



(GOVT.RECGD.EXPORT HOUSE)

Regd. Office : 191, Shahwadi, Narol - Sarkhej Highway, Nr. Old Octroi Naka, Narol, Ahmedabad.-382405.  
Ph : +91 -79 -30417000, 30017000 Fax : +91 -79 -30417070 CIN : L17110GJ1988PLC010504  
E-mail : info@aarvee-denims.com • Website : www.aarvee-denims.com

**3<sup>rd</sup> September 2021**

**To,**

The Manager (Listing)  
**The Bombay Stock Exchange Ltd.**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
**Company Code: 514274 (BSE)**

The Manager (Listing)  
**The National Stock Exchange of India Ltd**  
“Exchange Plaza”  
Bandra-Kurla Complex  
Mumbai – 400 051  
**Company Code: AARVEEDEN (NSE)**

**SUB. : Submission of 32nd Annual Report of the Company.**

Dear Sir/ Madam,

With reference to above, we are enclosing 32nd Annual Report of Aarvee Denims and Exports Limited for the year ended 31st March 2021 for your record.

This is for your kind perusal and record. Kindly acknowledge the receipt of above.

Thanking you.

Yours faithfully,

**For, Aarvee Denims & Exports Limited**

**Yashaswini Pandey**  
**Company Secretary & Compliance Officer**  
Encl: a.a.

**32<sup>nd</sup>  
ANNUAL REPORT**

**2020-2021**



**aarvee**

**DENIMS & EXPORTS LTD.**

### **IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respects of electronic holding with the Depository through their concerned Depository Participants.

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**32nd ANNUAL REPORT - 2020-2021**

Corporate Identification Number (CIN): L17110GJ1988PLC010504

**BOARD OF DIRECTORS**

Mr. Vinod P. Arora	Chairman & Managing Director
Mr. Ashish V. Shah	Managing Director
Mr. Kalpesh V. Shah	Whole Time Director
Mr. Nipun V. Arora	Whole Time Director
Mr. Rajesh P. Arora	Director (Resigned w.e.f. 24.08.2020)
Mr. Sanjay S. Majmudar	Independent Director
Mr. Ashok C. Gandhi	Independent Director
Mr. Amol R. Dalal	Independent Director
Ms. Aarti Thakkar	Independent Director

**SENIOR EXECUTIVES**

Mr. Pankaj V. Arora	Vice President (Marketing)
Mr. Pankil K. Shah	Vice President
Mr. Ketan Desai	CFO
Ms. Yashaswini Pandey	Company Secretary (Appointed w.e.f. 07.10.2020)
Mr. Darshak Thaker	Company Secretary (Resigned w.e.f. 07.10.2020)

**BANKERS**

Bank of Baroda
State Bank of India
Yes Bank Ltd
Standard Chartered Bank
Bank of India

**AUDITORS**

Shah & Shah Associates	Statutory Auditors
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**REGISTERED OFFICE & MILLS:****UNIT I**

188/2, Ranipur Village,  
Opp. CNI Church, Narol,  
Ahmedabad 382 405

**UNIT II**

S.No. 215-217, Village Sari,  
Sarkhej Bavla Highway,  
Ta. Sanand, Dist. Ahmedabad.

**UNIT IV**

S. No. 212/2 - 212/4,  
Village Sari,  
Sarkhej Bavla Highway,  
Ta. Sanand, Dist. Ahmedabad.

**DELHI OFFICE**

11-A/2, Court Road,  
Civil Lines, Delhi – 110 054

**REGISTERED OFFICE UNIT- III**

191, Moje Shahwadi,  
Narol- Sarkhej Highway,  
Ahmedabad – 382 405.

**MUMBAI OFFICE**

102, Techno Residency, Plot No.84,  
Junction of L.N Road and  
Hindu Colony Road No.2,  
Dadar (E), Mumbai – 400014

**SHARE TRANSFER AGENT**

Link Intime India Pvt. Ltd.  
5th floor, 506 to 508 Amarnath Business Centre - I (ABC - I),  
Beside Gala Business Centre, Nr. St. Xavier's College Corner,  
Off C G Road, Navarangpura, Ahmedabad, Gujarat, 380009  
Tel. Nos. 079-26465179,  
Fax No 079-26465179,  
Email: ahmedabad@linkintime.co.in

**32ND ANNUAL GENERAL MEETING**

Wednesday, 29th September 2021

**TIME**

11:00 A.M.

**VENUE**

(Through video conferencing mode  
(VC)/Other Audio Visual Means  
(OAVM)

**NOTICE OF 32ND ANNUAL GENERAL MEETING**

(CIN: L17110GJ1988PLC010504)

**NOTICE** is hereby given that the 32<sup>nd</sup> Annual General Meeting of the Members of **AARVEE DENIMS AND EXPORTS LIMITED** will be held on Wednesday, **29<sup>th</sup> September 2021 at 11:00 A.M.** through video conferencing mode (VC)/Other Audio Visual Means (OAVM) to transact the following business:

**ORDINARY BUSINESS:-**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2021 including audited Balance Sheet as at 31st March 2021, Statement of Profit & Loss and Cash flow statement for the year ended on that date and the report of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Vinod P Arora, (DIN: 00007065) who retires by rotation and being eligible, offers himself for reappointment;

**SPECIAL BUSINESS:-****3. RE-APPOINTMENT OF MR. NIPUN ARORA AS WHOLE TIME DIRECTOR**

To consider and, if thought fit, to pass, with or without modification(s), following resolution(s) as Ordinary Resolution:

**“RESOLVED THAT** pursuant to recommendation of Nomination and Remuneration Committee and pursuant to the provisions of Sections 196,197,198,203 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, the consent of members of the Company be and is hereby accorded to the appointment of Mr. Nipun Arora (DIN: 00989835) as Whole Time Director, for a period of three years with effect from 11th August 2021 to an amount the details of which are given in the Explanatory Statement annexed hereto.”

**FURTHER RESOLVED THAT** in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Nipun Arora (DIN: 00989835), office as Whole Time Director, the remuneration set out in the explanatory statement shall be paid or granted to Mr. Nipun Arora (DIN: 00989835), as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.”

**FURTHER RESOLVED THAT** the Board of Directors or KMP of the Company or any Committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable and to settle any question or doubt that may arises in relation thereto in order to give effect to the forgoing resolution and to amend, alter or otherwise vary the terms and conditions of appointment of Mr. Nipun Arora (DIN: 00989835), including his remuneration provided such remuneration does not exceeds limits prescribed under the provisions of the Companies Act, 2013 and any Statutory modifications or re-enactment thereof or any other guidelines relating to managerial remuneration as may be notified by the Government of India from time to time as may be considered by it to be in the best interest of the Company.”

**4. TO APPROVE COST AUDITORS’ REMUNERATION**

To consider and if thought fit, to pass, with or without modification(s), following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof, for the time being in force), M/s. N. D. Birla & Co., Cost Accountants (Firm Registration Number - 000028), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2022, be paid the remuneration of Rs. 60,000/- (Rupees Sixty Thousand only/-) plus Goods and service tax (GST) and out of pocket expenses, if any, incurred during the course of above audit."

**FURTHER RESOLVED THAT** for the purpose of giving effect to this resolution, the Key Managerial Personnel or any director of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may deem fit."

#### **5. TO SALE CERTAIN WINDMILLS OF THE COMPANY**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT**, pursuant to the provisions of Section 180(1)(a) and Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and subject to other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the provisions of the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and such other approvals, consents and permissions being obtained from the appropriate authorities to the extent applicable and necessary, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as the "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution), to sell / transfer / dispose off its 9(Nine) windmills with an aggregate capacity of 13.5 MW out of the total 14 (fourteen) windmills installed by the company at various locations in Gujarat ("Undertaking"), as a going concern / on a slump sale basis on an "as is where is" basis or in any other manner as the Board may deem fit in the interest of the Company, to several parties for a consideration of Rs. 387,522,135 (Rupees Thirty eight Crores Seventy Five Lacs Twenty two thousand one hundred and thirty five) on such terms and conditions as may be deemed fit by the Board.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised and empowered to finalise and execute necessary documents including but not limited to definitive Agreements, deeds of assignment / conveyance and other ancillary documents, with effect from such date and in such manner as is decided by the Board to do all such other acts, deeds, matters and things as they may deem necessary and/or expedient to give effect to the above Resolution including without limitation, to settle any questions, difficulties or doubts that may arise in regard to sale and transfer of the Undertaking as they may in their absolute discretion deem fit.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any Officers of the Company, with authorities as required, affixing the Common Seal of the Company on agreements/ documents, arranging delivery and execution of contracts, deeds, agreements and instruments."

#### **6. TO SALE SUBSTANTIAL PART OF UNDERTAKING (SPINNING UNIT) OF THE COMPANY**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT**, pursuant to the provisions of Section 180(1)(a) and Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and subject to other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force), the provisions of the Memorandum and Articles of

Association of the Company, the provisions of the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and such other approvals, consents and permissions being obtained from the appropriate authorities to the extent applicable and necessary, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as the “Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution), to sell / transfer / dispose off substantial part of undertaking (spinning unit) situated at Village Sari, Sarkhej Bavla Highway, Ta. Sanand, Dist. Ahmedabad, Gujarat (“Undertaking”), as a going concern / on a slump sale basis on an “as is where is” basis on such terms and conditions at such time(s) and in such form and manner as deemed fit by the Board..

**FURTHER RESOLVED THAT** the Board be and is hereby authorised and empowered to finalise and execute necessary documents including but not limited to definitive Agreements, deeds of assignment / conveyance and other ancillary documents, with effect from such date and in such manner as is decided by the Board to do all such other acts, deeds, matters and things as they may deem necessary and/or expedient to give effect to the above Resolution including without limitation, to settle any questions, difficulties or doubts that may arise in regard to sale and transfer of the Undertaking as they may in their absolute discretion deem fit.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any Officers of the Company, with authorities as required, affixing the Common Seal of the Company on agreements/ documents, arranging delivery and execution of contracts, deeds, agreements and instruments.”

**BY ORDER OF BOARD OF DIRECTORS**

**Place: Ahmedabad**  
**Date: 13.08.2021**

**Vinod P Arora**  
**Chairman and Managing Director**  
**DIN: 00007065**

**Registered office:**  
191, Shahwadi,  
Nr. Old Octroi Naka, Narol - Sarkhej Highway,  
Narol, Ahmedabad - 382 405  
CIN: L17110GJ1988PLC010504

**NOTES:**

1. The statement pursuant to Section 102 of the Companies Act, 2013, in respect of the SPECIAL BUSINESS to be transacted at the meeting is attached. The relevant details pursuant to regulations 26(4) and 36(3) of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and secretarial standard on general meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this annual general meeting are also annexed.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM

## **AARVEE DENIMS AND EXPORTS LTD.**

3. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporate are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
4. Corporate Members are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution / Authorization, etc., authorizing its representative to attend the AGM through VC / OAVM on its 32nd Annual Report 2020-21 behalf and to vote through remote e-voting to the M/s. Link Intime India Private Limited, the Registrar and Transfer Agent, by email through its registered email address to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or [cs@aarvee-denims.com](mailto:cs@aarvee-denims.com).
5. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
8. Notice of AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those members whose email addresses are registered with Company, its Registrar and Transfer Agent or CDSL/NSDL ("Depositories").
9. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.aarveedenims.com](http://www.aarveedenims.com). The Notice can also be accessed from the websites of the Stock Exchanges (BSE and NSE) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com/](http://www.evoting.nsdl.com/)
10. For members who have not registered their email address and holding shares in physical mode, can get their email id registered in the system by writing to [cs@aarvee-denims.com](mailto:cs@aarvee-denims.com) along with scanned signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any officially valid document (OVD) (eg.: Driving License, Election Identity Card, Passport, Aadhar) in support of the address of the Member. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants.
11. Since the AGM will be held through VC/OAVM, the route map is not annexed in this notice.
12. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.



13. The members are requested to send all their communications to the Registrar & Share Transfer Agent M/s Link Intime India Private Limited, 506 TO 508, Amarnath Business Centre – 1, Beside Gala Business Centre, Nr. St. Xavier's College Corner, off, Chimanlal Girdharlal Rd, Sardar Patel Nagar, Ellisbridge, Ahmedabad, Gujarat 380006 or at the Share Division office of the Company at 191, Moje Shahwadi, Narol – Sarkhej Highway, Nr. Old Octroi Naka, Narol, Ahmedabad – 382 405. Gujarat, India.
14. Brief resumes of Directors including those proposed to be appointed /re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, are provided in the Corporate Governance Report forming part of the Annual Report and also enclosed with this notice.
15. The members are requested to intimate any change in their address with pin code, if any, immediately and quote folio number in all correspondence. Members are requested to intimate changes, if any, pertaining to their name , postal address, email address, telephone/mobile numbers, permanent account number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, to their DPs in the case the shares are held in electronic mode and to the company registrar and transfer agents, in the case the shares are held by them in physical form.
16. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
17. As per Rule 5 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), information containing the names and the last known addresses of the persons entitled to receive the sums lying in the account referred to in Section 125 (2) of the Act, nature of amount, the amount to which each person is entitled, due date for transfer to IEPF fund, etc is provided by the Company on its website and on the website of the IEPF. The concerned members are requested to verify the details of their unclaimed dividend, if any, from the said websites and lodge their claim with the Company's RTA or with the Company, before the unclaimed dividends are transferred to the IEPF. The members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in form no. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in).
18. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH 13 in duplicate, duly filled in, to the RTA at the address mentioned in the Notes. The prescribed form in this regard may also be obtained from the RTA at the address mentioned in the Notes. Members holding shares in electronic form are requested to contact their Depository Participants directly for recording their nomination.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to Company or RTA.
20. In terms of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 securities of listed companies can only be transferred in dematerialized form with effect from 1st April, 2019. In view of the above, members are advised to dematerialize shares held by them in physical form.
21. For any communication, the shareholders may also send requests to the Company's investor email id: [cs@aarvee-denims.com](mailto:cs@aarvee-denims.com).

## AARVEE DENIMS AND EXPORTS LTD.

### THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Saturday, 25th September 2021 at 09:00 A.M. and ends on Tuesday, 28th September 2021 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 22nd September 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being, 22nd September 2021.

### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

#### Step 1: Access to NSDL e-Voting system

#### A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

**Login method for Individual shareholders holding securities in demat mode is given below:**

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services web- site of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open.  You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<ol style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a re- quest at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a re- quest at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542- 43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Sharehold- er/Member’ section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

## AARVEE DENIMS AND EXPORTS LTD.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG For- mat) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [tapanshah814@yahoo.com](mailto:tapanshah814@yahoo.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your pass- word confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Ishu Tayal at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [cs@aarvee-denims.com](mailto:cs@aarvee-denims.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [cs@aarvee-denims.com](mailto:cs@aarvee-denims.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

## **AARVEE DENIMS AND EXPORTS LTD.**

3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### **THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGHVC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at ([cs@aarvee-denims.com](mailto:cs@aarvee-denims.com)). The same will be replied by the company suitably.

### **OTHER INFORMATION:**

- o Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- o It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800 1020 990.

- I. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- II. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 22nd September 2021
- III. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22nd September 2021 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- IV. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- V. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- VI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- VII. Mr. Tapan Shah, Company Secretary in Practice (having membership no. FCS: 4476 COP 2839) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- VIII. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.Aarveedenims.com](http://www.Aarveedenims.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai

### **STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

As required by Section 102 of the Companies Act, 2013 (Act), following explanatory statement sets out all material facts relating to Special Business mentioned in the accompanying Notice:

#### **ITEM NO. 3:**

Mr. Nipun Arora (DIN: 00989835) has been re-appointed as Whole-time Director of the Company for the period of three years with effect from 11th August 2021 (initial appointment was on 11th August 2018) under the provisions of the Companies Act, 2013, upon terms and conditions including remuneration as permissible pursuant to the provision of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, and recommended by Nomination and Remuneration Committee as well as by the Board & subject to the approval of the members in General Meeting. His tenure as Whole-time Director will be expired on 11th August 2024.

Terms & conditions of the appointment of Mr. Nipun Arora (DIN: 00989835), Whole-time Director of the company are as follows:-

#### **A) SALARY:**

In the scale of Rs.1,00,000/-p.m.



## **AARVEE DENIMS AND EXPORTS LTD.**

### **B) PERQUISITES (including allowances)**

- i) Housing: Furnished/Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof.
- ii) The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
- iii) Medical reimbursement: Expenses incurred for Mr. Nipun Arora (DIN: 00989835) and his family as per company rules.
- iv) Leave Travel Concession: For Mr. Nipun Arora (DIN: 00989835), and his family, incurred in accordance with the company rules.
- v) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
- vi) Personal Accident Insurance: Premium as per company rules.
- vii) Contribution to Provident Fund, Superannuation Fund, Annuity Fund/Contribution to Gratuity as per company rules.
- viii) Encashment of leave not availed of, as per company rules.
- ix) Provision of car and telephone as per company Rules.
- x) Any other benefits, amenities and facilities including educational allowance for a child as per company rules for the time being in force or authorised by the Board.

“Family” means spouse, dependent children and dependent parents of Mr. Nipun Arora (DIN: 00989835).

### **C) MINIMUM REMUNERATION**

Notwithstanding anything to the contrary herein contained, wherein any financial year during the tenure of appointment of the Whole-time Director, the company has no profits or its profits are inadequate, the Whole-time Director, shall be entitled to remuneration by way of salary and perquisites as provided in Schedule V of the Companies Act, 2013. In addition, the Whole-time Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified herein.

- i) Contribution to provident fund, superannuation fund or annuity funds to the extent these, either singly or put together, is not taxable under the Income Tax Act, 1961.
- ii) Gratuity not exceeding half a month's salary for each completed year of service and
- iii) Encashment of leave as per company rules.
- iv) Interest free loan up to Rs. 15 lacs repayable payable in maximum 60 installments.
- v) Premium of Directors and officers liability Insurance policy.

This may also be treated as an abstract of the terms of Contract/Agreement of Mr. Nipun Arora (DIN: 00989835) as a Whole-time Director of the company under the provision of Section 190 of the Companies Act, 2013.

The Board recommends this Resolution for approval of Members as Ordinary Resolution.

None of Director, KMP except Mr. Vinod Arora (Chairman and Managing Director) being relative of Mr. Nipun Arora (DIN: 00989835) are in any way concerned or interested, financially or otherwise, in the said resolution.

The Board recommends resolution under item no. 3 to be passed as an ordinary resolution.



**ITEM NO. 4**

The Board of Directors have approved appointment and remuneration of Cost Auditors to conduct audit of cost records of the Company for financial year ending 31st March, 2022 at a remuneration of Rs. 60,000/- plus GST and out of pocket expenses, if any, incurred during course of audit.

In accordance with provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to Cost Auditors has to be ratified by shareholders of the Company.

Accordingly, consent of members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of remuneration payable to Cost Auditors for financial year ending 31st March, 2022.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in resolution set out at Item No. 4 of Notice.

The Board recommends Ordinary Resolution set out at Item No. 4 of Notice for approval by the shareholders.

**ITEM NO. 5 AND 6**

The Board of Directors have approved pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 to sell / transfer / dispose off its 9(Nine) windmills with an aggregate capacity of 13.5 MW out of the total 14 (fourteen) windmills installed by the company at various locations in Gujarat ("Undertaking"), to several parties for a consideration of Rs. 387,522,135 (Rupees Thirty eight Crores Seventy Five Lacs Twenty two thousand one hundred and thirty five) and the substantial part of undertaking (spinning unit) situated at Village Sari, Sarkhej Bavla Highway, Ta. Sanand, Dist. Ahmedabad, Gujarat ("Undertaking"), as a going concern / on a slump sale basis in the interest of the Company, to agreed parties on such terms and conditions at such time(s) and in such form and manner as deemed fit by the Board.

**For the purposes of this clause,—**

- (i) "undertaking" shall mean an undertaking in which the investment of the company exceeds twenty per cent. of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year;
- (ii) the expression "substantially the whole of the undertaking" in any financial year shall mean twenty per cent. or more of the value of the undertaking as per the audited balance sheet of the preceding financial year;

The decision taken by the board was for the interest of stakeholders and the management decides to focus on the core business of the company which is the textile segment. Further, the portion of spinning unit which was not generating income for the company, it was decided to dispose off that particular portion only. This collective decision will also help the company in the reduction of its debts.

The Board recommends this Resolution for approval of Members as Special Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in resolution set out at Item No. 5 and 6 of Notice.

The Board recommends resolution under item no. 5 and 6 to be passed as special resolution.

The Information in respect of the Company:

**General Information****(1) Nature of Industry: Textile Industry**

(1) The Commercial operations have already begun

(2) The Company is not a new Company

(3) Financial performance:

(Rs. In Lakhs)

Particulars	2020-21	2019-20
Total Income	28,732.19	56640.67
Profit before Tax	(8,307.97)	(5552.54)
Tax Expense	(1,888.86)	(1359.85)
Profit for the year	(6419.11)	(4192.69)

(4) Details of Foreign investments or collaboration: Not Applicable

**BY ORDER OF BOARD OF DIRECTORS****Place: Ahmedabad****Date: 13.08.2021****Registered office:**

191, Shahwadi,

Nr. Old Octroi Naka, Narol - Sarkhej Highway,

Narol, Ahmedabad - 382 405

CIN: L17110GJ1988PLC010504

**Vinod P Arora****Chairman and Managing Director****DIN: 00007065**

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT  
AT THE FORTH COMING ANNUAL GENERAL MEETING**

**Annexure: Information about the appointee**

[Pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

<b>Name of Director</b>	<b>Mr. Vinod P. Arora</b>	<b>Mr. Nipun Arora</b>
DIN	00007065	00989835
Date of Birth	15-05-1951	13-12-1974
Date of Appointment	01-10-2010	11-08-2018
Relationship with other Directors Inter se	Son of Mr. Parmanand Arora, Director and Brother of Mr. Rajesh P. Arora, Director.	Son of Mr. Vinod Arora, Chairman and Managing Director of the Company
Profile & Expertise in Specific functional Areas	Mr. Vinod Arora is known by his rich experience in Denim since 1973 and the roaring success in Arora Group as the marketing pioneers of Denim, is heading the Board as Chairman and Managing Director.	He is working as Vice President (admin) who is responsible for administration of the company. His rich experience and knowledge has helped the Company to the great extent.
Qualification	Graduation	Commerce Graduate
No. of Equity Shares held in the Company	80000	2,52,265
List of other Companies in which Directorships are held	Twenty First Century Marketing Limited Rentex Weavers Limited, Aye Ess Spinning Mills Private Ltd	1) Twenty First Century Marketing Limited, (2) Ennbee Textiles Private Limited, (3) Pee Vee Synthetics Private Limited
Membership held in committees	Stake Holders' Grievance Committee – Member Corporate Social Responsibility Committee - Member	Nil

**DIRECTORS' REPORT**

(CIN: L17110GJ1988PLC010504)

To,  
The Members,

Your Directors have pleasure in presenting the 32nd Annual Report on the business and operations of your Company together with the audited accounts for the financial year ended 31st March, 2021.

**1. FINANCIAL RESULTS**

Your Company's performance during the year is as below:

(Rs. in Lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Total Revenue	28,732.19	56640.67
<b>Profit before Interest, Tax &amp; Depreciation</b>	<b>1.32</b>	<b>3580.59</b>
Less: Net Interest & Finance Cost	5,094.50	5297.78
Less: Depreciation	3,214.79	3835.35
<b>Profit before tax</b>	<b>(8,307.97)</b>	<b>(5552.54)</b>
Provision for Tax & Deferred tax	(1,888.86)	(1359.85)
<b>Profit for the year</b>	<b>(6419.11)</b>	<b>(4192.69)</b>
Other comprehensive income	83.80	(21.26)
<b>Total comprehensive income</b>	<b>(6335.31)</b>	<b>(4213.95)</b>

**2. PERFORMANCE DURING THE YEAR**

During the year under review, the company has achieved revenue of Rs 28,732.19 Lakh as compared to Rs. 56640.67 Lakh for the previous financial year. The Net loss for the year stood at Rs. 6419.11 Lakh against Rs. 4192.69 Lakh in the previous year.

Your Company looks forward to strengthen its operations by curtailing expenditure, aggressive export marketing etc. This would help the Company to improve its results and profitability.

**3. IMPACT OF COVID-19 PANDEMIC ON BUSINESS:****I. ABILITY TO MAINTAIN OPERATIONS INCLUDING THE FACTORIES/UNITS/ OFFICES SPACES FUNCTIONING AND CLOSED DOWN:**

The Company's Manufacturing Facilities remained shut from 24th March, 2020 due to lockdown and we would like to inform you that the operations of the plant was started from 1st September 2020, though the Corporate Office has resumed earlier. The company complied with all requirements relating to Social Distancing and wear face mask, face cover and have proper sanitizations, thermal checking at the gate, maintaining proper hygiene with proper interval with reduced work force.

**II. SCHEDULE, IF ANY, FOR RESTARTING THE OPEARTIONS:**

The operations started from 1st September 2020 and full fledged operations were started when the major markets in the country were opened, then it started based on revised production plan, after considering current market scenario and according to the guidelines issued by the Government.

**III. STEPS TAKEN TO ENSURE SMOOTH FUNCTIONING OF OPEARTIONS:**

In this regard various actions have been taken considering Employees Health as well as our Vendors capability to work on priority for our operations. The Company has taken proper steps to ensure smooth functioning of operations.

**IV. ESTIMATION OF THE FUTURE IMPACT OF COVID-19 ON ITS OPEARTIONS:**

COVID-19 pandemic has caused massive disruptions across every sphere of human and business activity. During first quarter of FY 2021-22, there has been severe second wave of Covid-19 across all States in India and hence, many States announced lock-down which were lifted in phased manner from June 2021. As a result, domestic demand for denim fabrics remained subdued during first quarter of FY 2020-21. In some States, still curbs are imposed for timing in Malls, retail area, etc. Now, with successful implementation of vaccination drive by Government across India, the Covid-19 vaccination doses administered in India have crossed 50 crore. Due to receding impact of second wave coupled with increase in vaccination, the domestic demand in denim textile market should show improvement in coming quarters. Exports market demand have increased significantly and the company is well positioned to reap benefits from substantial increase in exports demand for denim fabrics with higher exports during current year.

**V. DETAILS OF IMPACT OF COVID-19 ON LISTED ENTITY'S CAPITAL AND FINANCIAL RESOURCES:**

- a) Profitability: – It was adversely affected.
- b) Liquidity Position:- There is short term liquidity mist match due to prolonged operating cycle of the domestic denim textile market. However, the company is confident to manage the working capital of the company in coming periods due to reduction in debt and improving market conditions.
- c) Ability to service debt and other financial arrangements:- The Company has withdrawn from the restructuring of debts as per Reserve Bank of India framework. The company has availed ECLGS 2.0 loans as per guidelines of Government of India and the company has sold some of windmills. Consequently, the company has reduced the working capital facilities with consortium bankers. Hence, the company does not have much liquidity concerns, though cash position is challenging, with our reduced limits and tight control over expenditure, the company will be able to service its debt and other financial arrangement as it comes up.
- d) Assets: - Company has secured all its assets and are in working condition.
- e) Internal financial reporting and control: - Internal Financial Reporting and Control are not adversely affected.
- f) Supply Chain: - At present, the supply chain of the Company in exports is temporarily affected to some extent due to Global shipping lines shortages in the World. However, the company is positive and hopes that it will get normalize.
- g) Demand for its products/services: - It will continue to show improvement with increasing vaccination in India and other countries in World.

**VI. EXISTING CONTRACTS/ AGREEMENTS WHERE NON FULFILLMENT OF THE OBLIGATIONS:**

The Existing contracts/agreements, where non-fulfillment of the obligations by any party had significant impact on the business of the company.

**VII. OTHER RELEVANT MATERIAL UPDATES ABOUT THE LISTED ENTITY'S BUSINESS:-**

No such material information at this time.

**4. DIVIDEND**

Your Directors do not recommend payment of any Dividend for the financial year ended 31st March, 2021.

**5. INDIAN ACCOUNTING STANDARD (IND AS)**

The company has adopted Indian Accounting Standards (IND AS) with effect from 1st April, 2017, pursuant to the notification of Companies (Indian Accounting Standard) Rules, 2015 issued by the

Ministry of Corporate Affairs. Hence, previous year's figures have been regrouped and reclassified, wherever considered necessary to confirm the figures represented in the current period.

## **6. COMPLIANCE OF SECRETARIAL STANDARDS**

During the year, the Company has complied with the requirements of the Applicable Secretarial Standards i.e. SS-1 and SS-2 relating to "Meeting of Board of Directors" and "General Meetings" respectively issued by Institute of Company Secretaries of India.

## **7. RESERVES AND SURPLUS**

The Company has not transferred any amount to General Reserves for the Financial Year 2020-21.

## **8. SHARE CAPITAL**

The paid up Equity Share Capital as at 31st March, 2021 stood at Rs. 2345.98 Lakhs. During the year under review, the Company has neither made any issue of equity shares with differential voting rights nor has granted any stock options or sweat equity. The Company has no scheme of provision of money for purchase of its own shares by employees or by trustees for the benefit of employees.

## **9. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS**

During the financial year under review pursuant to SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 your Company has complied with all the applicable provision of Corporate Governance.

Separate report on Corporate Governance and Management Discussion & Analysis, as required under the SEBI Listing Regulations are forming parts of the Annual Report.

The requisite certificate from Practicing Company Secretary confirming the compliance with the condition of Corporate Governance along with the observation is attached to the Report on Corporate Governance.

## **10. MATERIAL CHANGES, IF ANY**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial relate and the date of this report except the sale of 9(Nine) windmills with an aggregate capacity of 13.5 MW out of the total 14 (fourteen) windmills installed by the company at various locations in Gujarat and decision to sell a substantial part of undertaking (spinning unit) situated at Village Sari, Sarkhej Bavla Highway, Ta. Sanand, Dist. Ahmedabad, Gujarat.

## **11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## **12. FIXED DEPOSITS**

Your company has accepted/renewed the deposits aggregating to Rs. 6808.20 Lakhs from public & Members during the year under review after complying with the provisions of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014. There has been no default in repayment of deposits or payment of interest thereon during the year under review. There are no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

Your directors appreciate the support which the company has received from the public and shareholders to its fixed deposit scheme.

## **13. INSURANCE AND CLAIMS**

All properties and insurable interests of the company including building, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

**14. SUBSIDIARY COMPANIES /JOINT VENTURES/ASSOCIATE COMPANIES**

On November 17, 2017, the company had incorporated a subsidiary company namely M/s. Aye Ess Spinning Mills Private Limited, Ahmedabad. There after it had acquired 100% equity shares of such company and accordingly, it becomes wholly owned subsidiary company of the company.

The Resolution passed by the board of directors of Aye Ess Spinning Mills Private Limited, the company has filed an application under section 248(2) of the Companies Act, 2013 for voluntary striking off the name of the company from the Registrar of Companies with ROC, Gujarat, after complying with all the prescribed legal formalities. Pending publication of notice in the Official Gazette by the ROC, Gujarat, and the name of the Aye Ess Company is yet to be stricken off from Registrar of Companies and to be dissolved as at the year end. As the net worth of the Aye Ess as at March 31, 2021 is NIL, the investment in Aye Ess amounting to Rs. 1.00 Lac has been provided as loss in diminution in value of investment in subsidiary in Standalone Financial Results of the Company.

Therefore, there would be no Consolidated Financial Results of the parent company as at March 31, 2021.

Company is not having any associate company and Joint venture as defined under the provisions of Companies Act, 2013 whose accounts are to be consolidated with the accounts of the company.

**15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

For all related party transactions prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of foreseen and repetitive nature and such approval is in interest of the Company. Transactions entered into, pursuant to the omnibus approval so granted, are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval.

A detailed report on material contracts and arrangements made during the financial year 2020-21, being arm's length transactions have been reported and annexed hereto in form AOC-2 as Annexure -A forming part of this report.

There are no materially significant related party transactions made by the company with promoters, key managerial personnel or other designated persons which may have potential conflict with interest of the company at large.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board is uploaded on the Company's website at the web link <http://www.aarveedenims.com/investors/corporate-governance/>

**16. AUDIT COMMITTEE**

Details pertaining to Composition of Audit Committee are included in Corporate Governance Report. All recommendations made by were accepted by Board.

**17. RISK MANAGEMENT**

The Company has adopted a Risk Management Policy for a systematic approach to control risks. The Risk Management Policy of the Company lays down procedures for risk identification, evaluation, monitoring, review and reporting. The Risk Management Policy has been developed and approved by the Senior Management in accordance with the business strategy.

**18. INTERNAL CONTROLS SYSTEMS AND ADEQUACY**

The Company has in place an adequate system of internal controls. It has documented policies and procedures covering all financial and operating functions and processes. These have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations.

**19. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**1) Changes in Directors and Key Managerial Personnel**

In accordance with the provision of Section 152 (6) of the Companies Act, 2013 and Articles of Association of the Company, Mr. Vinod P Arora, (DIN: 00007065), Managing Director shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer himself for re-appointment. The Board recommends his re-appointment.

Mr. Amol Dalal (DIN: 00458885), Mr. Ashok Gandhi (DIN: 00022507), Mr. Sanjay Majmudar (DIN: 00091305) & Mrs. Aarti Thakkar (DIN: 08603909) being independent directors are not eligible for retire by rotation and hold office for five consecutive years for a term from the date of their appointment by the Board of Directors as per the provisions of Section 149, 152 read with Schedule IV of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Rajesh P. Arora, Non Executive director of the Company has resigned w.e.f. 24th August 2020.

Information regarding the meeting of directors and remuneration etc. is given in the Corporate Governance report attached with the report.

The company is having following Key Managerial Personnel: -

S. No.	Key Managerial Personnel	Designation
1	Mr. Vinod P. Arora, (DIN: 00007065)	Chairman & Managing Director
2	Mr. Ashish V. Shah, (DIN: 00007201)	Managing Director
3	Mr. Kalpesh V. Shah, (DIN: 00007262)	Whole Time Director
4	Mr. Nipun Arora, (DIN: 00989835)	Whole Time Director
5	Mr. Ketan Desai	Chief Financial Officer
7	Ms. Yashaswini Pandey*	Company Secretary
8	Mr. Darshak Thaker**	Company Secretary

\*Ms. Yashaswini Pandey Company Secretary of the company has appointed w.e.f. 07.10.2020.

\*\*Mr. Darshak Thaker Company Secretary of the Company resigned w.e.f. 07.10.2020.

**2) Declaration by an Independent Director(s)**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Act and Regulation 16 (1) (b) of the Listing Regulations. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Rules made there under and are independent of the management. The detail terms of Independent Directors are disclosed on the Company's website with the following link <http://www.aarvee-denims.com/script-code-stock-exchanges.html>

**3) Annual Evaluation of Board Performance and Performance of its Committees and of Directors**

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual performance evaluation of its own performance and, the Directors individually and as well as the evaluation of the working of its Committees. The criteria applied in evaluation process are explained in the Corporate Governance Report.

**20. NUMBER OF MEETINGS OF THE BOARD**

During the year under review, five board meetings were convened and held, the details of which are given in the corporate governance report. The intervening gap between the meetings was within the period prescribed under the Act and the Listing Regulations.



**21. COMMITTEES OF BOARD OF DIRECTORS**

Your Company has several Committees which have been established as part of best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholders' Grievances and Relationship Committee
- d. Corporate Social Responsibility Committee
- e. Share Transfer Committee
- f. Risk Management Committee

A detailed note on the committees with respect to composition, meetings, powers, and terms of reference is provided under the corporate governance report section in this Annual Report.

**22. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the Profit of the Company for the year ended on that date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**23. CORPORATE SOCIAL RESPONSIBILITY**

In Accordance with section 135 of the Act and Rules framed thereunder, the Company has constituted a Corporate Social Responsibility ("CSR") Committee of Directors. The details of composition of CSR Committee are given in the Corporate Governance Report.

The details of CSR policy and CSR spending by the Company have been provided as Annexure-B to this report, as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014.

**24. POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has not received any complaint of sexual harassment during the financial year 2020-21.

**25. VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

Pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, a Vigil Mechanism or 'Whistle Blower Policy' for Directors, employees and other stakeholders to report genuine concern has been established. The same is uploaded on the website of the Company <http://www.aarvee-denims.com/pdfs/vigil-machanism.pdf>. It is affirmed that no personnel of the Company have been denied access to the Audit Committee.

**26. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

**27. AUDITORS**
**(1) Statutory Auditors**

M/s Shah & Shah Associates, Chartered Accountant, Ahmedabad (Firm Registration No. 113742W), Statutory Auditors of the Company were appointed in the 28th Annual General Meeting to hold office until the conclusion of the 33rd Annual General Meeting going to be held in the calendar year 2022.

M/s Shah & Shah Associates, Chartered Accountant, Ahmedabad (Firm Registration No. 113742W), Statutory Auditors of the Company have submitted the Audit Reports for Audited Standalone Financial Results of the Company for the financial year ended 31st March 2021 with unmodified opinion.

**(2) Cost Auditors**

The company has received a consent letter from the cost auditors M/s. N. D. Birla and Co., Cost Accountant to the effect that their appointment, if made, would be within the prescribed limits under section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for appointment. The board of Directors of the company at its meeting held on 28th June, 2021 appointed M/s. N. D. Birla & Co., Cost Accountants as the cost auditors of the Company to conduct the audit of cost records maintained by the Company as required by the Companies (Cost Records and Audit) Rules 2014 as amended from time to time.

The members are requested to ratify the remuneration to be paid to the cost auditors of the company

**(3) Secretarial Auditors**

Pursuant to Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Tapan Shah., Practicing Company Secretary (COP No. 2839) for conducting Secretarial Audit of the Company for the financial year ended on 31st March, 2021. The Secretarial Audit report of Mr. Tapan Shah. Practicing Company Secretary along with the observations for the financial year ended 31st March, 2021, is annexed as Annexure - C.

**28. FRAUD REPORTED BY AUDITORS UNDER SUB SECTION (12) OF SECTION 143 OTHER THAN THOSE TO REPORTABLE TO CENTRAL GOVERNMENT:**

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of fraud committed in the Company by its officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3) (m) of the Act read with Rule 8 (3) of The Companies (Accounts) Rules, 2014, is annexed as Annexure - D.

**30. PARTICULARS OF EMPLOYEES AND REMUNERATION**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is attached as Annexure – E to this report.

**31. ANNUAL RETURN**

The extract of Annual Return is no longer required to be attached with the Director's Report u/s 134(3) (a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management & Administration) Rules, 2014 vide notifications issued by Ministry of Corporate Affairs (MCA) dated 28/08/2020 and 05/03/2021.

Pursuant to Sub-section 3(a) of Section 134 and Sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, the copy of the Annual Return of the Company for the Financial Year ended on 31.03.2021 in Form MGT-7 is available on website of the Company <http://www.aarvee-denims.com>.

**32. INDUSTRIAL RELATIONS**

The industrial relations continued to be generally peaceful and cordial.

**33. TRANSFER OF AMOUNT/SHARES TO INVESTOR EDUCATION AND PROTECTION FUND**

The amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the company, from time to time on due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended till date, transfer of shares held by the shareholders of the Company whose dividends are unpaid for a consecutive period of 7 years or more to the Demat A/c of the Investor Education and protection fund authority opened by the IEPF Authority in terms of the aforesaid Rules is under process.

Pursuant to the provision of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, there are no unpaid and unclaimed amounts lying with the Company as on 26th December 2020 (date of last Annual General Meeting).

The Company has Company Secretary as Nodal Officer under the provisions of the Investor Education and Protection Fund.

**34. REGULATORY STATEMENT**

The Equity shares of your company are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The Company has paid the listing fees for the year 2020-21 as well as for 2021-22 to above stock exchanges.

**35. INFORMATION TECHNOLOGY**

## AARVEE DENIMS AND EXPORTS LTD.

Your company keeps in line with the ongoing technological developments taking place in the country and worldwide. The information technology adopted by the company serves as an important tool of internal control as well as providing the benefits of modern technology to its esteemed customers. Company is taking utmost precautions for the security of data and having a dedicated team for this. During the financial year 2020-2021 there was no instance of cyber security breach happened in the company.

### 36. CREDIT RATING

During the year under review Brickwork Ratings India Private Limited for Bank Loan facilities and India Ratings and Research Private Limited for Deposits provided the following Credit Ratings to the company:-

Facility	Tenure	Rating
Term Loans	Long Term	BWR B + ( Credit Watch with Negative Implications)
Fund Based Working Capital		
NF Based Working Capital	Short Term	BWR A4
Term deposit programme (long-term) (Fixed Deposit)	INDtD	

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Ahmedabad  
Date: 13.08.2021

Vinod P Arora  
Chairman and Managing Director  
DIN: 00007065

Registered office:  
191, Shahwadi,  
Nr. Old Octroi Naka, Narol - Sarkhej Highway,  
Narol, Ahmedabad - 382 405  
CIN: L17110GJ1988PLC010504

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**ANNEXURE –A**

A statement in Form AOC-2 is given below:-

1. Details of contracts or arrangements or transactions not at arm's length basis: No such transactions were entered during the financial year 2020-21.
2. Details of material contracts or arrangement or transactions at arm's length basis:

The contracts or arrangement or transactions entered with the related party during the financial year 2020-21 were disclosed in the Note No. 43 of the notes to accounts forming part of the financial statements for the year ended on 31st March, 2021

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

- 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.**

The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website at the web link: <http://www.aarvee-denims.com/pdfs/csr-policy.pdf>

- 2. The Composition of the CSR Committee.**

Company has set up Corporate Social Responsibility Committee (CSR Committee) as per the requirement of the Companies Act, 2013. The members of the CSR Committee are:

Mr. Ashish Shah, Chairman

Mr. Vinod P. Arora Member

Mr. Amol Dalal-Member

- 3. Web-link with information on Composition of CSR committee, CSR Policy and CSR projects approved by the board on the website of the company**

<http://www.aarveedenims.com/wp-content/uploads/2021/03/3.-CORPORATE-SOCIAL-RESPONSIBILITY-POLICY.pdf>

- 4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not applicable**

- 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - Not applicable**

- 6. Average net profit of the Company as per section 135(5): Rs. -1525.18 Lacs**

- 7. Details:**

- (a) Two percent of average net profit of the company as per section 135(5) Rs. -30.50 Lacs
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.
- (c) Amount required to be set off for the financial year, if any Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c). N.A.

- 8.**
- (a) CSR amount spent or unspent for the financial year: Not applicable
  - (b) Details of CSR amount spent against ongoing projects for the financial year: Not applicable
  - (c) Details of CSR amount spent against other than ongoing projects for the financial year: Not applicable
  - (d) Amount spent in Administrative Overheads Nil
  - (e) Amount spent on Impact Assessment, if applicable NA
  - (f) Total amount spent for the Financial Year (8b+8c+8d+8e) (in J) NA
  - (g) Excess amount for set off, if any

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not applicable  
(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable
10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). None**
- (a) Date of creation or acquisition of the capital asset(s). NA  
(b) Amount of CSR spent for creation or acquisition of capital asset. NA  
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA  
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA
11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). NA**

**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:**

The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.

**Vinod P. Arora**  
Chairman and Managing Director

**Ashish V. Shah**  
Chairman - CSR Committee

**Annexure – C****SECRETARIAL AUDIT REPORT****For the financial year ended 31/03/2021**

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

To,  
The Members,  
**AARVEE DENIMS AND EXPORTS LIMITED**  
CIN: L17110GJ1988PLC010504  
191 Shahwadi, Near Old Octroi Naka,  
Narol Sarkhej Highway, Narol,  
Ahmedabad – 382 405

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Aarvee Denims and Exports Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my 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 through electronically by way of scan copy or soft copy through mail or otherwise and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 generally complied with the statutory provisions listed hereunder (except few observation given) 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:

I have examined through electronically by way of scan copy or soft copy through mail or otherwise, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under as applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment ;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;
  - c) 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;
  - d) SEBI (Investor Protection and Education Fund) Regulation, 2009;
- (vi) Secretarial Standards issued by the Institute of Company Secretaries of India (SS – 1 and SS – 2);



I have also examined compliance with the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, pursuant to the Listing Agreement of the said Company with stock exchanges. Further being a Textile Industry and involved in specific products, only Textiles (Development and Regulation) Order, 2001 is applicable to the Company, for which examination of the relevant documents and records, on test check basis, has been carried out. During the period under review the Company has generally complied with the all material aspects of applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above, except few observations like:

1. Some periodical certificates/submission were not given or given late or not uploaded on SE website, like RTA certificate u/r 74(5) of SEBI (D & P) Regulations, Disclosures under Regulation 30(1) and 30(2) of SEBI (SAST), 2011 (Annual), timely newspaper Advertisement u/r 47 for Board meeting.
2. Due to resignation of one of the Independent Director as on 25th October, 2019, total Independent Directors on the Board were less than the required 5, during the period 1st April, 2020 to 23rd August, 2020 and so Board structure was not proper during this period.
3. The Company has filed circular under provisions of public deposits with Registrar of Companies (ROC) and also with the Stock Exchanges. However, the Company has not maintained adequate liquid assets and kept the said amount, in separate bank account to be called as deposit repayment reserve account.

During the Period under review, provisions of the following Acts, Rules, Regulations, Guidelines, etc. were not applicable to the Company:

- i. 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;
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and 2018; and
- v. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018;
- vi. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investments and External Commercial Borrowings;

**I further report that** – The Compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

**I further report that** – Based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit and on the basis of Compliance Certificates issued by the Managing Director and Company Secretary of the Company and taken on record by the Board of Directors at their meetings, in my opinion, adequate systems and processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines and general laws like various labour laws, competition law, environmental laws, etc. **I further report that** - The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, as on close of the financial year. The changes in the Board of Directors and Key Managerial Person (KMP) that took place during the period 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 generally seven days in advance, and a system exists for seeking and obtaining further

**AARVEE DENIMS AND EXPORTS LTD.**

information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. **I further report that** during the audit period there were few specific events/ actions in pursuance of the above referred laws, rules, regulations, standards, etc. having a major bearing on the Company's affairs, details of which are as stated below:

- I Resignation of Mr. Rajesh P. Arora, Non Executive Non independent Director w.e.f. 24/08/2020.
- II. Change of Whole-time Company Secretary (CS) of the Company took place during the year, as approved by the Board of Directors of the Company.
- III. Re-appointment of Mr. Vinod P. Arora as Chairman and Managing Director, Mr. Ashish V. Shah as Managing Director and Mr. Kalpesh V. Shah as Whole Time Director, was made for further 3 years, as approved by the members in the last AGM held on 26/12/2020.
- IV. Company's operation was closed from 1st April, 2020 to 31st August, 2020, due to lockdown affected by the Government of India under COVID-19 pandemic.

**Name of Company Secretary in practice: Tapan Shah**

FCS No.: 4476

C P No.: 2839

UDIN: F004476C000773871

Place: Ahmedabad

Date: 13/08/2021

**Note:** This Report is to be read with my letter of above date which is annexed as Annexure A and forms an integral part of this report. Due to restricted movement amid COVID-19 pandemic, I have conducted the Secretarial audit by examining the secretarial records including Minutes, Documents, Registers and other records, etc., some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to me are the true and correct.

**Annexure A**

To,  
The Members,  
**AARVEE DENIMS AND EXPORTS LIMITED**  
CIN: L17110GJ1988PLC010504  
191 Shahwadi, Near Old Octroi Naka,  
Narol Sarkhej Highway, Narol,  
Ahmedabad – 382 405

My report of the above date is to be read along with this letter.

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

**Name of Company Secretary in practice: Tapan Shah**

FCS No.: 4476

C P No.: 2839

UDIN: F004476C000773871

Place: Ahmedabad  
Date: 13/08/2021

**Note from the company:** Due to the unforeseen COVID-19 pandemic and work from home there was some delay in few periodical certificates/submissions to be uploaded on SE website. Further, the company has already put forth its point regarding the composition of board and on which company has already received the waiver of penalty from BSE and to NSE the company has already paid the penalty for quarter ended 31.03.2021 and 30.06.2021 respectively. Also, the company will maintain adequate liquid assets in due course of time.

## ANNEXURE - D

Information pursuant to Section 134 (3) (m) of the Companies Act, 2013 and under Rule 8 (3) of Companies (Accounts) Rules 2014 and forming part of the Directors' Report for the year ended 31st March, 2021

## (A) Conservation of energy-

## (i) The steps taken or impact on conservation of energy;

1. Installing energy efficient electric equipments.
2. Use of energy efficient CFL and LED lights and changing of Electronics Ballast in place of Copper Ballast.
3. Creating awareness among all the staff members to conserve energy.
4. Replacement of inefficient motors.

## (ii) Total energy consumption and energy consumption per unit of production

(Rs. In Lakhs)

Particulars	2020-21	2019-20
<b>1. Electricity</b>		
(a) Purchased Units KWH in Lac	343.03	655.64
Total Amount (Rs. in Lac)	1757.35	5458.39
Rate/unit (Rs./KWH)	5.12	8.32
(b) Wind Turbine (Units KWH in Lac)	150.51	284.01
<b>2. Coal &amp; Lignite</b>		
Quantity (in MT)	13622	30446
Total Cost(Rs in Lac)	608.32	1363.04
Cost/MT	4465.74	4476.92

## III. CONSUMPTION PER UNIT OF PRODUCTION:

Particulars	2020-21		2019-20	
	FABRIC (PER MTR)	YARN (PER KG)	FABRIC (PER MTR)	YARN (PER KG)
Electricity (KWH)	3.97	2.35	1.54	1.77
Coal (Kg)	0.93	Nil	0.71	Nil

## (B) Technology absorption-

## (i) The efforts made towards technology absorption;

Efforts towards technology absorption included continued efforts for process improvements and improved formulation types / strengths to improve the efficacy, productivity and profitability of the Company.

## (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

Product development, value addition and sustainable.

## (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- (a) the details of technology imported: The Company has not imported any technology during the last three financial years.
- (b) the year of import: Not Applicable
- (c) whether the technology been fully absorbed: Not Applicable
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

**(iv) The expenditure incurred on Research and Development.**

(Rs. in Lakh)

Particulars	2020-21	2019-20
Capital	Nil	Nil
Recurring	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>
<b>Total R&amp;D Expenditure as % of total turnover</b>	<b>Nil</b>	<b>Nil</b>

**(C) Foreign exchange earnings and Outgo-**

(Rs. in Lakh)

Particulars	2020-21	2019-20
Foreign Exchange Earning	7451.97	8513.84
Foreign Exchange Outgo	229.10	1297.41

**Annexure - E**

[Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**1. The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year:**

(Amount in Rs.)

Sr. No.	Name of Director	Designation	Remuneration paid in current year	Ratio of remuneration to director to Median Remuneration of employees	Percentage (%) increase in Remuneration
1	Mr. Vinod P. Arora	Chairman and Managing Director	25.11	-	Nil
2	Mr. Ashish V. Shah	Managing Director	20.92		
3	Mr. Kalpesh V. Shah	Whole Time Director	12.55	-	Nil
4	Mr. Nipun Arora	Whole Time Director	9.05	-	Nil
5	Mr. Rajesh P. Arora*	Director	-	-	Nil
6	Ms. Yashaswini Pandey**	CS	3.37	-	Nil
7	Mr. Darshak Thaker***	CS	0.79	-	Nil
8	Mr. Ketan Desai	CFO	15.54	-	-

\*Mr. Rajesh P. Arora, Non Executive director of the Company has resigned w.e.f. 24th August 2020.

\*\*Ms. Yashaswini Pandey Company Secretary of the company has appointed w.e.f. 07.10.2020.

\*\*\*Mr. Darshak Thaker Company Secretary of the Company resigned w.e.f. 07.10.2020.

**Note:** Independent Directors do not receive any remuneration other than sitting fees for attending Board and Committee Meetings. Details of sitting fees paid to Independent Directors are given in the Report on Corporate Governance forming part of the Annual Report and hence, are not included in the above table.

- The percentage increase in the median remuneration of employees in the financial year was %
- The number of permanent employees on the rolls of Company:753
- There was no major in the Managerial Remuneration for the Financial Year 2020-21 as compared to Financial Year 2019-20. Therefore, there is no justification and information, regarding exceptional circumstances for increase in Managerial Remuneration, to be disclosed.
- It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.
- Particulars of employee in terms of Sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

There was no employee of the Company employed throughout the financial year with salary above Rs. 1 Crore and 2 Lakh per annum or employed in part of the financial year with an average salary above Rs. 8 Lakh and 50 Thousands per month.

Further, there is no employee employed throughout the financial year or part thereof, was in receipt of remuneration in aggregate, in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two per cent (2 per cent) of the equity shares of the Company.

**REPORT ON CORPORATE GOVERNANCE**

(L17110GJ1988PLC010504)

**COMPANY'S PHILOSOPHY**

Corporate Governance is the way of handling the activities of a corporate in a fair and most transparent manner, setting accountability and integrity of the management. Corporate governance has indeed been an integral part of all activities and processes of Aarvee Denims since years. Corporate Governance revolves around commitment and ethical business conduct.

Aarvee Board believes that Corporate Governance is just not as compliances of legal requirements; it is about standards, value ethics and managing the business activities as the trustee of all stakeholders and society at large.

Corporate Governance is a continuous process of sustaining and enhancing the standards of values and ethics. Aarvee's basic philosophy of Corporate Governance is reflected in following principals:

- a) Conducting the business affairs in the ethical manner
- b) Internal checks and audits
- c) Effective and prompt shareholder's communication ensuring correct and timely disclosures and disseminations of all the price sensitive information
- d) Ensuring highest level of accountability and responsibility
- e) Ensuring total compliance with all the applicable laws & regulations
- f) Compliance of Code of Conduct for Board Members and Senior Management along with Insider Trading prevention regulations

**CODE OF CONDUCT & ETHICS**

The Company has adopted the Code of Conduct for all employees of the Company, including the Managing Director. The Board has also approved a Code of Conduct for the Non-Executive Directors of the Company, which incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. Both the Codes are posted on the Company's website.

All Board members and senior management personnel (as per Regulation 26 (3) of the Listing Regulations) have affirmed compliance with the applicable Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this Report.

Apart from receiving remuneration that they are entitled to under the Companies Act, 2013 as Non-Executive Directors and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors has any other material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its subsidiaries and associates.

The Directors and senior management of the Company have made disclosures to the Board confirming that there are no material financial and/ or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large at arm's length basis.

**PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

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All Board Members and the designated employees have confirmed compliance with the Code.

### MATERIAL SUBSIDIARY

There is no material subsidiary of the Company and as a result the other compliance in respect of material subsidiary were not applicable

### BOARD OF DIRECTORS

The Board comprises of eminent persons with considerable experience in diverse fields.

The Company has a policy of having optimum combination of independent and non-executive directors, to ensure the independent functioning of the Board. As on 31st March 2021 the Board consisted eight members, four of whom were independent directors including one women Independent director. The Company has received declaration of independence as per the provisions of Section 149 (6) of Companies Act 2013 from all 4 Independent Directors. None of the Director on the Board is a Member of more than ten committees and Chairperson of more than five committees across all the Companies in which they are directors. All compliances related to the Director who is more than 75 years of age is also complied by the company. All necessary disclosures regarding the directorship have been made by the directors.

Names and categories of directors on the Board (as on 31.03.2021), their attendance at Board meetings during the year and at the last Annual General Meeting held on 26th December 2020, and also the number of directorship in other committees is as follows:

Name of Director	Category	Inter-se Relationship	Numbers of Board Meetings		No. of outside Directorships held as on 31-03-2021	No. of Outside Committee position held		Whether attended last AGM held on 26-12-2020
			Held during the year	Attended during the Year		as member	as Chairman	
Mr. Vinod P. Arora (Chairman & Managing Director)	Promoter, Non Independent and Executive Director	Son of Mr. Parmanand Arora and Brother of Mr. Rajesh Arora	5	5	2	0	0	Yes
Mr. Ashish V. Shah (Managing Director)	Promoter, Non Independent and Executive Director	Brother of Mr. Kalpesh Shah	5	5	0	0	0	Yes
Mr. Kalpesh V. Shah (Whole Time Director)	Promoter, Non Independent and Executive Director	Brother of Mr. Ashish Shah	5	5	0	0	0	Yes
Mr. Rajesh P. Arora (Director)*	Promoter, Non Independent and Non-Executive Director	Son of Mr. Parmanand Arora and Brother of Mr. Vinod Arora	5	1	0	0	0	No
Mr. Sanjay S. Majmudar (Director)	Independent Non-executive	NA	5	5	5	4	5	Yes
Mr. Ashok C. Gandhi (Director)	Independent Non-executive	NA	5	5	3	5	1	Yes



Name of Director	Category	Inter-se Relationship	Numbers of Board Meetings		No. of outside Directorships held as on 31-03-2021	No. of Outside Committee position held		Whether attended last AGM held on 26-12-2020
			Held during the year	Attended during the Year		as member	as Chairman	
Mr. Amol R. Dalal (Director)	Independent Non-executive	NA	5	5	1	0	1	Yes
Mr. Nipun Arora (Director)	Non Independent and Executive Director	Son of Mr. Vinod Arora, Chairman and Managing Director of the Company	5	5	1	0	0	Yes
Ms. Aarti Thakkar (Director)	Independent Non-executive	NA	5	5	0	0	0	Yes

\*Mr. Rajesh P. Arora has resigned from the office of the director of the Company with effect from 24th August, 2020.

**Names of other listed entity where the director is holding directorship and their category on the Board of that listed entity as on 31st March 2021**

Mr. Sanjay S. Majmudar (DIN 00091305)		Mr. Ashok C. Gandhi (DIN 00022507)		Mr. Amol R. Dalal (DIN 00458885)		Ms. Aarti Thakkar (DIN 8603909)	
Name of the listed entity	Category of directorship	Name of the listed entity	Category of directorship	Name of the listed entity	Category of directorship	Name of the listed entity	Category of directorship
Dishman Pharmaceuticals And Chemicals Limited Welcast Steels Limited Aia Engineering Limited Dishman Carbogen Amcis Limited Ashima Limited	Non-Executive Independent Director	Dishman Pharmaceuticals And Chemicals Limited Ahmedabad Steel Craft Limited Dishman Carbogen Amcis Limited	Non-Executive Independent Director	REAL STRIPS LIMITED	Non-Executive Independent Director	NIL	
Mr. Vinod P. Arora (DIN 00007065)		Mr. Ashish V. Shah (DIN 00007201)		Mr. Kalpesh V. Shah (DIN 00007262)		Mr. Nipun Arora (DIN 00989835)	
Name of the listed entity	Category of directorship	Name of the listed entity	Category of directorship	Name of the listed entity	Category of directorship	Name of the listed entity	Category of directorship
NIL		NIL		NIL		NIL	

Note: \* Audit Committee and Shareholders Relationship Committee.

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### Shareholding of Non-Executive Directors as on 31st March, 2021

Name of Director	No. of Shares held
Mr. Rajesh P. Arora*	10,72,645
Mr. Sanjay Majmudar	-
Mr. Ashok Gandhi	-
Mr. Amol Dalal	1315
Ms. Aarti Thakkar	-

\*Mr. Rajesh P. Arora has resigned from the office of the director of the Company with effect from 24th August, 2020.

### Pursuant to good Corporate Governance the Independent Directors on Board:

- Apart from receiving Director's remuneration (sitting fee and other amount viz., profit share etc.), do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management & associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the board level or at one level below the board.
- Have not been an executive of the company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or an executive during the preceding three years of the:
  - Statutory audit firm or the internal audit firm that is associated with the Company.
  - Legal firm(s) and consulting firm(s) that have a material association with the company.
- Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

### Chart setting out the skills/expertise/competencies of Board of Directors

Company being in the business of Foreign Exchange, remittance, Payment Systems and other related business activities hence its Board members should have skills/expertise/competencies related to finance, banking & industry specific skills. Following chart is showing the skills/expertise/competencies of Board Members:-

Name	Category	Skills/Expertise/Competencies
Mr. Vinod P. Arora (Chairman & Managing Director)	Promoter, Non Independent and Executive Director	Textile Industry, Business
Mr. Ashish V. Shah (Managing Director)	Promoter, Non Independent and Executive Director	Textile Industry, Business
Mr. Kalpesh V. Shah (Whole Time Director)	Promoter, Non Independent and Executive Director	Textile Industry, Business
Mr. Nipun Arora (Director)	Non Independent and Executive Director	Textile Industry, marketing skills, Business
Mr. Sanjay S. Majmudar (Director)	Independent Non-executive	Finance
Mr. Ashok C. Gandhi (Director)	Independent Non-executive	Legal
Mr. Amol R. Dalal (Director)	Independent Non-executive	Business
Ms. Aarti Thakkar (Director)	Independent Non-executive	Finance

**CERTIFICATE ON THE QUALIFICATION OF THE BOARD**

As per the requirement of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2016 a Certificate from the Practicing Company Secretary that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Companies by the Board/ Ministry of Corporate Affairs or any such authority is enclosed at the end of this report.

**ACCEPTANCE OF RECOMMENDATION GIVEN BY THE COMMITTEES TO THE BOARD**

The Committees meet and discuss various relevant matters and recommends the Board on various matters. During the year 2020-21, all recommendations of the Committees were accepted by the Board

**DIRECTORS' INDUCTION AND FAMILIARIZATION**

The provision of an appropriate induction program for new Directors and ongoing training for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. The Chief Financial Officer and the Company Secretary are jointly responsible for ensuring that such induction and training program are provided to Directors. The Independent Directors, from time to time request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of Board of Directors or otherwise.

**The induction process is designed to:**

- a. Build an understanding of the Company, its businesses and the markets and regulatory environment in which it operates;
- b. Provide an appreciation of the role and responsibilities of the Director;
- c. Fully equip Directors to perform their role on the Board effectively; and
- d. Develop understanding of Company's people and its key stakeholder relationships.

Upon appointment, Directors receive a Letter of Appointment viz. <http://www.aarveedenims.com/wp-content/uploads/2021/06/Appointment-Letter-for-Independent-Director.pdf> setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. In addition to the extensive induction and training provided as part of the familiarization program, the Independent Directors are also taken through various business and functional sessions in the Board meetings including the Board meetings to discuss strategy. The details of program for familiarization of Independent Directors with the Company are put up on the website of the Company at <http://www.aarveedenims.com/wp-content/uploads/2021/04/9.-Familiarization-Programme-Independent-Director-2020-21.pdf>

**INFORMATION SUPPLIED TO THE BOARD**

The Board has complete access to all information with the Company. Inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting:

- A. Annual operating plans and budgets and any updates.
- B. Capital budgets and any updates.
- C. Quarterly results for the listed entity and its operating divisions or business segments.
- D. Minutes of meetings of audit committee and other committees of the board of directors.
- E. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- F. Show cause, demand, prosecution notices and penalty notices, which are materially important.

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- G. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- H. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- I. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- J. Details of any joint venture or collaboration agreement.
- K. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- L. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- M. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- N. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse ex- change rate movement, if material.
- O. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

### **MEETING OF BOARD**

The Company held 5 Board Meetings during 2020-21 and the gap between two meetings did not exceed 120 days.

The dates on which the Board Meetings held were: 28th July 2020, 2nd September, 2020, 15th September 2020, 12th November 2020 and 11th February 2021.

### **SEPARATE MEETING OF INDEPENDENT DIRECTORS**

A separate meeting of Independent Directors of the Company, without the attendance of Non- Independent Directors and members of management, was held on 11th February, 2021, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All Independent Directors of the Company attended the Meeting of Independent Directors Mr. Sanjay Majmudar chaired the Meeting.

### **COMMITTEES OF BOARD**

#### **AUDIT COMMITTEE**

The Audit Committee has been formed with a view to provide assistance to the board in fulfilling the Board's responsibilities. The role of the Audit Committee includes the following: -

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

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20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### The audit committee review the following information:

- (1) Management discussion and analysis of financial condition and results of operations;
- (2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) Internal audit reports relating to internal control weaknesses; and
- (5) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

### (6) Statement of deviations:

- (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015.
- (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (LODR) Regulations, 2015.

Minutes of the all Audit Committee Meetings are circulated to the Members of the Board of Directors and taken note of. Terms of reference and powers of the committee include the areas/powers prescribed by Regulation 24 of SEBI (LODR) Regulations, 2015 of stock exchanges.

The composition, names of members and particulars of the meetings and attendance of the members during the year and as on the date of this report are as follows:

Name of Member	Designation	Category	No. of Meetings	Meetings attended
Mr. Sanjay Majmudar	Chairman	Independent – Non-Executive Director	4	4
Mr. Ashok C. Gandhi	Member	Independent – Non-Executive Director	4	4
Mr. Amol Dalal	Member	Independent – Non-Executive Director	4	4

The Audit Committee met 4 times during the year and gap between two meetings did not exceed four months. The dates on which Audit Committee Meetings were held were 28th July 2020, 15th September 2020, 12th November 2020 and 11th February 2021. Necessary quorum was present at above Meetings.

All the members of the Audit Committee are financially literate and are having accounting or related financial management expertise.

The meetings of Audit Committee are usually attended by Chief Financial Officer, Internal Auditor, Company Secretary and a representative of the Statutory Auditors. The Business and Operation Heads are invited to the Meetings, when required. The Company Secretary acts as the secretary to Committee.

The Chairman of Audit Committee, Mr. Sanjay Majmudar was present at the Annual General Meeting of the Company held on 26th December 2020.

## STAKEHOLDER'S RELATIONSHIP COMMITTEE

### (ii) Share Transfer Committee

The Board has long back constituted a share transfer committee consisting of three executive directors.

The committee meets at frequent intervals, to approve inter-alia, transfer/transmission of shares, deletion of names, split/consolidation of shares etc. Details of shares transfer/transmissions approved by the committee are placed at the Board meetings from time to time.

Committee consists of Mr. Vinod P. Arora, Chairman, Mr. Ashish V. Shah, Member & Mr. Kalpesh V. Shah, Member.

**(iii) Stakeholder / Investors Grievance and Relationship Committee**

The Company has complied with the requirements of Regulation 20 of SEBI (Listing obligations and disclosure Requirements) Regulations, 2015 and pursuant to provision of Companies Act, 2013 as regards to composition of this Committee.

Terms of reference, authority and powers of the Stakeholders Relationship Committee are in accordance with the requirements of Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The composition, names of members and particulars of the meetings and attendance of the members during the year are as follows:

Name of Member	Designation	Category	No. of Meetings	Meetings attended
Mr. Amol Dalal	Chairman	Independent – Non-Executive	4	4
Mr. Vinod P. Arora	Member	Chairman and Managing Director	4	4
Mr. Kalpesh V. Shah	Member	Whole Time Director	4	4

Name and Designation of Compliance officer: Ms. Yashaswini Pandey Company Secretary of the company has appointed w.e.f. 07.10.2020 and Mr. Darshak Thaker Company Secretary of the Company resigned w.e.f. 07/10/2020

The committee looks into the matters relating to investor grievances viz, transfer of shares, non-receipt of dividend, non-receipt of Balance Sheet and other matters relating thereto.

The committee met four times during the year viz. 28th July 2020, 15th September 2020, 12th November 2020 and 11th February 2021 and all three members of committee were present at above meetings.

The details of the complaint received/solved/pending during the year are as below:

Nature of Complaint	Complaints received	Complaints solved	Complaints pending
Non receipt of shares certificate after transfer etc.	-	-	-
Non receipt of dividend warrants	00	00	Nil
Query regarding demat credit	-	-	-
Others	01	01	Nil
Letters received from SEBI/ROC/ Stock Exchange	02	02	Nil
<b>Total</b>	<b>03</b>	<b>03</b>	<b>Nil</b>

**NOMINATION AND REMUNERATION COMMITTEE****(I) Brief description of terms of reference**

The Company has complied with the requirements of Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013 as regards composition of Nomination and remuneration Committee.

The terms of reference, roles, authority and Powers of the Nomination and Remuneration Committee are in accordance with the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015

**(II) Composition and attendance during the year**

The composition of the Committee and details of Meetings attended by Directors during the year are given below:

Name of Member	Designation	Category	No. of Meetings	Meetings attended
Mr. Sanjay Majmudar	Chairman	Independent – Non-Executive Director	5	5
Mr. Ashok C. Gandhi	Member	Independent – Non-Executive Director	5	5
Mr. Amol Dalal	Member	Independent – Non-Executive Director	5	5

The Committee met five times during the year, on 28th July 2020, 2nd September, 2020, 15th September 2020, 12th November 2020 and 11th February 2021.

The Chairman of the Nomination and Remuneration Committee, Mr. Sanjay Majmudar was present at the Annual General Meeting of the Company held on 26th December 2020.

**Performance Evaluation of Directors and Board**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company, the assessment of time devoted by the Board on the Company's long term goals and strategies, Board effectiveness, quality of discussions at the meetings of the Board, time spent and quality of discussions.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its various Committees

The overall outcome of this exercise to evaluate effectiveness of the Board and its Committees was positive and members expressed their satisfaction.

**(I) Remuneration Policy****Remuneration to Non-executive Directors**

The Non-Executive Directors are paid remuneration by way of Sitting Fees for each Meeting of the Board or Committee of Directors attended by them. The Non-Executive Director/Independent Directors do not have any material pecuniary relationship or transactions with the Company

**Remuneration to Executive Directors**

The appointment and remuneration of Executive Directors including Chairman and Managing Director and Whole-time Director is governed by the recommendation of the Remuneration & Nomination



Committee, Resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective Agreements executed between them and the Company. The remuneration package of Chairman and Managing Director and Whole-time Director comprises of salary, perquisites and allowances, and contributions to Provident Fund as approved by the shareholders at the General Meetings. Annual increments are linked to performance and are decided by the Remuneration and Nomination Committee and recommended to the Board for approval thereof. The remuneration policy is directed towards rewarding performance, based on review of achievements.

Presently, the Company does not have a stock options scheme for its Directors.

The Remuneration and Nomination Policy is displayed on the Company's website viz. [www.aarveedenims.com](http://www.aarveedenims.com)

#### **Details of remuneration of Directors**

The details of remuneration paid to Directors for the year ended 31st March, 2021 are as follows:

<b>Name of Director</b>	<b>Salaries</b>	<b>Sitting Fees</b>	<b>Total</b>
Mr. Vinod P. Arora-CMD	25.11	-	25.11
Mr. Ashish V. Shah-MD	20.92	-	20.92
Mr. Kalpesh V. Shah-WTD	12.55	-	12.55
Mr. Nipun V. Arora-WTD	9.05	-	9.05
Mr. Rajesh P. Arora*-NED	-	-	-
Mr. Sanjay S. Majmudar-ID	-	0.37	0.37
Mr. Ashok C. Gandhi-ID	-	0.37	0.37
Mr. Amol R. Dalal-ID	-	0.28	0.28
Ms. Aarti Thakkar ID	-	0.19	0.19

\* Mr. Rajesh P. Arora has resigned from the office of the director of the Company with effect from 24th August, 2020

**Note:** No other remuneration except sitting fee was paid to non-executive directors during the year 2020-21.

With the enhanced Corporate Governance requirements under the Act and the SEBI Listing Regulations, the role and responsibilities of the Board, particularly Independent Directors and Non Executive Directors have become more onerous, requiring greater time commitments, attention and a higher level of oversight.

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

##### **Terms of reference**

In compliance with the Section 135 of the Companies Act, 2013, Corporate Social Responsibility (CSR) Committee of the Board has been constituted. The Committee recommends the amount to be spent on the CSR activities to the Board for a particular financial year and monitor the CSR activities undertaken by the Company.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for the year 2020-21 forms a part of the Directors' Report.

##### **Composition and attendance during the year**

The composition of Committee during the year is given below:

Name of Member	Designation	Category	No. of Meetings	Meetings attended
Mr. Ashish V. Shah	Chairman	Managing Director	1	1
Mr. Vinod P. Arora	Member	Chairman and Managing Director	1	1
Mr. Amol Dalal	Member	Independent – Non-Executive	1	1

The Committee met on 11th February 2021. As the Company has incurred losses therefore, the company does not need to spend CSR Expenditure.

#### **RISK MANAGEMENT COMMITTEE**

The Company have a voluntary Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. A Risk Management Policy was reviewed and approved by the Committee. The Company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organizational structures, processes, standards, code of conduct and behaviors together form the Management System that governs how the company conducts the business of the Company and manages associated risks. The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by all three being fully aligned across Company wide Risk Management, Internal Control and Internal Audit methodologies and processes.

**Constitution of the committee is as under:-**

Sr. No.	Name of Director	DIN	Designation
1	Mr. Vinod P. Arora	00007065	Chairman
2	Mr. Ashish V. Shah	00007201	Member
3	Mr. Amol R. Dalal	00458885	Member

Risk Management Policy is being posted on the web site of the company <http://www.aarveedenims.com/wp-content/uploads/2021/03/5.-risk-management-policy.pdf>

#### **DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The 'Whistle Blower Policy' cum Vigil Mechanism is in place which is reviewed by the Audit Committee on regular basis. No personnel have been denied access to the Audit Committee.

Whistle Blower Policy cum vigil Mechanism for directors and employees of the company is available on the website of the company viz., <http://www.aarveedenims.com/wp-content/uploads/2017/02/vigil-machanism.pdf>

#### **FEES PAID TO STATUTORY AUDITORS**

Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part if any: Rs. 900000/-

**DISCLOSURES**

- (i) All transactions entered into with Related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations during the financial year 2020-21 were undertaken in compliance with aforesaid regulatory provisions. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company.
- (ii) There has been no non-compliance by the Company on any matter related to capital market except of the composition of the board and for which the company has already received the waiver of penalty from Bombay Stock Exchange and duly paid the penalty to National Stock Exchange.
- (iii) The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.
- (iv) CFO Certification: The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Part B of Schedule II to the Listing Regulations pertaining to CFO certification for the Financial Year ended 31st March, 2021.
- (v) Risk Management Policy: The Company has a well-defined risk management framework in place. The Company periodically places before the Audit Committee and the Board, the key risks and the risk assessment and mitigation procedures followed by the Company.
- (vi) The Company has complied with all the mandatory and non-mandatory requirements of the Listing Regulations relating to Corporate Governance except of the composition of the board and for which the company has already received the waiver of penalty from Bombay Stock Exchange and duly paid the penalty to National Stock Exchange and also complied with Clauses (b) to (i) of Regulation 46 (1) & (2) relating to the dissemination of information on the website of the Company.
  - (i) The status of compliance with the non-mandatory requirements listed in Part E of Schedule II of the Listing Regulations is as under:  
The following non-mandatory requirements have been adopted by the Company:
    - a. Financial statements of Company are unqualified and Members' attention is invited to the observation made by the Auditors under "Emphasis of Matter" appearing in the Auditors' Report.
    - b. The Company has appointed separate persons to the posts of Chairman and Managing Director.
    - c. The Internal Auditors report directly place to the Audit Committee.
- (vii) The policy on dealing with related party transactions is disclosed on the Company's website at the following web link: <http://www.aarveedenims.com/investors/corporate-governance/>
- (viii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
  - a. number of complaints filed during the financial year NIL
  - b. number of complaints disposed of during the financial year NIL
  - c. number of complaints pending as on end of the financial year. NIL

**GREEN INITIATIVE IN CORPORATE GOVERNANCE**

Rule 11 of the Companies (Accounts) Rules, 2014 permits circulation of annual report through electronic means to those shareholders whose e-mail IDs are registered with NSDL or CDSL or the shareholders who have registered their e-mail IDs with the Company to receive the documents in electronic form and physical copies to those shareholders whose e-mail IDs have not been registered either with the Company or with the depositories.

To support this green initiative of the Government, shareholders are requested to register their e-mail ID with the DPs, in case shares are held in dematerialized form and with the RTA, in case the shares are held in physical form and also intimate changes, if any, in their registered e-mail IDs to DPs / RTA/ Company from time to time.

**Accounting Standards**

The Company has duly followed the accounting standards laid down by the Institute of Chartered Accountants of India. The Company has complied with the mandatory requirements of corporate governance as required by the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**MEANS OF COMMUNICATION**

- The quarterly, half-yearly and yearly financial results are published in the national English newspaper- Indian Express (English) and in Financial Express (Gujarati Edition of Ahmedabad).
- The quarterly results are submitted to the Stock Exchanges, wherein the equity shares of the company are listed and traded, by way of online filing in listing center of such Stock Exchanges.
- The financial results are also posted on the Company's website [www. Aarvee-denims.com](http://www.Aarvee-denims.com).
- There were no presentation made to Institutional Investor or to the analyst during the financial year ended 31st March 2021.

**GENERAL SHAREHOLDER INFORMATION**

The Company is registered in the State of Gujarat having Corporate Identification Number (CIN) as allotted by Ministry of Corporate Affairs (MCA) as L17110GJ1988PLC010504.

**I. 32nd ANNUAL GENERAL MEETING:**

Date	Wednesday, 29th September 2021
Time	11:00 A.M.
Venue	Through Video Conferencing/OAVM
Financial Calendar Financial Year <b>For the year ended 31st March 2021, results were announced on:</b> First Quarter: Half Yearly: Third Quarter Fourth Quarter <b>For the year ending 31st March 2022, results will be announced in:</b> For First Quarter Half Yearly Third Quarter Fourth Quarter and Annual	From 1st April 2020 to 31st March 2021  28th July 2020 (Limitedly reviewed) 12th November 2020 (Limitedly reviewed) 11th February 2021 (Limitedly reviewed) 28th June 2021 (Audited)  By 14th August 2021 (Un-audited) By 15th November 2021 (Un-audited) By 15th February 2022 (Un-audited) By 30th May 2022 (Audited)

<b>Date of Book Closure</b>	NA
<b>Dividend Payment Date</b>	NA
<b>Listing on Stock Exchange</b>	The Company's Equity Shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd (NSE).
<b>Trade Code</b>	514274 of BSE and ARVEEDEN on NSE
<b>Share Division Office</b>	Link Intime India Pvt. Ltd 5th Floor, 506 TO 508, Amarnath Business Centre – 1 (ABC-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Opp. C G Road, Navrangpura, Ahmedabad - 380009. Tel. Nos.079-26465179, Fax No 079-26465179, Email: ahmedabad@linkintime.co.in
<b>Demat ISIN No.</b>	INE273D01019

## II. GENERAL BODY MEETINGS

Location, date and time of the Annual General Meetings and Extra Ordinary General Meetings held during the preceding 3 years are as under:-

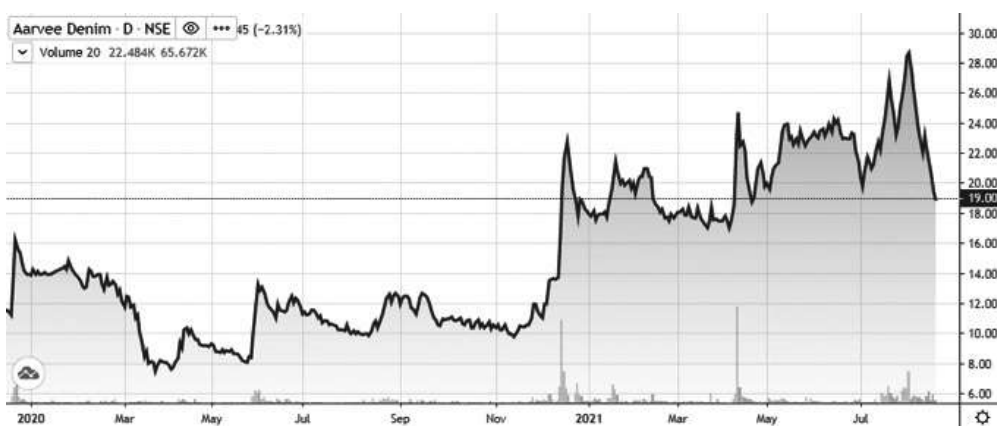
<b>Date</b>	<b>Location</b>	<b>Time</b>	<b>No. of Special Resolution passed</b>
26th December, 2020	191, Shahwadi, Nr. Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad: 382 405 (through Video Conferencing)	11:00 A.M.	3
27th September, 2019	191, Shahwadi, Nr. Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad: 382 405	10:00 A.M.	6
25th September, 2018	191, Shahwadi, Nr. Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad: 382 405	10:00 A.M.	2

- No resolution was put through postal ballot in the last AGM nor is any resolution proposed for this year.
- No Extra Ordinary General Meeting was held in the last financial year.

### Market Price Data:

<b>MONTH</b>	<b>BSE</b>			<b>NSE</b>		
	<b>High (Rs.)</b>	<b>Low (Rs.)</b>	<b>Turnover</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>	<b>Turnover</b>
Apr-20	11.88	7.4	662403	9.25	9.1	29,817.50
May-20	10.95	7.75	115857	8.5	8.3	28,936.05
Jun-20	14.17	8	2379523	12	11.75	279,774.50
Jul-20	12.23	9.86	426426			
Aug-20	13	9.66	1005079	12.75	12.55	327,041.25
Sep-20	13.6	10.67	705614	10.95	11	39,978.30

MONTH	BSE			NSE		
	High (Rs.)	Low (Rs.)	Turnover	High (Rs.)	Low (Rs.)	Turnover
Oct-20	11.5	10.03	224630	10.35	10.75	26,931.55
Nov-20	12.2	9.5	489334	12	11.75	265,289.85
Dec-20	22.95	11	13540292	18.85	18.5	312,505.75
Jan-21	22.2	17.1	2970969			
Feb-21	22.55	16.55	1740766	17.75	17.8	322,634.65
Mar-21	19.4	16.9	1218713	17.5	17.5	14,344.40

**Aarvee Denims share price versus the NSE Nifty**

**Aarvee Denims share price versus the BSE Sensex**


**Share Transfer System :** As per the SEBI guidelines shares are transferred by the aforesaid Registrars & Transfer Agent. The transfers are normally processed within 10-12 days from the date of receipt, if the documents are complete in all respects.

**Registrar & Transfer Agent :**

Link Intime India Pvt. Ltd

5th Floor, 506 TO 508, Amarnath Business Centre – 1 ( ABC-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Opp. C G Road, Navrangpura, Ahmedabad - 380009.

Tel. Nos.079-26465179, Fax No 079-26465179,

Email: ahmedabad@linkintime.co.in

**i. Secretarial Audit**

- a. Mr. Tapan Shah, Practicing Company Secretaries have conducted a Secretarial Audit of the Company for the year 2020-21. His Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made there under, Listing Agreements with the Stock Exchanges, Listing Regulations, applicable SEBI Regulations and other laws applicable to the Company except the composition of board which was duly complied by the company on 24th August 2020. The Secretarial Audit Report forms part of the Board's Report.
- b. Pursuant to Regulation 40 (9) of the Listing Regulations, certificates have been issued on a half-yearly basis, by a Company Secretary in practice, certifying due compliance of share transfer formalities by the Company.
- c. A Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit pursuant to the Regulation 55A of the SEBI (Depositories and Participant) Regulation, 1996, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

**ii. Distribution of Shareholding as on 31-03-2021**

Sr. No.	Category (Shares)	Shareholders		Shareholding	
		Numbers	Percentage	Numbers	Percentage
1	1-500	9130	86.6882	1297440	5.5305
2	501-1000	653	6.2002	549987	2.3444
3	1001-2000	334	3.1713	531133	2.2640
4	2001-3000	160	1.5192	408026	1.7393
5	3001-4000	47	0.4463	169036	0.7205
6	4001-5000	53	0.5032	250314	1.0670
7	5001-10000	69	0.6551	507105	2.1616
8	Above 10000	86	0.8166	19746759	84.1728
	<b>Total</b>	<b>10532</b>	<b>100.0000</b>	<b>23459800</b>	<b>100.0000</b>

## iii. Shareholding Pattern as on 31-03-2021

Category Wise Holdings Summary		
Category	Total Securities	%-Issued Capital
Corporate Bodies (Promoter Co)	6953978	29.6421
Clearing Members	18615	0.0793
Other Bodies Corporate	76104	0.3244
Financial Institutions	123	0.0005
Hindu Undivided Family	300611	1.2814
Non Nationalized Banks	300	0.0013
Non Resident Indians	1713568	7.3043
Non Resident (Non Repatriable)	41730	0.1779
Public	5082493	21.6647
Promoters	8482325	36.1569
Trusts	80000	0.3410
Insurance Companies	493758	2.1047
Investor Education And Protection Fund	216195	0.9216
<b>TOTAL</b>	<b>23459800</b>	<b>100</b>

## iv. Dividend declared for the last 10 years

Financial Year	% Dividend per shares
2010-11 (Interim Div. considered as Final Div. 2010-11)	5
2012-13 (Interim Div. considered as Final Div. 2012-13)	5

## v. Dematerialization of Shares and liquidity

Electronic/ Physical	No of Shares	Percentage %
CDSL	3011705	12.84
NSDL	20014282	85.31
Physical	433813	1.85
<b>TOTAL</b>	<b>2,34,59,800</b>	<b>100.00</b>

As on 31st March, 2021, 23025987 (98.15%) Equity Shares of the Company were dematerialized. 100% promoters share holdings are in dematerialized form.

## iv. Plant Location

## a. Registered Office and Vijay Farm Unit

191, Shahwadi, Nr. Old Octroi Naka, Narol – Sarkhej Highway, Ahmedabad-382 405

## b. Narol Unit

188/2, Ranipur Village, Opp. CNI Church, Narol, Ahmedabad-382 405

## c. Spinning Plant-I

Survey No. 215-217, Village Sari, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad-382 210

## d. Spinning Plant-II

Survey No. 212/2-212/4, Village Sari, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad -382 210.

## v. Address for correspondence

In case any problem or query, shareholders can contact at:



**Company Secretary**

Aarvee Denims and Exports Limited

191, Shahwadi, Near Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad - 382 405

Phone : 91-079- 68147000

Fax : 91-079- 68147070

Email : cs@aarvee-denims.com

**Shareholders may also contact Company's Registrar & Share Transfer Agent at:**

Name : Link Intime India Pvt. Ltd.

Address : 5th Floor, 506 TO 508, Amarnath Business Centre – 1 (ABC-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C G Road, Navrangpura, Ahmedabad - 380009.

Phone : 91-079- 26465179

Fax : 91-079- 26465179

Email : ahmedabad@linkintime.co.in

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

- a) **Outstanding GDRs / ADRs / Warrants or any convertible instrument, conversion and likely impact on equity:** NIL

b) **Electronic Voting:**

Pursuant to section 108 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable requirements, voting at the 32nd Annual General Meeting will be made through electronic voting. The electronic voting ("E-Voting") period will be from 9.00 a.m. on 25th September 2021 to 5.00 p.m. on 28th September 2021, both days inclusive.

c) **Disclosure of material transactions**

In terms of Regulation 26(5) of the SEBI LODR Regulations, Senior Management has made disclosure to the Board relating to all material financial and commercial transactions, if any, where they had personal interest that might have been in potential conflict with the interest of the Company. Based on disclosures received, none of the officials in senior management team of the Company have personal interest in any financial or commercial transactions that may have potential conflict with the interest of the Company.

- d) Disclosures of the Compliance with corporate governance under Regulations 17 to 27 of the SEBI LODR Regulations except those which are already disclosed elsewhere in this report:

- i. Orderly succession to Board and Senior Management: The Board had satisfied itself that in the event of a requirement for addition/succession at the Board level or in the Senior Management, there is a process in place.

ii. **Information supplied to the Board**

The Board is presented with relevant information on various matters related to the working of the Company, especially those which are critical and require deliberation for arriving at a decision or for resolving an issue. In addition to the items which are required to be placed before the Board for its noting and/or approval, information is properly provided on various significant matters.

In terms of quality and importance, the information supplied by the management to the Board of Directors of the Company is precise and provided with relevant details that is necessary for the directors to enable them to fulfill their duties. The Independent Directors of the Company

expressed satisfaction on the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**iii. Compliance Certificate**

The MD and Whole time Director have certified to the Board with regard to the financial statements and other matters as required under Regulation 17(8), read with Part B of Schedule II to the SEBI LODR Regulations and the same is given in this Annual Report.

**iv. Report on Corporate Governance**

This section, read together with the information given in the Board's Report, Management Discussion and Analysis section and General Shareholder Information, constitute the compliance report on Corporate Governance during the year. The company submits the quarterly compliance report on regular basis to the stock exchanges as required under Regulation 27 of the SEBI LODR Regulations.

**v. Certificate from Practicing Company Secretary on compliance of Corporate Governance conditions**

The Company has obtained the Certificate from a Practicing Company Secretary regarding compliance with the provisions relating to corporate governance laid down in Part E of Schedule V to the SEBI LODR Regulations along with some qualifications and the Certificate to the effect that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

These Certificate(s) are annexed to the Board's Report and will be sent to the stock exchanges, along with the Annual Report to be filed by the Company.

Sr. No.	Particulars	Regulation	Compliance status Yes/No/N.A	Compliance observed for the following
1.	Board of Directors	17	Yes	<ul style="list-style-type: none"> <li>➤ Composition</li> <li>➤ Meetings</li> <li>➤ Review of compliance report</li> <li>➤ Plans for orderly succession for appointments</li> <li>➤ Code of Conduct</li> <li>➤ Fees/compensation to Non-Executive Directors</li> <li>➤ Minimum information to be placed before the Board</li> <li>➤ Compliance Certificate</li> <li>➤ Risk assessment and management</li> <li>➤ Performance evolution of Independent Directors</li> </ul>

Sr. No.	Particulars	Regulation	Compliance status Yes/ No/N.A	Compliance observed for the following
2.	Audit Committee	18	Yes	<ul style="list-style-type: none"> <li>➤ Composition</li> <li>➤ Meetings</li> <li>➤ Power of the Committee</li> <li>➤ Role of the Committee and review of information by the Committee</li> </ul>
3.	Nomination and Remuneration Committee	19	Yes	<ul style="list-style-type: none"> <li>➤ Composition</li> <li>➤ Role of the Committee</li> </ul>
4.	Stakeholders' Relationship committee	20	Yes	<ul style="list-style-type: none"> <li>➤ Composition</li> <li>➤ Role of the Committee</li> </ul>
5.	Risk Management Committee	21	YES Voluntarily	<ul style="list-style-type: none"> <li>➤ Composition (Adopted Voluntarily)</li> <li>➤ Role of the Committee</li> </ul>
6.	Vigil Mechanism	22	Yes	<ul style="list-style-type: none"> <li>➤ Formulation of Vigil Mechanism for Directors and employees</li> <li>➤ Director access to Chairperson of Audit Committee</li> </ul>
7.	Related Party Transaction	23	Yes	<ul style="list-style-type: none"> <li>➤ Policy on Materiality of Related party Transactions and dealing with Related Party Transactions</li> <li>➤ Approval including omnibus approval of Audit Committee</li> <li>➤ Review of related Party Transactions</li> </ul>
8.	Subsidiaries of the Company	24	Yes	<ul style="list-style-type: none"> <li>➤ There was no material subsidiary of the Company and as a result the other compliance in respect of material subsidiary were not applicable</li> <li>➤ Review of financial statements of unlisted subsidiary by the Audit Committee</li> <li>➤ Significant transactions and arrangement of unlisted subsidiary</li> </ul>
9.	Obligation with respect to Independent Directors	25	yes	<ul style="list-style-type: none"> <li>➤ Maximum Directorship and tenure</li> <li>➤ Meeting of Independent Directors</li> <li>➤ Familiarization of Independent Directors</li> </ul>

Sr. No.	Particulars	Regulation	Compliance status Yes/ No/N.A	Compliance observed for the following
10	Obligation with respect to Directors and Senior Managements	26	Yes	<ul style="list-style-type: none"> <li>➤ Memberships/ Chairpersonship in Committees</li> <li>➤ Affirmation on Compliance of Code of Conduct by directors and Senior Management</li> <li>➤ Disclosure of shareholding by Non-Executive Directors</li> <li>➤ Disclosure by Senior Management about potential conflicts of interest</li> </ul>
11.	Other Corporate Governance requirements	27	yes	<ul style="list-style-type: none"> <li>➤ Compliance with discretionary requirements</li> <li>➤ Filing of quarterly compliance report on Corporate Governance</li> </ul>
12.	Website	46(2) (b) to (i)	Yes	<ul style="list-style-type: none"> <li>➤ Terms and conditions for appointment of Independent Directors</li> <li>➤ Composition of various Committees of the Board of Directors</li> <li>➤ Code of Conduct of Board of Directors and Senior Management personnel</li> <li>➤ Details of establishment of Vigil Mechanism/ Whistle Blower policy</li> <li>➤ Policy on dealing with Related Party Transactions</li> <li>➤ Policy for determining material subsidiaries</li> <li>➤ Details of familiarization programmes imparted to Independent Directors</li> </ul>

**e) Foreign exchange risk and hedging activities**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in foreign currencies. The company measures risk through sensitivity analysis

**Annexure to Corporate Governance Report**

To,  
**The Members of Aarvee Denims and Exports Limited**

**Declaration by the Managing Director under Para D of Schedule V of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

We, hereby declare that that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31st March, 2021.

**Date: 13.08.2021**  
**Place: Ahmedabad**

**Vinod Arora**  
**(Chairman & Managing Director)**

**CERTIFICATION**

(Pursuant to Regulation 17(8) of (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Board of Directors

We hereby certify that:

- a. We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March 2021 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee –
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Date: 13.08.2021**  
**Place: Ahmedabad**

**Ashish Shah**  
**Managing Director**

**Ketan Desai**  
**CFO**

**AARVEE DENIMS AND EXPORTS LTD.****CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

Registration No.: L17110GJ1988PLC010504

Nominal Capital: Rs. 50,000,0000/-

To,

The Members of

**AARVEE DENIMS & EXPORTS LIMITED**

CIN : L17110GJ1988PLC010504

Ahmedabad

I have examined the compliance of conditions of corporate governance by AARVEE DENIMS & EXPORTS LIMITED, for the year ended on March 31, 2021 as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to 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.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19, I certify that the Company has complied with the mandatory conditions as stipulated in above mentioned Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement of the said Company with stock exchanges, except:

Due to resignation of one of the Independent Director as on 25th October, 2019, total Independent Directors on the Board were less than the required 5, during the period 1st April, 2020 to 23rd August, 2020 and so Board structure was not proper during this period.

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

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

**Name of Company Secretary : TAPAN SHAH**

Membership No. : FCS4476

C P No. : 2839

UDIN : F004476C000773827

Place: Ahmedabad

Date: 13th August 2021

**Note:**

Due to restricted movement amid COVID-19 pandemic, I have conducted the Corporate Governance Compliance audit by examining the various records including Minutes, Documents, Registers and other records, etc., some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to me are the true and correct.

**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  
**AARVEE DENIMS AND EXPORTS LTD**  
191 Shahwadi, Near Old Octroi Naka,  
Narol Sarkhej Highway,  
Narol Ahmedabad- 382405

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of AARVEE DENIMS AND EXPORTS LTD, having CIN: L17110GJ1988PLC010504 and having registered office at 191 Shahwadi, Near Old Octroi Naka, Narol Sarkhej Highway, Narol Ahmedabad 382405 (hereinafter referred to as 'the Company'), produced before me 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, amended from time to time.

In my opinion and to the best of my 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 me by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 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.	Vinod Parmanand Arora	00007065	01/10/2010
2.	Ashish Virendrabhai Shah	00007201	28/03/1988
3.	Kalpesh Virendrabhai Shah	00007262	01/10/2010
4.	Nipun Vinodkumar Arora	00989835	11/08/2018
5.	Sanjay Shaileshbhai Majmudar	00091305	14/11/2003
6.	Ashok Chandrakant Gandhi	00022507	11/11/1995
7.	Amol Rohitbhai Dalal	00458885	31/03/2004
8.	Aartiben Pravinbhai Thakkar	08603903	14/11/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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.

**Name of Company Secretary : TAPAN SHAH**

Membership No. : FCS4476

C P No. : 2839

UDIN : F004476C000773827

Place: Ahmedabad  
Date: 13th August 2021

**Note:**

Due to restricted movement amid COVID-19 pandemic, I have examined the relevant registers, records, forms, returns and disclosures received from the Directors, some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to me are the true and correct.

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**MANAGEMENT DISCUSSION AND ANALYSIS**

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**DISCLAIMER**

Statements in the Directors' Report & Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

**OVERVIEW OF THE ECONOMY**

Globally, the COVID-19 pandemic has caused massive disruptions across every sphere of human and business activity. There has been an adverse economic impact on people, communities and countries. The widespread, synchronous and deep impact on economic activity was unprecedented, and nothing close to seen by a generation.

With an overall slowdown in the global economy, it is estimated by IMF to have contracted by around 3.3% in year 2020 on account of COVID-19 pandemic. However, the prospects in year 2021 have shown improvement and the negative growth is expected to be reversed with positive growth of 6%.

Emerging Markets like India have witnessed a slowdown and there is economic fallout registered on account of sustained lockdowns in various parts of the Country. Growth in India is estimated to have contracted to -7.3% in FY 2021. India witnessed second wave of the pandemic by end of March, 2021 which continued till June 2021, Economic activities registered sharp contraction compared to previous last quarter of FY 21 on account of sustained lockdowns in various parts of the Country.

As the world tries to vaccinate itself out of this pandemic, the mutations and pathways of the disease evolution are very much unknown, and will continue to cast shadow of uncertainty on the outlook. The vaccination drive has picked up momentum pan-India and the outlook for FY 22 remains positive with the advent of new vaccines reaching the market.

**OVERVIEW OF INDIAN TEXTILE MARKET**

India is the third-largest textile manufacturing industry and contributes approximately 6% to the total textile production, globally. India ranks 2nd as the largest producer of textiles and garments and is the 5th largest exporter of textiles spanning apparel, home and technical products.

The COVID-19 pandemic has impacted each and every business in some way or the other, the global textile industry has been drastically impacted. India, being one of the largest manufacturer of textile fabrics in the world has suffered due to drop in international demand for their products coupled with prolonged lockdowns and restrictions in majority of countries, higher prices of cotton and other raw materials and several supply chain disruptions. The key markets of denim fabrics in India like Delhi and Mumbai have been one of the worst affected parts of India for Covid-19 pandemic and hence, domestic demand for denim fabrics have been adversely affected. In last quarter of FY 2020-21, domestic demand has shown considerable rise due to major drop in Covid-19 cases which again surged to very high level during first quarter of FY 2021-22 due to second wave of Covid-19 pandemic and has adversely impacted the denim market.

Now, with successful implementation of vaccination drive by Government across India, the Covid-19 vaccination doses administered in India have crossed 50 crore. Due to receding impact of second wave coupled with increase in vaccination, the domestic demand in denim textile market should show improvement in coming quarters. International demand for Indian Denim fabrics have also shown improvement due to vaccination in major developed countries and opening up of the economies by the Governments.



**REVIEW OF OPERATIONS**

(Rs. in Lacs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Revenue from Operations	28,732.19	56640.67
EBITDA	1.33	3580.59
Profit after Tax	(6,419.11)	(4192.69)
Earnings per Share (Rs.)	(27.36)	(17.88)

**REVENUE**

There has been a decrease in Revenue from Operations by around 49% to Rs. 28732.19 Lacs mainly due to adverse impact of Covid-19 pandemic on domestic and international textile market, lockdowns by Central & State Governments and in major countries across Globe and consequent closure of company's manufacturing operations till August 2020.

**EBITDA & PAT**

EBITDA had decreased to Rs.1.33 lacs from Rs. 3580.59 Lacs during previous financial year and the company has suffered loss of Rs.6419.11 Lacs against net loss of Rs. 4192.69 Lacs. In FY 2020-21, particularly in the first half the company faced headwinds due to nationwide lockdowns in first two months due to Covid-19 pandemic and consequently closure of manufacturing operation of about five months upto August 2020. In second half, company has been able to increase the turnover due to some revival of denim market.

**RAW MATERIAL CONSUMPTION**

Cotton consumption cost had decreased to Rs. 10124 Lacs from Rs. 20204 Lacs during previous financial year due to reduction in overall production and sales during previous financial year.

**EMPLOYEE BENEFITS EXPENSES**

Employee benefits expenses decreased to Rs. 1929 Lacs from 4317 Lacs during the previous year due to closure of manufacturing operations for five months on account of Covid-19 pandemic.

**FINANCE COST**

Finance cost decreased Rs. 5095 Lacs from Rs. 5298 Lacs during the previous year mainly due to availment of low cost funds of ECLGS 2.0 loans and reduction working capital limits.

**OTHER EXPENSES**

Other expenses decreased to Rs. 6951 Lacs as compared to Rs. 14061 Lacs during previous year mainly due to reduced level of operations.

**WORKING CAPITAL**

The company has reduced the working capital limits due to availability of ECLGS 2.0 loans. However, working capital cycle remained elongated due to Covid-19 pandemic. Key distributors are required to offer elongated credit longer credit period to the garment manufacturers who are their customers, and the garment manufacturers are also required to offer extended credit periods to their own customers and thus in the process the entire working capital cycle has remained significantly elongated.

**SUBSIDIARY COMPANY**

M/s Aye Ess Spinning Mills Pvt. Limited, (herein after referred to as "Aye Ess") had not started its' commercial operations since its incorporation and pursuant to resolution passed by the Board of Directors of the Aye Ess, in its meeting held on 10.08.2019, it has filed an application under section 248(2) of the Companies Act, 2013 for voluntarily striking off of the name of the company from the Register of Companies with Registrar of Companies, Gujarat (i.e. ROC), after complying with all the prescribed legal formalities. Pending publication of notice in the Official Gazette by the ROC, Gujarat, the name of the subsidiary i.e. Aye Ess Spinning Mills Pvt.

**AARVEE DENIMS AND EXPORTS LTD.**

Ltd is yet to be stricken-off from Register of Companies and to be dissolved as at June 30, 2021. As the net worth of the Aye Ess as at March 31, 2020 is nil, the investment in Aye Ess amounting to Rs.1.00 lac had been provided as loss in diminution in value of investment in subsidiary in Financial Results of the company for the year ended March 31, 2020.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has appropriate internal control systems for business processes, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations etc. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The system is improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

**RISK AND CONCERNS**

The Company is exposed to specific risks that are particular to its business and environment within which it operates, including Foreign Exchange Risk, Interest Rate Risk, Commodity Price Risk, Risk of Product Concentration and other Business Risk. While risk is an inherent aspects of any business, the Company is conscious of the need to have an effective monitoring mechanism and has put in place appropriate measure for its mitigation including business portfolio risk, financial risk and legal risk and internal process risk.

**HUMAN RESOURCES DEVELOPMENT / INDUSTRIAL RELATION**

The Company rely that the health and safety of the workers and the persons residing in the vicinity of its plants is fundamental to the business. Commitment to the identification and elimination or control of the workplace hazards for protection of all is utmost importance. The manufacturing operations are conducted to ensure sensitivity towards the environment and minimize waste by encouraging "Green" practices.

The Company continued to enjoy healthy industrial relations during the year.

**CONCLUSION**

Business environment for Textile Industry where your company operates remained highly volatile due to first and second wave of Covid-19 pandemic. With issue of stage wise Unlock guidelines by various State Governments from time to time, the industry has again started reviving but still the fear of third wave of Covid-19 remains. However, as vaccination drive has been implemented speedily and more than 50 cr. people have been vaccinated in India, eventually with coverage of large part of population in next six months, adverse impact of possible new waves of Covid-19 pandemic should be less as compared to previous ones. Demand in international market which has shown remarkable improvement in current FY 22, also depends in future on how fast the countries implement vaccination with higher coverage of citizens and at the same time, efficacy of vaccines against various different variants of Covid-19 virus.

## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
**AARVEE DENIMS & EXPORTS LIMITED**

### **Report on the financial statements**

#### **Opinion**

We have audited the accompanying financial statements of AARVEE DENIMS & EXORTS LIMITED ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (Collectively referred to as 'financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 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, 2021, and its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to note no: 52 of the audited financial statements as regards the management's evaluation of COVID-19 impact on the future performance of the Company.

Attention is invited to note no: 50 of the audited financial results regarding disclosures made under MSMED Act, 2006. We are relied upon and accepted the information/data prepared and submitted by the management as such.

Our opinion is not modified in respect of these matters.

#### **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.

The key audit matter	How the matter was addressed in our audit
Recognition of Deferred tax assets, including Minimum Alternate Tax (MAT) credit entitlement. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The Company's ability to recognise previously un-recognised deferred tax assets is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the applicable tax laws. As at March 31, 2021 the Company has recognised total deferred tax assets (net) amounting to Rs. 214.05 lacs (including Rs.1357.45 lacs of Minimum Alternate Tax credit entitlement). The recognition of deferred tax asset is a key audit matter as its recoverability within the allowed time frame involves significant estimate of the financial projections, availability of sufficient taxable income in the future and significant judgements in the interpretation of tax regulations and tax positions adopted by the Company.	Our audit procedures to test the recognition of deferred tax assets (including MAT credit entitlement) included the following: Read and understood the Company's accounting policies with respect to recognition of deferred taxes and for assessing compliance with Ind AS 12 'Income Taxes'. We have evaluated the Company's tax positions by assessing the prevalent tax laws and compared the current position with prior years and past precedents. Assessed the consistency of data used in the deferred tax assets amount calculation and other facts as explained by the senior management of the Company. We assessed the disclosures in Note 23 and 37 of the Ind AS financial statements in accordance with the requirements of Ind AS 12 'Income Taxes'.

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the board of Directors 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 Standards on Auditing ('SAs'), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Act, 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.

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.

## **AARVEE DENIMS AND EXPORTS LTD.**

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, the 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 financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules 2016.
  - e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g. With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/ provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
  - 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
FRN:113742W

**SUNIL K.DAVE**  
PARTNER  
Membership Number: 047236  
UDIN : 21047236AAAAAFM6170

Place : Ahmedabad  
Date : 28.06.2021

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

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

**Report of even date on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act**
**1. In respect of its fixed assets:**

- a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company and based on the examinations of the registered sale deed/transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on confirmations received from landers. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the company, where the company is the lessee in the agreement.
2. As explained to us, physical verification of the inventories have been conducted at reasonable intervals by the management, which in our opinion is reasonable, having regard to the size of the Company and nature of its inventories. As explained to us, the discrepancies noticed on such verification between the physical stocks and book records were not significant and the same have been properly dealt with in the books of account.
  3. The company has not granted any loans, secured or unsecured to companies, Firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company.
  4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the investments made. Further, during the year under review, the company has not granted any loans or provide guarantees.
  5. According to the information and explanations given to us, the company has complied with the provisions of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014(as amended) except there was a shortfall in investing "Liquid Assets". According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or The Reserve Bank of India or any Court or any other Tribunal.
  6. In respect of business activities of the Company, maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company and are of the opinion that prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made detailed examinations of the records with a view to determining whether they are accurate or complete.
  7.
    - a) As per information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
    - b) There are no outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.

## AARVEE DENIMS AND EXPORTS LTD.

- c) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, goods and service tax, excise duty and cess which have not been deposited on account of any dispute, except for the following:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in Lakhs)	Amount Unpaid (Rs. in Lakhs)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal)	2011-12	19.45	19.45
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal)	2010-11	5.36	5.36

8. Based on our audit procedures and as per the information and explanations given by the management, the company has not defaulted in repayment of loans or borrowings from banks, financial institution. Further, during the year under review, the company has not issued debentures; hence the question of reporting for default in repayment of debentures does not arise.
9. The company has not raised money by way of initial public offer or further public offer including debt instruments. In our opinion, and accordingly to the information and explanations given to us, money raised by way of term loans have been applied by the company during the year for the purposes for which they were raised. However, as explained to us, the company has obtained loans from companies which have been utilised for the purpose for which the same have been obtained.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no material fraud on the company by its officers or employees has been noticed or reported during the year under review.
11. In our opinion and according to the information and explanation given to us, managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered in to transactions with related parties in compliance with Sections 177 and 188 of Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Accounting Standard (AS) 24, Related Party Disclosures specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the company.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the company.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
FRN:113742W

**SUNIL K.DAVE**  
PARTNER

Membership Number: 047236  
UDIN : 21047236AAAAFM6170

Place : Ahmedabad  
Date : 28.06.2021



**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

have audited the internal financial controls over financial reporting of **AARVEE DENIMS & EXPORTS LIMITED** (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or

**AARVEE DENIMS AND EXPORTS LTD.**

timely detection of unauthorised 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SHAH & SHAH ASSOCIATES**  
Chartered Accountants  
FRN:113742W

**SUNIL K.DAVE**  
PARTNER  
Membership Number: 047236  
UDIN : 21047236AAAAFM6170

Place : Ahmedabad  
Date : 28.06.2021

**BALANCE SHEET AS AT 31ST MARCH, 2021**

(Rs. In Lakh)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	5	27,308.97	34,944.55
(b) Intangible assets	5	6.17	36.78
(c) Right-of-use	6	48.85	56.99
(d) Investment in Subsidiary	7	-	-
(e) Financial assets			
Other financial assets	8	30.12	85.47
(f) Non-current tax assets (net)	9	39.90	184.71
(g) Other non-current assets	10	4.96	10.96
(h) Deferred tax assets	23	214.05	-
<b>Total non-current assets</b>		<b>27,653.02</b>	<b>35,319.46</b>
<b>2 Current assets</b>			
(a) Inventories	11	15,393.25	22,194.15
(b) Financial assets			
(i) Trade receivables	12	20,812.65	23,461.47
(ii) Cash and cash equivalents	13	1,342.72	105.28
(iii) Bank balance other than (ii) above	14	647.24	1,007.45
(iv) Other financial assets	15	73.99	603.77
(c) Other current assets	16	866.67	1,588.28
<b>Total current assets</b>		<b>39,136.52</b>	<b>48,960.40</b>
<b>3 Non-current assets classified as held for sale (Refer Note -54)</b>		<b>4,273.74</b>	<b>-</b>
<b>TOTAL ASSETS (1+2+3)</b>		<b>71,063.28</b>	<b>84,279.86</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	17	2,345.98	2,345.98
(b) Other equity	18	14,417.31	20,752.61
<b>Total equity</b>		<b>16,763.29</b>	<b>23,098.59</b>
<b>Liabilities</b>			
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	17,549.81	14,170.51
(ii) Lease Liabilities		6.13	5.72
(iii) Other financial liabilities	20	0.70	453.61
(b) Other non current liabilities	21	114.45	156.52
(c) Provisions	22	55.15	68.28
(d) Deferred tax liabilities (net)	23	-	1,636.80
<b>Total non-current liabilities</b>		<b>17,726.24</b>	<b>16,491.44</b>
<b>3 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	24,500.13	26,972.65
(ii) Trade payables	25		
(iia) Total Outstanding due of Micro, and small enterprise		103.52	666.15
(iib) Total Outstanding due of creditor other than Micro and samll enterprise		8,611.02	15,164.96
(iii) Lease liabilities		0.76	2.50
(iv) Other financial liabilities	26	1,614.07	1,457.54
(b) Other current liabilities	27	1,607.11	213.60
(c) Provisions	28	137.14	212.43
(d) Current tax liabilities (net)	29	-	-
<b>Total current liabilities</b>		<b>36,573.75</b>	<b>44,689.83</b>
<b>TOTAL EQUITY AND LIABILITIES (1+2+3)</b>		<b>71,063.28</b>	<b>84,279.86</b>
Significant Accounting Policies	3		
See accompanying notes forming part of financial statements	39-60		

In terms of our report attached of even date

**For Shah & Shah Associates**

Chartered Accountants  
(Firm Reg. No. 113742W)

**Sunil K. Dave**

Partner  
(Membership No. 047236)

Place : Ahmedabad  
Date : 28th June 2021

For and on behalf of the Board of Directors

**Aarvee Denims and Exports Limited**
**Vinod P. Arora**

Chairman & Managing Director  
(DIN:00007065)

**Ketan Desai**

Chief Financial Officer  
Place : Ahmedabad  
Date : 28th June 2021

**Kalpesh V. Shah**

Whole Time Director  
(DIN:00007262)

**Yashaswini Pandey**

Company Secretary

**AARVEE DENIMS AND EXPORTS LTD.**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021**

(Rs. In Lakh)

Particulars	Note	2020-21	2019-20
<b>INCOME</b>			
Revenue from operations	30	28,155.05	56,467.81
Other income	31	577.14	172.86
<b>Total Income</b>		<b>28,732.19</b>	<b>56,640.67</b>
<b>EXPENSES</b>			
Cost of materials consumed	32	13,441.95	34,837.75
Changes in inventories of finished goods and work in progress	33	6,409.28	(155.66)
Employee benefits expense	34	1,928.51	4,316.58
Finance costs	35	5,094.50	5,297.78
Depreciation and amortization expense	5	3,214.79	3,835.35
Other expenses	36	6,951.13	14,061.41
<b>Total expenses</b>		<b>37,040.16</b>	<b>62,193.21</b>
<b>Profit / (Loss) before Tax</b>		<b>(8,307.97)</b>	<b>(5,552.54)</b>
<b>TAX EXPENSE</b>	37		
Current tax		-	-
Short tax provision in earlier years		-	-
Mat Credit Entitlement		-	-
Deferred tax		(1,888.86)	(1,359.85)
<b>Profit / (Loss) for the year</b>		<b>(6419.11)</b>	<b>(4,192.69)</b>
<b>Other comprehensive income</b>			
(a) Items that will not be reclassified to statement of profit and loss in subsequent years			
- Remeasurment of Defined Benefits Plan (net of tax)		121.81	(30.89)
(b) Income Tax that will not be reclassified to statement of profit and loss in subsequent years		(38.01)	9.64
<b>Total other comprehensive income/(loss) for the year</b>		<b>83.80</b>	<b>(21.26)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(6335.31)</b>	<b>(4213.95)</b>
Earnings per equity share of face value of Rs. 10 each	38		
Basic & Diluted (in Rs.)		<b>(27.36)</b>	<b>(17.88)</b>
Significant Accounting Policies	2		
See accompanying notes forming part of financial statements	39-60		

In terms of our report attached of even date

**For Shah & Shah Associates**

Chartered Accountants  
(Firm Reg. No. 113742W)

**Sunil K. Dave**

Partner  
(Membership No. 047236)

Place : Ahmedabad  
Date : 28th June 2021

For and on behalf of the Board of Directors

**Aarvee Denims and Exports Limited**
**Vinod P. Arora**

Chairman & Managing Director  
(DIN:00007065)

**Ketan Desai**

Chief Financial Officer  
Place : Ahmedabad  
Date : 28th June 2021

**Kalpesh V. Shah**

Whole Time Director  
(DIN:00007262)

**Yashaswini Pandey**

Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021**

(Rs. in Lakh)

Particulars	2020-21	2019-20
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) before tax as per the Statement of Profit and Loss	(8,307.97)	(5,552.54)
Adjustments for :		
Depreciation and amortization expense	3,214.79	3,835.35
Investment in Wholly owned subsidiary	-	1.00
Interest and Financial Expenses	5,094.50	5,297.78
Net Loss/(Profit) on sale of Fixed Assets	(257.84)	180.93
Interest Received	(80.12)	(92.91)
Provision for Expected Credit Loss	-	63.23
Sundry Balance written off	11.19	0.59
<b>Operating profit before working capital changes</b>	<b>(325.45)</b>	<b>3,733.43</b>
Adjustments for :		
Trade Receivables	2,637.63	5,233.80
Inventories	6,800.90	130.19
Other Current Assets	721.62	1,044.88
Other Non Current Assets	5.99	0.18
Other financial assets non current	55.34	123.84
Other financial assets current	529.78	(497.52)
Increase/(decreased) in Lease Liab (Net)	(1.33)	0.69
Other current liabilities	1,393.51	57.90
Other current financial liabilities	156.55	537.61
Current provisions	(75.28)	99.74
Non current provisions	108.68	(36.21)
Other non current financial liabilities	(452.91)	36.22
Other non current liabilities	(42.07)	(42.07)
Trade Payables	(7,116.58)	(3,912.85)
<b>Cash Generated From Operations</b>	<b>4,396.38</b>	<b>6,509.83</b>
Income Taxes Paid	144.81	(50.98)
<b>Net Cash From Operating Activities (A)</b>	<b>4541.19</b>	<b>6458.85</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(25.38)	(239.27)
Sale of Fixed Assets	469.03	89.01
Bank Balances not considered as Cash and Cash Equivalents - Matured / (Placed)	360.20	546.24
Interest Received	80.12	92.91
<b>Net Cash used in Investing Activities (B)</b>	<b>883.97</b>	<b>488.89</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(Rs. in Lakh)

Particulars	2020-21	2019-20
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/ (Repayment) of Non current borrowings (Net)	3,379.30	914.98
Proceeds/ (Repayment) from current borrowings (Net)	(2,472.52)	(2,660.24)
Interest & Finance cost	(5,094.50)	(5,297.78)
<b>Net Cash used in Financing Activities (C)</b>	<b>(4187.72)</b>	<b>(7,043.04)</b>
<b>Net changes in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>1237.44</b>	<b>(95.30)</b>
Cash and Cash Equivalents at the beginning of the year (Refer Note 13 )	105.28	200.58
<b>Cash and Cash Equivalents at the end of the year (Refer Note 13 )</b>	<b>1342.72</b>	<b>105.28</b>
<b>Reconciliation of Cash and Cash equivalents with the balance sheet</b>		
Cash and Cash equivalents as per balance sheet (Refer Note : 13 &14)	1989.97	1112.73
Less : Unpaid Dividend Accounts (Refer Note : 14)	0.00	2.27
Less Deposit Account for Margin Money (Refer Note : 14)	647.24	1005.18
<b>Net Cash and Cash equivalents (as defined in IND AS 7 "Statement of Cashflow) included in note 13</b>	<b>1342.72</b>	<b>105.28</b>
<b>Cash and Cash Equivalents at the end of the year comprises of</b>		
(a) Cash on Hand	1.52	2.46
(b) Balances with Bank in current account	1341.20	102.82
<b>Total</b>	<b>1342.72</b>	<b>105.28</b>

## Notes :

- The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under Section 133 of The Companies Act 2013, read together with Paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as ammended).
- Cash and cash equivalents includes Rs. nil Lacs (P.Y. 2.27 Lacs) in earmarked account balances with banks which can be utilised only for the specific identified purposes.

In terms of our report attached of even date

**For Shah & Shah Associates**  
Chartered Accountants  
(Firm Reg. No. 113742W)

**Sunil K. Dave**  
Partner  
(Membership No. 047236)

Place : Ahmedabad  
Date : 28th June 2021

For and on behalf of the Board of Directors  
**Aarvee Denims and Exports Limited**

**Vinod P. Arora**  
Chairman & Managing Director  
(DIN:00007065)

**Ketan Desai**  
Chief Financial Officer  
Place : Ahmedabad  
Date : 28th June 2021

**Kalpesh V. Shah**  
Whole Time Director  
(DIN:00007262)

**Yashaswini Pandey**  
Company Secretary

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST MARCH, 2021**

**A Equity share capital**

(Rs. In Lakh)

Particulars	Note	No. of Shares	Amount
<b>As at 1st April, 2019</b>		<b>2,34,59,800</b>	<b>2,345.98</b>
Changes in equity share capital during the year	17a	-	-
<b>As at 31st March, 2020</b>		<b>2,34,59,800</b>	<b>2,345.98</b>
Changes in equity share capital during the year	17a	-	-
<b>As at 31st March, 2021</b>		<b>2,34,59,800</b>	<b>2,345.98</b>

**B Other equity**

Particulars	Capital Redemption Reserve	Securities Premium Account	General reserve	Foreign Currency Monetary Item Trns. Diff	Retained Earning	Total
<b>Balance as at 1st April, 2019</b>	<b>1,499.13</b>	<b>2,807.10</b>	<b>562.73</b>	<b>0.02</b>	<b>20,097.61</b>	<b>24,966.57</b>
Profit for the year	-	-	-	-	4,192.69	(4,192.69)
Other comprehensive Income for the year (net)	-	-	-	-	(21.26)	(21.26)
<b>Balance as at 31st March, 2020</b>	<b>1,499.13</b>	<b>2,807.10</b>	<b>562.73</b>	<b>0.02</b>	<b>15,883.66</b>	<b>20,752.61</b>
Profit /(Loss) for the year	-	-	-	-	(6,419.11)	(6,419.11)
Other comprehensive Income for the year (net)	-	-	-	-	83.80	83.80
<b>Balance as at 31st March, 2021</b>	<b>1,499.13</b>	<b>2,807.10</b>	<b>562.73</b>	<b>0.02</b>	<b>9,548.35</b>	<b>14417.31</b>

In terms of our report attached of even date

**For Shah & Shah Associates**  
Chartered Accountants  
(Firm Reg. No. 113742W)

**Sunil K. Dave**  
Partner  
(Membership No. 047236)

Place : Ahmedabad  
Date : 28th June 2021

For and on behalf of the Board of Directors  
**Aarvee Denims and Exports Limited**

**Vinod P. Arora**  
Chairman & Managing Director  
(DIN:00007065)

**Ketan Desai**  
Chief Financial Officer  
Place : Ahmedabad  
Date : 28th June 2021

**Kalpesh V. Shah**  
Whole Time Director  
(DIN:00007262)

**Yashaswini Pandey**  
Company Secretary

**1 Corporate Information**

**AARVEE DENIMS AND EXPORTS LIMITED** ("the company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013 ("the Act" erstwhile Companies Act, 1956). Its equity shares are listed on two stock exchanges in India. The company is engaged in the manufacturing and selling of denim and non denim Fabrics. The company caters to both domestic and international markets.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENT**
**2.1 Statement of compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015.

The Ind AS financial statements are presented in Indian Rupees and all values are rounded to the nearest lakh (Rupees 00,000), except where otherwise indicated. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

**2.2 Basis of preparation of Financial Statement**

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability."

**3. SIGNIFICANT ACCOUNTING POLICIES**
**3.1 Property, plant and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land & properties under construction) less their residual values over their useful lives, as indicated in the Companies Act, 2013, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. However, in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Particulars	Depreciation
Plant & Machineries	Over the period of 10 to 40 years as technically assessed

Depreciation on additions to / deletions from fixed assets made during the period is provided on pro-rata basis from / up to the month of such addition / deletion as the case may be.

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

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date (except to the extent of any adjustment permissible under other accounting standard).

**Intangible Assets**

Intangible Assets are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test.

Amortisation in respect of Intangible assets is provided on Straight Line basis over the period of under lying contract or estimated period of its economic life.

**3.2 Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

**3.3 Non-current assets held for sale and discontinued operations.**

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is considered to have met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sale of such assets (or disposal groups), its sale or distribution is highly probable; and it will genuinely be sold, not abandoned. The group treats sale of the asset or disposal group to be highly probable when:

- i) The management is committed to a plan to sell the asset (or disposal group),
- ii) An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- iii) The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- iv) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- v) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale/distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

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

- 1) represents a separate major line of business or geographical area of operations,
- 2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

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.

**3.4 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**3.5 Investments in Subsidiary Company**

Investments in subsidiary Company is carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary companies, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

**3.6 Government Grants**

Government Grants related to assets are treated as deferred income and are recognized in the statement of profit and loss on a systematic and rationale basis over the useful life of the assets. Government Grants related to revenue are recognized on a systematic basis in a statement of profit and loss over the period necessary to match them with the related cost which they are intended to compensate. Specifically, Government Grants whose primary condition is that the company should purchase, construct or otherwise acquire non current assets are recognized as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

**3.7 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised 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. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised 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.

Contingent liabilities are not recognised but are disclosed in the notes.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

Contingent assets are not recognised but are disclosed in the notes where an inflow of economic benefits is probable.

**3.8 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**3.9 Operating Cycle**

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

**3.10 Financial Instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

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

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

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognized at fair value. In case of financial assets which are recognized at fair value through profit and loss (FVTPL), its transaction costs are recognized in the Statement of Profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

**Subsequent measurement**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as a FVTPL. Interest income is recognized in profit or loss and is included in the "Other Income" line item.

**Classification of financial assets:****Financial assets measured at amortized cost**

A financial asset is measured at the amortized cost if both the following conditions are met:

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

- a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) 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.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

The amortized cost of a financial asset is also adjusted for loss allowances, if any.

**Financial assets measured at FVTOCI**

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) 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 on the principal amount outstanding.

**Financial assets measured at FVTPL**

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above.

This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss. Dividend Income on the investments in equity instruments are recognized as 'other income' in the Statement of Profit and Loss.

**Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of group of similar financial assets) is derecognised (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

- a) The contractual rights to cash flows from the financial assets expires,
- b) The company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- c) The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- d) The Company neither transfer nor retains substantially all risk and rewards of ownership and does not retain control over the financial assets.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset; in that case, the Company also recognizes an associated liability.

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

**Impairment of financial assets**

The Company applies expected credit losses (ECL) model for recognising impairment loss on financial assets measured at amortised cost and trade receivables. In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. For the purpose of measuring lifetime expected credit loss, for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. The expected credit loss allowance is computed based on a provision matrix which takes in to account historical credit loss experience and adjusted for forward looking information. For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if the credit risk has increased significantly, then the impairment loss is provided based on lifetime ECL. Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expenses in the Statement of profit and loss under the head 'Other expense'.

**Financial liabilities and equity instruments****Debt and Equity Instruments:**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**Financial Liabilities:****Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value.

**Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021****Financial liabilities at FVTPL**

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management;

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

**Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the closing rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

**Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

**3.12 Leases**

Effective 1st April 2019, the company has adopted Ind AS 116 - Leases and applied the standard to all leases contracts existing on 01-04-2019 using the modified retrospective method. Refer Note 6 for details on transition to Ind AS 116 Leases.

At inception of a contract, the company assesses whether a contract is, or contains, a lease. 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.

The company recognised a right of use assets and a lease liabilities at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use asset are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The Lease Liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is measured when there is change in future lease payments arising from change in an index or rate, if there is a change in company's estimates of the amount expected to be payable under the residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of right of use asset has been reduced to zero.

The company presents right-of-use asset that do meet the definition of investment property in 'Property Plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

**Short - term leases and leases of low value assets**

The company has elected not to recognize right-of-use assets and liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

**3.13 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

**3.14 Fair Value**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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"

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that is categorized into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or Liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021****3.15 Allowance for doubtful trade receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are derived based on a provision matrix which takes into account various factors such as customer specific risks, geographical region, product type, currency fluctuation risk, repatriation policy of the country, country specific economic risks, customer rating, and type of customer, etc. Individual trade receivables are written off when the management deems them not to be collectable.

**3.16 Revenue recognition**

Revenue from sale of goods and services is measured at the fair value of the consideration received or receivable, net of estimated customer returns, rebates and other similar allowances.

**Sale of goods**

Revenue from the sale of goods is recognised the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and it is probable that the economic benefits associated with the transaction will flow to the Company.

**Rendering of services**

Revenue from rendering of services recognised when services are rendered and related cost are incurred.

**Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis.

**Export benefits**

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same

**3.17 Foreign currencies**

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**3.18 Financial Derivatives and Commodity hedging Transactions**

In respect of financial derivatives and commodity hedging contracts, premium paid, losses on restatement and gains/losses on settlement are charged to the statement of profit and loss.

**3.19 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3.20 Employee benefits****Defined benefit plans**

The Company has an obligation towards a defined benefit retirement plan covering eligible employees through Group Gratuity Scheme of Life Insurance Corporation of India. The Company accounts for the liability for the gratuity benefits payable in future based on an independent actuarial valuation carried out using Projected Unit Credit Method considering discounting rate relevant to Government Securities at the Balance Sheet Date.

Defined benefit costs in the nature of current and past service cost and net interest expense or income are recognized in the statement of profit and loss in the period in which they occur. Actuarial gains and losses on measurement is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur and is reflected immediately in retained earnings and not reclassified to profit or loss. Past service cost is recognized in profit and loss in the period of a plan amendment.

**Defined Contribution plan**

The Company recognize contribution payable to a defined contribution plan as an expenses in the Statement of profit and loss when the employee render services to the Company during the reporting period.

**Compensated Absences**

Provisions for Compensated Absences and its classifications between current and non-current liabilities are based on independent actuarial valuation. The actuarial valuation is done as per the projected unit credit method as at the reporting date.

**Short term employee benefits:**

They are recognized at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered.

**3.21 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantially enacted by end of reporting periods.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

**3.22 Earnings Per Share**

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for the effects of dividend interest and other charges relating to the dilutive potential equity shares by weighted average number of shares plus dilutive potential equity shares.

**4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS****Significant accounting judgements**

The application of the Company's accounting policies in the preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions thereto are recognized in the period in which they are revised or in the period of revision and future periods if the revision affects both the current and future periods. Actual results may differ from these estimates which could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments 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.

**(a) Fair value measurement of financial instruments**

When the fair value 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 ECL model. The inputs to these models are taken from observable markets where possible, but where

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

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.

**(b) Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity 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.

**(c) Provisions and Contingent Liabilities**

Provisions are recognised 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. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. Contingent liabilities are not recognised in the financial statements. The policy for the same has been explained above in note 3.7.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**5. Property, plant & equipments**

Particulars	Tangible Assets								Total	Intangible Assets Computer Software
	Lease Hold Land	Land & Land Development	Buildings	Plant & Machineries	Electric Installations	Furniture & Fixtures	Office Equipments	Vehicles		
<b>Deemed Cost</b>										
As at April 1, 2019	78.60	1,301.11	10,144.57	33,158.45	1,121.49	369.00	233.10	142.23	17.27	46,565.82
Transfer to right of use asset	78.60	-	-	-	-	-	-	-	-	78.60
Additions	-	-	3.36	232.53	0.04	0.12	2.57	-	0.66	239.27
Disposals	-	-	-	646.50	-	-	-	41.38	-	687.88
<b>As at March 31, 2020</b>	-	<b>1,301.11</b>	<b>10,147.93</b>	<b>32,744.48</b>	<b>1,121.53</b>	<b>369.12</b>	<b>235.67</b>	<b>100.85</b>	<b>17.93</b>	<b>46,038.61</b>
Transfer to right of use asset	-	-	-	-	-	-	-	-	-	-
Transferred to assets held for sale	-	255.97	975.84	4,812.92	-	-	-	-	-	6,044.72
Additions	-	-	-	24.60	-	-	-	0.78	-	25.38
Disposals	-	7.17	-	308.87	-	-	-	27.54	-	343.57
<b>As at March 31, 2021</b>	-	<b>1,037.97</b>	<b>9,172.09</b>	<b>27,647.30</b>	<b>1,121.53</b>	<b>369.12</b>	<b>235.67</b>	<b>74.10</b>	<b>17.93</b>	<b>39,675.70</b>
<b>Accumulated Depreciation</b>										
As at April 1, 2019	21.60	-	1,165.13	5,575.04	616.97	154.91	151.10	25.82	13.34	7,723.91
Transfer to right of use asset	21.60	-	-	-	-	-	-	-	-	21.60
Depreciation for the year	-	-	396.10	3,162.61	163.13	45.13	19.66	22.81	0.24	3,809.68
Eliminated on Disposal of Assets	-	-	-	381.82	-	-	-	36.12	-	417.94
<b>As at March 31, 2020</b>	-	-	<b>1,561.23</b>	<b>8,355.83</b>	<b>780.10</b>	<b>200.04</b>	<b>170.76</b>	<b>12.51</b>	<b>13.58</b>	<b>11,094.05</b>
Depreciation for the year	-	-	394.35	2,585.15	135.33	40.77	15.54	20.65	0.21	3,192.00
Transfer to assets held for sale	-	-	226.06	1,544.92	-	-	-	-	-	1,770.98
Eliminated on Disposal of Assets	-	-	-	122.85	-	-	-	25.50	-	148.35
<b>As at March 31, 2021</b>	-	-	<b>1,729.51</b>	<b>9,273.21</b>	<b>915.43</b>	<b>240.81</b>	<b>186.30</b>	<b>7.66</b>	<b>13.79</b>	<b>12,366.72</b>
<b>Net Block</b>										
<b>As at March 31, 2021</b>	-	<b>1,037.97</b>	<b>7,442.58</b>	<b>18,374.08</b>	<b>206.09</b>	<b>128.31</b>	<b>49.37</b>	<b>66.44</b>	<b>4.14</b>	<b>27,308.97</b>
As at March 31, 2020	-	1,301.11	8,586.70	24,388.65	341.42	169.08	64.91	88.34	4.35	34,944.55

(ii) Refer Note 17a, 17b & 17c for information on property, plant and equipment pledged as security by the Company.

(iii) Refer Note 38 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iv) Refer Note 44 or Government grant related to property, plant and equipment.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 6 Non Current Right - Of -Use Assets

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Land of Windmill</b>		
<b>Opening Balance</b>	<b>86.13</b>	
Leasehold Land Transfer from PPE	-	78.60
Additions during the year	-	7.53
<b>Total</b>	<b>86.13</b>	<b>86.13</b>
<b>Opening Balance</b>	<b>29.14</b>	
Deprecation transfer from PPE	-	21.60
Deprecation for the year	8.14	7.54
<b>Total</b>	<b>37.28</b>	<b>29.14</b>
<b>Net Block</b>	<b>48.85</b>	<b>56.99</b>

## 7 Investment in subsidiary (Non - current)

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Investment in equity instrument :</b>		
<b>Unquoted (At cost)</b>		
<b>Subsidiary :</b>		
10,000 Equity Shares of Rs. 10 each fully paid up of AYE ESS SPINNING MILLS PVT. LTD.	1.00	1.00
Less : Provision for Dimunation in Value of Investment	1.00	1.00
<b>Total</b>	<b>-</b>	<b>-</b>

## 8 Other financial assets (Non - current)

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Security deposits</b>		
Unsecured, considered good	29.92	29.92
-Balance with government authorities	0.20	55.55
<b>Total</b>	<b>30.12</b>	<b>85.47</b>

## 9 Non-current tax assets (net)

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance tax and TDS receivable (net of provision)	39.90	184.71
<b>Total</b>	<b>39.90</b>	<b>184.71</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**10 Other non-current assets**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Capital advances</b>		
Unsecured, considered good	4.96	10.96
<b>Total</b>	<b>4.96</b>	<b>10.96</b>

**11 Inventories**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw materials	463.25	798.64
Work in progress	9591.38	8421.72
Finished goods	4257.03	12486.01
Goods in transit (Finished goods)	946.33	296.29
Stores and spares	135.26	191.49
<b>Total</b>	<b>15,393.25</b>	<b>22,194.15</b>

**12 Trade receivables**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Secured, considered good	-	-
Unsecured, considered good	20812.65	23461.47
Unsecured, considered doubtful	125.67	125.67
Less: Allowance for unsecured doubtful debts (Expected credit loss allowance) (Refer Note 44B)	(125.67)	(125.67)
<b>Total</b>	<b>20,812.65</b>	<b>23,461.47</b>

**13 Cash and cash equivalents**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	1.52	2.46
Balances in current accounts with banks	1341.20	102.81
<b>Total</b>	<b>1,342.72</b>	<b>105.28</b>

**14 Other bank balance**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
In unclaimed dividend accounts	0.00	2.27
In deposit accounts for margin money	647.24	1005.17
<b>Total</b>	<b>647.24</b>	<b>1,007.45</b>

(Above deposit includes Rs. 205.27 lakh (Previous year Rs.483.49 lakh) under bank lien for margin money).

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 15 Other financial assets (Current)

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>(Unsecured, considered good)</b>		
Loans and advance to staff	1.73	1.35
Loans and advance to others	2.63	5.65
Goods and service tax receivable	63.12	581.92
Interest receivable on margin money	6.51	14.86
<b>Total</b>	<b>73.99</b>	<b>603.77</b>

## 16 Other current assets

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Export benefit receivable	355.21	363.12
Advance to creditors	93.59	103.17
Balance with government authorities	407.71	1119.65
Prepaid expenses	10.16	2.35
<b>Total</b>	<b>866.67</b>	<b>1,588.28</b>

## 17 Share capital

(Rs. In Lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of Rs. 10/- each	3,50,00,000	3,500.00	3,50,00,000	3,500.00
13% Cumulative Redeemable Non Convertible Preference Shares of Rs. 10/- each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
<b>Issued, Subscribed &amp; Fully Paid up</b>				
Equity Shares of Rs. 10/- each fully paid up	2,34,59,800	2,345.98	2,34,59,800	2,345.98
<b>Total</b>	<b>2,34,59,800</b>	<b>2,345.98</b>	<b>2,34,59,800</b>	<b>2,345.98</b>

## a. Reconciliation of the number of equity shares outstanding at the beginning and at the end of the Year;

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	2,34,59,800	23,45,98,000	2,34,59,800	2,345.98
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>2,34,59,800</b>	<b>23,45,98,000</b>	<b>2,34,59,800</b>	<b>2,345.98</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2021, the amount of per share dividend recognized as distributions to equity shareholders was Rs. NIL (31st March 2020: Rs.NIL).

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 shares held by each shareholder holding more than 5% shares:**

Name of Shareholder	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Devangkumar Narendrakumar Sanghavi	14,90,000	6.35	14,90,000	6.35
Parmanand T. Arora	18,99,533	8.10	18,99,533	8.10
V.B. Investment Private Limited	23,20,900	9.89	23,20,900	9.89
Kashvi Investment Private Limited	13,88,200	5.92	13,88,200	5.92

**18 Other equity**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital redemption reserve	1,499.13	1,499.13
Securities premium account	2,807.10	2,807.10
General reserve	562.73	562.73
<b>Foreign currency monetary item trns.diff</b>		
As per last Balance Sheet	0.02	0.02
<b>Retained earning</b>		
As per last Balance Sheet	15,883.64	20,097.59
Add: Net profit for the current year	(6,419.11)	(4,192.69)
Other comprehensive income (net of tax)		
Re-measurement gain / (losses) on defined benefit plans	83.80	(21.26)
<b>Balance at the end of year</b>	<b>9,548.33</b>	<b>15,883.64</b>
<b>Total</b>	<b>14,417.31</b>	<b>20,752.61</b>

**Nature and purpose of reserves**
**Capital redemption reserve**

The company has recognized capital redemption reserve, for cumulative redeemable non convertible preference shares. The amount of capital redemption reserve is equal to nominal amount of the preference shares.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021****General reserve**

General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

**Security premium**

The amount received in excess of face value of the equity shares, in relation to issuance of equity, is recognized in securities premium reserve.

**Retained earning**

Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to the shareholders.

**19 Borrowings (Non - current)**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Secured loans</b>		
Term loans from banks & financial institutional : (Refer Note a, c & d below)	7,645.83	4,095.68
Less: Current maturities of long-term Loan (Refer Note 24)	(1,200.25)	(735.07)
	<b>6,445.58</b>	<b>3,360.61</b>
Vehicle loans: (Refer Note b & d below)	23.71	33.33
Less: Current maturities of long-term vehicle loans (Refer Note 24)	(12.05)	(11.07)
	<b>11.67</b>	<b>22.26</b>
	<b>6,457.25</b>	<b>3,382.87</b>
<b>Unsecured</b>		
<b>Public deposits (Refer Note 41)</b>		
From directors	1235.07	2106.00
From others	7194.74	6188.56
	<b>8,429.82</b>	<b>8,294.56</b>
Loans from related parties (Refer Note 41)	2662.75	2493.09
	<b>2,662.75</b>	<b>2,493.09</b>
<b>Total</b>	<b>17,549.81</b>	<b>14,170.51</b>

**Nature of Securities:**

- Secured by mortgage of all fixed assets of Unit- I (Narol), Unit- II (Sari), Unit- III (Vijay Farm) & Unit- IV (Sari) and first charge by way of hypothecation of fixed assets and second charge on the current assets of Unit- I (Narol), Unit- II (Sari), Unit- III (Vijay Farm) & Unit- IV (Sari).
- Secured by way of hypothecation of respective motor vehicles purchased.
- Specific charge on assets purchased from the proceeds of Loan.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**d. Term of Repayment**

(Rs. In Lakh)

<b>Term Loan &amp; Corporate Loan</b>	<b>Repayment Schedule</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
YES Bank (Term Loan)	15 Quarterly inst. Starting from 03/12/18 of Rs. 60,64,000 each	363.37	544.41
YES Bank (Term Loan)	10 Quarterly inst. Starting from 30/09/2020 of Rs. 3,54,695 each	21.28	-
YES Bank (Term Loan)	one installment of Rs 14507	0.15	-
YES Bank (Term Loan)	10 Quarterly inst. Starting from 30/09/2020 of Rs. 6,292 each	0.38	-
YES Bank (Term Loan)	48 Monthly inst. Starting From 3/2/2022 of Rs 10,75,000 each	516.00	-
TATA Capital (Term Loan)	60 Quarterly inst. Starting from 15/04/17 of Rs. 16,05,570 each	194.37	307.78
TATA Capital (Term Loan)	1 monthly installment 5/12/2021 of Rs 2,82,401 and 3 monthly installment 5/1/2022 of Rs 3,23,079/-	12.63	-
TATA Capital (Term Loan)	48 Monthly inst. Starting From 22/2/2022 of Rs 1,33,300 each	46.33	-
SCB - ECB Loan	22 Quarterly Inst. Starting from 11/08/2019 of USD 2,27,272.72 each	2,487.33	3,243.49
BOB (Term Loan)	48 Monthly inst. Starting From 25/1/2022 of Rs 34,27,100 each	1,645.00	-
SCB (Term Loan)	48 Monthly inst. Starting From 29/1/2022 of Rs 26,56,250 each	1,275.00	-
SBI (Term Loan)	48 Monthly inst. Starting From 25/3/2022 of Rs 29,12,500 each	563.73	-
BOI (Term Loan)	48 Monthly inst. Starting From 24/2/2022 of Rs 10,77,100 each	520.26	-

<b>Vehicle Loans</b>	<b>Repayment Schedule</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
ICICI Bank Ltd.	60 Monthly inst. Starting from 01/06/18 of Rs 71,260 each	16.80	23.62
HDFC Bank Ltd	60 Monthly inst. Starting from 05/06/17 of Rs 16,412 each	2.75	3.88
HDFC Bank Ltd	60 Monthly inst. Starting from 05/06/17 of Rs 12,310 each	2.08	2.91
HDFC Bank Ltd	60 Monthly inst. Starting from 05/06/17 of Rs 12,310 each	2.08	2.91

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 20 Other financial liabilities (Non - current)

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade deposits	0.70	453.61
<b>Total</b>	<b>0.70</b>	<b>453.61</b>

## 21 Other non - current liabilities

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred income on government grant (Refer Note 46)	114.45	156.52
<b>Total</b>	<b>114.45</b>	<b>156.52</b>

## 22 Provisions (Non - current)

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Provision for employee benefits</b>		
Compensated absences	55.15	62.13
Gratuity	-	6.15
<b>Total</b>	<b>55.15</b>	<b>68.28</b>

## 23 Deffered Tax Asset/(liabilities) (Net)

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Deferred tax liability</b>		
Related to fixed assets	4,940.84	4,018.39
Remeasurement benefit of the defined benefits plans through OCI	-	-
Excess of Lease Asset over Lease Liab	13.09	15.22
<b>Deferred tax assets</b>		
Deferred tax imposed on employee benefits	94.20	83.78
Provision for doubtful debt	39.21	39.21
Unabsorbed Depreciation	3,711.33	912.57
MAT credit entitlements	1,357.45	1,357.45
Remeasurement benefit of the defined benefits plans through OCI	(34.21)	3.80
<b>Total</b>	<b>214.05</b>	<b>(1636.80)</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**The Major Components of Deferred tax Liability**

Particulars	Opening Balance	Recognised in P/L	Recognised in OCI	Closing Balance
Related to fixed assets	4,018.39	922.45		4,940.84
Related to Expenses	(122.99)	(10.42)		(133.41)
Unabsorbed Depreciation	(912.57)	(2,798.76)		(3,711.33)
Remeasurement benefit of the defined benefits plans through OCI	(3.80)	-	38.01	34.21
Leases	15.22	-2.12		13.09
Mat Credit Entitlements	(1,357.45)			(1,357.45)
<b>Total</b>	<b>1,636.80</b>	<b>(1888.86)</b>	<b>38.01</b>	<b>(214.05)</b>

**24 Borrowings (Current)**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>		
Loans from banks		
Working capital loans (Refer Note b below)	24,293.79	26,609.22
	<b>24,293.79</b>	<b>26,609.22</b>
<b>Unsecured</b>		
Public deposits (Refer Note 43 )		
From directors	-	0.00
From others	206.34	363.43
	<b>206.34</b>	<b>363.43</b>
<b>Total</b>	<b>24,500.13</b>	<b>26,972.65</b>

**a. Public deposit includes deposit accepted from directors**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Monery received from directors during the year	-	-

**b. Nature of Securities:**

Loans are Secured by hypothecation of all current assets of Unit -I (Narol), Unit- II (Sari), Unit- III (Vijay Farm), Unit- IV (Sari) and second charge on the fixed assets of Unit -I (Narol), Unit- II (Sari), Unit- III (Vijay Farm), Unit- IV (Sari).

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 25 Trade payables

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Acceptances	-	-
Trade Payables (Refer Note No. 43 & 50)		
Total Outstanding due of Micro, and small enterprise	103.52	666.15
Total Outstanding due of creditor other than Micro and small enterprise	8,611.02	15,164.96
<b>Total</b>	<b>8,714.54</b>	<b>15,831.11</b>

Acceptances includes credit availed by the company from banks for payment to suppliers for goods purchased by the company the arrangements are interest bearing and the same are payable at due date

## 26 Other financial liabilities (Current)

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long-term borrowings	1212.30	746.14
Interest accrued but not due on borrowings	82.36	248.63
Unclaimed dividends	0.00	2.26
Other payables	319.41	460.51
<b>Total</b>	<b>1,614.07</b>	<b>1,457.54</b>

## 27 Other current liabilities

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Other liabilities</b>		
Advances from customers	227.25	213.60
Advances received against sale of assets	1379.86	-
<b>Total</b>	<b>1,607.11</b>	<b>213.60</b>

## 28 Provisions (Current)

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits		
Compensated absences	36.82	34.13
Gratuity payable	100.32	178.30
<b>Total</b>	<b>137.14</b>	<b>212.43</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**29 Current tax liabilities (net)**

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Others		
Provision for taxation (net of advance tax and TDS)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**30 Revenue from operations**

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Sale of products	27,912.75	56,133.72
<b>Other operating revenues :</b>		
Export incentive income	242.30	334.09
<b>Total</b>	<b>28,155.05</b>	<b>56,467.81</b>

**31 Other income**

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest income	80.12	92.91
Apportioned income from government grant (Refer Note 44)	42.07	42.07
Gain on foreign currency transactions and translation (net)	178.71	-
Gain on Sale of Land	257.84	-
Other non-operating income	18.40	37.88
<b>Total</b>	<b>577.14</b>	<b>172.86</b>

**32 Cost of materials consumed**

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening stock	798.64	1,050.45
Add : Purchases	13,137.82	34,585.94
	<b>13,936.46</b>	<b>35,636.39</b>
Less : Sales	31.26	-
Less : Closing stock	463.25	798.64
<b>Cost of raw materials consumed</b>	<b>13,441.95</b>	<b>34,837.75</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 33 Changes in inventories of finished goods and work in progress

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>Inventories at the end of the year</b>		
Work in progress	9,591.38	8,421.72
Finished goods	5,203.36	12,782.30
	<b>14,794.74</b>	<b>21,204.02</b>
<b>Inventories at the beginning of the year</b>		
Work in progress	8,421.72	8,027.78
Finished goods	12,782.30	13,020.57
	<b>21,204.02</b>	<b>21,048.35</b>
<b>Net (Increase) / Decrease in stock</b>	<b>6,409.28</b>	<b>(155.66)</b>

## 34 Employee benefits expense

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries, wages and bonus	1,863.68	3,989.82
Contributions to provident fund & others funds (Refer Note 39)	57.18	302.18
Staff welfare expenses	7.65	24.58
<b>Total</b>	<b>1,928.51</b>	<b>4,316.58</b>

## 35 Finance costs

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest expense	4936.01	4746.29
Other borrowing costs	158.49	551.49
<b>Total</b>	<b>5,094.50</b>	<b>5,297.78</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**36 Other Expenses**

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Consumption of stores and spare parts	281.84	481.89
Power and fuel	3,946.72	9,252.01
Payment to auditors (Refer note below)	9.00	9.00
Rent	18.03	12.18
Repairs to building	25.76	33.24
Repairs to machineries	532.18	679.38
Insurance	208.37	194.18
Rates & taxes	120.43	58.63
Job work charges	112.74	584.68
Provision for Dimunation in value of Investment in Subsidiary	-	1.00
Packing materials	131.32	308.03
Folding charges	1.46	15.42
Labour charges	261.69	499.49
Advertisement, publicity & sales promotion	2.61	5.49
Commission & brokerage	271.10	771.49
Travelling & conveyance	15.94	40.14
Freight & forwarding	592.39	406.68
Loss on disposal of property, plant & equipment (Net)	-	180.93
Sundry balance written off (net)	11.19	0.59
Allowances for unsecured doubtful debts	-	63.23
Professional fees and charges	74.46	46.63
Loss on foreign currency transactions and translation (net)	-	33.94
Miscellaneous expenses	333.89	383.16
<b>Total</b>	<b>6,951.13</b>	<b>14,061.41</b>

**Payments to the auditors**

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>Payment to auditors</b>		
For statutory audit fees	9.00	9.00
<b>Total</b>	<b>9.00</b>	<b>9.00</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## 37 Income tax expenses

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>A. The major components of income tax expense for the year are as under :</b>		
(i) Income tax recognised in the Statement of Profit and Loss:		
<b>Current Tax :</b>		
In respect of current year	-	-
Adjustments in respect of previous year	-	-
MAT Credit entitlement	-	-
<b>Deferred Tax :</b>		
Deferred tax income	(1,888.86)	(1,359.85)
	<b>(1,888.86)</b>	<b>(1,359.85)</b>
(ii) Income Tax expense recognised in OCI		
<b>Deferred Tax on:</b>		
Remeasurement (Gain) / Loss on defined benefits plan	(38.01)	9.64
Income tax expense/(income) recognised in OCI	(38.01)	9.64
<b>Income Tax expense/(income) recognised in the Statement of Profit and Loss</b>	<b>(1,850.85)</b>	<b>(1,369.49)</b>
<b>B . Reconciliation of tax expense and the accounting profit for the year is as under:</b>		
<b>Profit before tax</b>	(8,307.97)	(5,552.54)
Income tax expense calculated at 31.20%	(2,592.09)	(1,732.39)
Expenses not allowed as deduction	-	-
Deferred tax assets recognised on business loss, unabsorbed depreciation and others	703.23	372.54
<b>Deferred tax (credit)/charged to statement of profit and loss</b>	<b>(1,888.86)</b>	<b>(1,359.85)</b>

## 38 Earnings per share

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit available for equity share holders (Rs. In Lakh)	(6,419.11)	(4,192.69)
Weighted average number of equity shares in computing basic & diluted EPS (Nos.)	2,34,59,800	2,34,59,800
Face value of the share – Rs.	10.00	10.00
Basic and Diluted earnings per share – Rs.	(27.36)	(17.88)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**39 Employee benefits**

As per Ind AS 19 "Employee Benefits", the disclosures of Employee benefits as defined in the accounting Standard are given below:

**1 Defined benefits plans**
**I. Expenses recognised in the Statement of Profit and Loss and other comprehensive income for the year:**

(Rs.in Lakh)

Particulars	Gratuity	
	YEAR ENDED 31st MARCH, 2021	YEAR ENDED 31st MARCH, 2020
Current service cost	75.11	81.84
Net interest cost	12.62	6.33
Past service cost	-	-
<b>Amount recognised in profit and loss accounts (Refer note 34)</b>	<b>87.73</b>	<b>88.17</b>
<b>Acturial (gain)/Loss</b>		
a) arising from changes in financial assumption	(1.60)	30.72
b) arising from experience adjustments	(125.14)	(18.55)
Return on plan assets excluded amount included in interest income	4.93	18.72
<b>Amount recognised in other comprehensive income</b>	<b>(121.81)</b>	<b>30.89</b>
<b>Total</b>	<b>(34.08)</b>	<b>119.07</b>

**II. Reconciliation of opening and closing balances of defined benefit obligation:**

(Rs.in Lakh)

Particulars	Gratuity	
	YEAR ENDED 31st MARCH, 2021	YEAR ENDED 31st MARCH, 2020
Defined benefits obligation at beginning of the year	387.48	447.55
Interest cost	26.50	34.86
Current service cost	75.11	81.84
Past service cost	-	-
Actuarial losses (gains)	(126.74)	12.17
Benefits paid	(52.53)	(188.94)
<b>Defined benefits obligation at the end of the year</b>	<b>309.82</b>	<b>387.48</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## III. Reconciliation of opening and closing balances of fair value of plan assets :

(Rs.in Lakh)

Particulars	Gratuity	
	YEAR ENDED 31st MARCH, 2021	YEAR ENDED 31st MARCH, 2020
Fair value of plan assets at beginning of the year	203.02	366.30
Interest Income	13.89	28.54
Contributions by employer	45.00	15.85
Benefits paid	(47.49)	(188.94)
Return on plan assets excluded amount included in interest income	(4.93)	(18.72)
<b>Fair value of plan assets at year end</b>	<b>209.49</b>	<b>203.02</b>

## IV. Investment details:

Particulars	Gratuity	
	YEAR ENDED 31st MARCH, 2021	YEAR ENDED 31st MARCH, 2020
Investment with insurer (Investment in policy of LIC)	98.00%	98.00%
Investment with insurer (Investment in policy of India First)	2.00%	2.00%

## V. The Principal assumption used in determining gratuity obligations are as follows:

Particulars	Gratuity	
	YEAR ENDED 31st MARCH, 2021	YEAR ENDED 31st MARCH, 2020
Mortality table (LIC)	2006-08(Ultimate)	2006-08(Ultimate)
Discount rate (per annum )	6.90%	6.84%
Rate of escalation in salary (per annum)	6.00%	6.00%

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

These plans typically expose the Company to actuarial risks such as interest rate risk, salary risk and Investment Risk.

- Interest risk: A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
- Salary risk: The present value of defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
- Investment risk : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate,

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**VI Sensitivity Analysis**

Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(Rs.in Lakh)

Particulars	Gratuity	
	YEAR ENDED 31st MARCH, 2021	YEAR ENDED 31st MARCH, 2020
Projected benefit obligation on current assumptions	309.82	387.48
Delta effect of +1% change in rate of discounting	(24.23)	(32.19)
Delta effect of -1% change in rate of discounting	29.07	39.01
Delta effect of +1% change in rate of salary increase	25.85	36.15
Delta effect of -1% change in rate of salary increase	(22.23)	(30.32)
Delta effect of +1% change in rate of employee turnover	2.17	2.13
Delta effect of -1% change in rate of employee turnover	(2.65)	(2.75)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**VIII Effect of plan on entity's future cash flows**
**(i) Funding arrangements and Funding policy**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

**(ii) Expected contribution during the next annual reporting period**

The Company's best estimate of Contribution during the next year is Rs. 127.32 Lakhs.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## IX. Expected outflow in future years (as provided in actuarial report)

(Rs.in Lakh)

Particulars	Gratuity	
	YEAR ENDED 31st MARCH, 2021	YEAR ENDED 31st MARCH, 2020
Expected outflow in 1st year	96.23	108.40
Expected outflow in 2nd year	7.71	7.38
Expected outflow in 3rd year	7.99	27.67
Expected outflow in 4th year	10.40	11.68
Expected outflow in 5th year	16.25	15.21
Expected outflow in 6th to 10th year	74.04	93.67

## 2 Defined contribution plans

Contribution of Defined Contribution Plan, recognised as expense for the year are as under:

(Rs.in Lakh)

Particulars	YEAR ENDED 31st MARCH, 2021	YEAR ENDED 31st MARCH, 2020
Employer's contribution to provident fund	42.09	146.45
Employer's contribution to ESIC	15.09	67.52
<b>Total</b>	<b>57.18</b>	<b>213.97</b>

## 40 Capital commitments

Particulars	As at 31st March, 2021	As at 31st March, 2020
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	158.15	85.38

## 41 Contingent liabilities in respect of:

Particulars	As at 31st March, 2021	As at 31st March, 2020
a. Service tax matters disputed in appeal	-	-
b. Income tax matters disputed in appeal	24.81	24.81
c. Custom duty payable on pending export obligations	1455.78	738.98
d. Corporate guarantee	333.83	333.83

**Note :** In the opinion of the Company, the possibility relating to net outflow on the above accounts are remote.

## 42 Segment information

Operating segment have been identified on the basis of products / services and have been identified as per the quantitative criteria specified in the IND AS 108.

The Company has identified two reportable segments viz. Textile and Windmill. Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organization structure and the internal financial reporting systems.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

Disclosures required under Ind AS 108 - Operating Segments are as under

**A) Primary segment : Business segment**

(Rs. in Lakh)

Particulars	Year ended 31st March, 2021		Year ended 31st March, 2020	
	External Sales	Total	External Sales	Total
<b>a. Segment revenue</b>				
Textile	26,496.16	26,496.16	54,216.89	54,216.89
Wind mill	1,658.89	1,658.89	2,250.92	2,250.92
<b>Segment total</b>		<b>28,155.05</b>		<b>56,467.81</b>
Eliminations		-		-
<b>Total revenue</b>		<b>28,155.05</b>		<b>56,467.81</b>
<b>b. Segment results</b>				
Textile		(4,320.42)		(1,640.32)
Wind mill		1,026.83		1,292.65
<b>Segment total</b>		<b>(3,293.59)</b>		<b>(347.67)</b>
Eliminations				
<b>Total</b>		<b>(3,293.59)</b>		<b>(347.67)</b>
Unallocable corporate expenses / (Income)		(80.12)		(92.91)
Profit before interest etc.		(3,213.47)		(254.76)
Finance costs		5,094.50		5,297.78
Profit before tax		(8,307.97)		(5,552.54)
Provision for tax		(1,888.86)		(1,359.85)
Profit after tax		(6,419.11)		(4,192.69)
Other coprehensive income		83.80		(21.26)
Other coprehensive income for the year		(6,335.31)		(4,213.95)
<b>c. Other information</b>				
Depreciation and amortisation (allocable)				
Textile		2846.29		3,336.42
Wind mill		368.50		498.93
<b>Segment total</b>		<b>3,214.79</b>		<b>3,835.35</b>

**d. Segment assets and liabilities**

(Rs. in Lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Textile	65,159.25	51,856.86	79,026.09	60,655.10
Wind Mill	5,904.03	2,443.13	5,253.77	526.16
<b>Segment Total</b>	<b>71,063.28</b>	<b>54,299.99</b>	<b>84,279.86</b>	<b>61,181.27</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

## B) Secondary segment : Geographical segment

(Rs. in Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>Segment revenue</b>		
a) In India	20,501.22	47,293.62
b) Outside India	7,653.83	9,174.19
<b>Total</b>	<b>28,155.05</b>	<b>56,467.81</b>

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Carrying cost of segment assets</b>		
a) In India	68,078.07	80,662.48
b) Outside India	2985.22	3,617.37
<b>Total</b>	<b>71,063.28</b>	<b>84,279.86</b>
<b>Carrying cost of segment liabilities</b>		
a) In India	52,223.10	52,804.32
b) Outside India	2,076.89	8,376.95
<b>Total</b>	<b>54,299.99</b>	<b>61,181.27</b>

## 43 Related party disclosures

## Related parties and their relationship

## (a) Subsidiary company : wholly own subsidiary company

AYE ESS Spinning Mills Private Limited

## (b) Entity controlled by one or more Key management personnel

Companies	Firms
New Ahmedabad Synthetics Pvt. Ltd.	B. Kalpeshkumar & Co.
Vee Bee Textile Pvt. Ltd.	Parmanand Rajeshkumar
Rentex Weavers Ltd.	Virendra Bhogilal & Co.
Twenty First Century Marketing Ltd.	Arora Agencies
Ennbee Textiles Pvt. Ltd.	Parmanand Vinodkumar
V.B. Investment Pvt. Ltd.	Pari Bhogilal Laxmichand
Pee Vee Synthetics Pvt. Ltd.	Parmanand Arora & Sons, HUF
Shipa Fabrics Pvt. Ltd.	T.P. Vinodkumar, HUF
Kashvi Investments Pvt. Ltd.	T.P. Rajeshkumar, HUF
Bhansali Tradelink Pvt. Ltd.	K.V. Enterprise
	A.V. Enterprise
	A Star Fibres
	Namit Enterprise
	B.S.Textile
	Techtex
	Triveni International
	Panch Rattan Fabrics
	Textile India
	M/s. Kashvi
	Ashish V. Shah HUF
	Kalpesh V. Shah HUF



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**(c) Key management personnel**

Companies	Firms
Vinodkumar P. Arora	Ashish V. Shah
Kalpesh V. Shah	Ketan Desai
Nipun V. Arora	Yashaswini Pandey (w.e.f 07.10.2020)
Darshak Thaker (upto 07.10.2020)	

**(d) Non - Executive Directors/ Independent Director**

Companies	Firms
Sanjay S. Majmudar	Aarti Thakkar
Ashok C. Gandhi	Amol R. Dalal

**(e) Relatives of key management personnel**

Companies	Firms
Anoli Shah	Renu Arora
Pankaj V. Arora	Rita Arora
Heena Khanna	Kastura Rani Arora
Chinmaya P. Arora	Bhrigu N. Arora
Jahanvi N. Arora	Parul K. Shah
Bela A. Shah	Pankil K. Shah
Preeti N. Arora	Shikha Arora
Somni Chawla	Sarthak P. Arora
Anuj A Shah	Sushila Shah
Sela D. Jhaveri	Kashvi Shah

**Disclosure in respect of material transactions with related parties**

(Rs. in Lakh)

Transaction	Name of the Related Party	Transaction With the Parties		Balance	
		Year ended 31st March, 2021	Year ended 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Loans / Advacne taken	Ennbee Textiles Pvt.ltd	-	-	249.90	240.35
	Rentex Weavers Ltd	-	-	169.18	158.43
	Shipa Fabrics Pvt.ltd	-	-	130.35	131.34
	Twenty First Century Mktg. Ltd.	-	-	1,737.39	1,611.72
	New Ahmedabad Synt. pvt. Ltd.	-	-	364.36	340.54

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(Rs. in Lakh)

Transaction	Name of the Related Party	Transaction With the Parties		Balance	
		Year ended 31st March, 2021	Year ended 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Loans/ Advance Repaid	Bhansali Tradelink Pvt Ltd	-	0.13	4.27	4.04
	Ennbee Textile Pvt. Ltd ( Loan )	-	6.78	249.90	240.35
	New Ahmedabad Synthetics Pvt. Ltd	-	6.00	364.36	340.54
	Pee Vee Synthetics P.Ltd	-	0.15	3.07	2.81
	Rentex Weavers Ltd (Loan)	-	2.08	169.18	158.43
	Shipa Fabrics Pvt.ltd (Loan)	0.98	12.66	130.35	131.34
	Twenty First Century Marketing Ltd ( Loan )	-	30.06	1,737.39	1,611.72
	Vee Bee Textiles (P) Ltd	-	0.21	4.22	3.87
Fixed Deposits taken	Pankajbhai V Arora	-	-	322.47	325.64
	Nipun V Arora	-	-	310.02	314.59
	Rajesh Arora	-	-	896.38	877.32
	Rita Arora	-	-	760.66	765.71
	Parmanand Arora	-	-	2,106.34	2,055.79
	Vinod P Arora	-	-	925.06	914.09
	Preeti N Arora	-	-	704.67	674.74
	Parmanand Arora & Sons, HUF	-	-	77.31	77.35
	T.P. Vinodkumar, HUF	-	-	107.47	107.29
	T.P. Rajeshkumar, HUF	-	-	90.71	90.76
	Kastura Rani Arora	-	-	59.30	55.38
	Renu Arora	-	-	1,353.07	1,334.84
	Sarthak P Arora	-	-	4.25	4.28
	Chinmaya P. Arora	-	-	4.91	4.89
	M/S. Kashvi	-	-	-	-
	Kashviben Kalpeshbhai Shah	-30.00	-	-	30.00
	Virendra Bhogilal & Co.	-	-	-	-
	Shikha Arora	-	-	587.40	570.79
	Heena Khanna	-	-	21.92	21.98
	BHRIGU N. ARORA	-	-	3.24	3.26
	Parulben Kalpeshbhai Shah	30.00	-	30.00	-
	Somani Chawla	-	-	64.27	63.64

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

(Rs. in Lakh)

Transaction	Name of the Related Party	Transaction With the Parties		Balance	
		Year ended 31st March, 2021	Year ended 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Loans/ Advance Given	Aye Ess Spinning Mills Pvt. Ltd.	-	-	-	-
Loans/ Advance Repaid	Aye Ess Spinning Mills Pvt. Ltd.	-	0.26	-	-
Investment in subsidiary	Aye Ess Spinning Mills Pvt. Ltd.	-	-	-	-
Sale of goods	Arora Agencies	2,546.39	564.34	2,604.52	20.18
	PARI BHOGILAL LAXMICHAND	-	43.02	-	13.35
	Parmanand Vinodkumar	3,262.33	657.56	3,319.31	49.79
	Panch Rattan fabrics	16.30	4,315.23	1,359.25	3,734.76
	VIRENDRABHAI BHOGILAL & CO.	298.90	168.23	143.15	-
	B S TEXTILES	-	34.78	-	80.35
	NAMIT ENTERPRISE	623.70	34.73	645.21	-
	Techtex	91.63	-	105.11	6.57
Lease Rent	Techtex	2.03	2.03	105.11	6.57
Job Work Charges	Virendrabhai Bhogilal & Co.	48.16	271.42	49.85	67.44
	A.V. Enterprise	2.39	5.77	0.61	1.08
	B. Kalpeshkumar & Co.	2.39	5.79	0.61	1.07
	K. V. Enterprise	2.38	5.82	0.61	1.08
	Namit Enterprise	8.55	45.41	8.24	9.42
	B S Textiles	47.37	243.31	84.87	80.35

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(Rs. in Lakh)

Transaction	Name of the Related Party	Transaction With the Parties		Balance	
		Year ended 31st March, 2021	Year ended 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Interest on Loans / Advance/ FDs	Vinod P Arora	79.86	88.73	925.06	914.09
	Parmanand Arora	171.12	187.43	2,106.34	2,055.79
	Rajesh Arora	75.10	80.25	896.38	877.32
	Pankaj V Arora	27.98	29.87	322.47	325.64
	Nipunbhai V Arora	26.85	31.24	310.02	314.59
	Chinmaya P. Arora	0.41	0.55	4.91	4.89
	Sarthak P Arora	0.35	0.55	4.25	4.28
	Shikha Arora	51.28	53.66	587.40	570.79
	Jahanvi N Arora	-	0.11	-	-
	Bhriku N Arora	0.26	0.41	3.24	3.26
	Renu Arora	116.88	124.37	1,353.07	1,334.84
	Rita Arora	66.49	69.01	760.66	765.71
	Kastura Rani Arora	4.62	5.12	59.30	55.38
	Preeti N Arora	61.25	63.71	704.67	674.74
	Heena Khanna	1.94	2.19	21.92	21.98
	Somani Chawla	5.78	6.14	64.27	63.64
	Parmanand Arora & Sons, HUF	6.73	7.00	77.31	77.35
	T.P. Rajeshkumar H.U.F.	7.91	8.23	90.71	90.76
	T.P. Vinodkumar H.U.F.	9.60	9.71	107.47	107.29
	M/S. Kashvi	-	-	-	-
	Kashviben Kalpeshbhai Shah	2.03	3.41	-	30.00
	Virendra Bhogilal & Co.	-	-	-	-
	Bhansali Tradelink Pvt Ltd	0.39	0.45	4.27	4.04
	Ennbee Textile Pvt. Ltd ( Loan )	23.10	26.43	249.90	240.35
	New Ahmedabad Synthetics Pvt. Ltd	33.32	37.19	364.36	340.54
	Pee Vee Synthetics P.Ltd	0.28	0.31	3.07	2.81
	Rentex Weavers Ltd ( Loan )	15.36	17.25	169.18	158.43
	Shipa Fabrics Pvt.Ltd ( Loan )	12.43	15.02	130.35	131.34
	Twenty First Century Marketing Ltd ( Loan )	158.20	177.86	1,737.39	1,611.72
	Vee Bee Textiles (P) Ltd	0.38	0.43	4.22	3.87

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

(Rs. in Lakh)

Transaction	Name of the Related Party	Transaction With the Parties		Balance	
		Year ended 31st March, 2021	Year ended 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Commission & Brokerage	Parmanand Vinodkumar	49.10	130.84	56.10	-
	Arora Agencies	43.90	136.38	50.15	-
	Namit Enterprise	9.36	0.52	10.69	-
Remuneration	Vinodbhai P Arora	25.11	35.13	2.28	1.37
	Ashishbhai V Shah	20.92	29.27	1.97	1.16
	Nipunbhai V Arora	9.05	11.71	0.89	0.58
	Kalpeshbhai V Shah	12.55	17.56	1.32	0.78
Salary	Pankajbhai V Arora	9.05	11.71	0.89	0.58
	Pankilbhai K Shah	9.05	11.71	0.89	0.58
	Anuj A. Shah	-	-	-	-
	Bhavik Shukla	-	18.69	-	-
	Yashaswini Pandey	3.37	1.82	0.60	-
	Darshak Thakkar(upto 07.10.2020)	0.97	1.97	-	-
	Ketan Desai	15.54	5.27	1.19	-
	Subhasish Bandhopadhyay	-	-	-	-
Sitting Fees	Sanjay S. Majmudar	0.40	0.20	-	-
	Ashok C. Gandhi	0.40	0.20	-	-
	Amol R. Dalal	0.30	0.20	-	-
	Arvind D. Sanghvi	-	0.05	-	-
	Aarti Thakkar	0.20	0.05	-	-
	Yashree Dixit	-	0.05	-	-

**44 Financial risk management**

The Company's financial liabilities comprise mainly of borrowing, trade payables and other payables. The Company's financial assets comprise mainly of cash and cash equivalent, other balance with banks, loans, trade receivable and other receivable. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

**(A) Market risk**

The Company is exposed to market risks on account of changes in interest rates, foreign exchange rates, liquidity and other market changes. These risks affect income and expenses of the Company. The objective of the Management of the Company is to maintain this risk within the acceptable parameters, while optimising returns.

**(i) Interest rate risk**

The Company is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

The Company monitors fluctuations in interest rate continuously and has laid policies and guidelines including to minimise impact of interest rate risk.

**Interest rate sensitivity**

A change in 50 bps in interest rates would have following impact on profit before tax

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
50 bps increase would decrease the profit before tax by	153.76	149.96
50 bps decrease would increase the profit before tax by	153.76	149.96

**(ii) 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 in overseas and purchased from overseas suppliers in various foreign currencies.

Exposure on foreign currency sales and purchases are managed through the Company's hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The year end Foreign currency exposures that have not been hedged by a derivative instruments or otherwise are given below;

(Rs. in Lakh)

Particulars	Year ended 31st March, 2021		Year ended 31st March, 2020	
	Amount	Amount	Amount	Amount
	(Foreign Currency)	(Rs.)	(Foreign Currency)	(Rs.)
Amount payable in foreign currency	\$47.78	3,496.00	€ 93.74	7,064.68
	€ 0.33	28.23	€ 0.33	27.35
Amount receivable in foreign currency	\$44.49	3,255.65	€ 51.25	3,862.55
	€ 0.033	2.82	€ 0.002	0.15

**(B) Credit risk**

Credit risk is the risk of financial loss to the company if customers or counter party to a financial instruments fails to meet its contractual obligations and arises principally from the company's receivables from customers.

All trade receivables are subject to credit risk exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instrument, which requires expected lifetime losses to be recognized from initial recognition of the receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and relevant information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The reconciliation of ECL (Expected Credit Loss) is as follows:

(Rs. In Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Balance at the beginning of the year	125.67	62.44
Provision made / (reversed) during the year	-	63.23
<b>Balance at the end of the year</b>	<b>125.67</b>	<b>125.67</b>

**(C) 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 objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity. The Company closely monitors its liquidity position and deploys a robust cash management system.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(Rs. In Lakh)

Particulars	<1 year	>1 year but <5 years	More than 5 years	Total
<b>Year ended 31st March, 2021</b>				
Interest bearing borrowings	25,712.43	17,549.81	-	43,262.24
Trade payables	8,714.54	-	-	8,714.54
Other financial liabilities	401.77	-	0.70	402.47
<b>Total</b>	<b>34,828.74</b>	<b>17,549.81</b>	<b>0.70</b>	<b>52,379.25</b>
<b>Year ended 31st March, 2020</b>				
Interest bearing borrowings	27,718.79	14,170.51	-	41,889.30
Trade payables	15,831.11	-	-	15,831.11
Other financial liabilities	711.40	-	453.61	1,165.01
<b>Total</b>	<b>44,261.29</b>	<b>14,170.51</b>	<b>453.61</b>	<b>58,885.42</b>

**45 Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure with a view to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

a) The net debt to equity ratio at the end of the reporting period was as follows:

(Rs. In Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Non-Current borrowings	17,549.81	14,170.51
Current maturities of non-current borrowings	1,212.30	746.14
Current borrowings	24,500.13	26,972.65
Interest accrued but not due on borrowings	82.36	248.63
<b>Total Debt</b>	<b>43,344.60</b>	<b>42,137.93</b>
Less: Cash and bank balances	1,989.97	1,112.73
Net Debt	41,354.63	41,025.20
Equity	16,763.29	23,098.59
<b>Net debt to equity ratio</b>	<b>2.47</b>	<b>1.78</b>

b) Categories of financial instruments:

(Rs. In Lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Investments (non current)	1.00	-	1.00	-
Security deposit	29.92	29.92	29.92	29.92
Trade receivable	20,812.65	20,812.65	23,461.47	23,461.47
Cash and cash equivalent	1,342.72	1,342.72	105.28	105.28
Other bank balances	647.24	647.24	1,007.45	1,007.45
Other financial assets	73.99	73.99	603.77	603.77
<b>Total financial assets at amortised cost (A)</b>	<b>22,907.53</b>	<b>22,906.53</b>	<b>25,208.89</b>	<b>25,207.89</b>
<b>Measured at fair value through other comprehensive income (B)</b>	-	-	-	-
<b>Measured at fair value through profit and loss (C)</b>	<b>(1.00)</b>	-	<b>(1.00)</b>	-
<b>Total financial assets (A + B + C)</b>	<b>22,906.53</b>	<b>22,906.53</b>	<b>25,207.89</b>	<b>25,207.89</b>
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Borrowings non current	17,549.81	17,549.81	14,170.51	14,170.51
Borrowings current	24,500.13	24,500.13	26,972.65	26,972.65
Trade payables	8,714.54	8,714.54	15,831.11	15,831.11
Other financial liabilities	1,614.77	1,614.77	1,911.15	1,911.15
<b>Total financial liabilities carried at amortised cost</b>	<b>52,379.25</b>	<b>52,379.25</b>	<b>58,885.42</b>	<b>58,885.42</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**
**46 Government Grant**

Export Promotion Capital Goods (EPCG): This scheme allows import of certain capital goods including spares at zero duty subject to an export obligation for the duty saved on such capital goods. The duty saved on capital goods imported under EPCG scheme being Government Grant, is accounted as a Capital Grant as stated in the Accounting policy on Government Grant.

The Government Grant above represents unamortised amount of the subsidy referred to below, with the corresponding adjustment to the carrying amount of property, plant and equipment.

**47 Expenditure in foreign currency**

(Rs. in Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Traveling	-	2.96
Commission on Export Sales	115.94	387.38
Subscription Fees	-	2.79
Labouratory & Testing Fees	0.42	-
<b>Total</b>	<b>116.36</b>	<b>393.13</b>

**48 Earnings in foreign currency**

(Rs. in Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
FOB value of Export Sales	7,653.83	9,174.19

**49** During the year, the gross amount to be spent by the Company for Corporate Social Responsibility expenditure is Rs. NIL Lakh and amount spent is Rs. NIL (As at 31.03.2020 Rs. 9.23 Lakh and amount spent is Rs. NIL).

**50 Disclosure under the MSMED Act, 2006**

The Following disclosure are made for the amounts due to the Micro, Small, and Medium enterprise as at 31st March-2021

(Rs. in Lakh)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	228.40	791.03
Principal amount due to micro and small enterprise	103.52	666.15
Interest due thereon outstanding to any supplier	0.00	76.98
Interest paid by the Company	-	-
Interest due and payable for the period of delay in making payment	-	-
Interest accrued and remaining unpaid	124.88	124.88
The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of allowance as a deductible expenditure under section 23 of MSMEDA	-	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

The company has made required disclosure for outstanding amount due and payable to Micro and Small enterprises as per MSMED Act, 2006 as per the information/data relating to micro, medium and small enterprises available with the company. Auditors are relied upon and accepted the information/data prepared and submitted by the management as such.

- 51** The company is continuing with the balance of MAT credit aggregating to Rs.1357.45 lacs recognized up to March 31, 2020. Based on the future projections of profitability and tax liabilities computed in accordance with the provisions of Income Tax Act, 1961, the management of the company believes that there shall be sufficient future taxable profit and the company shall be required to pay normal taxes within the period specified u/s. 115JAA of the Income Tax Act and entire amount of MAT credit shall be setoff/ utilised. Therefore, in accordance with the Guidance Note on Minimum Alternate Tax under the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India, such MAT credit is properly recognized in the books.
- 52** The outbreak of COVID-19 pandemic globally and in India is causing significant disturbance and slowdown of economic activity. COVID 19 has caused interruption in production, supply chain disruption, unavailability of personnel, etc. The management of the Company has exercised due care in concluding significant accounting judgments and estimates in preparation of the financial results. In assessing the recoverability of Trade receivables, the Company has considered subsequent recoveries, past trends, credit risk profiles of the customers and internal and external information available up to the date of issuance of these financial results. In assessing the recoverability of inventories, the Company has considered the latest selling prices, customer orders on hand and margins. Based on the above assessment, the Company is of the view that the carrying amounts of Trade receivables and inventories are expected to be realizable to the extent shown in the financial results. The impact of COVID-19 is highly uncertain and may be different from the estimates as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

The Company's management has made initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

- 53** Pending publication of notice in the Official Gazette by the ROC, Gujarat, the name of the subsidiary i.e. Aye Ess Spinning Mills Pvt. Ltd (herein after referred to as "Aye Ess") is yet to be stricken-off from Register of Companies and to be dissolved as at March 31, 2021. As the net worth of the Aye Ess as at March 31, 2020 is nil, the investment in Aye Ess amounting to Rs.1.00 lac had been provided as loss in diminution in value of investment in subsidiary in Financial Results of the company for the year ended March 31, 2020. Further, on account of above and after considering the frame work for preparation and presentation of financial statements in accordance with IND AS as well insignificant amount of investment in subsidiary company no consolidated financial results of the company for quarters and year ended March 31, 2021 is prepared and considered by the Board.
- 54** During the year under review, the company has entered into Memorandum of understanding for sale of certain Wind Mills and has also identifies specified part of the land at Matoda Plant, Ahmedabad for sale. Due to pending legal/other formalities to be complied with by the company, resultant gain on proposed disposal of such assets is not recognized in the books and entire such assets has been disclosed separately as Non- current assets held for disposal. The same has been properly valued and separately disclosed in the financial results as per the requirements of Ind AS 105. Further, as at March 31, 2021, the management is of the opinion that there is no impairment in existing assets and therefore no provision is required to be made for impairment of assets. Auditors are relied upon and accepted the same as such.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021**

- 55** In the opinion of the management of the company, all the current/non-current assets are approximately of the value stated if realized in the ordinary course of business. Further, the company has recorded all known liabilities and adequate provisions have been made for all known losses and claims of material amounts. No events or transactions have occurred since the date of Balance Sheet or are pending that would have a material effect on the financial statements as at March 31, 2021. The yearend various stocks have been physically verified, valued and certified by the management and no material discrepancies were observed between book stock and physical stock. Auditors are relied upon and accepted the above cited facts as such.
- 56** In absence of taxable income during the year under review, no provision for current tax is required to be made. Further, the company has evaluated the tax positions by assessing the prevalent tax laws and compared the current position with prior years and past precedents and the consistency of data used in the deferred tax assets amount calculation and other relevant facts, the management is of the opinion that, there is a virtual certainty in future as to taxable income as per the normal provisions of the Income Tax Act -1961, therefore, deferred tax assets is recognized on unabsorbed business loss as at March 31, 2021 which is in compliance with the requirements of Ind AS 12 'Income Taxes'.

**57 Standard issued but not effective and recent pronouncements**
**(A) Standards issued but not yet effective**

There are no standards that are issued but not yet effective on March 31, 2021.

**(B) Recent pronouncements**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021****Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

**58 Events occurring after the Balance sheet Date**

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 28th June, 2021 there were no subsequent events to be recognized or reported that are not already disclosed.

**59** Previous Year figures have been regrouped/ rearranged wherever considered necessary.

**60** The financial statements were approved for issue by the board of directors on 28th June, 2021.

In terms of our report attached of even date

**For Shah & Shah Associates**

Chartered Accountants  
(Firm Reg. No. 113742W)

**Sunil K. Dave**

Partner  
(Membership No. 047236)

Place : Ahmedabad  
Date : 28th June 2021

For and on behalf of the Board of Directors

**Aarvee Denims and Exports Limited****Vinod P. Arora**

Chairman & Managing Director  
(DIN:00007065)

**Ketan Desai**

Chief Financial Officer  
Place : Ahmedabad  
Date : 28th June 2021

**Kalpesh V. Shah**

Whole Time Director  
(DIN:00007262)

**Yashaswini Pandey**

Company Secretary

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If undelivered please return to :



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**REGISTERED OFFICE**

191, Shahwadi, Narol-Sarkhej Highway,  
Nr. Old Octroi Naka, Narol,  
Ahmedabad-382405