



# PRANAVADITYA SPINNING MILLS LIMITED



30<sup>th</sup>  
ANNUAL REPORT  
2019-20







## 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 (Upto 15 <sup>th</sup> August, 2019)
Mr. R. Anand	Non-Executive Independent Director (Upto 15 <sup>th</sup> August, 2019)
Dr. Ashok Desai	Non-Executive Independent Director
Ms. Kala Agarwal	Non-Executive Independent Director
Mr. L. Viswanathan	Non-Executive Independent Director (Appointed w.e.f. 8 <sup>th</sup> May, 2019)

## Chief Executive Officer

Mr. Ashok G. Halasangi

## Chief Financial Officer

Mr. K. Muralidharan

## Company Secretary and Compliance Officer

Mrs. Amruta Avasare

## Statutory Auditor

M/s. Suresh Kumar Mittal & Co.

## Corporate Office

301, Arcadia, 3<sup>rd</sup> Floor,  
Nariman Point,  
Mumbai - 400021

## Registered Office

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

## Bankers

Union Bank of India  
HDFC Bank Limited

## Registrar and Share Transfer Agent

Bigshare Services Pvt. Ltd.  
1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp, Vasant Oasis, Makvana Road,  
Marol, Andheri (East), Mumbai - 400059

## Corporate Identification Number

L17119PN1990PLC058139

## Website

[www.pranavaditya.com](http://www.pranavaditya.com)

# BOARD'S REPORT

Dear Members,

The Directors of Pranavadiya Spinning Mills Limited ("your Company") present the 30<sup>th</sup> Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020.

## Financial Results

(₹ In Lakhs, except EPS)

Particulars	2019-20	2018-19
Revenue from operations	6941.13	8226.07
Other Income	53.81	29.23
Total Income	6994.94	8,255.30
EBIDTA	(244.19)	55.06
Less : Finance Cost	27.44	28.09
Less : Depreciation and Amortisation expenses	124.76	123.41
Profit / (Loss) before Tax	(396.39)	(96.44)
Provision for taxation – (Expense)/ Credit	128.14	30.83
Net Profit / (Loss) after tax	(268.25)	(65.61)
Add: Other Comprehensive Income	(1.99)	3.42
Total Comprehensive Income	(270.24)	(62.19)
EPS (in ₹)	(1.39)	(0.34)

The revenue from operations of your Company declined by around 15.62% from ₹ 8,226.07 Lakhs in previous year to ₹ 6,941.13 Lakhs for the year ended 31<sup>st</sup> March, 2020. Decline in revenue, disparity between cotton and yarn price and weak demand of cotton yarn mainly resulted in higher net loss after tax of ₹ 268.25 Lakhs for the year ended 31<sup>st</sup> March, 2020 as compared to net loss of ₹ 65.61 lakhs in previous year. More details on operational and financial performance are provided in Management Discussion and Analysis Report.

## COVID-19 Pandemic

In the month of March, 2020, the outbreak of Novel Coronavirus (COVID-19) pandemic developed rapidly into a global crisis. This led to declaration of the lockdowns by the governments in the countries all over the world. For your Company, the focus immediately shifted to ensuring the health, safety and well-being of all employees. The manufacturing plant of the Company at Kolhapur was temporarily closed from March, 23, 2020 to contain the spread of COVID-19 as per Central/ State Government directions. The plant resumed partial operations from May 6, 2020 with limited workforce subject to the conditions prescribed by the Government/Local Authorities. However, COVID-19 pandemic have aggravated the problems of spinning industry and going forward, the situation appears to be challenging for the Company. More details on impact of COVID-19 Pandemic are provided in Management Discussion and Analysis Report.

## Dividend

In view of loss incurred by the Company for the year ended 31<sup>st</sup> March, 2020, the Board of Directors of your Company has not recommended any dividend on the equity shares of the Company for the financial year under review.

## Transfer to Reserves

During FY 2019-20, no amount has been transferred to the general reserves/ retained earnings of the Company.

## Share Capital

There was no change in capital structure of your Company during the year under review. As on 31<sup>st</sup> March, 2020, the paid up equity share capital of your Company is ₹ 19,24,12,800/- comprising of 1,92,41,280 Equity shares of Face Value of ₹ 10/- each. During the financial year 2019-20, your Company has not issued any equity shares with differential rights as



to dividends, voting or otherwise, or any convertible securities, warrants or 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, pursuant to the recommendation of Nomination and Remuneration Committee (NRC), Mr. L. Viswanathan (DIN: 00193056) was appointed by the Board as an Additional Director in the category of Non-Executive Independent Director of the Company for a first term of five consecutive years w.e.f. 8<sup>th</sup> May, 2019. His appointment as an Independent Director was duly approved by the members of the Company at the Annual General Meeting (“AGM”) of the Company held on 13<sup>th</sup> August, 2019.

Mr. Pradyumna Natvarlal Shah (DIN: 00096793) and Mr. Anand Ramanna (DIN: 00040325) were associated with the Company as Independent Directors for more than a decade. Their first term of appointment as Independent Directors was upto 15<sup>th</sup> August, 2019. Due to advanced age, they did not seek re-appointment for a second term. Hence, they ceased to be the Directors of the Company w.e.f. 16<sup>th</sup> August, 2019 due to expiry of their first term. The Board places on record its appreciation for the immense contributions and valuable guidance given by Mr. P. N. Shah and Mr. R. Anand during their long association as Directors of the Company.

Mr. S. K. Agrawal (DIN:00400892) was re-appointed as a Non-Executive Independent Director designated as “Chairman” of the Company for the second term of five consecutive years w.e.f. 16<sup>th</sup> August, 2019 by the members of the Company at the AGM held on 13<sup>th</sup> August, 2019.

The appointment of Ms. Kala Agarwal (DIN: 08015576) as an Independent Director of the Company w.e.f. 7<sup>th</sup> February, 2019 was also approved by the members of the Company at the AGM held on 13<sup>th</sup> August, 2019.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 (“Act”) and articles of association of the Company, Mr. Anil Kumar Jain (DIN: 00086106) 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. As per Secretarial Standard – 2 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), brief profile and other related information of Mr. Anil Kumar Jain, Director retiring by rotation is provided in the Notice of ensuing AGM.

As on 31<sup>st</sup> March, 2020, 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. The said declarations were taken on record by the Board after assessing due veracity of the same. In the opinion of the Board, all Independent Directors are independent of the management.

Pursuant to Rule 6 of Companies (Appointment and qualification of Directors) Rules, 2014 as amended w.e.f. 1<sup>st</sup> December, 2019, all Independent Directors of the Company viz. Mr. S. K. Agrawal, Dr. Ashok Desai, Ms. Kala Agarwal and Mr. L. Viswanathan have registered themselves in the Independent Directors databank maintained with the Indian Institute of Corporate Affairs (IICA). Further, all the Independent Directors have also cleared the proficiency test conducted by IICA. In the opinion of the Board of Directors of the Company, all Independent Directors possess high integrity, expertise and experience including the proficiency required to discharge the duties and responsibilities as Directors of the Company.

## Number of Board Meetings

During the year under review, Four (4) Board Meetings were held on 8<sup>th</sup> May, 2019, 7<sup>th</sup> August, 2019, 7<sup>th</sup> November, 2019 and 4<sup>th</sup> February, 2020. 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 the 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/wp-content/uploads/2019/10/nomination-and-remuneration-policy-1.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 or Committee of the Board or for any other purposes as may be decided by the Board, of such sum as may be approved by the Board of Directors of the Company within the overall limits prescribed under the Act and the rules made thereunder, Listing regulations or other applicable law.

### 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 the provisions of Section 178(2) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, NRC decided to continue the existing method of performance evaluation through circulation of performance evaluation sheets based on SEBI Guidance Note dated 5<sup>th</sup> January, 2017 and that only Board should carry out performance evaluation of the Board, its Committees and Individual Directors.

The performance evaluation sheets 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. The performance of the Board, committees and individual directors was found satisfactory.

A meeting of the Independent Directors of the Company was held on 7<sup>th</sup> November, 2019, 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 31<sup>st</sup> March, 2020, 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 31<sup>st</sup> March, 2020, 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 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020, 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, Mr. Pradyumna N. Shah (DIN: 00096793) and Mr. Anand Ramanna (DIN: 00040325) ceased to be members of the Audit Committee w.e.f. 15<sup>th</sup> August, 2019. Dr. Ashok Desai and Ms. Kala Agarwal, Independent Directors were appointed as members of the Audit Committee w.e.f. 8<sup>th</sup> May, 2019.

As on 31<sup>st</sup> March, 2020, the Audit Committee comprises of 4 members viz. Mr. S. K. Agrawal, Independent Director as Chairman, Dr. Ashok Desai, Ms. Kala Agarwal, 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 during the year under review 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 21<sup>st</sup> 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 27<sup>th</sup> AGM till the conclusion of 32<sup>nd</sup> 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 7<sup>th</sup> May, 2018, issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of the appointment of Auditors in the 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 the standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2020 forms part of this Annual Report. The Auditors’ Report does not contain any qualifications, reservations, adverse remarks or disclaimer. In terms of the provisions of Section 143(12) of the Act, no frauds have been reported by the Statutory Auditors in their report for the year under review. 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 at its meeting held on 7<sup>th</sup> November, 2019 had appointed M/s. Kothari H. & Associates, Practicing Company Secretaries as Secretarial Auditors to conduct Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2020. The Secretarial Audit Report issued by Secretarial Auditors 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.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019 issued by Securities and Exchange Board of India (SEBI), M/s. Kothari H. & Associates, Practicing Company Secretaries have issued the Annual Secretarial Compliance Report for the financial year ended 31<sup>st</sup> March, 2020, thereby confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder by the Company.



### **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 web-link given below:

<https://www.pranavaditya.com/wp-content/uploads/2019/10/psml-policy-on-material-subsidiaries.pdf>

### **Corporate Governance Report**

Your Company has adopted best practices of Corporate Governance and complied with all the requirement of Corporate Governance laid down by SEBI. As per Regulation 34(3) read with Schedule V of the Listing Regulations, a Corporate Governance Report along with Statutory Auditors' Certificate confirming compliance of corporate governance for the year ended 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020, is provided in a separate section forming integral part of this Annual Report.

### **Extract of Annual Return**

Pursuant to the provisions of 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 31<sup>st</sup> March, 2020 is annexed as an "**Annexure 2**" to this report and is also available on the website of the Company at <https://www.pranavaditya.com/investor-relations/>

In accordance with the provisions of Section 134(3) (a) of the Act, copy of Annual Return for FY 2018-19 was hosted on the website of the Company and web-link to access the same is [https://www.pranavaditya.com/wp-content/uploads/2019/12/annual\\_return\\_-\\_form\\_mgt-7\\_-\\_fy\\_2018-19.pdf](https://www.pranavaditya.com/wp-content/uploads/2019/12/annual_return_-_form_mgt-7_-_fy_2018-19.pdf) Further, a copy of Annual Return for the year ended 31<sup>st</sup> March, 2020 will be hosted on the website of the company [www.pranavaditya.com](http://www.pranavaditya.com)

### **Related Party Transactions**

All Related Party Transactions entered during FY 2019-20 were on arm's length basis and in the ordinary course of business. During the year under review, the Company entered into transactions for purchase of cotton from Indo Count Industries Limited, Holding Company which were material related party transactions during FY 2019-20 under Section 188 of the Act and Regulation 23 of the Listing Regulations. Approval of members of the Company was obtained for certain

proposed material RPT with Indo Count Industries Limited (ICIL), Holding Company viz. purchase of cotton from ICIL upto ₹ 2500 Lakhs, Sale of yarn to ICIL upto ₹ 5000 lakhs, availing loan/ corporate guarantee from ICIL upto ₹ 1000 lakhs for FY 2019-20, 2020-21 and 2021-22 at the Annual General Meeting of the Company held on 13<sup>th</sup> August, 2019.

Pursuant to the provisions of Section 134 of the Act, particulars of contracts/ arrangements with Related Parties crossing threshold limits provided in Section 188 of the Act, are provided in Form AOC-2 forming part of this Annual Report as **“Annexure 3”**. Further, the related party transactions are also 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/wp-content/uploads/2019/10/psml-policy-on-related-party-transactions.pdf>

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

During the year under review, pursuant to the provisions of 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 Policy 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. The details of Risk Management are included in Management discussion and Analysis Report.

### **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/wp-content/uploads/2019/10/psml\\_-\\_whistle\\_blower\\_policy\\_vigil\\_mechanism.pdf](https://www.pranavaditya.com/wp-content/uploads/2019/10/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 constituted 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 31<sup>st</sup> March, 2020.

### **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 4”** 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 5-(I)”** and **“Annexure 5-(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 2019-20 to which the Financial Statements relate and the date of the Board's Report. The global outbreak of COVID-19 pandemic has significantly impacted the economy. The management of your Company has considered internal and certain external sources of information and has used the principles of prudence in applying judgments, estimates and assumptions regarding the probable impact of the pandemic. The eventual outcome or impact of the pandemic may be different from those estimated as on the date of approval of these Financial Statements.

### **Secretarial Standards**

During the year under review, your Company has complied with all the applicable secretarial standards issued by the Institute of Company Secretaries of India. The same has also been confirmed by Secretarial Auditors of the Company in the Secretarial Audit Report.

### **General**

1. During the year under review, cost audit was not applicable to the Company; however, pursuant to the Order made by the Central Government for the maintenance of cost records under Section 148(1) of the Act, the prescribed accounts and records have been made maintained.
2. There was no change in the general nature of business of the Company during FY 2019-20.
3. The provisions pertaining to Corporate Social Responsibility (CSR) were not applicable to the Company during the year under review.
4. As required in terms of Secretarial Standard (SS)-4, it is hereby confirmed that there is no corporate insolvency resolution process initiated under the Insolvency and Bankruptcy Code, 2016.

### **Acknowledgements and Appreciation**

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.

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

**For and on behalf of Board of Directors**

**S. K. Agrawal**  
**Chairman**  
DIN: 00400892

Date : 9<sup>th</sup> June, 2020  
Place : Mumbai



**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2020**

*[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 LTD**

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, 2020 ('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, 2020 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. 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 Listing Agreements entered into by the Company with BSE Limited read with 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 Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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 on the information provided the Company, and also on review of the compliance reports by the respective Department Heads, 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

**UDIN : F006038B000330221**

Place : Mumbai  
Date : 09<sup>th</sup> June, 2020

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.

\* Due to the Covid - 19 Pandemic and the restrictions faced due to the same, physical verification of documents / records have been impacted and hence reliance has been placed on the scanned / soft copies of various documents / records which were provided by the Company.



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 31<sup>st</sup> March, 2020

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

## I. Registration &amp; other details:

CIN	L17119PN1990PLC058139
Registration Date	12 <sup>th</sup> 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 Email : <a href="mailto:works@pranavaditya.com">works@pranavaditya.com</a> Website : <a href="http://www.pranavaditya.com">www.pranavaditya.com</a>
Whether listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai- 400059 Tel : 022-62638200 Fax : 022-62638299 Email id : <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a> Website : <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>

## 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. SHAREHOLDING 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 01.04.2019]				No. of Shares held at the end of the year [As on 31.03.2020]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
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
<b>Sub Total (A)(1)</b>	<b>14341280</b>	<b>0</b>	<b>14341280</b>	<b>74.53</b>	<b>14341280</b>	<b>0</b>	<b>14341280</b>	<b>74.53</b>	<b>0.00</b>
<b>2) Foreign</b>									
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
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>14341280</b>	<b>0</b>	<b>14341280</b>	<b>74.53</b>	<b>14341280</b>	<b>0</b>	<b>14341280</b>	<b>74.53</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
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
<b>Sub Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>2) Non-Institutions</b>									
a) Bodies Corporate									
i. Indian	1864853	850	1865703	9.70	1958993	850	1959843	10.19	0.49
ii. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals (includes HUF)									
i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	634168	52353	686521	3.57	644825	51393	696218	3.62	0.05



Category of Shareholders	No. of Shares held at the beginning [As on 01.04.2019]				No. of Shares held at the end of the year [As on 31.03.2020]				% 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	2310876	0	2310876	12.01	2208781	0	2208781	11.48	(0.53)
c) Any other (specify)									
c-i) Clearing Member	2313	0	2313	0.01	271	0	271	0.00	(0.01)
c-ii) Trust	7596	0	7596	0.04	7596	0	7596	0.04	0.00
c-iii) NRI	1039	9960	10999	0.06	0	0	0	0.00	(0.06)
c-iv) NRI (Non Repat)	256	0	256	0.00	556	0	556	0.00	0.00
c-v) NRI (Repat)	15736	0	15736	0.08	16775	9960	26735	0.14	0.06
c-vi) NBFC registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (B)(2)</b>	<b>4836837</b>	<b>63163</b>	<b>4900000</b>	<b>25.47</b>	<b>4837797</b>	<b>62203</b>	<b>4900000</b>	<b>25.47</b>	<b>0.00</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>4836837</b>	<b>63163</b>	<b>4900000</b>	<b>25.47</b>	<b>4837797</b>	<b>62203</b>	<b>4900000</b>	<b>25.47</b>	<b>0.00</b>
C. Shares held by Custodians for GDRs and ADRs	0	0	0	0	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>19178117</b>	<b>63163</b>	<b>19241280</b>	<b>100.00</b>	<b>19179077</b>	<b>62203</b>	<b>19241280</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2019)			Shareholding at the end of the year (As on 31.03.2020)			% change in shareholding 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
	<b>Total</b>	<b>14341280</b>	<b>74.53</b>	<b>0.00</b>	<b>14341280</b>	<b>74.53</b>	<b>0.00</b>	<b>0.00</b>

## (iii) Change in Promoters' Shareholding

Sr. No.	Name of shareholder	Shareholding at the beginning of the year as on 01.04.2019		Date wise increase/ decrease in shareholding during the year specifying the reason for increase/ decrease	Cumulative Shareholding during the year 01.04.2019 to 31.03.2020		Shareholding at the end of the year as on 31.03.2020	
		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 (01.04.19 to 31.03.20)	
		No. of Shares at the beginning (01.04.19) / end of the year (31.03.20)	% 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-2019	0	N.A	9,00,500	4.68
		9,00,500	4.68	31-Mar-2020				
2	Suresh Kumar Saraf	5,00,000	2.60	01-Apr-2019	0	N.A	5,00,000	2.60
		5,00,000	2.60	31-Mar-2020				
3	PMC Fincorp Limited	4,98,800	2.59	01-Apr-2019	0	N.A	4,98,800	2.59
		4,98,800	2.59	31-Mar-2020				
4	Raghav Poddar	4,90,000	2.55	01-Apr-2019	0	N.A	4,90,000	2.55
		4,90,000	2.55	31-Mar-2020				
5	Nishant Inbuild Limited	4,41,197	2.29	01-Apr-2019	0	N.A	4,41,197	2.29
		4,41,197	2.29	31-Mar-2020				
6	Sarita Saraf	5,00,000	2.60	01-Apr-2019		Market Sale	4,00,000	2.08
				06-Mar-2020	(1,00,000)			
		4,00,000	2.08	31-Mar-2020				
7	Anubhav Poddar	3,60,000	1.87	01-Apr-2019	0	N.A	3,60,000	1.87
		3,60,000	1.87	31-Mar-2020				
8	Sharad Kanayalal Shah	2,00,726	1.04	01-Apr-2019	0	N.A	2,00,726	1.04
		2,00,726	1.04	31-Mar-2020				
9	Bindal Finvest Pvt Ltd	0	0.00	01-Apr-2019		Market purchase	1,00,000	0.52
				06-Mar-2020	1,00,000			
		1,00,000	0.51	31-Mar-2020				
10	Viswanath Chandran Vicha	68,266	0.35	01-Apr-2019	0	N.A	68,266	0.35
		68,266	0.35	31-Mar-2020				

Note: The above changes in shareholding are derived based on weekly benpos statement.

(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 (01.04.2019 to 31.03.2020)	
		No. of Shares at the beginning (01.04.19) / end of the year (31.03.20)	% of total shares of the Company				No. of shares	% of total shares of the company
<b>A Directors :</b>								
1	Mr. S. K. Agrawal	0	0.00	01-Apr-2019	0	N.A.	0	0.00
		0	0.00	31-Mar-2020				
2	Mr. Anil Kumar Jain	75	0.00	01-Apr-2019	0	N.A.	75	0.00
		75	0.00	31-Mar-2020				
3	Mr. Kamal Mitra	1	0.00	01-Apr-2019	0	N.A.	1	0.00
		1	0.00	31-Mar-2020				
4	Mr. P. N. Shah*	0	0.00	01-Apr-2019	0	N.A.	0	0.00
		0	0.00	31-Mar-2020				
5	Mr. R. Anand*	10	0.00	01-Apr-2019	0	N.A.	10	0.00
		10	0.00	31-Mar-2020				
6	Dr. Ashok Desai	0	0.00	01-Apr-2019	0	N.A.	0	0.00
		0	0.00	31-Mar-2020				
7	Ms. Kala Agarwal	0	0.00	01-Apr-2019	0	N.A.	0	0.00
		0	0.00	31-Mar-2020				
8	Mr. L Viswanathan#	0	0.00	01-Apr-2019	0	N.A.	0	0.00
		0	0.00	31-Mar-2020				
<b>B Key Managerial Personnel (KMP)</b>								
1	Mrs. Amruta Avasare Company Secretary	0	0.00	01-Apr-2019	0	N.A.	0	0.00
		0	0.00	31-Mar-2020				
2	Mr. Ashok G. Halasangi Chief Executive Officer	1	0.00	01-Apr-2019	0	N.A.	1	0.00
		1	0.00	31-Mar-2020				
3	Mr. K. Muralidharan Chief Financial Officer	0	0.00	01-Apr-2019	0	N.A.	0	0.00
		0	0.00	31-Mar-2020				

\* Mr. P. N. Shah & Mr. R. Anand ceased to be the Directors of the Company w.e.f. 16<sup>th</sup> August, 2019. Hence, the shares held by them are as on date of cessation.

# Appointed w.e.f. 8<sup>th</sup> May, 2019

## V. Indebtedness

The Company does not have any indebtedness as on 1<sup>st</sup> April, 2019, during the year 2019-20 and as on 31<sup>st</sup> March, 2020.

## 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 31<sup>st</sup> March, 2020 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. R. Anand (Upto 15.08.2019)	Mr. P. N. Shah (Upto 15.08.2019)	Dr. Ashok Desai	Ms. Kala Agarwal	Mr. L. Viswanathan (w.e.f. 08.05.2019)	
1.	<b>Independent Directors</b>									
	• Fees for attending Board/ Committee Meetings	55,000	NIL	NIL	25,000	15,000	40,000	40,000	25,000	2,00,000
	• Commission	-	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>55,000</b>	<b>NIL</b>	<b>NIL</b>	<b>25,000</b>	<b>15,000</b>	<b>40,000</b>	<b>40,000</b>	<b>25,000</b>	<b>2,00,000</b>
2.	<b>Other Non-Executive Directors</b>									
	Fees for attending Board/ Committee Meetings	-	Refer Note Below	35,000	-	-	-	-	-	35,000
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>35,000</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>35,000</b>
	<b>Total (B)=(1+2)</b>	<b>55,000</b>	<b>NIL</b>	<b>35,000</b>	<b>25,000</b>	<b>15,000</b>	<b>40,000</b>	<b>40,000</b>	<b>25,000</b>	<b>2,35,000</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>55,000</b>	<b>NIL</b>	<b>35,000</b>	<b>25,000</b>	<b>15,000</b>	<b>40,000</b>	<b>40,000</b>	<b>25,000</b>	<b>2,35,000</b>

**Note:** Mr. Anil Kumar Jain, Non-Executive Non-Independent Director has voluntarily waived off his entitlement for sitting fees for attending the Board Meetings and Stakeholders' 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. K. Muralidharan (Chief Financial Officer)	Mrs. Amruta Avasare (Company Secretary)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	19,86,526	Refer Note below	Refer Note below	19,86,526
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission				
	-as % of profit	Nil	Nil	Nil	Nil
	-others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>19,86,526</b>	<b>Nil</b>	<b>Nil</b>	<b>19,86,526</b>

**Note:**

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 are no Penalties/ Punishments/ Compounding of offences during FY-2019-20.

**For and on behalf of Board of Directors**

**S. K. Agrawal**  
Chairman  
DIN: 00400892

Dated : 9<sup>th</sup> June, 2020  
Place : Mumbai



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

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

1. Details of contracts or arrangements or transactions not at arm's length basis : NIL
2. Details of material contracts or arrangements or transactions at Arm's length basis:

Sl. No.	Particulars	Details
a)	Name(s) of the related party	Indo Count Industries Limited
b)	Nature of Relationship	Holding Company
c)	Nature of contracts / arrangements / transactions	Purchase of cotton
d)	Duration of the contracts / arrangements / transactions	Ongoing
e)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Value of cotton purchased during FY 2019-20 is ₹ 2484.34 Lakhs. The price for the said purchase is mutually agreed between both parties based on estimated total costs and risk and returns considering prevalent market conditions.
f)	Date(s) of approval by the Board, if any:	8 <sup>th</sup> May, 2019
g)	Amount paid as advances, if any:	NIL

Note: Pursuant to the provisions of the Companies Act, 2013, no material contracts/ arrangements/ transactions which were above threshold limit prescribed under Rule 15 of the Companies (Meetings of the Board & its powers) Rules, 2014 were entered with related parties except the above transaction. The above transaction is on Arm's Length basis and in the ordinary course of business. However, as per SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Company has obtained approval of the shareholders for purchase of cotton from Indo Count Industries Limited (ICIL) upto ₹ 2500 Lakhs at its Annual General Meeting held on 13<sup>th</sup> August, 2019.

**On behalf of the Board of Directors**

**S. K. Agrawal**  
**Chairman**  
DIN: 00400892

Date : 9<sup>th</sup> June, 2020  
Place : Mumbai

**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 31<sup>st</sup> March, 2020 are provided hereunder:

**(A) Conservation of energy-**

- (i) The steps taken or impact on conservation of energy:
- In order to save power, LED tubes fixtures were increased in the plant. Fluroscnt tube of 36 watts replaced by 15 watt LED tubes.
  - 250W HPSV street lamps were replaced by 50 watt LED street lights due to its low energy consumption and long lifespan.
  - Installation of solar street lights to save electric consumption and resulting to less operation costs.
- (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**

Particulars	(₹ in Lakhs)	
	2019-20	2018-19
Foreign Exchange earned – FOB value of exports*	3190.51	3515.48
Foreign Exchange outgo – Selling commission / claims	8.26	24.88

\*Including deemed exports of ₹ 416.40 lakhs (previous year: ₹ 126.80 lakhs)

On behalf of the Board of Directors

**S. K. Agrawal**  
Chairman  
DIN: 00400892

Date : 9<sup>th</sup> June, 2020  
Place : Mumbai

## Annexure 5 (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, 2020 (Amount in ₹)	% increase in the remuneration in the year ended March 31, 2020	Ratio of the remuneration of each Director to the median remuneration of the employees
	1	Mr. S. K. Agrawal Chairman and Independent Director	55,000/-	Refer Note 1 below	0.31
	2	Mr. Anil Kumar Jain Non-Executive, Non-Independent Director	NIL		Refer Note 1
	3	Mr. Kamal Mitra Non-Executive, Non-Independent Director	35,000/-		0.20
	4	Mr. R. Anand Non-Executive Independent Director (ceased to be a Director w.e.f. 16.08.2019)	25,000/-		0.14
	5	Ms. P. N. Shah Non-Executive Independent Director (ceased to be a Director w.e.f. 16.08.2019)	15,000/-		0.08
	6	Dr. Ashok N. Desai Non-Executive Independent Director	40,000/-		0.23
	7	Ms. Kala Agarwal Non-Executive Independent Director	40,000/-		0.23
	8	Mr. L. Viswanathan Non-Executive Independent Director (Appointed w.e.f. 08.05.2019)	25,000/-		0.14
	9	Mr. A. G. Halasangi Chief Executive Officer	19,86,526/-	2.03%	11.30
	10	Mrs. Amruta Avasare Company Secretary and Compliance Officer	NIL	Refer Note 2 below	Not Applicable
	11	Mr. K. Muralidharan Chief Financial Officer	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, Non-Executive Non-Independent Director 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. 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 - 8.78%
- c) As on 31<sup>st</sup> March, 2020, the Company had 169 permanent employees out of which 40 are permanent staff and 129 are permanent workers.
- d) During the Financial year 2019-20, there was an average 6.18% increase in the salaries of employees other than Key Managerial Personnel.
- e) We affirm that the remuneration paid during the year 2019-20 is as per the Remuneration policy of the Company.

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#### Annexure 5 (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 2019-20:**

Details of top ten employees of the Company in terms of remuneration drawn during 2019-20 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 your Company employed throughout the Financial Year 2019-20 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 were paid remuneration during the Financial Year 2019-20 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.

**On behalf of the Board of Directors**

**S. K. Agrawal**  
Chairman  
DIN: 00400892

Date : 9<sup>th</sup> June, 2020  
Place : Mumbai

# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry Structure and Development

The Spinning Industry, which is highly capital intensive, marks the initial stage of cotton textiles and apparel value chain. For the sustainability and financial viability of the spinning industry, exports of cotton yarn are of very much importance. There has been over capacity of ~ 30% in the Indian spinning sector. Cotton yarn output in India has remained in the range of 4.1 - 4.2 million tonnes during FY 2017 to FY 2019 and further decreased by 4% to 3.4 million tonnes during first 10 months of FY 2019-20. The demand for cotton yarn both in domestic and international markets was very weak during FY 2019-20. There was sharp decline of ~ 23% in cotton yarn export from India from April 2019 to January 2020, with a drastic fall of ~ 42% to China.

The cotton production has declined by 15.3% to 5.3 million tonnes in Cotton Season (CS) 2018-19 due to unfavourable monsoon and pink bollworm attack in Maharashtra and Gujarat. However, during the CS 2019-20, starting from 1<sup>st</sup> October, 2019, cotton output in India is estimated to grow by ~13.6%. Domestic consumption of cotton was around 331 lakh bales in 2019-20 vis a vis 316 lakh bales in the previous year.

Domestic cotton prices have decreased as compared to cotton prices in FY 2018-19. This was mainly due to fall in international cotton prices and weak export scenario. Cotton prices slumped to its lowest, in recent times, in the month of October 2019, thereafter remained stable till January 2020 and again declined due to outbreak of COVID-19 Pandemic. The cotton prices were volatile and ruled higher as compared to yarn price. Cotton yarn prices did not correspond positively, resulting in pressure on spinners' margins.

## Operational and Financial Performance

FY 2019-20 was yet another year of major challenges for spinning industry and the Company. Many cotton spinning companies could not sustain due to multiple headwinds over the years and were shut down. During the year under review, the demand for cotton yarn in domestic and export markets was sluggish and there was sharp decline in cotton yarn exports from India. The cotton prices, though lower as compared to FY 2018-19, were still higher and volatile as compared to yarn prices. A weak demand, declining cost competitiveness and huge disparity between cotton and yarn prices have impacted the business of the Company. At the end of the year FY 2019-20, the outbreak of COVID-19 aggravated the challenges of spinning industry. It is pretty evident that it is going to be very difficult for standalone spinning mills to sustain themselves, unless they are truly modernized and are managed efficiently and cost effectively.

Due to abovementioned external factors, the operational and financial performance of your Company was adversely affected. During FY 2019-20, Revenue from operations declined by around 15% from ₹ 8,226.07 Lakhs in FY 2018-19 to ₹ 6,941.13 Lakhs in FY 2019-20. The FOB value of exports also declined to ₹ 3,515.48 lakhs as compared to ₹ 3,190.51 lakhs in previous year. Fall in revenue, disparity between cotton and yarn prices and weak demand for cotton yarn led to a higher net loss of ₹ 268.25 Lakhs for the year ended 31<sup>st</sup> March 2020 as compared to net loss of ₹ 65.61 lakhs in previous year.

As regards ratios for the year ended 31<sup>st</sup> March 2020, the debt equity ratio and interest coverage ratio are not applicable as the Company does not have any debts/borrowings. There were significant changes i. e. (change of 25% or more) as compared to the Financial Year ended 31<sup>st</sup> March, 2019 in the Debtors Turnover ratio due to reduction in receivables. Further, there was more than 25% change in Operating Profit margin, Net Profit margin (%) and Return on Net Worth (%), due to reduced Turnover and less margins in comparison to the year ended 31<sup>st</sup> March, 2019.

## IMPACT OF COVID-19

The manufacturing plant of the Company at Kolhapur was temporarily closed from March, 23, 2020 in order to contain the spread of COVID-19 pandemic as per Central/ State Government directions. Thereafter, as per the directions received from State Government/ Local Authorities, partial manufacturing operations were resumed from May 6, 2020.

Due to temporary stoppage of operations, sales for the year 2019-20 were impacted to the extent of around ₹ 150 lakhs, thereby increasing the inventory. The immediate impact of the lockdown was the slump in demand for our products and



consequently, declining prices. The Company has no short term or long term borrowings. However, thin operating margins are expected to exert adverse pressure on Company's liquidity.

The Company has taken all steps to comply with government directions and guidelines to contain spread of COVID-19 viz. social distancing norms, wearing of face masks, regular sanitisation of premises, thermal screening before entering workplace, appropriate training to workmen and staff and other precautionary measures required to be taken in the prevailing situation to ensure the health, safety of workers and staff at workplace.

### **Opportunities, Threats, Risks and Concerns**

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 mills.

Some of the threats faced by spinning industry include high minimum support price, disparity between cotton and yarn price, overcapacity in industry, duty challenges in export market & inadequate export incentives, weak demand of cotton yarn, fibre contamination and high moisture content, high manufacturing costs due to high capital cost and power tariff, lack of modernization incentives under TUFS and low labour productivity.

The Cotton yarn prices do not move in tandem with that of cotton, as demand for cotton yarn is always over shadowed by higher supply. Cotton prices in India do not move in sync with international cotton prices, which makes hedging difficult. 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 therefrom. For Company's business, cotton is the key raw material/ commodity and the company is exposed to price variation in cotton. The Company has in place Commodity Risk Management Policy. The Company regularly monitors cotton prices and take appropriate decisions to minimize the risks. As regards foreign exchange risks, the Company evaluates foreign exchange rate exposure arising from these transactions and take appropriate steps to mitigate such exposure and to minimize the impact of volatility in foreign exchange fluctuations on the earnings.

China's reduced imports of cotton yarn from India are 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. The Indian cotton spinning industry, which is already facing various problems, is now confronted with yet another challenge in the form of COVID-19 pandemic. Following shutdown of manufacturing units and weak downstream demand in both domestic and export markets the cotton yarn industry is staring at extremely challenging time this year. In the medium to long-term, it is expected that some demand from the US and the EU markets may shift gradually from China to other major garment manufacturers viz. Vietnam, Bangladesh, India and Cambodia.

### **Industry Outlook**

Due to the Covid-19 pandemic, the performance of domestic cotton spinning sector in the FY 2020-21 is likely to be at multi-year lows. The operating income of cotton spinners is expected to decline by 15-20% on a YoY basis owing to demand disruptions and pressure on realisations. The yarn production for FY 2020-21 would remain muted, with lack of visibility on wholesale demand resulting in fall of India's cotton yarn exports by 18-20%. Demand for the downstream products viz. fabrics, apparels and home textiles, has been affected due to COVID-19 and lockdowns. Yarn, being an intermediate product, is likely to face a ripple effect of the contraction in demand in the downstream segments. Further, there might be reduction in production volumes because of weak demand and declined cost competitiveness. With expectations of a slow paced and elongated recovery, sluggish end-consumer demand and choked liquidity, post lockdowns, severe pressures on the overall performance of the domestic spinning companies and a loss of business to the tune of US\$2.5-3 billion in FY 2020-21 is also expected. Going forward the overall spinning and textile scenario will depend on how the situation evolves in the domestic and international markets and faster return to normalcy will enable the industry to curtail the damages.

## 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 taken at plant for prevention of any untoward incidents. Various processes required for pollution control and environmental protection are strictly adhered to. Your Company is ensuring utmost safety of employees by adhering to the safeguard measures in COVID-19 situation such as usage of masks/ gloves, regular temperature screening, conducting sanitization in premises, maintaining social distancing, etc.

## Cautionary Statement

The statement in the “Management Discussion and Analysis Report” describe Company’s objectives, projects, estimates and expenditure which may be “forward-looking statement” within the meaning of the applicable laws and regulations. The actual results could differ materially from those expressed or implied, depending upon the economic and climatic conditions, government policies, taxation and other incidental factors.

## Human Resources

Industrial relations remained cordial during the period under review. Your Company believes and acknowledges competitive advantage of dedicated workforce. As on 31<sup>st</sup> March, 2020, your Company has employed 169 permanent employees out of which 40 are permanent staff and 129 are permanent workers.

**For and on behalf of Board of Directors**

**S. K. Agrawal**  
Chairman  
DIN: 00400892

Date : 9<sup>th</sup> June, 2020  
Place : Mumbai

# 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 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020, the Board comprises of 6 Directors out of which 2 are Non-Executive Non-Independent Directors and 4 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. Sushilkumar K. Agrawal, Non-Executive Independent Chairman of the Company. During the year 2019-20, there were changes at the Board level as under:

- Mr. L. Viswanathan (DIN: 00193056) was appointed as an Additional Director in the category of Non-Executive Independent Director of the Company for a first term of five consecutive years w.e.f. 8<sup>th</sup> May, 2019. His appointment as an Independent Director was duly approved by the members of the Company at the Annual General Meeting ("AGM") of the Company held on 13<sup>th</sup> August, 2019.
- Due to advanced age, Mr. Pradyumna N. Shah (DIN: 00096793) and Mr. Anand Ramanna (DIN: 00040325), Independent Directors of the Company did not seek re-appointment for a second term and hence they ceased to be Directors of the Company w.e.f. 16<sup>th</sup> August, 2019 due to expiry of their first term.
- Mr. Sushilkumar K. Agrawal (DIN: 00400892), Independent Chairman of the Company was re-appointed for a second term of five consecutive years w.e.f. 16<sup>th</sup> August, 2019 at the Annual General Meeting of the Company held on 13<sup>th</sup> August, 2019.
- The appointment of Ms. Kala Agarwal (DIN: 08015576) as an Independent Director was approved by the members of the Company at the AGM of the Company held on 13<sup>th</sup> August, 2019.

The composition of the Board during FY 2019-20, details of other Directorships and Committee positions as on 31<sup>st</sup> March, 2020 are given below:

Name of the Director	DIN	Category	Number of Directorships held in other public companies <sup>#</sup>	Number of Directorships held in other listed companies along with nature of Directorship	Number of Membership/ Chairmanship of Board Committees <sup>@</sup>	
					Member	Chairman
Mr. Sushilkumar. K. Agrawal (Chairman)	00400892	C & NEID	6	Margo Finance Limited – NENID Reliance Home Finance Limited – NEID	6	4

Name of the Director	DIN	Category	Number of Directorships held in other public companies <sup>#</sup>	Number of Directorships held in other listed companies along with nature of Directorship	Number of Membership/ Chairmanship of Board Committees <sup>@</sup>	
					Member	Chairman
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
Mr. Pradyumna N. Shah <sup>#</sup>	00096793	NEID	4	NIL	NIL	4
Mr. Anand Ramanna <sup>#</sup>	00040325	NEID	1	NIL	1	NIL
Dr. Ashok Desai	03609419	NEID	2	Hindoostan Mills Limited – NEID Siyaram Silk Mills Limited – NEID	2	NIL
Ms. Kala Agarwal	08015576	NEID	NIL	NIL	1	NIL
Mr. L. Viswanathan <sup>*</sup>	00193056	NEID	1	NIL	NIL	NIL

<sup>#</sup> Ceased to be Directors of the Company w.e.f. 16<sup>th</sup> August, 2019 and information on number of Directorships and Committee positions are as on date of cessation.

<sup>\*</sup>Appointed w.e.f. 8<sup>th</sup> May, 2019

**Abbreviations:**

C = Chairman

WTD = Whole-time Director

NENID = Non-Executive Non-Independent Director

NEID = Non-Executive Independent Director

**Notes:**

<sup>#</sup>Number of Directorships held in other public companies excludes Directorship of Pranavadiya 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.

<sup>@</sup>Only Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of listed and unlisted public limited companies including Pranavadiya Spinning Mills Limited are considered. Further, number of Memberships does not include number of Chairmanships.

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, 2013. 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 specified under Section 149 (6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations and have furnished declaration of independence to that effect pursuant to Section 149 (7) of the Companies Act, 2013 and Regulation 25 (8) of the Listing Regulations. The said declarations of independence were 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 Listing Regulations and are independent of the management.

Mr. Ashok G. Halasangi is the Chief Executive Officer of the Company u/s 203 of the Companies Act, 2013, 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) 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 7<sup>th</sup> November, 2019 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 that is necessary for the Board to effectively and reasonably perform its duties.

**(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 a Director (including 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](http://www.pranavaditya.com). The Director is also explained the compliances required from him/her under the Companies Act, 2013, Listing Regulations and other applicable laws. The Chairman also does one to one discussion with the newly appointed Directors to familiarize them with the Company's operations. On the request of the 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 etc.

The Familiarisation Programme and details of Familiarisation Programme imparted during 2019-20 are uploaded on the website of the Company [www.pranavaditya.com](http://www.pranavaditya.com) and can be access respectively through below web-links <https://www.pranavaditya.com/wp-content/uploads/2019/10/psml-familiarisation-program.pdf> and <https://www.pranavaditya.com/wp-content/uploads/2020/04/psml-familiarisation-program-imparted-2019-20.pdf>

**(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**

<b>Industry Knowledge/Experience</b>	<b>Technical Skills/ Expertise/ Competencies</b>	
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
Global Business	Public Relation	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. Details of the skills/ expertise/ competencies possessed by the Directors who were part of the Board as on 31<sup>st</sup> March, 2020, are as follows:

Name	Qualification	Years of Experience	Expertise
Mr. S. K. Agarwal (Chairman)	Chartered Accountant & Fellow Member of Institute of Chartered Accountants of India	40+	Finance, Taxation, Accounts & Audit
Mr. Anil Kumar Jain	B.Com (Hons.)	40+	Business & Corporate Strategy, Industry Experience, Textile field expertise
Mr. Kamal Mitra	Bachelor Degree in Textile Engineering	30+	Production and Technical, Textile field expertise
Dr. Ashok Desai	Ph.D (Tech) in Textile Technology, Fellow of Institute of Engineers, India	30+	Textile Technology, Research & Development, Innovation
Ms. Kala Agarwal	Practising Company Secretary, Fellow Member of Institute of Company Secretaries of India	20+	Corporate Laws, FEMA and Legal
Mr. L. Viswanthan	Bachelor Degree in Science, Fellow Member of Institute of Cost Accountants of India, Certified Public Accountant (CPA) from USA	37+	Finance, Business Development, Operations, Costing, Capital Market Financial Services

Mr. P. N. Shah and Mr. R. Anand who were Directors on the Board upto 15<sup>th</sup> August, 2019 were also experienced professionals. Mr. P. N. Shah is a Chartered Accountant & Fellow Member of Institute of Chartered Accountants of India, with overall experience of more than 60 years in Finance, Taxation, Accounts & Audit. Mr. R. Anand, B.Tech has experience of more than 50 years in Textile Technology.

#### (e) Board Meetings

During the Financial Year 2019-20, Four (4) Board Meetings were held on 8<sup>th</sup> May, 2019, 7<sup>th</sup> August, 2019, 7<sup>th</sup> November, 2019 and 4<sup>th</sup> February, 2020. The maximum gap between any two consecutive Meetings did not exceed 120 days.

Composition and Physical Attendance of Directors at the Board Meetings and the Annual General Meeting ("AGM") held during the year under review is as under:

Name of the Director	Attendance at the Board Meetings		Attendance at last AGM
	Held	Attended	13 <sup>th</sup> August, 2019
Mr. S. K. Agrawal	4	4	No
Mr. Anil Kumar Jain	4	3	No
Mr. Kamal Mitra	4	3	Yes

Name of the Director	Attendance at the Board Meetings		Attendance at last AGM
	Held	Attended	13 <sup>th</sup> August, 2019
Mr. P. N. Shah*	2	1	No
Mr. R. Anand*	2	2	No
Dr. Ashok Desai	4	4	No
Ms. Kala Agarwal	4	4	No
Mr. L. Viswanathan**	4	4	No

\* Ceased to be Directors of the Company w.e.f. 16<sup>th</sup> August, 2019

\*\* Appointed w.e.f 8<sup>th</sup> May, 2019

The Leave of absence were granted to those Directors who were unable to attend particular board meetings and had requested for leave of absence.

Mr. Kamal Mitra, Director based at Kolhapur, chaired the last AGM. In view unprecedented flood like situation in past few days before AGM in and around Kolhapur and difficulties in travelling, none of the other Directors could travel to Kolhapur to attend the AGM.

#### (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 consideration of 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 Companies Act, 2013 as amended from time to time. 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 1<sup>st</sup> 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**

During the year under review, Mr. P. N. Shah and Mr. R. Anand ceased to be members of the Audit Committee w.e.f. 15<sup>th</sup> August, 2019. Dr. Ashok Desai and Ms. Kala Agarwal, Independent Directors were appointed as Members of the Audit Committee w.e.f. 8<sup>th</sup> May, 2019. As on 31<sup>st</sup> March, 2020, the Audit Committee comprises of 4 Directors / Members out of which 3 are Independent Directors. Mr. S. K. Agarwal, 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.

During the Financial Year 2019-20, Four (4) Audit Committee Meetings were held on 8<sup>th</sup> May, 2019, 7<sup>th</sup> August, 2019, 7<sup>th</sup> November, 2019 and 4<sup>th</sup> February, 2020. The gap between any two consecutive Audit Committee Meetings was not more than 120 days.

Composition and Physical Attendance of Directors at the Audit Committee Meetings held during the year under review is 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. Kamal Mitra	Non-Executive Non-Independent	Member	4	3
Mr. P. N. Shah*	Non-Executive Independent	Member	2	1
Mr. R. Anand*	Non-Executive Independent	Member	2	2
Dr. Ashok Desai**	Non-Executive Independent	Member	3	3
Ms. Kala Agarwal**	Non-Executive Independent	Member	3	3

\* ceased to be members of the Committee w.e.f. 15<sup>th</sup> August, 2019.

\*\*Appointed as members of the committee w.e.f. 8<sup>th</sup> May, 2019 at the Board Meeting.

The representatives/ partner of the Statutory Auditors, Internal Auditors and Chief Financial Officer 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.

In view unprecedented flood like situation in past few days before AGM in and around Kolhapur and difficulties in travelling, Mr. S. K. Agrawal, Chairman of the Audit Committee was not able to travel to Kolhapur to attend the last Annual General Meeting of the Company held on 13<sup>th</sup> August, 2019.

#### 4. Stakeholders' Relationship Committee

##### (a) Composition and Meetings

As on 31<sup>st</sup> March, 2020, 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 the Committee during the year under review.

During under review, 1 (one) Meeting of the Stakeholders' Relationship Committee was held on 7<sup>th</sup> November, 2019 and the said meeting was attended by all Members of the Committee.

##### (b) Terms of reference

The role of the SRC *inter-alia* includes terms of reference as specified in Point B of Part D of Schedule II of Listing Regulations 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 & 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 FY 2019-20, no complaint was received from shareholders of the Company. No complaint was pending as on 31<sup>st</sup> March, 2020. 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 terms of reference of the Nomination and Remuneration Committee ("NRC") includes the matters stipulated in Point A of Part D of Schedule II of the Listing Regulations and Section 178 of the Companies Act, 2013 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 and 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 the criteria for evaluation of performance of every Director and carry out performance evaluation of Directors and to recommend to the Board on whether to extend or continue the term of appointment of Independent Director.
- Devising a policy on Board Diversity.
- Recommendation to the board, all remuneration, in whatever form, payable to senior management.

**(b) Composition, Meetings and Attendance**

During the year under review, Mr. P. N. Shah and Mr. R. Anand ceased to be members of the NRC w.e.f. 15<sup>th</sup> August, 2019. Dr. Ashok Desai and Ms. Kala Agarwal, Independent Directors were appointed as Members of the NRC w.e.f. 8<sup>th</sup> May, 2019 and Dr. Ashok Desai was appointed as Chairman of NRC w.e.f. 15<sup>th</sup> August, 2019. As on 31<sup>st</sup> March, 2020, NRC comprises of 3 Independent Directors headed by Dr. Ashok Desai, Non-Executive Independent Director as Chairman.



During the year under review, one meeting of NRC was held on 8<sup>th</sup> May, 2019.

Composition 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
Dr. Ashok Desai <sup>#</sup>	Non-Executive Independent	Chairman	NIL	NIL
Mr. R. Anand <sup>*</sup>	Non-Executive Independent	Chairman	1	1
Mr. S.K. Agrawal	Non-Executive Independent	Member	1	1
Mr. P. N. Shah <sup>*</sup>	Non-Executive Independent	Member	1	1
Ms. Kala Agarwal <sup>**</sup>	Non-Executive Independent	Member	NIL	NIL

<sup>#</sup> Appointed as member of the NRC w.e.f 8<sup>th</sup> May, 2019 at the Board Meeting and Chairman of NRC w.e.f. 15<sup>th</sup> August, 2019.

<sup>\*</sup> ceased to be members of the NRC w.e.f. 15<sup>th</sup> August, 2019.

<sup>\*\*</sup> Appointed as member of the NRC w.e.f. 8<sup>th</sup> May, 2019 at the Board Meeting.

### (c) Nomination and Remuneration Policy

Pursuant to Section 178 of the Companies Act, 2013, NRC has formulated "Nomination and Remuneration Policy" which deals *inter-alia* with nomination and remuneration of Directors, Key Managerial Personnel, Senior Management. The said policy is uploaded on the website of the Company and web-link thereto is given below: <https://www.pranavaditya.com/wp-content/uploads/2019/10/nomination-and-remuneration-policy-1.pdf>

### (d) 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 Meetings
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 31<sup>st</sup> March, 2020 are as under:

Name of the Director	Tenure	Remuneration for the Financial Year ended 31 <sup>st</sup> March, 2020 (Amount in ₹)	No. of equity shares of the Company held by Non-Executive Directors as on 31 <sup>st</sup> March, 2020
		Sitting Fees	
Mr. S. K. Agrawal*	Upto 15 <sup>th</sup> August, 2024	55,000/-	NIL
Mr. Anil Kumar Jain**	NA	NIL	75
Mr. Kamal Mitra	NA	35,000/-	1
Mr. P. N. Shah <sup>#</sup>	Upto 15 <sup>th</sup> August, 2019	15,000/-	NA
Mr. R. Anand <sup>#</sup>		25,000/-	NA
Dr. Ashok Desai	Upto 31 <sup>st</sup> July, 2023	40,000/-	NIL
Ms. Kala Agarwal	Upto 6 <sup>th</sup> February, 2024	40,000/-	NIL
Mr. L. Viswanathan***	Upto 7 <sup>th</sup> May, 2024	25,000/-	NIL

\* Mr. S.K. Agrawal was re-appointed as Independent Chairman of the Company for a second term of five consecutive years w.e.f 16<sup>th</sup> August, 2019.

\*\* 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 1<sup>st</sup> April, 2018.

\*\*\* Mr. L. Viswanathan was appointed as a Non-Executive Independent Director of the Company w.e.f. 8<sup>th</sup> May, 2019. The sitting fees are paid to Stockholding Corporation of India Limited as per employment terms of Mr. L. Viswanathan.

<sup>#</sup> Due to advanced age, Mr. P. N. Shah and Mr. R. Anand did not seek re-appointment for a second term and hence ceased to be the directors of the Company w.e.f. 16<sup>th</sup> August, 2019. Mr. R. Anand was holding 10 Equity Shares of ₹ 10/- each as on the date of cessation.

#### 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 2019-20.
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 given below: <https://www.pranavaditya.com/wp-content/uploads/2019/10/criteria-of-making-payment-to-non-executive-directors.pdf>

## 7. Finance and Corporate Affairs Committee

The Finance and Corporate Affairs Committee (FCA) is constituted to deal with routine financial and administrative matters as per the powers delegated to the Committee 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. The FCA comprises of Mr. S.K. Agrawal as Chairman and Mr. Anil Kumar Jain and Mr. Kamal Mitra as members.

During the year under review, one Meeting of FCA was held on 3<sup>rd</sup> January, 2020 and the said meeting was attended by all Members of the Committee except Mr. Kamal Mitra. Leave of absence was granted to Mr. Kamal Mitra from attending the said meeting.

## 8. General Body Meetings

### a) Annual General Meetings:

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

AGM	Day, Date & Time	Venue	No. of special Resolutions passed
27 <sup>th</sup>	Monday, 21 <sup>st</sup> August, 2017 at 11.00 a.m.	Hotel Vrishali Executive, Conference Hall, 1 <sup>st</sup> Floor, 39 A/2, Tarabai Park, District Kolhapur – 416 003	One Special Resolution was passed to determine charges for service of documents in a particular mode to the members on their request.
28 <sup>th</sup>	Tuesday, 11 <sup>th</sup> September, 2018 at 11.00 a.m.	Hotel Vrishali Executive, Conference Hall, 39 A/2, Tarabai Park, District Kolhapur – 416 003	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 <sup>th</sup> August, 2019.
29 <sup>th</sup>	Tuesday, 13 <sup>th</sup> August, 2019 at 11.00 a.m.	Hotel Vrishali Executive, Conference Hall, 39 A/2, Tarabai Park, District Kolhapur – 416 003	One Special Resolution was passed for the re-appointment of Mr. S. K. Agrawal as Non-Executive Independent Director designated as “Chairman” of the Company for a second term of five consecutive years w.e.f. 16 <sup>th</sup> August, 2019.

b) **Extraordinary General Meeting:** No Extraordinary 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](http://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 the website of the Company.
- **Annual Report:** 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](http://www.pranavaditya.com).
- **Designated Exclusive Email ID:** The Company has designated Email Id [investors@pranavaditya.com](mailto: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 Companies Act, 2013 and Listing Regulations during the financial year 2019-20 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 was amended to include revised threshold limits as per notification of Ministry of Corporate Affairs dated 18<sup>th</sup> November, 2019. The revised policy on RPT was reviewed by the Audit Committee and approved by the Board at its meeting held on 4<sup>th</sup> February, 2020.

The said policy has been hosted on the website of the Company under the web-link given below:

<https://www.pranavaditya.com/wp-content/uploads/2019/10/psml-policy-on-related-party-transactions-revised-04-02-2020.pdf>

### b) Statutory Compliance, Penalties and Strictures

The Company has complied with all the requirements of the Stock Exchange/ 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 Secretarial Audit Report and Annual Compliance Certificate for the year ended 31<sup>st</sup> March, 2020 as per Regulation 24A of Listing Regulations from M/s. Kothari H. Associates, Practicing Company Secretaries. The said report & certificate does not contain any qualifications or adverse remarks.

### c) Vigil Mechanism/ Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Companies Act, 2013 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 given below:

[https://www.pranavaditya.com/wp-content/uploads/2019/10/psml - whistle\\_blower\\_policy\\_vigil\\_mechanism.pdf](https://www.pranavaditya.com/wp-content/uploads/2019/10/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 given below:

<https://www.pranavaditya.com/wp-content/uploads/2019/10/psml-policy-on-material-subsiadiaries.pdf>

**e) Code of Conduct**

The 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 and can be accessed through web-link given below:

<https://www.pranavaditya.com/wp-content/uploads/2019/10/psml-code-of-conduct.pdf>

All the Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct of the Company for the year ended 31<sup>st</sup> March, 2020. A declaration to this effect signed by Mr. Ashok Halasangi, Chief Executive Officer forms part of this Report as 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 Accounting Standards (Ind-AS) in the preparation of financial statements for the year 2019-20.

**g) Risk Management**

The risk assessment and minimization procedures are in place and the Board is regularly informed about the business risks and the steps taken to mitigate the same. More details of Risk Management are included in Management Discussion and Analysis.

**h) 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 31<sup>st</sup> March, 2020, 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 9<sup>th</sup> June, 2020.

**i) Reconciliation of Share Capital Audit**

In terms of the provisions of Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Reconciliation of Share Capital Audit is carried out on a quarterly basis by M/s. Kothari H. & Associates, Practicing Company Secretaries. The said report is also submitted to BSE Limited.

**j) Code for Prevention of Insider Trading**

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, your Company has adopted a code of conduct to regulate, monitor and report trading by designated persons and their immediate relatives 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. The Code is available on the website of the Company at [www.pranavaditya.com](http://www.pranavaditya.com)

**k) Certificate on Non-disqualification of Directors**

M/s. Kothari H. & Associates, Practicing Company Secretaries have certified that during the year ended 31<sup>st</sup> March 2020, 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, Practicing Company Secretaries to that effect is attached as Annexure II forming part of this report.

**l) Recommendations of the committees**

During FY 2019-20, the Board has accepted all recommendations made by Audit Committee and Nomination and Remuneration Committee and other Board committees.

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

During FY 2019-20, total fees/remuneration of ₹ 4.13 lakhs was paid to M/s. Suresh Kumar Mittal & Co., Statutory Auditors. The breakup of the said remuneration is provided in the notes to the financial statements. The statutory auditors does not belong to any network group.

**n) 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 constituted 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 31<sup>st</sup> March, 2020.

**o) 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](http://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 31<sup>st</sup> March, 2020, 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/ partners 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 Members during the meeting.

**p) General**

During the year under review, the Company does not have any borrowings and has not raised any funds. Hence, disclosure pertaining to utilization of funds and Credit Rating is not applicable.

**q) 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.

**11. Certificate on compliance with conditions of Corporate Governance**

The certificate regarding compliance of the conditions of corporate governance for the year ended 31<sup>st</sup> March, 2020 given by M/s. Suresh Kumar Mittal & Company, Statutory Auditors is given as Annexure III to this Report.

**12. General Shareholders Information**

**30<sup>th</sup> Annual General Meeting** : 30<sup>th</sup> AGM of the Company will be held on Wednesday, 29<sup>th</sup> July, 2020 at 12.30 p.m. (IST) through Video Conferencing/ Other Audio Visual Means.

**Financial Year (FY)** : April - March

**Tentative Financial Calendar (for Financial Year 2020-21)** the between for and approval of:

Financial Results for Quarter ended 30 <sup>th</sup> June, 2020 (Unaudited)	On or before 14-08-2020
Financial Results for Quarter ended 30 <sup>th</sup> September, 2020 (Unaudited)	On or before 14-11-2020
Financial Results for Quarter ended 31 <sup>st</sup> December, 2020 (Unaudited)	On or before 14-02-2021
Financial Results for Quarter and Year ended 31 <sup>st</sup> March, 2021 (Audited)	On or before 30-05-2021

**Dates of Book Closure:**

The Register of Members and the Share Transfer books will remain closed from Wednesday, July 22, 2020 to Wednesday, July 29, 2020 (both days inclusive) for the purpose of Annual General Meeting.

**Dividend** : No dividend has been declared for the year ended 31<sup>st</sup> March, 2020.

**Listing on Stock Exchanges** : BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001  
Stock / Scrip Code: 531172

<b>Listing Fees</b>	:	The Company has paid Listing Fees for FY 2019-20 and FY 2020-21 to BSE Limited within prescribed time.
<b>Annual Custody Fees</b>	:	The Company has paid the Annual Custody Fees to Central Depository Services (India) Ltd. and National Securities Depository Limited for FY 2019-20
<b>ISIN</b>	:	INE569D01028
<b>Corporate Identity Number (CIN)</b>	:	L17119PN1990PLC058139

#### Market Price Data

The monthly high and low of the price and volume of shares traded at BSE Limited from April, 2019 to March, 2020 and comparison against BSE Sensex is as under:

Month	PSML Share Price			BSE Sensex	
	High (₹)	Low (₹)	Traded Volume (in ₹)	High (₹)	Low (₹)
April – 2019	14.20	12.30	17,851	39,487.45	38,460.25
May – 2019	14.40	12.83	4,135	40,124.96	36,956.10
June – 2019	16.11	14.95	1,353	40,312.07	38,870.96
July – 2019	17.60	16.80	1,280	40,032.41	37,128.26
August – 2019	18.95	17.20	15,915	37,807.55	36,102.35
September – 2019	18.00	15.50	5,450	39,441.12	35,987.80
October – 2019	21.15	18.90	2,622	40,392.22	37,415.83
November – 2019	21.40	20.00	41	41,163.79	40,014.23
December – 2019	20.00	18.00	21,400	41,809.96	40,135.37
January – 2020	18.50	18.40	18,918	42,273.87	40,476.55
February – 2020	18.50	18.20	4,575	41,709.30	38,219.97
March – 2020	18.00	16.25	17,47,723	39,083.17	25,638.90

Source: BSE Limited website

#### Registrar & Transfer Agents

Bigshare Services Private Limited  
1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road, Marol,  
Andheri (East), Mumbai – 400 059.  
Tel. : 022-62638200  
Fax : 022-62638299  
Email id : [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
Website : [www.bigshareonline.com](http://www.bigshareonline.com)

#### Share Transfer System

As per SEBI press release PR No.: 12/2019 dated 27<sup>th</sup> March, 2019, w.e.f. 1<sup>st</sup> April, 2019, the transfer of equity shares of the Company is done only in dematerialized mode except for transmission and transposition. The Company had also sent intimation followed by 2 reminders to the shareholders holding shares in physical form to take necessary action to dematerialize the shares at earliest. Transfer of equity shares in dematerialized form is done through the depositories without any involvement of the Company. Share transfers received in physical form if any and complying

with the requirements specified in said press release 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 the BSE Limited.

#### Distribution of Shareholding as on 31<sup>st</sup> March, 2020

No. of equity shares of face value of ₹ 10/- each	No. of Shareholders*	% of Shareholders	No. of shares held	% of shareholding
Upto 500	3573	92.37	166,658	0.87
501 – 1000	109	2.82	90,621	0.47
1001 – 2000	78	2.02	116,807	0.61
2001 – 3000	33	0.85	81,314	0.42
3001 – 4000	15	0.39	55,315	0.29
4001 – 5000	11	0.28	51,348	0.27
5001 – 10000	25	0.65	178,380	0.92
Above 10000	24	0.62	18,500,837	96.15
<b>Total</b>	<b>3868</b>	<b>100.00</b>	<b>19,241,280</b>	<b>100.00</b>

\* No. of shareholders are not consolidated as per PAN No. The Number of shareholders consolidated as per PAN are 3831 as on 31<sup>st</sup> March, 2020.

#### Shareholding Pattern as on 31<sup>st</sup> March, 2020

Category of Shareholder	No. of Equity shares of Face Value of ₹10/- each	As a percentage of total paid up Share Capital
<b>A. Shareholding of Promoter and Promoter Group</b>		
Bodies Corporate (Indian Company- Indo Count Industries Limited )	14,341,280	74.53
<b>Sub Total (A)</b>	<b>14,341,280</b>	<b>74.53</b>
<b>B. Public Shareholding</b>		
(i) Individuals	2,390,210	12.42
(ii) Bodies Corporate	1,959,843	10.19
(iii) Clearing Members	271	0.01
(iv) Hindu Undivided Family	5,14,789	2.67
(iv) NRI's	27,291	0.14
(v) Trusts	7,596	0.04
<b>Sub Total (B)</b>	<b>4,900,000</b>	<b>25.47</b>
<b>Grand Total (A+B)</b>	<b>19,241,280</b>	<b>100.00</b>

#### 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 21<sup>st</sup> March 2000. ISIN of the Company for dematerialization is INE569D01028.

As on 31<sup>st</sup> March 2020, 19,179,077 Equity Shares of the Company constituting over 99.68% of the issued, subscribed and paid-up share capital of the Company are held in dematerialized form and 62,203 Equity Shares of the Company constituting over 0.32% are held in physical form. The company's shares were traded on BSE Limited.

#### Shares held in demat and physical modes as on 31<sup>st</sup> March, 2020

Category	Number of		% to total equity
	Shareholders	Shares	
<b>Demat Mode</b>			
NSDL	748	160,69,469	83.52
CDSL	556	31,09,608	16.16
<b>Total</b>	<b>1304</b>	<b>19,179,077</b>	<b>99.68</b>
<b>Physical Mode</b>	<b>2564</b>	<b>62,203</b>	<b>0.32</b>
<b>Grand Total</b>	<b>3868</b>	<b>19,241,280</b>	<b>100.00</b>

#### 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 31<sup>st</sup> March, 2020.

#### Commodity Price Risk / Foreign Exchange Risk

For Company's business, cotton is the key raw material/ commodity and the company is exposed to price variation in cotton. Pursuant to SEBI circular dated November 15, 2018, bearing reference SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141, the Board has approved Commodity Risk Management Policy. The Company regularly monitors cotton prices and take appropriate decisions to minimize the risks. During the year under review, the Company has not done any commodity hedging on the exchanges. As regards foreign exchange risks, the Company evaluates foreign exchange rate exposure arising from these transactions and take appropriate steps to mitigate such exposure and to minimize the impact of volatility in foreign exchange fluctuations on the earnings.

#### 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:

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

Date : 9<sup>th</sup> June, 2020  
Place : Mumbai

**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 Conduct of the Company for the year ended 31<sup>st</sup> March, 2020.

For **Pranavaditya Spinning Mills Limited**

**Ashok Halasangi**  
**Chief Executive Officer**

Dated : 9<sup>th</sup> June, 2020

Place : Kolhapur

**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  
 Maharashtra 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, Maharashtra 416109 (hereinafter referred to as 'the Company'), 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](http://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 31<sup>st</sup> March, 2020 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.	Anil Kumar Jain	00086106	31/07/2007
2.	Sushilkumar Agrawal	00400892	25/06/2009
3.	Kamal Sukhamoy Mitra	01839261	27/09/2007
4.	Ashok Naraharrao Desai	03609419	01/08/2018
5.	Kala Agarwal	08015576	07/02/2019
6.	Viswanathan Lakshmanan	00193056	08/05/2019
7.	Anand Ramanna*	00040325	31/07/2007
8.	Pradyumna Natvarlal Shah*	00096793	31/07/2007

\* ceased to be Directors of the Company w.e.f. 16<sup>th</sup> August, 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**

**Sonam Jain**  
**(Partner)**

Membership No. F9871  
 CP No. 12402

UDIN : F009871B000305023

Place : Mumbai  
 Date : 30<sup>th</sup> May 2020



**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 31<sup>st</sup> March, 2020, as stipulated in Regulations 17 to 27 and clause (b) to (i) of Regulations 46(2) and para C, D and E 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 for the year ended 31<sup>st</sup> March, 2020 as 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**

**UDIN : 20521915AAAAAW4586**

**Dated : 9<sup>th</sup> June, 2020**  
**Place : New Delhi**

# 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 31<sup>st</sup> March 2020, and the statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and 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 Act. 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to Note No. 39 to the standalone financials statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

As on 31<sup>st</sup> March 2020, current tax assets and other current assets includes amounts recoverable from government department for which efforts for recovery are being made (refer Note No. 12 and 13 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 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

**Those 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 scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty 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 (including other comprehensive income), 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. 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

New Delhi, June 9, 2020  
UDIN : 20521915AAAAAV3180

**ANKUR BAGLA**  
Partner  
Membership No.: 521915

**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 31<sup>st</sup> March 2020.**

(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 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 explanations 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)	According to the records of the Company, examined by us and information and explanations given to us:
	(a) 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 <sup>st</sup> March 2020 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 <sup>st</sup> March 2020.
(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 <sup>st</sup> March 2020.
(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

New Delhi, June 9, 2020  
UDIN : 20521915AAAAAV3180

**ANKUR BAGLA**  
Partner  
Membership No.: 521915

**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 31<sup>st</sup> March 2020.**

**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 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

New Delhi, June 9, 2020  
UDIN : 20521915AAAAAV3180

**ANKUR BAGLA**  
Partner  
Membership No.: 521915

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# BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020

Particulars	Note No.	₹ in lakhs	
		As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	5	2,534.88	2,658.89
(b) Deferred Tax Assets (Net)	16	19.18	-
(c) Other Non-Current Assets	6	0.69	0.69
<b>(2) Current Assets</b>			
(a) Inventories	7	662.19	725.78
(b) Financial Assets			
(i) Trade Receivables	8	430.40	917.67
(ii) Cash and Cash Equivalents	9	301.20	32.03
(iii) Bank Balances other than (ii) above	10	88.34	92.73
(iv) Loans	11	0.01	0.01
(c) Current Tax Assets (Net)	12	169.38	167.68
(d) Other Current Assets	13	146.44	157.39
		<b>TOTAL ASSETS</b>	
		<b>4,352.71</b>	<b>4,752.87</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	14	1,924.13	1,924.13
(b) Other Equity		1,034.98	1,305.22
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Provisions	15	65.40	58.06
(ii) Deferred Tax Liabilities (Net)	16	-	109.73
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables			
- Micro & Small Enterprises	17	137.65	-
- Other than Micro & Small Enterprises	18	923.33	862.65
(ii) Other Financial Liabilities	19	23.48	16.07
(b) Other Current Liabilities	20	243.74	477.01
		<b>TOTAL EQUITY AND LIABILITIES</b>	
		<b>4,352.71</b>	<b>4,752.87</b>
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>21, 30</b>		
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>3, 4</b>		

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  
Partner  
Membership No.: 521915  
New Delhi, June 9, 2020

K. Muralidharan  
Chief Financial Officer

A. G. Halasangi  
Chief Executive Officer

Amruta Avasare  
Company Secretary  
Mumbai, June 9, 2020

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Particulars	Note No.	₹ in lakhs	
		For the year ended 31.03.2020	For the year ended 31.03.2019
<b>CONTINUING OPERATIONS</b>			
<b>I INCOME</b>			
Revenue from Operations	22	6,941.13	8,226.07
Other Income	23	53.81	29.23
<b>TOTAL INCOME</b>		<b>6,994.94</b>	<b>8,255.30</b>
<b>II EXPENSES</b>			
Cost of Materials Consumed	24	5,155.39	5,991.43
Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade	25	9.53	(112.64)
Employee Benefits Expense	26	877.01	882.40
Finance Cost	27	27.44	28.09
Depreciation and Amortisation Expense	28	124.76	123.41
Other Expenses	29	1,197.20	1,439.05
<b>TOTAL EXPENSES</b>		<b>7,391.33</b>	<b>8,351.74</b>
<b>III Profit / (Loss) before Exceptional Items and Tax (I-II)</b>		<b>(396.39)</b>	<b>(96.44)</b>
IV Exceptional Items		-	-
<b>V Profit / (Loss) before Tax (III-IV)</b>		<b>(396.39)</b>	<b>(96.44)</b>
<b>VI Tax Expense</b>			
a) Current Tax		-	-
b) Previous Years Tax		-	0.02
c) Deferred Tax		(128.14)	(30.85)
<b>VII Profit / (Loss) for the Year (V-VI)</b>		<b>(268.25)</b>	<b>(65.61)</b>
<b>VIII Other Comprehensive Income</b>			
A Items that will not be reclassified to Profit and Loss			
(i) Remeasurement of the net Defined Benefit Liability / Asset		(2.76)	5.14
(ii) Income Tax relating to items that will not be reclassified to Profit and Loss		0.77	(1.72)
<b>IX Total Comprehensive Income for the Year (VII+VIII)</b>		<b>(270.24)</b>	<b>(62.19)</b>
<b>X Earnings per Equity Share (in ₹)</b>	<b>32</b>		
a) Basic		(1.39)	(0.34)
b) Diluted		(1.39)	(0.34)
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>3, 4</b>		

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

Partner  
Membership No.: 521915  
New Delhi, June 9, 2020

K. Muralidharan

Chief Financial Officer

A. G. Halasangi

Chief Executive Officer

Amruta Avasare

Company Secretary  
Mumbai, June 9, 2020



# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## A. EQUITY SHARE CAPITAL

Particulars	Note No.	₹ in lakhs
<b>As at 31<sup>st</sup> March, 2018</b>		<b>1,924.13</b>
Changes in Equity Share Capital		-
<b>As at 31<sup>st</sup> March, 2019</b>		<b>1,924.13</b>
Changes in Equity Share Capital		-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>15(a)</b>	<b>1,924.13</b>

## B. OTHER EQUITY

Particulars	Reserves & Surplus		Total
	Capital Reserve	Retained Earnings	
<b>Balance as at 31.03.2018</b>	<b>25.00</b>	<b>1,342.41</b>	<b>1,367.41</b>
Profit for the Year	-	(65.61)	(65.61)
Other Comprehensive Income for the Year	-	3.42	3.42
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>(62.19)</b>	<b>(62.19)</b>
<b>Balance as at 31.03.2019</b>	<b>25.00</b>	<b>1,280.22</b>	<b>1,305.22</b>
Profit for the Year	-	(268.25)	(268.25)
Other Comprehensive Income for the Year	-	(1.99)	(1.99)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>(270.24)</b>	<b>(270.24)</b>
<b>Balance as at 31.03.2020</b>	<b>25.00</b>	<b>1,009.98</b>	<b>1,034.98</b>

### 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**

Partner  
Membership No.: 521915  
New Delhi, June 9, 2020

**K. Muralidharan**  
Chief Financial Officer

**A. G. Halasangi**  
Chief Executive Officer

For and on behalf of Board of Directors

**S. K. Agrawal**

Chairman  
DIN - 00400892

**Anil Kumar Jain**

Director  
DIN - 00086106

**Amruta Avasare**  
Company Secretary  
Mumbai, June 9, 2020

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

₹ in lakhs

Particulars	for the Year ended 31.03.2020	for the Year ended 31.03.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Exceptional Items and Tax	(396.38)	(96.44)
<b>Adjustments for:</b>		
Depreciation and Amortisation	124.76	123.41
Investments Written Off	-	0.16
Finance Cost	27.44	28.09
Interest Income	(5.22)	(9.11)
Other Comprehensive Income	(2.75)	5.14
<b>Operating profit / (Loss) before Working Capital changes</b>	<b>(252.15)</b>	<b>51.25</b>
<b>Changes in Working Capital:</b>		
<b>Adjustment for (increase) / decrease in Operating Assets:</b>		
Other Non Current Assets	-	1.40
Inventories	63.59	100.72
Trade Receivables	487.27	(189.11)
Current Financial Assets	4.39	(2.15)
Other Current Assets	10.95	3.63
<b>Adjustment for increase / (decrease) in Operating Liabilities:</b>		
Non Current Provisions	7.33	(6.15)
Trade Payables	198.32	(159.92)
Other Current Financial Liabilities	7.41	(8.09)
Other Current Liabilities	(233.26)	4.45
Net Income Tax (paid) / refunds	(1.71)	(1.23)
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>	<b>292.14</b>	<b>(205.20)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible Assets	(0.75)	(20.91)
Interest Received - Others	5.22	9.11
<b>Net Cash Flow from / (used in) Investing Activities (B)</b>	<b>4.47</b>	<b>(11.80)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance Cost	(27.44)	(28.09)
<b>Net Cash Flow from / (used in) Financing Activities (C)</b>	<b>(27.44)</b>	<b>(28.09)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>269.17</b>	<b>(245.09)</b>
Cash and Cash Equivalents at the beginning of the Year	32.03	277.12
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>301.20</b>	<b>32.03</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>		
<b>Cash and Cash Equivalents as per Balance sheet</b>	<b>301.20</b>	<b>32.03</b>
<b>Cash and Cash Equivalents at the end of the Year Comprises of:</b>		
(a) Cash in Hand	1.11	0.75
(b) In Current Accounts	300.09	31.28

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  
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Ankur Bagla  
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Membership No.: 521915  
New Delhi, June 9, 2020

K. Muralidharan  
Chief Financial Officer

A. G. Halasangi  
Chief Executive Officer

Amruta Avasare  
Company Secretary  
Mumbai, June 9, 2020

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 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 March 31, 2020 were authorized for issue in accordance with a resolution of the Board of Directors on June 9, 2020.

## 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 and right-of-use assets:

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. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Right-of-use (ROU) assets are stated at cost, less accumulated depreciation and impairment loss, if any. The carrying amount of ROU assets is adjusted for remeasurement of lease liability, if any, in future. Cost of ROU assets comprises the amount of initial measurement of lease liability, lease payments made before the commencement date (net of incentives received), initial direct costs and present value of estimated costs of dismantling and restoration, if any.

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The Company, based on technical assessment made by technical expert and management estimate, depreciates 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.

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.

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

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

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 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 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 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.

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. Materials and supplies held for use in the

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

## 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 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.



# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 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:

- 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. 1 April, 2018 using the modified retrospective approach. However, the adoption of the standard did not have any impact on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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 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 by which 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, it is 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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.
- 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 and 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 Company as a lessee:

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset,
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease, and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## **The Company as a lessor:**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

## **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 expected 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.

#### **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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 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:

- 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



# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

- 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);

## **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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## **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.

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

## **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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

## **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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## **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.

## **Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

## **Estimation of uncertainties relating to the global health pandemic from COVID-19**

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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 5. PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Land - Freehold	Buildings	Plant & Machinery	Furniture & Fixtures	Factory & Office Equipments	Vehicles	Total
<b>Gross Carrying Amount</b>							
As at 01.04.2019	846.21	1,016.97	4,078.77	53.81	131.65	36.32	6,163.73
Additions	-	-	-	-	0.75	-	0.75
Disposals / Transfers	-	-	-	-	-	-	-
<b>As at 31.03.2020</b>	<b>846.21</b>	<b>1,016.97</b>	<b>4,078.77</b>	<b>53.81</b>	<b>132.40</b>	<b>36.32</b>	<b>6,164.48</b>
<b>Accumulated Depreciation</b>							
As at 01.04.2019	-	349.86	2,963.20	51.27	114.35	26.16	3,504.84
Depreciation charged for the year	-	19.26	99.85	0.01	4.51	1.13	124.76
Disposals / Transfers	-	-	-	-	-	-	-
<b>As at 31.03.2020</b>	<b>-</b>	<b>369.12</b>	<b>3,063.05</b>	<b>51.28</b>	<b>118.86</b>	<b>27.29</b>	<b>3,629.60</b>
<b>Net Carrying Amount</b>							
As at 31.03.2019	846.21	667.11	1,115.57	2.54	17.30	10.16	2,658.89
As at 31.03.2020	846.21	647.85	1,015.72	2.53	13.54	9.03	2,534.88

## 6. OTHER NON-CURRENT ASSETS (Unsecured-considered good)

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Security Deposits	0.69	0.69
<b>TOTAL</b>	<b>0.69</b>	<b>0.69</b>

## 7. INVENTORIES

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Raw Materials	249.62	296.95
Work in Progress	164.22	191.99
Finished Goods	211.63	205.48
Waste	23.08	10.99
Stores & Spares	13.64	20.37
<b>TOTAL</b>	<b>662.19</b>	<b>725.78</b>



# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 8. TRADE RECEIVABLES

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Receivables exceeding Six Months	-	-
Receivables - Others	430.40	917.67
Receivables which have significant increase in Credit Risk	-	-
Receivables - Credit Impaired	-	-
<b>TOTAL</b>	<b>430.40</b>	<b>917.67</b>
Current Portion	430.40	917.67
Non-Current Portion	-	-
<b>Break-up of Security Details</b>		
Secured, Considered Good	-	-
Unsecured, Considered Good	430.40	917.67
<b>TOTAL</b>	<b>430.40</b>	<b>917.67</b>

Refer Note No. 37 for information about Credit Risk and Market Risk of Trade Receivables.

## 9. CASH AND CASH EQUIVALENTS

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Cash in Hand	1.11	0.75
<b>Balances with Banks</b>		
- In Current Accounts	300.09	31.28
<b>TOTAL</b>	<b>301.20</b>	<b>32.03</b>

## 10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
<b>Balances with Banks</b>		
- Held as Margin / Fixed Deposits (a)	88.34	92.73
<b>TOTAL</b>	<b>88.34</b>	<b>92.73</b>

(a) Includes receipts of ₹ 88.34 lakhs (previous year ₹ 92.73 lakhs) held with bank as margin money against guarantee given to MSEDCL.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 11. CURRENT FINANCIAL LOANS

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Security Deposits	0.01	0.01
<b>TOTAL</b>	<b>0.01</b>	<b>0.01</b>
<b>Break-up:</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	0.01	0.01
Loans which have significant increase in Credit Risk	-	-
Loans - Credit Impaired	-	-
<b>TOTAL</b>	<b>0.01</b>	<b>0.01</b>

Refer Note No. 37 for information about Credit Risk and Market Risk of Loans.

## 12. CURRENT TAX ASSETS

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Advance Income Tax (including tax deducted at source)	3.52	1.82
Refund Due	8.28	8.28
MAT Credit Entitlement	157.58	157.58
<b>TOTAL</b>	<b>169.38</b>	<b>167.68</b>

## 13. OTHER CURRENT ASSETS (Unsecured-considered good)

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Export Incentives / Claims Recoverable	6.03	5.37
Balances with VAT Authorities	37.39	37.39
Balances with GST Authorities	40.18	41.31
Interest accrued on Deposits	0.86	10.31
Advance to Suppliers	1.50	5.96
Others	60.48	57.05
<b>TOTAL</b>	<b>146.44</b>	<b>157.39</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 14. SHARE CAPITAL

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
<b>Authorised:</b>		
<b>Equity Shares</b>		
1,92,70,000 Equity Shares of ₹ 10 each	1,927.00	1,927.00
<b>Issued, Subscribed and Paid-up:</b>		
1,92,41,280 Equity Shares of ₹ 10 each	1,924.13	1,924.13

### Notes:

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

Particulars	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
<b>Authorised:</b>				
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
<b>Balance at the end of the year</b>	<b>1,92,70,000</b>	<b>1,927.00</b>	<b>1,92,70,000</b>	<b>1,927.00</b>
<b>Issued, Subscribed and Paid-Up:</b>				
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
<b>Balance at the end of the year</b>	<b>1,92,41,280</b>	<b>1,924.13</b>	<b>1,92,41,280</b>	<b>1,924.13</b>

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 pro-rata dividend on 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 31.03.2020		As at 31.03.2019	
	%	No. of Shares	%	No. of Shares
Indo Count Industries Limited (Holding Company)	74.53%	1,43,41,280	74.53%	1,43,41,280

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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 15. NON-CURRENT PROVISIONS

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Provision for Employee Benefits	65.40	58.06
<b>TOTAL</b>	<b>65.40</b>	<b>58.06</b>

## 16. INCOME TAX

The major components of Income Tax expense for the years ended 31 March, 2020 and 31 March, 2019 are:

### Statement of Profit and Loss: Profit and Loss section

Particulars	₹ in lakhs	
	31.03.2020	31.03.2019
<b>Current Income Tax:</b>		
Adjustments in respect of Current Income Tax of previous year	-	0.02
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences	(128.14)	(30.85)
<b>Income Tax expense reported in the Statement of Profit and Loss</b>	<b>(128.14)</b>	<b>(30.83)</b>

### Other Comprehensive Income (OCI) section

Particulars	₹ in lakhs	
	31.03.2020	31.03.2019
Net loss / (gain) on remeasurements of defined benefit plans	(0.77)	1.72
<b>Income Tax charged to OCI</b>	<b>(0.77)</b>	<b>1.72</b>

## DEFERRED TAX

Particulars	₹ in lakhs			
	Balance Sheet		Profit and Loss	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Deferred Tax relates to the following:</b>				
Expenses allowable on payment basis	29.48	32.56	3.08	(1.16)
Unused Tax losses / depreciation	566.59	568.08	1.49	(24.39)
Accelerated depreciation for Tax purpose	(576.89)	(710.37)	(133.48)	(3.58)
	<b>19.18</b>	<b>(109.73)</b>	<b>(128.91)</b>	<b>(29.13)</b>
<b>Deferred Tax expenses / (income)</b>				
- Recognised in Profit and Loss	-	-	(128.14)	(30.85)
- Recognised in OCI	-	-	(0.77)	1.72
Deferred Tax Assets/ (Liabilities)	19.18	(109.73)	-	-
	<b>19.18</b>	<b>(109.73)</b>	<b>(128.91)</b>	<b>(29.13)</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

**Net Deferred Tax Assets / (Liabilities)**  
Reflected in the Balance Sheet as follows:

Particulars	₹ in lakhs	
	31.03.2020	31.03.2019
Deferred Tax Assets	596.07	600.64
Deferred Tax Liabilities	(576.89)	(710.37)
<b>Deferred Tax Liabilities (net)</b>	<b>19.18</b>	<b>(109.73)</b>

**Reconciliation of Deferred Tax Liabilities (net)**

Particulars	₹ in lakhs	
	31.03.2020	31.03.2019
<b>Opening Balance as of 1 April</b>	<b>(109.73)</b>	<b>(138.86)</b>
Tax income / (expense) during the period recognised in Profit and Loss	128.14	30.85
Tax income / (expense) during the period recognised in OCI	0.77	(1.72)
<b>Closing Balance as at 31 March</b>	<b>19.18</b>	<b>(109.73)</b>

## 17. TRADE PAYABLES DUE TO MICRO & SMALL ENTERPRISES

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Payables	137.65	-
<b>TOTAL</b>	<b>137.65</b>	<b>-</b>

**Note:**

The Company has certain 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 31.03.2020	As at 31.03.2019
a) The principal amount remaining unpaid to any supplier at the end of the year	137.65	-
b) Interest accrued and due to suppliers under the Act, on the above amount	1.28	-
c) Payment made to suppliers (other than interest) beyond the appointed day, during the year	215.29	-
d) Interest paid to suppliers under the Act	-	-
e) Interest due and payable to suppliers under the Act, for payments already made	0.85	-
f) Interest accrued and remaining unpaid at the end of the year under the Act	1.28	-
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	-	-

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

## 18. TRADE PAYABLES DUE TO OTHER THAN MICRO AND SMALL ENTERPRISES

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Payable to Holding Company	571.61	-
Payable to Others	351.72	862.65
<b>TOTAL</b>	<b>923.33</b>	<b>862.65</b>

## 19. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Security Deposits	0.35	0.35
Other Payables	23.13	15.72
<b>TOTAL</b>	<b>23.48</b>	<b>16.07</b>

## 20. OTHER CURRENT LIABILITIES

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
<b>Advance from Customers:</b>		
- from Holding Company	-	283.74
- from Others	34.84	0.28
Other Payables (a)	208.90	192.99
<b>TOTAL</b>	<b>243.74</b>	<b>477.01</b>

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

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

### (a) Movement in Provisions / Contingent Liabilities

Particulars	Bank Guarantees		Income Tax	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Carrying amount at the beginning of the year*	88.34	88.34	0.40	-
Additions made during the year#	-	-	-	0.40
Carrying amount at the end of the year*	88.34	88.34	0.40	0.40

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Particulars	Other Litigation Claims		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Carrying amount at the beginning of the year*	9.61	8.01	98.35	96.35
Additions made during the year#	1.33	1.60	1.33	2.00
<b>Carrying amount at the end of the year*</b>	<b>10.94</b>	<b>9.61</b>	<b>99.68</b>	<b>98.35</b>

\*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.

## 22. REVENUE FROM OPERATIONS

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
1) Sale of Products *		
- Manufactured	6,893.32	8,182.38
2) Other Operating Revenue		
- Export Incentives / Benefits	47.81	43.69
<b>REVENUE FROM OPERATIONS</b>	<b>6,941.13</b>	<b>8,226.07</b>

\* Includes sale to Holding Company ₹ 476.49 lakhs (previous year ₹ 338.74 lakhs).

### Disaggregation of Revenue Revenue based on Geography

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
Domestic	4,084.83	4,739.65
Export	2,856.30	3,486.42
<b>REVENUE FROM OPERATIONS</b>	<b>6,941.13</b>	<b>8,226.07</b>



# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## Reconciliation of Revenue from Operations with Contract Price

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
Contract Price	6,943.78	8,247.84
<b>Less:</b>		
Sales Returns	-	16.65
Others	2.65	5.12
<b>REVENUE FROM OPERATIONS</b>	<b>6,941.13</b>	<b>8,226.07</b>

## 23. OTHER INCOME

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
Interest - Banks	4.85	7.25
Interest - Others	0.37	1.86
Exchange Rate Difference (net)	37.40	8.46
Rent Received	10.98	10.98
Sundry balances / Excess provision written back (net)	0.21	0.02
Liability no longer payable written back	0.00	0.66
<b>TOTAL</b>	<b>53.81</b>	<b>29.23</b>

## 24. COST OF MATERIALS CONSUMED

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
<b>Raw Material &amp; Components Consumed</b>		
Opening Stock	296.95	508.19
Add : Purchases	5,108.06	5,780.19
<b>SUB-TOTAL</b>	<b>5,405.01</b>	<b>6,288.38</b>
Less : Closing Stock	249.62	296.95
<b>COST OF MATERIAL CONSUMED</b>	<b>5,155.39</b>	<b>5,991.43</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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

Particulars		₹ in lakhs	
		For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
<b>Opening Stock</b>			
Finished Goods		205.48	82.55
Stock in Process		191.99	205.19
Waste		10.99	8.08
<b>SUB-TOTAL</b>	<b>A</b>	<b>408.46</b>	<b>295.82</b>
<b>Less : Closing Stock</b>			
Finished Goods		211.63	205.48
Stock in Process		164.22	191.99
Waste		23.08	10.99
<b>SUB-TOTAL</b>	<b>B</b>	<b>398.93</b>	<b>408.46</b>
<b>(INCREASE) / DECREASE IN STOCK</b>	<b>A-B</b>	<b>9.53</b>	<b>(112.64)</b>

## 26. EMPLOYEE BENEFITS EXPENSE

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
Salaries & Wages	766.40	774.53
Contribution to Provident & Other Funds	67.38	64.99
Gratuity	19.41	14.92
Staff Welfare Expense	23.82	27.96
<b>TOTAL</b>	<b>877.01</b>	<b>882.40</b>

## 27. FINANCE COST

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
<b>Interest Expense</b>		
- Banks	9.12	-
- Others	5.57	12.50
Bank Charges	12.75	15.59
<b>TOTAL</b>	<b>27.44</b>	<b>28.09</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 28. DEPRECIATION & AMORTISATION EXPENSE

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
Depreciation	124.76	123.41
<b>TOTAL</b>	<b>124.76</b>	<b>123.41</b>

## 29. OTHER EXPENSES

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
Consumption of Stores, Spares and Packing Materials	138.74	174.78
Power & Fuel	842.96	1,011.05
Rates, Taxes & Fees	10.68	11.34
Insurance	16.08	5.75
Repairs to Machinery	8.40	7.20
Repairs to Buildings	0.26	4.28
Commission & Brokerage	58.34	77.82
Freight Outward	74.91	88.96
Investments written off	-	0.16
Miscellaneous Expenses (a)	46.83	57.71
<b>TOTAL</b>	<b>1,197.20</b>	<b>1,439.05</b>

### (a) Includes payment to Statutory Auditors

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
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	0.13	0.10
<b>TOTAL</b>	<b>4.13</b>	<b>4.10</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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

### A. Contingent Liabilities

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
i) Bank Guarantees	88.34	88.34
ii) Pending Labour Cases	10.94	9.61
iii) Income Tax Matter	0.40	0.40

### B. Commitments: Nil

## 31. RELATED PARTY DISCLOSURE

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

- i) **Key Management Personnel:**  
Ashok G. Halasangi - Chief Executive Officer
- ii) **Holding Company:**  
Indo Count Industries Ltd.

₹ in lakhs

Nature of transaction	Holding Company		Key Management Personnel		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Transactions during the year:</b>						
- Remuneration Paid	-	-	19.87	19.47	19.87	19.47
- Purchase of Raw Material	2,484.34	-	-	-	2,484.34	-
- Interest Expenses	-	7.63	-	-	-	7.63
- Purchase of Stores	0.16	-	-	-	0.16	-
- Purchase of Fixed Assets	0.39	9.47	-	-	0.39	9.47
- Reimbursement of Expenses	51.29	-	-	-	51.29	-
- Sale of Goods	476.49	338.74	-	-	476.49	338.74
- Rent Received	10.98	10.98	-	-	10.98	10.98
<b>Balance Outstanding at the year end:</b>						
- Creditors for Raw Material	567.74	-	-	-	567.74	-
- Creditors for Others	4.85	-	-	-	4.85	-
- Debtors for Services	0.99	-	-	-	0.99	-
- Advance from Customers	-	283.74	-	-	-	283.74

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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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

Particulars	UoM	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
Face Value of Equity Share	₹	10.00	10.00
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	(268.25)	(65.61)
<b>EARNING PER SHARE (BASIC AND DILUTED)</b>	₹	<b>(1.39)</b>	<b>(0.34)</b>

33. 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.

## 34. OTHER INFORMATION

Particulars	₹ in lakh	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
<b>Expenditure in Foreign Currency</b>		
- Selling Commission / Claims	8.26	24.88
<b>Earnings in Foreign Currency</b>		
- FOB Value of Exports	3,190.51	3,515.48
(Including deemed exports of ₹ 416.40 lakhs (previous year ₹ 126.80 lakhs ))		

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

### (a) Defined Contribution Plans:

Amount of ₹ 67.38 lakhs (previous year ₹ 64.99 lakhs) is recognised as an expense and included in Employee Benefits Expense paid under the following defined contribution plans (Refer Note 26, supra):

Particulars	₹ in lakhs	
	For the year 01.04.2019 to 31.03.2020	For the year 01.04.2018 to 31.03.2019
<b>Benefits (Contribution to):</b>		
Provident fund	48.21	44.06
Employee State Insurance Scheme	18.88	20.65
Labour Welfare Scheme	0.29	0.28
<b>TOTAL</b>	<b>67.38</b>	<b>64.99</b>

### (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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

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	
		2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
<b>I</b>	<b>Change in present value of defined benefit obligation during the year</b>				
1	Present Value of defined benefit obligation at the beginning of the year	163.91	149.88	28.96	27.73
2	Interest cost	12.34	11.54	2.15	2.14
3	Current service cost	19.41	18.43	5.04	4.65
4	Past service cost	-	-	-	-
5	Liability transfer from other Company	-	-	-	-
6	Liability transferred out/ divestment	-	-	-	-
7	Benefits paid directly by employer	-	-	-	-
8	Benefits paid	(4.82)	(7.77)	(0.99)	(0.94)
9	Actuarial changes arising from changes in demographic assumptions	(0.03)	-	(0.00)	-
10	Actuarial changes arising from changes in financial assumptions	12.13	-	2.57	-
11	Actuarial changes arising from changes in experience adjustments	(9.04)	(8.16)	(6.23)	(4.62)
12	Present Value of defined benefit obligation at the end of the year	193.92	163.91	31.49	28.96
<b>II</b>	<b>Change in fair value of plan assets during the year</b>				
1	Fair value of plan assets at the beginning of the year	105.85	87.42	31.60	25.98
2	Interest Income	8.46	17.16	2.51	4.30
3	Contributions paid by the employer	19.03	9.04	4.88	2.26
4	Benefits paid from the fund	(4.82)	(7.77)	(0.99)	(0.94)
5	Assets transferred out/ divestments	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Sr. No.	Particulars	₹ in lakhs			
		GRATUITY		LEAVE ENCASHMENT	
		2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
6	Return on plan assets excluding interest income	-	-	-	-
7	Fair value of plan assets at the end of the year	128.52	105.85	37.99	31.60
<b>III</b>	<b>Net asset / (liability) recognised in the balance sheet</b>				
1	Present Value of defined benefit obligation at the end of the year	193.92	163.91	31.49	28.96
2	Fair value of plan assets at the end of the year	128.52	105.85	37.99	31.60
3	Amount recognised in the balance sheet	65.40	58.06	(6.50)	(2.64)
4	Net (liability) / asset - current	-	-	-	-
5	Net (liability) / asset - non-current	(65.40)	(58.06)	6.50	2.64
<b>IV</b>	<b>Expenses recognised in the statement of profit and loss for the year</b>				
1	Current service cost	19.41	18.43	5.04	4.65
2	Interest cost on benefit obligation (net)	4.19	3.80	4.33	2.67
3	Actuarial changes arising from changes in demographic assumptions	-	-	-	-
4	Actuarial changes arising from changes in financial assumptions	-	-	-	-
5	Actuarial changes arising from changes in experience adjustments	-	-	(6.23)	(4.62)
6	Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset)' above	-	-	(2.12)	(2.15)
7	Total expenses included in employee benefits expense	23.61	22.23	1.01	0.54
<b>V</b>	<b>Recognised in other comprehensive income for the year</b>				
1	Actuarial changes arising from changes in demographic assumptions	(0.03)	-	-	-
2	Actuarial changes arising from changes in financial assumptions	12.13	-	-	-
3	Actuarial changes arising from changes in experience adjustments	(9.04)	(8.17)	-	-
4	Return on plan assets excluding interest income	(0.31)	3.03	-	-
5	Recognised in other comprehensive income	2.76	(5.14)	-	-
<b>VI</b>	<b>Maturity profile of defined benefit obligation</b>				
1	Within the next 12 months (next annual reporting period)	18.46	7.21	5.56	2.05
2	Between 2 and 5 years	42.67	36.09	6.37	7.14
3	Between 6 and 10 years	85.68	53.61	11.30	3.99



# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

Sr. No.	Particulars	₹ in lakhs			
		GRATUITY		LEAVE ENCASHMENT	
		2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
<b>VII</b>	<b>Quantitative sensitivity analysis for significant assumption is as below:</b>				
	Increase / (decrease) on present value of defined benefits obligation at the end of the year				
	(i) Hundred basis point increase in discount rate	(176.46)	(147.49)	(28.87)	(26.51)
	(ii) Hundred basis point decrease in discount rate	214.23	183.29	34.56	31.85
	(i) Hundred basis point increase in rate of salary Increase	213.98	183.23	34.52	31.84
	(ii) Hundred basis point decrease in rate of salary Increase	(176.35)	(147.24)	(28.85)	(26.47)

## 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.

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

Particulars	Gratuity		Leave Encashment	
	2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
Insurer Managed Funds	100%	100%	100.00%	100.00%

## X Actuarial Assumptions

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
1	Discount Rate	6.72% p.a.	7.70% p.a.	6.72% 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 (2012-14)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)
4	Mortality post retirement rate	NA	NA	NA	NA
5	Employee Rate 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

- The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31 March, 2020. 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.
- 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

- (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.

## 36. 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.

**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 01.04.2019	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Assets at Amortised Cost:</b>				
Trade Receivables	917.67	-	-	-
Loans and Other Receivables (current)	0.01	-	-	0.01
Cash and Bank Balances	32.03	-	-	-
Bank Deposits	92.73	-	-	-
<b>TOTAL</b>	<b>1,042.44</b>	-	-	<b>0.01</b>
<b>Financial Liabilities at Amortised Cost:</b>				
Trade and Other Payables	862.65	-	-	-
Other Financial Liabilities (current)	16.07	-	-	16.07
<b>TOTAL</b>	<b>878.72</b>	-	-	<b>16.07</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

₹ in lakhs

Particulars	Carrying amount	Fair Value		
		Level 1	Level 2	Level 3
	As at 31.03.2020			
<b>Financial Assets at Amortised Cost:</b>				
Trade Receivables	430.40	-	-	-
Loans and Other Receivables (current)	0.01	-	-	0.01
Cash and Bank Balances	301.20	-	-	-
Bank Deposits	88.34	-	-	-
<b>TOTAL</b>	<b>819.95</b>	-	-	<b>0.01</b>
<b>Financial Liabilities at Amortised Cost:</b>				
Trade and Other Payables	1,060.97	-	-	-
Other Financial Liabilities (current)	23.48	-	-	23.48
<b>TOTAL</b>	<b>1,084.45</b>	-	-	<b>23.48</b>

During the reporting period ending 31 March, 2020 and 31 March, 2019, 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 31.03.2020	As at 31.03.2019
Other Financial Liabilities (non-current)	Discounted Cash Flow method using risk adjusted discount rate	

### 37. 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

Particulars	Foreign Currency in lakhs	
	USD	Total
<b>Foreign Currency exposure as at 31 March, 2019</b>		
Trade Receivables	4.60	4.60
Other Current Financial Liabilities	0.12	0.12
<b>Foreign Currency exposure as at 31 March, 2020</b>		
Trade Receivables	3.25	3.25
Other Current Financial Liabilities	0.06	0.06

## Foreign Currency Sensitivity

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

Particulars	₹ in lakhs			
	2019-20		2018-19	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	250.31	(250.31)	326.76	(326.76)
<b>Increase / (Decrease) in Profit or Loss</b>	<b>250.31</b>	<b>(250.31)</b>	<b>326.76</b>	<b>(326.76)</b>

## 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,

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

- 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.

### Exposure to Credit Risk

Particulars	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
<b>Financial Assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>		
Cash and Bank Balances	301.20	32.03
Bank Deposits	88.34	92.73
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 31.03.2020	As at 31.03.2019
Trade Receivables	430.40	917.67

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
<b>As at 31.03.2020</b>	
Not Due	328.51
Up to 3 months	101.89
<b>TOTAL</b>	<b>430.40</b>
<b>As at 31.03.2019</b>	
Not Due	811.37
Up to 3 months	106.30
<b>TOTAL</b>	<b>917.67</b>

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

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

## 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 31.03.2020			₹ in lakhs
Particulars	Less than 1 year	1 to 5 years	Total
Trade Payables	1,060.98	-	1,060.98
Other Financial Liabilities	23.48	-	23.48

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

## 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 31.03.2020	As at 31.03.2019
Total Debt	-	-
Equity	2,959.11	3,229.35
Capital and Debt	2,959.11	3,229.35
<b>GEARING RATIO</b>	<b>0%</b>	<b>0%</b>

## 38. 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 39. IMPACT OF COVID PANDEMIC AND RELATED LOCKDOWN MEASURES

The World Health Organization announced a global health emergency due to a new strain of coronavirus (“COVID-19”) and classified this outbreak as a pandemic in March 2020 following which Government of India announced a countrywide lockdown from March 24, 2020.

The manufacturing operations was temporarily shut down from 23rd March 2020 and after a period of ~ 45 days, restarted partially from 6th May 2020 subject to conditions laid down by the State Government.

The Company has taken all necessary steps to ensure the welfare of our employees and also the working environment as per the Government guidelines.

### **Business and Financial Impact:**

Due to temporary stoppage of operations, sales for the year under review were impacted to the extent of ~ ₹ 150.00 lakhs thereby increasing the inventory. The immediate impact of the lockdown is the slump in demand for our products and consequently, declining prices.

The Company has no short term or long term borrowings. However, thin operating margins are expected to exert adverse pressure on Company’s liquidity.

### **Outlook:**

The overall outlook for cotton yarn is not very encouraging as domestic and global textile mills are likely to face uncertain and challenging times. This is expected to impact the margins and liquidity of the Company going forward.

The Company has already initiated plans to reduce the fixed expenses in order to sustain its operations.

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### **As per our Report of even date attached**

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

**Ankur Bagla**  
Partner  
Membership No.: 521915  
New Delhi, June 9, 2020

**K. Muralidharan**  
Chief Financial Officer

### **For and on behalf of Board of Directors**

**S. K. Agrawal**  
Chairman  
DIN - 00400892

**A. G. Halasangi**  
Chief Executive Officer

**Anil Kumar Jain**  
Director  
DIN - 00086106

**Amruta Avasare**  
Company Secretary  
Mumbai, June 9, 2020













**PRANAVADITYA SPINNING MILLS LIMITED**

(A Subsidiary of Indo Count Industries Ltd.)

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