, 2019. By applying Ind AS 116, straight-line operating lease expense will be replaced by depreciation expense on right-of-use assets and interest expense on lease liabilities.

The Company is currently assessing the impact of adopting Ind AS 116 on the Financial Statements. It is intended to use most of the simplifications available under Ind AS 116.

ii) **Ind AS 12 Income Taxes (Amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that a Company shall recognize the income tax consequences of dividends in the statement of profit and loss, other comprehensive income or equity according to where the Company originally recognized those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the Company pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the Company has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the Company is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) Company has to consider the probability of the relevant taxation

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statement.

iii) Ind AS 109 Financial Instruments (Prepayment Features with Negative Compensation)

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statement.

iv) Ind AS 19 Employee Benefits (Plan Amendment, Curtailment or Settlement)

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statement.

v) Ind AS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that a Company borrows generally when calculating the capitalization rate on general borrowings. The Company does not expect any impact from this amendment.

The Company intends to adopt these amendments as and when it becomes effective. The Company is in the process of assessing the possible impact of the above and will adopt the amendments on the required effective date.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have the most significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

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

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

5. PROPERTY, PLANT AND EQUIPMENT Tangible (At cost)

₹ in lakhs

Particulars	Land - Freehold	Buildings	Plant & Machinery	Furniture & Fixtures	Factory & Office Equipments	Vehicles	Total
Gross Carrying Amount							
As at 31.03.2018	846.21	1,016.97	4,077.01	53.81	121.98	26.83	6,142.81
Additions	-	-	1.76	-	9.67	9.49	20.92
As at 31.03.2019	846.21	1,016.97	4,078.77	53.81	131.65	36.32	6,163.73
Accumulated Depreciation							
As at 31.03.2018	-	330.61	2,863.18	51.26	110.89	25.49	3,381.43
Depreciation charged for the year	-	19.25	100.02	0.01	3.46	0.67	123.41
As at 31.03.2019	-	349.86	2,963.20	51.27	114.35	26.16	3,504.84
Net Carrying Amount							
As at 31.03.2018	846.21	686.36	1,213.83	2.55	11.09	1.34	2,761.38
As at 31.03.2019	846.21	667.11	1,115.57	2.54	17.30	10.16	2,658.89

Note:

Does not include Capital Advance of ₹ Nil (previous year ₹ 1.50 lakhs).

6. NON-CURRENT INVESTMENTS

Particulars	No. of Shares		₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Investments carried at Fair Value through Profit and Loss				
Unquoted -				
In fully paid up Equity Shares of ₹ 10 each:				
Shri Datta Nagari Sah Pat Sanstha Ltd	-	1,050	-	0.11
Choudeswari Co-op Bank Ltd.	-	200	-	0.05
TOTAL			-	0.16
Aggregate value of :				
Unquoted investments			-	0.16

7. OTHER NON-CURRENT ASSETS (Unsecured-considered good)

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Capital Advances	-	1.50
Security Deposits	0.69	0.59
TOTAL	0.69	2.09

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

8. INVENTORIES

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Raw Materials	296.95	508.19
Work in Progress	191.99	205.19
Finished Goods	205.48	82.55
Waste	10.99	8.08
Stores & Spares	20.37	22.49
TOTAL	725.78	826.50

9. CURRENT TRADE RECEIVABLES

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Receivables exceeding Six Months	-	-
Receivables - Others	917.67	728.55
Receivables which have significant increase in Credit Risk	-	-
Receivables - Credit Impaired	-	-
TOTAL	917.67	728.55
Current Portion	917.67	728.55
Non-Current Portion	-	-
Break-up of Security Details		
Secured, Considered Good	-	-
Unsecured, Considered Good	917.67	728.55
TOTAL	917.67	728.55

Refer Note No. 38 for information about Credit Risk and Market Risk of Trade Receivables.

10. CASH AND CASH EQUIVALENTS

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Cash in Hand	0.75	1.24
Balances with Banks		
- In Current Accounts	31.28	275.88
TOTAL	32.03	277.12

11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Balances with Banks		
- Held as Margin / Fixed Deposits (a)	92.73	90.58
TOTAL	92.73	90.58

(a) Includes receipts of ₹ 88.34 lakhs (previous year ₹ 88.34 lakhs) held with bank as margin money against guarantee given to MSEDCL.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

12. CURRENT FINANCIAL LOANS

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Security Deposits	0.01	0.01
TOTAL	0.01	0.01
Break-up:		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	0.01	0.01
Loans which have significant increase in Credit Risk	-	-
Loans - Credit Impaired	-	-
TOTAL	0.01	0.01

Refer Note No. 38 for information about Credit Risk and Market Risk of Loans.

13. CURRENT TAX ASSETS

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Advance Income Tax (including tax deducted at source)	1.82	0.62
Refund Due	8.28	8.28
MAT Credit Entitlement	157.58	157.58
TOTAL	167.68	166.48

14. OTHER CURRENT ASSETS

(Unsecured-considered good)

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Export Incentives / Claims Recoverable	5.37	4.41
Balances with VAT Authorities	37.39	47.34
Balances with GST Authorities	41.31	98.50
Interest Accrued on Deposits	10.31	5.45
Advance to Suppliers	5.96	0.41
Others	57.05	4.92
TOTAL	157.39	161.03

15. SHARE CAPITAL

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Authorised:		
Equity Shares		
1,92,70,000 Equity Shares of ₹ 10 each	1,927.00	1,927.00
Issued, Subscribed and Paid-up:		
1,92,41,280 Equity Shares of ₹ 10 each	1,924.13	1,924.13

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Notes:

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

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Authorised				
Equity Shares of ₹ 10 each				
Balance at the beginning of the year	1,92,70,000	1,927.00	1,92,70,000	1,927.00
Balance at the end of the year	1,92,70,000	1,927.00	1,92,70,000	1,927.00
Issued, Subscribed and Paid-Up				
Equity Shares of ₹ 10 each				
Balance at the beginning of the year	1,92,41,280	1,924.13	1,92,41,280	1,924.13
Balance at the end of the year	1,92,41,280	1,924.13	1,92,41,280	1,924.13

The Company has not issued any Equity Shares during the current and in the previous year.

(b) Terms / Rights attached to Equity Shares:

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

(c) Details of shareholders holding more than 5% shares in the Company:

Name of the Shareholder	As at 31.03.2019		As at 31.03.2018	
	%	No. of Shares	%	No. of Shares
Indo Count Industries Limited (Holding Company)	74.53%	1,43,41,280	74.53%	1,43,41,280

(d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

16. NON-CURRENT PROVISIONS

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Provision for Employee Benefits	58.06	64.21
TOTAL	58.06	64.21

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

17. INCOME TAX

The major components of Income Tax expense for the years ended 31 March, 2019 and 31 March, 2018 are:

Statement of Profit and Loss: Profit and Loss section

Particulars	₹ in lakhs	
	31.03.2019	31.03.2018
Current Income Tax:		
Current Income Tax charge	-	-
Adjustments in respect of Current Income Tax of previous year	0.02	0.04
Deferred Tax:		
Relating to origination and reversal of temporary differences	(30.85)	(66.09)
Income Tax expense reported in the Statement of Profit and Loss	(30.83)	(66.05)

Other Comprehensive Income (OCI) section

Deferred Tax related to items recognised in OCI during the year:

Particulars	₹ in lakhs	
	31.03.2019	31.03.2018
Net loss /(gain) on remeasurements of defined benefit plans	1.72	3.32
Income Tax charged to OCI	1.72	3.32

DEFERRED TAX

Particulars	₹ in lakhs			
	Balance Sheet		Profit and Loss	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Deferred Tax relates to the following:				
Expenses allowable on payment basis	32.56	31.39	(1.17)	(0.52)
Unused Tax losses / depreciation	568.08	543.69	(24.39)	(60.91)
Accelerated depreciation for Tax purpose	(710.37)	(713.94)	(3.57)	(1.34)
	(109.73)	(138.86)	(29.13)	(62.77)
Deferred Tax Expense / (Income)				
- Recognised in Profit and Loss	-	-	(30.85)	(66.09)
- Recognised in OCI	-	-	1.72	3.32
Deferred Tax Assets / (Liabilities)	(109.73)	(138.86)	-	-
	(109.73)	(138.86)	(29.13)	(62.77)

Net Deferred Tax Assets / (Liabilities)

Reflected in the Balance Sheet as follows:

Particulars	₹ in lakhs	
	31.03.2019	31.03.2018
Deferred Tax Assets	600.64	575.08
Deferred Tax Liabilities	(710.37)	(713.94)
Deferred Tax Liabilities (net)	(109.73)	(138.86)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Reconciliation of Deferred Tax Liabilities (net)

Particulars	₹ in lakhs	
	31.03.2019	31.03.2018
Opening Balance as of 1 April	(138.86)	(201.63)
Tax income / (Expense) during the period recognised in Profit and Loss	30.85	66.09
Tax income / (Expense) during the period recognised in OCI	(1.72)	(3.32)
Closing Balance as at 31 March	(109.73)	(138.86)

18. TRADE PAYABLES DUE TO MICRO & SMALL ENTERPRISES

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Payables	-	-
TOTAL	-	-

Note:

The Company has no dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
a) The principal amount remaining unpaid to any supplier at the end of the year	-	-
b) Interest accrued and due to suppliers under the Act, on the above amount	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
d) Interest paid to suppliers under the Act	-	-
e) Interest due and payable to suppliers under the Act, for payments already made	-	-
f) Interest accrued and remaining unpaid at the end of the year under the Act	-	-
g) The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowances under Section 23 of the Act	-	-

Disclosure of payable to vendors as defined under the MSMED Act is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. As per the agreed terms of Purchase Order, there are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding in this regard in respect of payment made during the year or on balance brought forward from previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

19. TRADE PAYABLES DUE TO OTHER THAN MICRO AND SMALL ENTERPRISES

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Payable to Holding Company	-	176.79
Payable to Others	862.65	845.78
TOTAL	862.65	1,022.57

20. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Security Deposits	0.35	0.35
Other Payables	15.72	23.81
TOTAL	16.07	24.16

21. OTHER CURRENT LIABILITIES

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Advance from Customers		
- from Holding Company	283.74	282.48
- from Others	0.28	-
Other Payables (a)	192.99	190.08
TOTAL	477.01	472.56

(a) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

22. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 37 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Movement in Provisions / Contingent Liabilities

₹ in lakhs

Particulars	Bank Guarantees		Income Tax	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Carrying amount at the beginning of the year*	88.34	88.34	-	-
Additions made during the year#	-	-	0.40	-
Carrying amount at the end of the year*	88.34	88.34	0.40	-

₹ in lakhs

Particulars	Other Litigation Claims		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Carrying amount at the beginning of the year*	8.01	6.67	96.35	95.01
Additions made during the year#	1.60	1.34	2.00	1.34
Carrying amount at the end of the year*	9.61	8.01	98.35	96.35

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

*Carrying amounts comprise of non-current and current provisions.

#Additional provision made during the year is included in the respective head of accounts.

(b) Nature of Provisions:

- (i) Provision for Excise Duty / Customs Duty / Service Tax represents the differential liability that is expected to materialise in respect of matters in appeal.
- (ii) Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

23. REVENUE FROM OPERATIONS

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
1) Sale of Products *		
- Manufactured	8,182.38	7,098.46
2) Other Operating Revenue		
- Export Incentives / Benefits	43.69	38.58
REVENUE FROM OPERATIONS	8,226.07	7,137.04

* Includes sale to Holding Company ₹ 338.74 lakhs (previous year ₹ 809.00 lakhs).

Disaggregation of Revenue Revenue based on Geography

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Domestic	4,739.65	4,495.22
Export	3,486.42	2,641.82
REVENUE FROM OPERATIONS	8,226.07	7,137.04

Reconciliation of Revenue from Operations with Contract Price

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Contract Price	8,247.84	7,164.60
Less:		
Sales Returns	16.65	27.56
Others	5.12	-
REVENUE FROM OPERATIONS	8,226.07	7,137.04

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

24. OTHER INCOME

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Interest Banks	7.25	6.31
Interest Others	1.86	2.84
Claim Received	-	52.56
Profit on Sale of Assets	-	0.19
Exchange Rate Difference (net)	8.46	-
Rent Received	10.98	2.74
Sundry balances / Excess provision written back (net)	0.02	0.10
Liability no longer payable written back	0.66	2.36
TOTAL	29.23	67.10

25. COST OF MATERIALS CONSUMED

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Raw Material & Components Consumed		
Opening Stock	508.19	899.01
Add : Purchases	5,780.19	4,831.24
SUB-TOTAL	6,288.38	5,730.25
Less : Closing Stock	296.95	508.19
COST OF MATERIAL CONSUMED	5,991.43	5,222.06

26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars		₹ in lakhs	
		For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Opening Stock			
Finished Goods		82.55	2.68
Stock in Process		205.19	177.54
Waste		8.08	8.38
SUB-TOTAL	A	295.82	188.60
Less : Closing Stock			
Finished Goods		205.48	82.55
Stock in Process		191.99	205.19
Waste		10.99	8.08
SUB-TOTAL	B	408.46	295.82
(INCREASE) / DECREASE IN STOCK	A-B	(112.64)	(107.22)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

27. EMPLOYEE BENEFITS EXPENSE

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Salaries & Wages	774.53	692.91
Contribution to Provident & Other Funds	64.99	58.05
Gratuity	14.92	17.62
Staff Welfare Expenses	6.86	9.27
TOTAL	861.30	777.85

28. FINANCE COST

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Interest Expense		
- Banks	-	2.25
- Others	12.50	19.45
Bank Charges	15.59	13.01
TOTAL	28.09	34.71

29. DEPRECIATION & AMORTISATION EXPENSE

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Depreciation	123.41	124.36
TOTAL	123.41	124.36

30. OTHER EXPENSES

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Consumption of Stores, Spares and Packing Materials	174.78	178.99
Power & Fuel	1,011.05	956.19
Rates, Taxes & Fees	11.34	12.53
Insurance	5.75	6.43
Repairs to Machinery	7.20	11.42
Repairs to Buildings	4.28	1.22
Commission & Brokerage	77.82	78.76
Freight Outward	88.96	69.96
Investments written off	0.16	-
Miscellaneous Expenses (a)	78.81	66.69
TOTAL	1,460.15	1,382.19

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

(a) Includes Payment to Statutory Auditors

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
As Statutory Audit Fees	2.00	2.00
As Quarterly Audit / Limited Review Fees	1.50	1.50
As Tax Audit Fees	0.50	0.50
In Other Capacity	0.10	0.10
TOTAL	4.10	4.10

31. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

A. Contingent Liabilities

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
i) Bank Guarantees	88.34	88.34
ii) Pending Labour Cases	9.61	8.01
iii) Income Tax Matter	0.40	-

B. Commitments

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	-	16.18

32. RELATED PARTY DISCLOSURE

Related party disclosures as required by IND-AS 24 "Related Party Disclosures" are given below:-

Holding Company:

Indo Count Industries Ltd.

₹ in lakhs

Nature of transaction	Holding Company		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Transactions during the year:				
- Purchase of Goods	-	0.33	-	0.33
- Interest Expense	7.63	14.26	7.63	14.26
- Purchase of Fixed Assets	9.47	-	9.47	-
- Sale of Goods	338.74	809.00	338.74	809.00
- Rent Received	10.98	3.24	10.98	3.24
Balance Outstanding at the year end:				
- Creditors for Capital Goods	-	163.95	-	163.95
- Creditors for Others	-	12.84	-	12.84
- Debtors for Services	-	1.08	-	1.08
- Advance from Customers	283.74	282.48	283.74	282.48

Related parties enlisted above are those having transactions with the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

33. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND-AS) 33 “EARNINGS PER SHARE”

Particulars	UoM	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Face Value of Equity Share	₹	10	10
Weighted Average number of Equity Shares outstanding	Nos.	1,92,41,280	1,92,41,280
Profit / (Loss) for the year (continuing operations)	₹ in lakhs	(65.61)	(163.76)
EARNINGS PER SHARE (BASIC AND DILUTED)	₹	(0.34)	(0.85)

34. The Company is exclusively engaged in the activity of manufacture of the cotton yarn which constitutes a single reportable segment in the context of Indian Accounting Standard (Ind-AS) 108 on “Operating Segments” issued by the Institute of Chartered Accountants of India.

35. OTHER INFORMATION

Particulars	₹ in lakh	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Expenditure in Foreign Currency		
- Selling Commission / Claims	24.88	17.11
Earnings in Foreign Currency		
- FOB Value of Exports	3,515.48	3,563.97
(Including deemed exports of ₹ 126.80 lakhs (previous year ₹ 1,022.87 lakhs)		

36. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND-AS) 19 “EMPLOYEE BENEFITS”

(a) Defined Contribution Plans:

Amount of ₹ 64.99 lakhs (previous year ₹ 58.05 lakhs) is recognised as an expense and included in Employee Benefits Expense paid under the following defined contribution plans (Refer Note 27, supra):

Particulars	₹ in lakhs	
	For the year 01.04.2018 to 31.03.2019	For the year 01.04.2017 to 31.03.2018
Benefits (contribution to):		
Provident Fund	44.06	45.00
Employee State Insurance Scheme	20.65	12.77
Labour Welfare Scheme	0.28	0.28
TOTAL	64.99	58.05

(b) Defined Benefit Plans:

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days’ salary for each completed year of service. Vesting occurs upon completion of five continuous years of service in accordance with Indian Law.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

The Company makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

Leave Encashment Benefit

The Company provides for leave encashment, a defined benefit retirement plan covering eligible employees. The Leave Encashment Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days' salary for each completed year of service, subject to maximum of 90 days till retirement.

The Company makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

Sr. No.	Particulars	₹ in lakhs			
		GRATUITY		LEAVE ENCASHMENT	
		2018-19 (funded)	2017-18 (funded)	2018-19 (funded)	2017-18 (funded)
I	Change in present value of defined benefit obligation during the year				
1	Present Value of defined benefit obligation at the beginning of the year	149.88	148.67	27.73	25.25
2	Interest cost	11.54	11.45	2.14	1.94
3	Current service cost	18.43	17.62	4.65	4.41
4	Past service cost	-	-	-	-
5	Liability transfer from other Company	-	-	-	-
6	Liability transferred out/ divestment	-	-	-	-
7	Benefits paid directly by employer	-	-	-	-
8	Benefits paid	(7.77)	(18.19)	(0.94)	(2.37)
9	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
10	Actuarial changes arising from changes in financial assumptions	-	(10.43)	-	(1.59)
11	Actuarial changes arising from changes in experience adjustments	(8.16)	0.77	(4.62)	0.09
12	Present Value of defined benefit obligation at the end of the year	163.91	149.88	28.96	27.73
II	Change in fair value of plan assets during the year	-	-	-	-
1	Fair value of plan assets at the beginning of the year	87.42	84.11	25.98	22.92
2	Interest Income	17.16	6.73	4.30	1.83
3	Contributions paid by the employer	9.04	14.78	2.26	3.60
4	Benefits paid from the fund	(7.77)	(18.19)	(0.94)	(2.37)
5	Assets transferred out/ divestments	-	-	-	-
6	Return on plan assets excluding interest income	-	-	-	-
7	Fair value of plan assets at the end of the year	105.85	87.42	31.60	25.98
III	Net asset / (liability) recognised in the balance sheet	-	-	-	-
1	Present Value of defined benefit obligation at the end of the year	163.91	149.88	28.96	27.73
2	Fair value of plan assets at the end of the year	105.85	87.42	31.60	25.98
3	Amount recognised in the balance sheet	58.06	62.46	(2.64)	1.75
4	Net (liability) / asset - current	-	-	-	-
5	Net (liability) / asset - non-current	(58.06)	(62.46)	2.64	(1.75)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Sr. No.	Particulars	₹ in lakhs			
		GRATUITY		LEAVE ENCASHMENT	
		2018-19 (funded)	2017-18 (funded)	2018-19 (funded)	2017-18 (funded)
IV	Expenses recognised in the statement of profit and loss for the year	-	-	-	-
1	Current service cost	18.43	17.62	4.65	4.41
2	Interest cost on benefit obligation (net)	3.80	5.10	2.67	0.13
3	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
4	Actuarial changes arising from changes in financial assumptions	-	-	-	(1.59)
5	Actuarial changes arising from changes in experience adjustments	-	-	(4.62)	0.09
6	Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset)' above	-	-	(2.15)	(0.02)
7	Total expenses included in employee benefits expense	22.23	22.72	0.54	3.02
V	Recognised in other comprehensive income for the year	-	-	-	-
1	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
2	Actuarial changes arising from changes in financial assumptions	-	(10.43)	-	-
3	Actuarial changes arising from changes in experience adjustments	(8.17)	0.77	-	-
4	Return on plan assets excluding interest income	3.03	(0.38)	-	-
5	Recognised in other comprehensive income	(5.14)	(10.05)	-	-
VI	Maturity profile of defined benefit obligation	-	-	-	-
1	Within the next 12 months (next annual reporting period)	7.21	13.59	2.05	4.89
2	Between 2 and 5 years	36.09	29.52	7.14	4.38
3	Between 6 and 10 years	53.61	58.75	3.99	5.05
VII	Quantitative sensitivity analysis for significant assumption is as below:	-	-	-	-
	Increase / (decrease) on present value of defined benefits obligation at the end of the year	-	-	-	-
	(i) One percentage point increase in discount rate	(16.43)	(14.98)	(2.45)	(2.11)
	(ii) One percentage point decrease in discount rate	19.38	17.81	2.90	2.49
	(i) One percentage point increase in rate of salary Increase	19.32	17.64	2.89	2.46
	(ii) One percentage point decrease in rate of salary Increase	(16.67)	(14.97)	(2.48)	(2.13)
	(i) One percentage point increase in employee turnover rate	0.41	0.05	0.06	0.01
	(ii) One percentage point decrease in employee turnover rate	(0.44)	(0.06)	(0.07)	(0.01)
	(i) One percentage point increase in medical Inflation rate	N.A	N.A	N.A	N.A
	(ii) One percentage point decrease in medical Inflation rate	N.A	N.A	N.A	N.A

VIII Sensitivity Analysis Method

Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

IX The major categories of plan assets as a percentage of total

Particulars	Gratuity		Leave Encashment	
	2018-19 (funded)	2017-18 (funded)	2018-19 (funded)	2017-18 (funded)
Insurer Managed Funds	100%	100%	100.00%	100.00%

X Actuarial Assumptions

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2018-19 (funded)	2017-18 (funded)	2018-19 (funded)	2017-18 (funded)
1	Discount Rate	7.70% p.a.	7.70% p.a.	7.70% p.a.	7.70% p.a.
2	Salary Escalation	7.00%	7.00%	7.00%	7.00%
3	Mortality Rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
4	Mortality post retirement rate	NA	NA	NA	NA
5	Rate Employee Turnover	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.
6	Future Benefit Cost Inflation	NA	NA	NA	NA

Expected contribution to the defined benefit plan for the next annual reporting period

- (i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31 March, 2019. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.
- (ii) Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligations.
- (iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

37. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- 1 Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.
- 2 Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected lossess of these receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

₹ in lakhs

Particulars	Carrying amount As at 31.03.2018	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost:				
Trade Receivables	728.55	-	-	-
Loans and other Receivables (current)	0.01	-	-	0.01
Cash and Bank Balances	277.12	-	-	-
Bank Deposits	90.58	-	-	-
TOTAL	1,096.26	-	-	0.01
Financial Assets at Fair Value through Profit and Loss:				
Investments	0.16	-	0.16	-
TOTAL	0.16	-	0.16	-
Financial Liabilities at Amortised Cost:				
Trade and Other Payables	1,022.57	-	-	-
Other Financial Liabilities (current)	24.16	-	-	24.16
TOTAL	1,046.73	-	-	24.16

₹ in lakhs

Particulars	Carrying amount As at 31.03.2019	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost:				
Trade Receivables	917.67	-	-	-
Loans and Other Receivables (current)	0.01	-	-	0.01
Cash and Bank Balances	32.03	-	-	-
Bank Deposits	92.73	-	-	-
TOTAL	1,042.44	-	-	0.01
Financial Assets at Fair Value through Profit and Loss:				
Investments	-	-	-	-
TOTAL	-	-	-	-
Financial Liabilities at Amortised Cost:				
Trade and Other Payables	862.65	-	-	-
Other Financial Liabilities (current)	16.07	-	-	16.07
TOTAL	878.72	-	-	16.07

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

During the reporting period ending 31 March, 2019 and 31 March, 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

Description of significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for financial instruments:

Particulars	As at 31.03.2019	As at 31.03.2018
Other Financial Liabilities (non-current)	Discounted Cash Flow method using risk adjusted discount rate	

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables, loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department includes management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Foreign Currency Risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Particulars	Foreign Currency in lakhs	
	USD	Total
Foreign Currency Exposure as at 31 March, 2018		
Trade Receivables	5.83	5.83
Other Current Financial Liabilities	0.26	0.26
Foreign Currency Exposure as at 31 March, 2019		
Trade Receivables	4.60	4.60
Other Current Financial Liabilities	0.35	0.35

Foreign Currency Sensitivity

5 % increase or decrease in foreign exchange rates will have the following impact on profit before tax:

₹ in lakhs

Particulars	2018-19		2017-18	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	342.45	(342.45)	397.13	(397.13)
Increase / (Decrease) in Profit and Loss	342.45	(342.45)	397.13	(397.13)

Credit Risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increases in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, they are recognised in Statement of Profit and Loss.

The Company measures the expected credit loss of trade receivables and loan from individual customer based on historical trend, industrial practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection of receivable is not material, hence no additional provision considered.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

Exposure to Credit Risk

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Financial Assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Investments in Unquoted Shares	-	0.16
Cash and Bank Balances	32.03	277.12
Bank Deposits	92.73	90.58
Current Loans and Advances	0.01	0.01

Financial Assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Trade Receivables	917.67	728.55

Balance with banks is subject to low credit risks due to good credit ratings assigned to these banks.

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

Particulars	₹ in lakhs
As at 31.03.2019	
Not Due	811.37
Up to 3 months	106.30
TOTAL	917.67
As at 31.03.2018	
Not Due	728.55
Up to 3 months	-
TOTAL	728.55

During the year the Company has recognised loss allowance of ₹ Nil Under 12 months Expected Credit Loss model.

No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for 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 rolling forecasts on the basis of expected cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2019

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.

As at 31.03.2019

₹ in lakhs

Particulars	Less than 1 year	1 to 5 years	Total
Trade Payables	823.04	39.61	862.65
Other Financial Liabilities	16.07	-	16.07

As at 31.03.2018

₹ in lakhs

Particulars	Less than 1 year	1 to 5 years	Total
Trade Payables	817.13	205.44	1,022.57
Other Financial Liabilities	24.16	-	24.16

Capital Management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using Gearing Ratio, which is total debt divided by total capital plus debt:

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Total Debt	-	-
Equity	3,229.35	3,291.54
Capital and Debt	3,229.35	3,291.54
GEARING RATIO	0%	0%

39. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013.

There are no loans given, investment made and guarantee given, covered under section 186(4) of the Companies Act, 2013.

As per our Report of even date attached

For and on behalf of Board of Directors

For Suresh Kumar Mittal & Co.,
Chartered Accountants
Firm Regd. No.: 500063N

S. K. Agrawal
Chairman
DIN - 00400892

Anil Kumar Jain
Director
DIN - 00086106

Ankur Bagla
Membership No.: 521915
Mumbai, May 8, 2019

K. Muralidharan
Chief Financial Officer

A.G.Halasangi
Chief Executive Officer

Amruta Avasare
Company Secretary



Pranavaditya Spinning Mills Limited

(A Subsidiary of Indo Count Industries Ltd.)

CIN: L17119PN1990PLC058139

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