



***Virat
Industries
Limited***

**25th
Annual Report
2014-2015**

VIRAT INDUSTRIES LIMITED

25th Annual Report 2014-2015

CHAIRMAN EMERITUS

Mr. Naozer J. Aga

BOARD OF DIRECTORS

Mr. Arun S. Sanghi Chairman
Mr. Adi F. Madan Managing Director
Mrs. Ayesha K. DadyBurjor Whole-time Director
Mr. Ajit P. Walwaikar
Mr. Armand N. Aga
Mr. Harish H. Shah
Mr. Vinay Sanghi

PRESIDENT (WORKS)

Mr. Nirmal G. Awtaney

COMPANY SECRETARY

Mr. Asinkhan S. Baholu

AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants

BANKERS

Bank of Baroda

REGISTERED OFFICE & FACTORY

A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424, Gujarat.

25TH ANNUAL GENERAL MEETING

on
Thursday, the 3rd September, 2015
at 11.30 a.m. at
A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424, Gujarat.

CONTENTS

Page No.

| | |
|---|----|
| Notice | 1 |
| Directors' Report | 11 |
| Independent Auditors' Report | 37 |
| Balance Sheet | 40 |
| Statement of Profit and Loss | 41 |
| Cash Flow Statement | 42 |
| Notes forming part of the Financial Statements | 43 |

REQUEST : Shareholders are requested to bring their copy of Annual Report to the Meeting.

NOTICE

NOTICE is hereby given that the Twenty-Fifth Annual General Meeting of the Members of Virat Industries Limited will be held at the Registered Office of the Company at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424 on Thursday, 3rd September, 2015 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2015 and the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2015.
3. To appoint a Director in place of Mr. Armand N. Aga, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To affirm the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Baroda (Regn. No.117364W) as Auditors of the Company until the conclusion of the twenty seventh annual general meeting with respect to the financial year beginning 1 April, 2015 and ending 31 March, 2017. To consider and if thought fit, to pass with or without modification(s), the following Resolution as under:

ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Baroda (Registration No.117364W), as Auditors of the Company, by resolution passed at the 24th Annual General Meeting of the Company, to hold office from the conclusion of the 24th Annual General Meeting until the conclusion of the 27th Annual General Meeting, be and is hereby ratified for the balance term and accordingly they continue to hold office from the conclusion of the 25th Annual General Meeting until the conclusion of the 27th Annual General Meeting on such remuneration as may be fixed by the Board, apart from reimbursement of out of pocket expenses as may be incurred by them for the purpose of audit.”

SPECIAL RESOLUTION:

5. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an SPECIAL BUSINESS:

“RESOLVED THAT, in terms of Regulation 166 of the Articles of Association of the Company and subject to the provisions of Sections 196, 197, 198 of and Schedule V to and other applicable provisions of the Companies Act, 2013, Shri Adi F. Madan be and is hereby re-appointed Managing Director of the Company with effect from 1st October, 2015 for a term of 3 years up to 30th September, 2018 on the terms and conditions mentioned in the Agreement entered into between the Managing Director and the Company containing powers, functions and duties of the Managing Director and the following remuneration:

- (a) Salary - In the Pay Scale of ₹ 155,000 - 165,000 - 175,000 per month, over the three (3) years. However, the overall remuneration, including the perquisites, shall not exceed ₹ 315,000 - 350,000 - 375,000 per month in each of the above pay scale, respectively.
- (b) Commission - Commission on Net Profit of the Company computed in the manner laid down in Sections 197 of the Companies Act, 2013, as may be fixed by the Board subject to the ceiling limits laid down in Sections 197 of the Companies Act, 2013.
- (c) Perquisites :
 - (1) Housing - 35% of the salary towards House Rent Allowance and another 20% of the salary towards expenditure on gas, electricity, water and furnishing etc.
 - (2) Medical Reimbursement - Reimbursement for self and family, on actual but not exceeding one month's salary
 - (3) Other Allowance at 10%
 - (4) Leave Travel concession - For self and family, once in a year, restricted to one month's salary
 - (5) Club Fees - Club Fees subject to ₹ 2,000 per annum which will not include admission and life membership fees.

- (6) Personal Accident Insurance - Premium not exceeding ₹ 1,000 per month.
- (7) Performance Incentives as may be fixed by the Board from time to time.
- (d) Provident Fund, Superannuation and Gratuity- Provident Fund, Superannuation Fund and gratuity as per the Rules of the Company, subject to the ceiling as per the guidelines for managerial remuneration in force from time to time. However, this shall not be included for the computation of ceiling on the remuneration.
- (e) Car - Company's Car for the business of the Company.
- (f) Telephone - Provision of telephone at residence will not be considered as perquisite but personal long distance call shall be billed by the Company.
- (g) Entertainment / Traveling - Reimbursement of travelling, entertainment and other expenses as incurred by him for the business of the Company.
- (h) Privilege Leave - One month's leave on full pay and allowance, for every eleven months of service, unavailed leave at the end of the tenure will be allowed to be encashed.
- (i) Minimum Remuneration - Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above salary and perquisites, except commission not exceeding the ceiling limits prescribed in Scheduler V of the Companies Act, 2013 as Minimum Remuneration.

OTHER BENEFITS

Apart from the aforesaid remuneration, the Managing Director shall be entitled to reimbursement of expenses incurred in connection with the business of the Company.

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

OTHER TERMS

Subject to the control, supervision and directions of the Board of Directors and subject to the provisions of the Act, the Managing Director shall have the general conduct and management of the business and affairs of the Company as illustrated but not limited to what is stated in the Agreement between the Managing Director and the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interests of the Company."

- 6 To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT in terms of Regulation 166 of the Articles of Association of the Company and subject to the provisions 196 and 197 and Schedule V of the Companies Act, 2013, Mrs. Ayesha K. DadyBurjor, be and is hereby appointed as the Whole-time Director of the Company with effect from 1st August, 2014 for a term of 3 years up to 31st July, 2017 on terms and conditions mentioned in the Agreement entered in to between the Whole-time Director and the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interest of the Company."

The Company in General Meeting has to approve the following terms of remuneration and other terms and conditions to the Whole-time Director:

- (a) Salary - ₹ 76,315 per month
- (b) Perquisites - The following perquisites are allowed in addition to salary.
- (1) Housing - 35% of the salary towards House Rent Allowance ₹ 26,710 per month
 - (2) Medical Allowance - ₹ 6,356 per month (Maximum one month's basic salary for a year)
 - (3) Conveyance Allowance - ₹ 21,619 per month
- (Total Emoluments = Salary + Perquisites = ₹ 131,000)

- (c) Gratuity - Gratuity as per the provisions of the Gratuity Act as applicable to all other employees of the Company, subject to the ceiling as per the guidelines for Managerial Remuneration in force from time to time.
- (d) In the event of loss or inadequacy of profits in any financial year, the Whole-time Director shall be paid remuneration by way of salary and perquisites as specified above.
- (e) She will not be entitled to Provident Fund and any other benefit like Leave Travel Allowance, etc.

OTHER BENEFITS

Apart from the aforesaid remuneration, the Whole-time Director shall be entitled to reimbursement of expenses incurred in connection with the business of the Company. The Whole-time Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof so long as she continues as the Whole-time Director.

NOT EXCLUSIVE

The Directors are at liberty from time to time to appoint any other person or persons to be Whole-time Directors jointly with the Whole-time Director.

TERMINATION

Either party shall be entitled to terminate the Agreement by giving three months' notice in writing to the other party without assigning any reason and on expiry of period of such notice the Agreement shall stand terminated. The Company shall be entitled to give three months' salary and perquisites in lieu of the notice period.

COMPENSATION

If, at any time the office of the Whole-time Director is determined before the expiry of her term of office, the Whole-time Director shall be entitled to be compensated for loss of office in accordance with and subject to the restrictions laid down in Section 191 of the Companies Act, 2013.

NON-ROTATIONAL

The Whole-time Director shall not so long as she continues to hold office as Whole-time Director be liable to retire by rotation and she shall not be reckoned as Director for the purpose of determining the rotation for retirement of Directors.

ARBITRATION

That in the event of any dispute or difference at any time hereafter arising between the Company on one hand and the Whole-time Director on the other hand with reference to any of the provisions of this Agreement, matters or things herein contained, or any matters or things arising therefrom or thereabout, such dispute or difference shall be referred to two arbitrators one to be chosen by each party to the dispute or difference or in case of difference between Arbitrators, to an Umpire to be chosen by the Arbitrators before entering upon the matters referred to them and this Agreement shall be deemed to be a submission to the Arbitration of two Arbitrators within the meaning of the Arbitration and Conciliation Act, 1996 or any statutory amendment. Modification and re-enactment thereof, as the case may be.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interests of the Company."

By Order of the Board of Directors

REGISTERED OFFICE:

A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424, Gujarat.

Place : Mumbai.

Date : 29th May, 2015.

ASINKHAN S. BAHOLU

Company Secretary
Membership No.: FCS 703

NOTES :**A. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- B. The Register of Members and the Share Transfer Books shall remain closed from 27-08-2015 to 03-09-2015 (including both dates) for the purpose of dividend entitlement and the 25th Annual General Meeting.
- C. Members/Proxies are requested to fill the Attendance Slip for attending the meeting.
- D. Members are informed that the facility of dematerialization of shares of the Company is available and members are advised to go for that by approaching concerned DPs.
- E. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- F. The Members holding shares in physical form are requested to notify any change in their address to the Company.
- G. Members desiring any information as regards the Accounts are requested to write to the Company at least 10 days before the date of the meeting to enable the management to keep the information ready.
- H. As per Companies (Management and Administration) Rules, 2014 read with Chapter VII of the Companies Act, 2013, the Shareholders of the Company are requested to furnish their information as per Annexure and are required to submit the same to Link Intime India Pvt. Ltd. RTA of Virat industries Limited on or before 3rd September, 2015.
- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the Members the facility to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by CDSL Ventures Ltd. (CVL)
- J. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- K. In terms of Regulations 139, 140 and 141 of the Articles of Association of the Company, Shri Armand N. Aga (DIN 00022401) will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
- L. Brief resume of all Independent Directors and the Director retiring by rotation, nature of their expertise in specific functional areas and the names of the Companies in which they hold directorships and membership/Chairmanship of Board committees as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited are provided in the Report on Corporate Governance forming part of the Annual Report along with this Notice.

M E-voting

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members facility to exercise their right to vote at the 25th Annual General Meeting (AGM) on the items mentioned in the notice by electronic means through e-voting Services provided by Link Intime India Pvt. Ltd. The e-voting shall be open on 29th August, 2015 to 31st August, 2015 from 9.00 AM to 5.00 PM.

Mr. Atul J. Gandhi, Company Secretary (Membership No: FCS 1632) has been appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

E-voting is optional. The e-voting rights of the shareholders/beneficiary owners shall be reckoned on the equity shares held by them as on 27th August, 2015 being the Cut-off date for the purpose. Shareholders of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically.

The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.

The Results of the e-voting along with the result of the poll conducted at the AGM and the Scrutinizer's Report shall be sent to stock exchanges, where the securities of the Company are listed and placed on the Company's website www.viratindustries.com and on the website <https://www.evotingindia.co.in> within two (2) days of passing of the Resolutions at the AGM.

The instructions for members for voting electronically are as under:-

The voting period begins from 9.00 AM to 6.00 PM on 29th August, 2015 to 31st August, 2015. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) on 27th August, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(A) In case of members receiving e-mail:

- i) Log on to the e-voting website www.evotingindia.com
- ii) Click on "Shareholders" tab.
- iii) Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|---|
| PAN* | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN Field. |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company please enter the Member ID / Folio Number in the Dividend Bank details field as mentioned in instruction (iv). |

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.
- x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- xvii) Note for Non - Individual Shareholders and Custodians
 - o Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - o A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - o After receiving the login details they have to create a Compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - o The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - o A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xviii) In case you have any queries or issues regarding e-voting, you may refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(B) In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.

N. Poll at the Meeting

After all the items of the notice have been discussed, the Chairman will order poll in respect of all the items. Poll will be conducted and supervised under the Scrutinizer appointed for e-voting as stated above. After conclusion of the poll, the Chairman may declare the meeting as closed. The results of the poll aggregated with the results of e-voting will be announced by the Company on its website: www.viratindustries.com within two days from the date of AGM of the Company and on the website of CDSL and also informed to the stock exchanges where the securities of the Company are listed within two (2) days of the Annual General Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all material facts relating to the SPECIAL BUSINESS mentioned under Item No. 3 and 4 accompanying the Notice.

Item No. 5:

Mr. Adi F. Madan (58) (B.Com, LL.B.) is the Managing Director of the Company. He is sought to be appointed as Director of the Company out of the quota of 1/3rd of the Directors who are not subject to retirement by rotation within the meaning of Sec. 152 of the Companies Act, 2013 till he is Managing Director of the Company.

Mr. Adi F. Madan is a Director of the Company since 1994. During the period 1994 to 2004, he was Whole-time Director of the Company. He has been Managing Director of the Company since 2004. He has extensive experience of over 30 years in industry and business. His tenure as the Managing Director of the Company ends on 30th September, 2015. Considering his rich and vast experience and exceptional managerial skills, the Board of Directors felt that it would be in the best interest of the Company to re-appoint him as Managing Director of the Company. The Board of Directors, in its meeting held on 29th May, 2015, re-appointed him as Managing Director w.e.f. 1st October, 2015 and as per the approval of the Remuneration Committee, fixed terms and conditions as to the Remuneration payable to him as mentioned in the Item No. 5 Resolution. An agreement has been executed between the Managing Director and the Company containing all the terms and conditions of his re-appointment.

In terms of Schedule V to the Companies Act, 2013, Mr. Adi F. Madan is eligible for re-appointment as Managing Director. The total remuneration payable to Mr. Adi F. Madan shall not exceed 5% of the net profits, calculated in terms of Sec. 196, 197 and 198 of the Companies Act, 2013, during any of the financial years. It is expected that considering the progress and profitability of the Company which is likely to continue in future years also, occasion is not likely to arise for payment of remuneration to him as minimum remuneration during any of the years comprised in the renewed period of his office. However, out of abundant precautions, the provisions of Schedule V to the Companies Act, 2013 are being also adhered to.

Your Directors recommend the Resolution for your approval.

Except Mr. Adi F. Madan, no other Director is concerned or interested in this Resolution. The Directors recommend your acceptance thereof in the interest of the Company. This may also be treated as an Abstract of terms and conditions and Memorandum of Interest under Section 190 of the Companies Act, 2013. The Agreement between the Company and the Managing Director is available for inspection of the members of the Company, at the Registered Office, between 11:00 a.m. and 1:00 p.m. on any of the working days upto the date of previous day of the 25th AGM.

Item No. 6:

Mrs. Ayesha K. DadyBurjor (44) (BBA (Hons) University of Texas, U. S. A. is the Whole-time Director of the Company. She is sought to be appointed as Director of the Company out of the quota of 1/3rd of the Directors who are not subject to retirement by rotation within the meaning of Sec. 152 of the Companies Act, 2013 till she is Whole-time Director of the Company.

She is a charismatic and energetic Marketing Director with a proven track record of consistently winning high levels of business within a competitive market place like U.S.A. She is able to establish credibility with senior decision makers quickly, in a wide range of business contexts, all with the aim of helping to grow the Company's business Shapoorjee Chandabhoy Finvest Pvt. Ltd. Mumbai. 2004, onwards Executive Director/Director and its market share. Her professional experience is as under:

- Woford - Plano, TX (USA) : 2002-2004
Sales and Marketing for a high-end lingerie and hosiery brand
- Sigma Systems - Carrollton, TX (USA) : 2000-2002
Managed Accounts Receivables and Collections
- Neiman Marcus- Plano TX (USA) : 1995-1998
High End Retail Couture Sales and Marketing

Except Mrs. Ayesha K. DadyBurjor and Mr. Armand N. Aga, no other Director is concerned or interested in this Resolution. The Directors recommend your acceptance thereof in the interest of the Company. This may also be treated as an Abstract of terms and conditions and Memorandum of Interest under Section 190 of the Companies Act, 2013. The Agreement between the Company and the Whole-time Director is available for inspection of the members of the Company, at the Registered Office, between 11:00 a.m. and 1:00 p.m. on any of the working days upto the date of previous day of the 25th AGM.

DETAILS OF DIRECTORS BEING APPOINTED/RE-APPOINTED AT THE ANNUAL GENERAL MEETING [IN PURSUANCE OF CLAUSE 49(IV)(G)(1)] OF THE LISTING AGREEMENT :

| Name of Director | Mr. Adi F. Madan | Mrs. Ayesha K. DadyBurjor | Mr. Armand N. Aga |
|--|--|---|--|
| Age | 58 years | 44 years | 46 years |
| Qualification | B. Com., LL.B. | BBA (Hons) in Management and Marketing | B. Com. |
| Date of Appointment | 24-05-1994 | 01-09-2014 | 28-05-2010 |
| Expertise | He is a Director of the Company since 1994. During the period 1994 to 2004, he was Whole-time Director of the Company. He has been Managing Director of the Company since 2004. He has extensive experience of over 30 years in industry and business. | Her professional experience is as under: Shapoorjee Chandabhoy Finvest Pvt Ltd. - 2004, onwards, Executive Director/Director Wolford - Plano, TX (USA) 2002-2004 Sales and Marketing for a high-end lingerie and hosiery brand Sigma Systems, Carrollton, TX (USA) : 2000-2002 Managed Accounts Receivables and Collections Neiman Marcus - Plano, TX (USA) 1995-1998 High End Retail Couture Sales and Marketing | CEO of Armayesh Group of Companies engaged in Consultancy, Finance, Investment, manufacturing and exporting of high fashion embroidery to large and reputed Fashion Houses |
| Other Directorships | None | Shapoorjee Chandabhoy Finvest Pvt. Ltd. | <ul style="list-style-type: none"> • Armayesh Consultancy & Agencies Pvt. Ltd. • Armayesh Fashion Pvt. Ltd. • Armayesh Embroidery Pvt. Ltd. • Janas Finance & Investment Pvt. Ltd. • Shapoorjee Chanda bhoy Finvest Pvt. Ltd. |
| Chairmanship/ Membership of the Committees | None | None | None |
| Shareholding in the Company | 118,406 | 17,536 | 34,989 |

ANNEXURE TO NOTE H

Virat Industries Limited

(Regd. Office Address: A – 1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424, Gujarat, India)

CIN: L29199GJ1990PLC014514

Tel No: +912637 - 265011/22 Fax: +912637 - 265712 Email: factory@viratindustries.com

Website: www.viratindustries.com

Dear Members of the Company,

Subject: Registration of email Id for the communication through electronic mode & providing information as required under section 88(1) of the Companies Act, 2013.

The new Companies Act, 2013, has been notified w.e.f. 1st April, 2014, It, inter alia, allows the Company, to communicate with its Members through electronic mode like email. As per the provisions of the said Act, the Company can now opt to send the notices of the General Meetings and Postal Ballot through the electronic mode. The members may also exercise their right to vote at any General Meeting and on Postal Ballot by electronic means i.e., through e-voting.

The communication between the members and the Company through the electronic mode will help reduce paper consumption and will help in saving the natural resources, which indirectly help you to contribute towards saving environment.

Thus, in view of the above, we request you to register your email Id's with the Company, for the purpose of receiving the future communication from the Company through electronic mode.

We also draw your attention to the Section 88(1) of the Companies Act, 2013 and Rule 3(1) of the Companies (Management and Administration) Rules, 2014.

To enable us to update your details we request you to return/provide the information as per format attached.

We also request you to register your ECS mandate to enable the Company to disburse the dividends through NECS/NEFT/RTGS to avoid misplacement of physical warrant, quick credit to your account and also save your time in depositing the cheque in your bank account. This will also help you participate in e-voting at your convenience.

Shareholders holding shares in demat segment are requested to update their details in their demat account.

Thanking you,

Yours faithfully,

For **Virat Industries Limited**

A.S. Baholu

Company Secretary

Membership No.: FCS 703

Place : Mumbai,

Date : 29th May, 2015.

Date:

To:

Link Intime India Pvt. Ltd.
 Unit: **Virat Industries Limited**,
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhandup (W),
 Mumbai – 400 078

Dear Sir,

With reference to section 88(1) of the Companies Act, 2013, we give the following information:

| | |
|---|---------------|
| Name | |
| Name of Joint Holder, if any | 1. 2. |
| Address | |
| Folio No. | |
| Contact No. | Res.: Mob: |
| Email Id | |
| CIN Registration No. (in case of Companies) | |
| Unique Identification No. | |
| Father's/Mother's/Spouse's Name | 1. 2. |
| Occupation | |
| Date of Birth | |
| PAN No. | |
| Nationality | |
| Bank Name | |
| Branch Name | |
| Account Number | |
| MICR Number | |
| RTGS/NEFT/FSC Code (attach cancelled cheque) | |

Yours faithfully

Name of the Shareholder: _____

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 25th Annual Report together with the Audited Statement of Accounts for the year ended 31 March, 2015.

FINANCIAL RESULTS AND ACCOUNTS:

The Financial Results are as under :

(₹ in Lacs)

| | Year ended 31 March, 2015 | Year ended 31 March, 2014 |
|--|------------------------------|------------------------------|
| Gross Income | 2,106.47 | 2,251.20 |
| Profit Before Interest and Depreciation | 414.86 | 592.25 |
| Finance Charges | 8.70 | 10.69 |
| Gross Profit before Depreciation | 406.16 | 581.36 |
| Provision for Depreciation | 103.98 | 94.96 |
| Net Profit Before Tax | 302.18 | 486.60 |
| Provision for Tax | 94.04 | 158.20 |
| Net Profit After Tax | 208.14 | 328.40 |
| Balance of Profit brought forward | 692.64 | 500.76 |
| Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life | (6.23) | – |
| Balance available for appropriation | 894.55 | 829.16 |
| Proposed Dividend on Equity Shares | 88.62 | 88.62 |
| Tax on proposed Dividend | 18.15 | 15.06 |
| Transfer to General Reserve | 20.82 | 32.06 |
| Surplus carried to Balance Sheet | 766.96 | 692.64 |

OPERATIONS:

India's merchandise exports of US \$ 310534 million recorded in the year under review are marginally lower than US \$ 314416 million exports achieved in the previous year, registering a negative growth of 1.23%.

During the year, your Company experienced subdued demand from its major overseas clients, due to global slowdown. There was decline in the inflow of orders from European markets where your Company dispatches major quantity of its merchandise. Consequent to this, the actual dispatches in terms of pairs of socks were 12.48% lower compared to the previous year. The actual sales value of ₹ 1893 lac was posted this year by your Company. However, there is a reduction of only 6.60% compared to the previous year sales, due to better product-mix achieved during the year.

The export sales constituted 91.38% of the total sales value. Domestic sales this year were 58.06% higher compared to the previous year.

Your Company could improve its product-mix by initiating efforts to reach out to some niche markets which need exclusive products and offer higher realization. The average selling price during the year was ₹ 43.57 per pair of socks against ₹ 40.62 per pair of socks achieved in the previous year, recording a rise of 7.26%. The Company is focusing on improving its high margin business through innovation and change in processes.

Your Company continued to make relentless efforts to develop new markets and increase the share of sales to existing small clients in export markets. This helped improve its client-mix, and bring down the

percentage share of business of concentrated customers with your Company; thereby reducing risk and vulnerability of your Company.

The actual profit before tax of ₹ 302.18 lac was 37.90% lower compared to ₹ 486.60 lac recorded in previous year. This significant drop in profits was the out come of many cumulative factors.

- Decelerating growth due to reduced inflow of export orders, compared to previous year.
- There was significant increase in cost inputs. Though the prices of dyed cotton yarn recorded nominal reduction in the last quarter of the year, the prices of other raw materials ie woolen yarn, nylon and elastane yarn showed no improvement.

There was unprecedented rise in minimum wages of operators during the year as declared by the Gujarat Government by ₹ 1359 per month per head amounting to 22.56% of total wages. With 45 to 50% fringe benefits, the impact on the wage bill of the Company was substantial. The power rate increased by 3.88% and natural gas rate increased by 8.82% compared to the previous year. Your Company had to absorb these cost escalations, as it is not possible to pass on the same to clients in the export business.

- Your Company launched and successfully test marketed its own brand of various types of high quality cotton "LORD WALKER" (LW) socks, in Pune, Maharashtra. Progressively, these socks are being introduced nation wide. Efforts are also underway to make LW socks available on line, with reputed e-commerce web portals.

During the financial year, your Company has spent about ₹ 70 lac towards the cost of Managerial and Marketing personnel, both in house and consultants and for Marketing, including advertising, expenses, for launching and promoting the LW brand of socks. Some of these expenses are one time and some will be recurring.

For a correct, like to like, performance comparison with the previous year, this amount of ₹ 70 lac, spent on the LW launch this year, should be added to the profit before tax of this year.

Your Company is confident that the contribution of LW socks will be substantial to the performance of the Company, in the coming years.

It has been the consistent policy of your Company to plough back a part of surplus profit every year to purchase new machines and other equipment to enhance production, improve product-mix and adhere to strict environmental and safety measures. This helps your Company maintain its competitiveness. During the year, Six coarse gauge double cylinder machines were purchased and installed. The socks produced on these machines are sold in niche markets, with high prices and improved margin. The total capital outlay was ₹ 60.79 lac.

Exports will continue to be the main thrust area of your Company, because export clients offer large size orders, which result in better plant efficiency, improvement in quality and better management of inventory. There is assured security in recovery of export receivables. However, it is expected that sales in the domestic market will play an increasingly important role, in the future.

The comparative performance highlights for last five years are as under:

| | Units | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|----------------------------|--------------|----------------|---------|---------|---------|---------|
| Total Income | ₹ in lac | 2106.47 | 2251.20 | 2120.54 | 1685.23 | 1503.39 |
| Export Sale | ₹ in lac | 1729.78 | 1923.53 | 1838.07 | 1449.10 | 1326.49 |
| Net Profit before Tax | ₹ in lac | 302.18 | 486.60 | 328.47 | 201.02 | 124.99 |
| Net Profit after Tax | ₹ in lac | 208.14 | 328.40 | 221.50 | 139.20 | 86.84 |
| Cash Profit | ₹ in lac | 312.11 | 423.36 | 306.18 | 218.76 | 164.11 |
| Knitting Production | Pairs in lac | 41.86 | 51.92 | 57.42 | 45.38 | 46.16 |
| Pairs Dispatched | Pairs in lac | 43.45 | 49.64 | 55.30 | 46.78 | 48.68 |
| Sales realization per pair | ₹ | 43.57 | 40.83 | 35.36 | 32.81 | 29.14 |
| Earning Per Share | ₹ | 4.23 | 6.67 | 4.50 | 2.83 | 1.76 |

Your Company continues to maintain its reputation of being one of the leading suppliers of premium quality dress and sports socks to many reputed retail chains in Europe and the Gulf Countries. As most of the customers are high end reputed retailers who need excellent quality socks, the Company has positioned itself to supply them quality products and timely deliveries. Therefore, the Company is optimistic of growth through continued expansion and innovation.

The current year 2015-16 has started with great optimism. The order book position has been very encouraging till July 2015 and this reflects the increasing affirmation of your Company's products, quality, timely deliveries, quick response and superb designing capability in export markets.

There is no change in the nature of business of your Company for the year under review.

Overview of the Economy:

The merchandise exports from India have remained stagnant between US \$ 302 to US \$ 314 billion in the last three financial years.

India's share is a mere 2% in Global trade, where as that of China is around 11.7% (2013). The Foreign Trade Policy 2015-2020 announced in April 2015 has set a target of 3.5% by 2020-21 for India.

In the last two/three years, the exporting units were big beneficiaries of Indian rupee depreciation. Since mid 2014, the rupee has been strengthening against Several Currencies, resulting in erosion of both realisation and profit for exporters. This is one cause for the deceleration in exports since mid 2014.

In Foreign Trade Policy 2015-2020 announced in April 2015, a new scheme named MEIS (Merchandise Exports From India Scheme) has been introduced where by the exporters will get incentive of 2% of FOB value in respect of merchandise falling under ITC (HS) code 61 - Knitted Apparels (including socks) exported to United Kingdom and United States of America etc (but not Switzerland and Gulf countries). This scheme is in substitution of earlier MLFP scheme (market linked focal product) which was off and on introduced and withdrawn.

The manufacturing activity has been decreasing. Corporate results were weak in third quarter of the year under review and the fourth quarter results are also not encouraging.

However the new initiatives taken and good ground work done to improve the economy will helpfully bear full fruit in the year to come.

Despite odds, the performance of your Company in the year under review is satisfactory when viewed in the backdrop of the expense incurred in launching the Lord Walker brand and an extremely challenging environment during the year.

During the year, the Company carried out sales in the following geographical segments: (In ₹)

| | United Kingdom | Switzerland | UAE | India | Rest of the World | Total |
|----------|----------------|-------------|------------|------------|-------------------|-------------|
| Revenues | 76,677,240 | 58,014,174 | 31,786,244 | 16,328,233 | 6,500,135 | 189,306,026 |

Industry Structure and Development

The Indian textile industry, including hosiery and clothing, is one of the leading sectors of the Indian economy and contributes significantly to the country's industrial output (14%). It employs 35 million people in direct employment and earns much needed foreign currency with 17% of India's exports coming from Textiles and Garments. Overall, it contributes around 5% to India's GDP.

Textiles and apparel exported from India consume mainly indigenous inputs and are, therefore, big earners of net foreign exchange. This helps the country reduce its current account deficit.

Value of socks manufactured in India is estimated around ₹ 3000 crores per annum. Many major socks manufacturers in India are supplying their socks in the domestic market as licensees of international brands. Only a few supply under their own brand name.

Opportunities

Your Company is well poised to seize opportunities available in the sock knitting industry on account of its state-of-the-art production facilities, technical expertise, good quality culture and emphasis on product innovation and growth potential.

Your Company is meeting international quality norms of comfort, stretch, sizing, skin care and other parameters essential for inner wear intimate apparel. They also meet the fashion demands in terms of design, different knits and multiple shades. The socks manufactured by your Company are sold in Supermarket Chains and upper end Retail Stores.

The growing young middle-class population is a source of great potential and provides immense opportunities to spurt growth in the sock industry in the future.

For duty drawback on export shipments, "cap per unit" was raised upwards (more than double, say 2.25-2.50 times) with effect from 22.11.2014. This gave good financial benefit to exporters like Virat, who are exporting high price products. This has provided good opportunity to exporters to improve product-mix for high price markets.

Your Company is knitting super sophisticated design socks for a reputed international brand selling socks in big outlets at high prices. This gives great goodwill to your Company, as the name of your Company is mentioned on the band rolls of the socks of that brand.

All major overseas customers of your Company insist on social audits to be carried out in the factory at least once in two years, by the internationally acclaimed "Business Social Compliance Initiative Agencies". Such audits cover compensation to employees, health, safety, environment and management practices. New customers also insist on such audits to be conducted, before they start the business. The compliance of such audits to International Standards, brings healthy and ethical culture in working and creates goodwill of the Company among its clients. Your Company has successfully complied with many such audits and has thus ensured continuance of business with major clients for long periods.

Threats:

Your Company derives about 91% of its revenue from the export market. Economic slowdown or decline in demand in the country of buyer of your Company's products will have adverse impact on the working of the Company.

Your Company is potentially exposed to any changes in exchange rates, tariff, duty drawback rates, and also the Government Policies of the Countries which purchase your Company's product.

In the international market, countries like Turkey have developed an edge over the Indian manufacturers due to reduced freight cost and much reduced delivery time. Besides, Turkey enjoys exemption of 10.6% custom duty in relation with EU countries. This has posed a threat to the Indian socks suppliers and may pressurise them to reduce prices and thereby squeeze their margins. Even Bangladesh enjoys exemption in import duty by virtue of its being a less developed country and exports goods at prices which Indian socks suppliers cannot compete.

The major challenge that the textile, apparel and hosiery industry faces is of ever increasing production costs arising out of rising wages, power and other overheads.

Rupee has become strong against several foreign currencies from mid 2014. This has already adversely impacted the topline and bottom line of the exporting units, when compared with their last two/three years' performances.

FINANCE

As on the date of Balance Sheet the company is debt free in terms of long term loans.

WORKING CAPITAL LOAN

The Company is enjoying export packing credit and foreign bill purchase facilities.

INSURANCE

All the assets of the Company have been adequately insured.

DIVIDEND

The Board of Directors of the Company has recommended a dividend of ₹ 1.80 per share of ₹ 10/- each (18%). The total dividend will absorb ₹ 8,862,012 excluding ₹ 1,814,497 as tax on dividend. The dividend will be free of tax in the hands of the shareholders of the Company.

BOARD MEETINGS

Regular meetings of the Board of Directors are held to discuss and decide on various business policies, strategies and other business. Due to business exigencies, sometimes business decisions are taken by the Board through circulation.

The Board met six (6) times during the FY 2014-15, viz. on May 29, 2014, August 12, 2014, September 11, 2014, November 13, 2014, February 12, 2015 and March 05, 2015. Detailed information on the meeting of the Board is included in the report on Corporate Governance which forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. Ayesha K. DadyBurjor was appointed as a whole time Director of the Company in the Board of Directors' meeting held on 11.09.2014. Her remuneration was also approved by the Nomination and Remuneration Committee on the same date. Her appointment as a Whole-time Director has to be ratified by the shareholders in the Annual General Meeting to be held on 3rd September, 2015.

The term of Mr. Adi F. Madan as Managing Director of the Company is expiring on 30th September, 2015. The Board of Directors in its meeting held on 29th May, 2015 has re-appointed Mr. Adi F. Madan as Managing Director of the Company for the further term of 3 years from 1st October, 2015 to 30th September, 2018 on the same terms and conditions as regards his functions, duties and remuneration. The Remuneration Committee has also approved his remuneration. His candidature as non-retiring Director and the Special Resolution for approval of his remuneration will be put before the ensuing Annual General Meeting for your approval.

Mr. Adi F. Madan Managing Director and Mr. Asinkhan S. Baholu Company Secretary of your Company are the Key Managerial Personnel as per the provision of the Companies Act, 2013, and were already in office before the commencement of the Companies Act, 2013. Mr. Bhavik Maisuria Deputy Financial Manager was appointed as a Chief Financial Officer of your Company in the Board Meeting held on 29th May, 2014.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Independent Directors have submitted the Declaration of Independence, as required pursuant to section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub-section (6).

COMPOSITION OF AUDIT COMMITTEE

The Board has constituted an Audit Committee comprising of three Independent Directors. The Committee members meet regularly and make their recommendations in accordance with the terms of reference specified by the Board. Such recommendations are thoroughly discussed in Board meetings and by and large accepted for implementation.

The details of the meetings and the discussion held by the Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted a Nomination and Remuneration Committee comprising of three Independent Directors. The Committee recommends appointment/re-appointment of executive directors and appointment of employees from the level of vice-president and above along with remuneration to be paid to them. The remuneration is fixed keeping in mind the person's track record, his/her potential, individual performance, the market trends and scales prevailing in the similar industry.

The details of the meetings and the discussion held by the Committee are given in details in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has constituted a Stake Holder Relationship Committee comprising of three Directors, two independent Directors and the Managing Director.

The Committee met regularly to approve share transfers, transmission, issue of duplicate share certificates, re-materialization of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates, etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Transfer Agents.

The details of the meetings and the discussion held by the Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company has an established mechanism for Directors/Employees to report concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/employees who avail of the mechanism. The company affirms that no personnel has been denied access to the audit committee. The company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days

after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee. The key directions/actions are informed to the Managing Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors had 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SUBSIDIARIES

As the Company has no subsidiaries, Section 129(3) of the Companies Act, 2013, does not apply. During the previous year(2013-14), the Company had subscribed to 30% of the Partners' Capital in Armayesh Enterprise LLP.

EXTRACT OF ANNUAL RETURN

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 the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at March 31,2015 forms part of this Report as **Annexure I**.

AUDITORS

As decided in the last Annual General Meeting held on 11.09.2014, M/s. Deloitte Haskins and Sells, Chartered Accountants, Baroda have been appointed as Statutory Auditors for financial years 2014-15, 2015-16 and 2016-17. The said appointment, on an annual basis, is being ratified in the ensuing Annual General Meeting.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Mr. A. J. Gandhi practicing Company Secretary was appointed as a Secretarial Auditor under the provision of section 204 of the Companies Act, 2013 for the financial year 2014-15, during the Board Meeting held on 29th May 2014. The report of the secretarial auditor for the F.Y 2014-15 is annexed to this Report as **Annexure - II**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is annexed and forms part of this Report as **Annexure - III**.

DETAILS RELATING TO DEPOSITS

The Company has not accepted any deposit during the year, nor any deposit has remained unpaid or unclaimed as at the end of the year.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

No significant and material orders were passed by the regulators or Courts or Tribunals during the year, adversely impacting the Company's operation in future.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

A strong internal control culture is pervasive in your Company. Your Company has documented a robust and comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals and compliance with policies, procedures, laws and regulations.

Your Company believes in formulating adequate and effective internal control systems and implementing the same to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The Internal control system is improved and modified continuously to meet the 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 system and suggests improvements for strengthening them. The Company has a sound Management Information System which is an integral part of the control mechanism. The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken.

In furtherance to the Company's philosophy of conducting business in an honest, transparent and ethical manner, your Company has laid down. "Virat Anti corruption and Anti bribery policy". As a Company we take a zero tolerance approach to bribery and corruption.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Your Company has not -

- given any loan to any person or other body corporate.
- given any guarantee and provided any security in connection with a loan to any other body corporate or any person.
- acquired by way of subscription, purchase or otherwise the securities of any other body corporate otherwise than in accordance with the law.

RISK

Risk Management:

A documented risk management policy is in place as per clause 49 (VI) of the listing agreement.

Your Company is exposed to risk from fluctuation of foreign exchange rates, prices of raw materials and finished goods, compliances risk and people risk.

Foreign Exchange Risk:

Your Company manages its foreign exchange risk within the framework laid down by Company's policy, approved by the Board, keeping in mind the size of the Company.

Commodity Prices Risk:

Your Company proactively manages the risk of purchasing raw materials through forward booking, vendor development practices and inventory management. The Company's strong reputation for quality and services with overseas clients mitigates the impact of price risk on finished goods.

Compliance Risk:

Your company has to follow various statutes and regulations including the Companies Act. The company is mitigating these risks through regular review of legal compliances carried out through internal as well as external compliance audits.

People Risk:

Your Company nurtures and grooms the talented and key personnel for future business leadership and looks after them judiciously such that they stay with the Company.

CORPORATE SOCIAL RESPONSIBILITY

Section 135(1) of the Companies Act 2013, is not applicable to your Company, because the net worth, turnover and net profit of your Company during the year is less than the required limits.

RELATED PARTY TRANSACTIONS

All related party transaction that were entered during the financial year were in the ordinary course of the business of your Company and were on arm's length basis. There were no materially significant related party transactions entered by your Company with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of your Company. The details are given in **Annexure - IV**, forming part of this report.

FORMAL ANNUAL EVALUATION

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition

of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

MEETING OF INDEPENDENT DIRECTORS

All the four independent Directors of the Company held a meeting on 12th February 2015, and reviewed the performance of non-independent Directors and the Board as a whole. They also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board.

They expressed their satisfaction at the performance of non-independent Directors and appreciated the flow of information from the Company management.

COST AUDITORS

The Companies (Cost Records and Audit) Rules, 2014 does not require textile industry to have cost audit records. Moreover, in terms of Rule 7, where the revenue of a company from exports, in foreign exchange, exceeds seventy five percent of its total revenue, the said company is also exempted from maintaining cost audit records. The above rules were notified on 30.06.2014. In view of the above, the Company is exempted from maintaining Cost Audit records and appointment of Cost Auditor for the financial year 2014-15.

RATIO OF REMUNERATION TO EACH DIRECTOR

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of section 197 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this Report as **Annexure V** of this report.

LISTING FEES

Your Company has paid listing fees up to 31st March 2016 to the Bombay Stock Exchange in April, 2015.

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

Your Company shall not be mandatorily required to submit Corporate Governance Report as per amendments to Clause 49 of the Equity Listing Agreement of the Securities and Exchange Board of India (SEBI) Circular No.: CIR/CFD/POLICY CELL/7/2014 dated 15th September, 2014; the applicability of Corporate Governance in listed entities is as under:

Applicability of Clause 49:

The Clause 49 of the Listing Agreement shall be applicable to all companies whose equity shares are listed on a recognized stock exchange. However, compliance with the provisions of Clause 49 shall not be mandatory, for the time being, in respect of the following class of companies:

- a) Companies having paid up equity share capital not exceeding ₹ 10 crore and Net Worth not exceeding ₹ 25 crore, as on the last day of the previous financial year; Provided that where the provisions of Clause 49 becomes applicable to a company at a later date, such company shall comply with the requirements of Clause 49 within six months from the date on which the provisions became applicable to the company.
- b) Companies whose equity share capital is listed exclusively on the SME and SME-ITP Platforms.

ANTI SEXUAL HARASSMENT POLICY

The company has in place an Anti Sexual Harassment Policy in line with the requirements of 'The Sexual Harassment of Women at the Workplace' (Prevention Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding Sexual Harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of Sexual Harassment complaints received and disposed of during the year 2014-15:

No. of complaints received: Nil

No. of complaints disposed of: Not applicable

PARTICULARS OF EMPLOYEES

As per provision of Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of the employees are required to be annexed in respect of the employees of the Company who were in receipt of total remuneration of ₹ 60.00 Lac per

annum or ₹ 5.00 Lac per month. During the financial year, under review, there is no employee drawing remuneration as above.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

Detailed notes on the Corporate Governance and the Management Discussion and Analysis Report and other such disclosures as are required to be made under the Listing Agreement with the Stock Exchanges, are separately annexed and form part of this Report.

COMPLIANCE CERTIFICATE

The Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is not issued since Corporate Governance is not applicable to the company this year.

ACKNOWLEDGMENT

Your Directors wish to place on record their sincere appreciation for the co-operation and support extended to the Company by the Government of India, the Gujarat State Government and by the relevant Government Authorities, Central, State and Local, the Company's Bankers and Business Associates.

Your Directors also thank all the employees at every level, who, through their dedication, co-operation and support, have enabled the Company to achieve sustained growth.

For and on behalf of the Board of Directors

Place: Mumbai,
Date : 29th May, 2015.

Arun S. Sanghi
Chairman

Information as per Section 197 read with Companies (Appointment and Remuneration of managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the Year ended 31st March, 2015.

A. Names of Employees employed throughout the Financial Year and were in receipt of remuneration of not less than ₹ 6,000,000/-.

| Sr. No. | Name | Age (yrs.) | Designation/ Nature of Duties | Remuneration Gross Rupees | Qualification and Experience | Date of Commencement of Employment | Last employment/ Name of Employer/ Designation held and period |
|------------------|------|------------|-------------------------------|---------------------------|------------------------------|------------------------------------|--|
| ----- NONE ----- | | | | | | | |

B. Names of Employees employed for a part of the Year and were in receipt of remuneration of not less than ₹ 500,000/- per month.

| Sr. No. | Name | Age (yrs.) | Designation/ Nature of Duties | Remuneration Gross Rupees | Qualification and Experience | Date of Commencement of Employment | Last employment/ Name of Employer/ Designation held and period |
|------------------|------|------------|-------------------------------|---------------------------|------------------------------|------------------------------------|--|
| ----- NONE ----- | | | | | | | |

Note: Gross Remuneration includes Salary, Company's Contribution to Provident Fund, House Rent Allowance, Medical Allowance, Leave Travel Allowance and Leave Encashment.

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - I

Annual Return Extracts in MGT 9

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2015
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | |
|--|---|
| i) CIN | L29199GJ1990PLC014514 |
| ii) Registration Date | Registration Date 14/10/1990 |
| iii) Name of the Company | VIRAT INDUSTRIES LIMITED |
| iv) Category / Sub-Category of the Company | Public Company Limited by shares |
| v) Address of the Registered office and contact details | A - 1/2, GIDC Industrial Estate, Kabilpore, Navsari, Gujarat, India, PIN - 396 424. Tel: 02637-265011/265022 Fax: 02637-265712 Email: factory@viratindustries.com Website: www.viratindustries.com |
| vi) Whether listed Company Yes / No | Yes |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai, Maharashtra, India, PIN - 400 078. Tel: 022-25963838 Email: rnt.helpdesk@linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated :-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / Service | | | % to total turnover of the company |
|---------|--|-----------------------------------|-------|-----------|------------------------------------|
| | | Group | Class | Sub-Class | |
| 1 | Knitted Socks | 143 | 1430 | 14309 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|---------|---------------------------------|------------|----------------------------------|------------------|--|
| 1 | Armayesh Enterprise - LLP | AAB - 6194 | Limited Liability Partnership | 30% | As per Limited Liability Partnership Act, 2008 |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

| Category of Shareholders | | No. of Shares held at the beginning of the year 01/04/2014 | | | | No. of Shares held at the end of the year 31/03/2015 | | | | % Change during the year |
|--------------------------|---|--|----------|------------------|-------------------|--|----------|------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| a) | Individual/Hindu Undivided Family | 527,802 | - | 527,802 | 10.720 | 599,942 | - | 599,942 | 12.186 | 1.465 |
| b) | Central Government | - | - | - | - | - | - | - | - | - |
| c) | State Governments | - | - | - | - | - | - | - | - | - |
| d) | Bodies Corporate | 1,753,795 | - | 1,753,795 | 35.622 | 1,753,795 | - | 1,753,795 | 35.622 | - |
| e) | Banks/Family Institutions | - | - | - | - | - | - | - | - | - |
| f) | Any Other.... | - | - | - | - | - | - | - | - | - |
| | Sub-total (A) (1) | 2,281,597 | - | 2,281,597 | 46.342 | 2,353,737 | - | 2,353,737 | 47.808 | 1.465 |
| (2) | Foreign | - | - | - | - | - | - | - | - | - |
| a) | NRIs – Individuals | - | - | - | - | - | - | - | - | - |
| b) | Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) | Banks/Family Institutions | - | - | - | - | - | - | - | - | - |
| e) | Any Other.... | - | - | - | - | - | - | - | - | - |
| | Sub-total (A) (2) | - | - | - | - | - | - | - | - | - |
| | Total Shareholding of Promoter (A) = (A)(1)+(A)(2) | 2,281,597 | - | 2,281,597 | 46.342 | 2,353,737 | - | 2,353,737 | 47.808 | 1.465 |

| Category of Shareholders | No. of Shares held at the beginning of the year 01/04/2014 | | | | No. of Shares held at the end of the year 31/03/2015 | | | | % Change during the year |
|--|--|----------------|------------------|-------------------|--|----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| | | | | | | | | | |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | 3,000 | 3,000 | 0.061 | - | 3,000 | 3,000 | 0.061 | - |
| b) Banks / Family Institutions | 200 | - | 200 | 0.004 | 200 | - | 200 | 0.004 | - |
| c) Central Government | - | - | - | - | - | - | - | - | - |
| d) State Governments | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) Foreign Institutional Investors | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| i) Others | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | 200 | 3,000 | 3,200 | 0.065 | 200 | 3,000 | 3,200 | 0.065 | - |
| [2] Non – Institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 107,423 | 20,600 | 128,023 | 2.600 | 100,515 | 19,500 | 120,015 | 2.438 | (0.163) |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 707,173 | 313,840 | 1,021,013 | 20.738 | 642,151 | 296,340 | 938,491 | 19.062 | (1.676) |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 888,440 | 33,000 | 921,440 | 18.716 | 933,343 | 22,000 | 955,343 | 19.404 | 0.689 |
| c) Others | | | | | | | | | |
| i) Clearing Member | 50,405 | - | 50,405 | 1.024 | 26,642 | - | 26,642 | 0.541 | (0.483) |
| ii) Non Resident Indians (Repat) | 22,322 | - | 22,322 | 0.453 | 22,322 | - | 22,322 | 0.453 | - |
| iii) Non Resident Indians (Non Repat) | - | - | - | - | 8,250 | - | 8,250 | 0.168 | 0.168 |
| iv) Foreign Companies | 492,340 | - | 492,340 | 10.000 | 492,340 | - | 492,340 | 10.000 | - |
| v) Overseas Bodies Corporates | - | 3,000 | 3,000 | 0.061 | - | 3,000 | 3,000 | 0.061 | - |
| Sub-total (B)(2) | 2,268,103 | 370,440 | 2,638,543 | 53.593 | 2,225,563 | 340,840 | 2,566,403 | 52.127 | (1.465) |
| Total Shareholding of Public (B) = (B)(1)+(B)(2) | 2,268,303 | 373,440 | 2,641,743 | 53.658 | 2,225,763 | 343,840 | 2,569,603 | 52.192 | (1.465) |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | 4,549,900 | 373,440 | 4,923,340 | 100.000 | 4,579,500 | 343,840 | 4,923,340 | 100.000 | - |

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year - 01/04/2014 | | | Shareholding at the end of the year - 31/03/2015 | | | % change in share holding during the year |
|---------|--|--|----------------------------------|---|--|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | |
| 1 | SHAPOORJEE CHANDABHOY FINVEST PRIVATE LTD. | 1,753,795 | 35.62 | – | 1,753,795 | 35.62 | – | – |
| 2 | NAOZER J AGA | 475,277 | 9.65 | – | 475,277 | 9.65 | – | – |
| 3 | KAIZAD R DADYBURJOR | – | – | – | 48,819 | 0.99 | – | 100 |
| 4 | ARMAND NAOZER AGA | 34,989 | 0.71 | – | 34,989 | 0.71 | – | – |
| 5 | AYESHA K DADYBURJOR | 17,536 | 0.36 | – | 17,536 | 0.36 | – | – |
| 6 | RUSI H DADYBURJOR | – | – | – | 11,000 | 0.22 | – | 100 |
| 7 | ZENOBIA R DADYBURJOR | – | – | – | 11,000 | 0.22 | – | 100 |
| 8 | RUSTOM ZAL IRANI | – | – | – | 1,321 | 0.03 | – | 100 |
| | Total | 2,281,597 | 46.34 | – | 2,353,737 | 47.81 | – | |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | Particulars | Shareholding at the beginning of the year - 01/04/2014 | | Shareholding at the end of the year - 31/03/2015 | |
|---------|----------------------|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | KAIZAD R DADYBURJOR | – | – | 48,819 | 0.99 |
| 2 | RUSI H DADYBURJOR | – | – | 11,000 | 0.22 |
| 3 | ZENOBIA R DADYBURJOR | – | – | 11,000 | 0.22 |
| 4 | RUSTOM ZAL IRANI | – | – | 1,321 | 0.03 |
| | Total | – | – | 72,140 | 1.47 |

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

| Sl. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year - 01/04/2014 | | Shareholding at the end of the year - 31/03/2015 | |
|-----|---|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | H M INVESTMENTS (UK) LIMITED | 492,340 | 10.00 | 492,340 | 10.00 |
| 2. | PRAMILA HEMRAJ MUNOT/LATA MUNOT | 205,050 | 4.16 | 204,800 | 4.16 |
| 3. | MAHENDRA GIRDHARILAL | 122,413 | 2.49 | 101,755 | 2.07 |
| 4. | UDAY ANANTH NAYAK | 61,786 | 1.25 | – | – |
| 5. | RAJESH RAMAKANT KINNERKAR | 47,400 | 0.96 | – | – |
| 6. | RAJIV GARG | – | – | 65,000 | 1.32 |
| 7. | KESHAV GARG | – | – | 60,000 | 1.22 |
| 8. | BOMSI WADIA | 45,203 | 0.92 | 45,203 | 0.92 |
| 9. | RUSSI JAL TARAPOREVALA | 42,000 | 0.85 | 42,000 | 0.85 |
| 10. | STANROSE MAFATLAL INVESTMENTS & FINANCE LIMITED | 34,250 | 0.70 | 34,250 | 0.70 |
| 11. | JAIN PAL JAIN/KALPANA JAIN | 34,808 | 0.71 | 33,348 | 0.68 |
| 12. | DILIP NAVINCHANDRA DALAL/ KASHMIRA DILIP DALAL | 32,093 | 0.65 | 31,800 | 0.65 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. | For Each of the Directors and KMP | Shareholding at the beginning of the year - 01/04/2014 | | Shareholding at the end of the year - 31/03/2015 | |
|-----|---|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | NAOZER J AGA/ARMAND N AGA | 250,561 | 5.09 | 250,561 | 5.09 |
| 2. | NAOZER J AGA/AYESHA K DADYBURJOR | 224,716 | 4.56 | 224,716 | 4.56 |
| 3. | ADI MADAN/AYESHA MADAN/ JEHAN ADI MADAN | 134,205 | 2.73 | 134,205 | 2.73 |
| 4. | KAIZAD R DADYBURJOR/ AYESHA K DADYBURJOR | 64,355 | 1.31 | 66,355 | 1.35 |
| 5. | ARMAND NAOZER AGA | 34,989 | 0.71 | 34,989 | 0.71 |
| 6. | NIRMAL G AWTANEY/ KRISHNA N AWTANEY | 7,000 | 0.14 | 7,000 | 0.14 |
| 7. | ASHINKHAN SIKANDAR BAHOLU | 1,000 | 0.02 | 1,000 | 0.02 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| - Addition | - | - | - | - |
| - Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | Mr. Adi F. Madan Managing Directors | Mrs. Ayesha K. DadyBurjor Whole-time Director (w.e.f. 01/09/2014) | Total |
|---------|---|--|---|------------------|
| 1 | Gross Salary: | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3,083,404 | 917,002 | 4,000,406 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission-as % of profit-others, specify... | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total (A) | 3,083,404 | 917,002 | 4,000,406 |
| | Ceiling as per the Act | | | |

B. Remuneration to Other Directors:

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---------|--|--------------------|-----------------------|---|--------------------|---------------------|
| | | Mr. Arun S. Sanghi | Mr. Ajit P. Walwaikar | Mr. Vinay V. Sanghi | Mr. Harish H. Shah | |
| 1 | Independent Directors | | | | | |
| | Fee for attending board committee meetings | 175,000 | 175,000 | 60,000 | 170,000 | 580,000 |
| | Commission | – | – | – | – | – |
| | Others, please specify | – | – | – | – | – |
| | Total (1) | 175,000 | 175,000 | 60,000 | 170,000 | 580,000 |
| 2 | Other Non-Executive Directors | Mr. Armand N. Aga | | Mrs. Ayesha K. DadyBurjor (up to 01/09/2014) | | Total Amount |
| | Fee for attending board committee meetings | 10,000 | | 20,000 | | 30,000 |
| | Commission | – | | – | | – |
| | Others, please specify | – | | – | | – |
| | Total (2) | 10,000 | | 20,000 | | 30,000 |
| | Total (B)=(1+2) | | | | | 610,000 |
| | Total Managerial Remuneration | | | | | |
| | Overall Ceiling as per the Act | | | | | |

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total |
|---------|---|---|--|----------------|
| | | Mr. Asinkhan S. Baholu Company Secretary | Mr. Bhavik R. Maisuria Chief Financial Officer (w.e.f. 29/05/2014) | |
| 1 | Gross Salary: | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 296,099 | 398,770 | 694,869 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | – | – | – |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | – | – | – |
| 2 | Stock Option | – | – | – |
| 3 | Sweat Equity | – | – | – |
| 4 | Commission—as % of profit—others, specify... | – | – | – |
| 5 | Others, please specify | – | – | – |
| | Total | 296,099 | 398,770 | 694,869 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act, 2013):

None.

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2015.

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

To,
The Members,
Virat Industries Limited,
A 1/ 2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424. Gujarat.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Virat Industries 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 books, papers, minute books, forms and returns filed and other records of Virat Industries Limited, maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by Virat Industries Limited ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The 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;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- (vi) Service Tax Act.
- (vii) Income Tax Act.
- (viii) Value Added Tax (VAT) Act.
- (ix) Central Sales Tax Act.
- (x) Pollution Control Laws.
- (xi) Factories Act, 1948.
- (xii) Industrial Disputes Act, 1947.
- (xiii) Payment of Wages Act, 1936.
- (xiv) Minimum Wages Act, 1948.
- (xv) Employees' State Insurance Act, 1948.
- (xvi) Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- (xvii) Payment of Bonus Act, 1965.
- (xviii) The Payment of Gratuity Act, 1972.
- (xix) The Contract Labour (Regulation & Abolition) Act, 1970.
- (xx) Maternity Benefit Act, 1961.
- (xxi) Prohibition of Child Labour (Prohibition & Regulation) Act, 1986.
- (xxii) The Industrial Employment (Standing Orders) Act, 1946.
- (xxiii) The Employees' Compensation Act, 1923.
- (xxiv) Equal Remuneration Act, 1976.
- (xxv) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

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

1. **The Companies Act, 2013 (the Act) and the rules made thereunder** - The company has conducted 6 (six) Board Meetings in course of the financial year, after complying with the provisions of the Act. It also held its Annual General Meeting on 11.09.2014 after complying with the provisions of the Act & Rules made thereunder. No Extra-ordinary General Meeting was held during the financial year.
2. **The Securities Contracts (Regulation) Act, 1956 and the Securities Contracts (Regulation) Rules, 1957** deal with the regulation and the governance of Stock Exchanges and hence are not applicable to the company.
3. **The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder** - These deal with regulation of transactions pertaining to securities between Depositories, Depository Participants, Issuers and Beneficial Owners. The company is registered with the Depository Participant, Link Intime India Private Ltd. and all transactions pertaining to the securities issued by the company are carried out through this agency.
4. **Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings** - From the records of the company pertaining to the financial year ended 31st March, 2015, it is seen that no Foreign Direct Investment was made in the company. The company has not resorted to Overseas Direct Investment and External Commercial Borrowings during the year under review.
5. **The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011** - These Regulations deal with acquisition of listed securities by a Company and 'persons acting in concert' with it as defined in the Regulations. It is given to understand that the company has not made any investments in listed securities during the financial year ended 31st March, 2013.

6. **The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015** - The Company has formulated an Insider Trading Code for the price sensitive information pertaining to the securities issued by it and the same is strictly followed.
7. **The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009** - The Company has not made an issue of the type mentioned in these Regulations during the financial year ended 31st March, 2015. Hence these Regulations are not applicable.
8. **The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999** - These Guidelines deal with Employee Stock Option Scheme of Employee Stock Purchase Scheme of implemented by the Company. The Company has not so far formulated any Employee Stock Option Scheme or any Employee Stock Purchase Scheme. Hence these guidelines are not applicable to it.
9. **The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008** - These Regulations are not applicable to the company for the financial year under review as it has not made any issue of any debt securities or listed any debt securities during the financial year ended 31st March, 2015.
10. **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** - These Regulations lay down the procedure for registration and regulation of the working of Registrars and Share Transfer Agents and as such do not apply to the company.
11. **The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009** - The company has not delisted its equity shares listed on the Bombay Stock Exchange (BSE) during the financial year ended 31st March, 2015. Hence these Regulations are not applicable to it.
12. **The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998** - These regulations are applicable to buy-back of shares or other specified securities of a company listed on a stock exchange. The company has confirmed that it did not buy back any of its securities listed on the stock exchange (BSE) during the financial year. Hence, these Regulations do not apply to the company.
13. **The Listing Agreement entered into by the Company with Bombay Stock Exchange (BSE)** - The company has filed the necessary documents and returns and supplied the information required to be submitted by it to Bombay Stock Exchange as per the Listing Agreement.
14. **Secretarial Standards issued by The Institute of Company Secretaries of India** - The company has complied with these standards during the financial year ended 31st March, 2015.
15. **Service Tax Act** - The company has filed half yearly Service Tax Returns, in respect of Service Tax collected by it.
16. **Income Tax** - The company has filed its Income Tax Return for the Assessment Year 2014-15, during the financial year ended 31st March, 2015.
17. **Value Added Tax (VAT)** - The company has regularly filed monthly returns for Value Added Tax (VAT) paid.
18. **Central Sales Tax** - The company has regularly filed monthly returns as required.
19. **Pollution Control Laws** - The company has obtained CCA Renewal from Gujarat Pollution Control Board under Section 21 of Water Pollution Control Act, Rule 3(c) & 5 (5) of the Hazardous Waste (Management & Handling & Trans boundary Movement) Rules, 2008 and under Environment Pollution Control Act. The consent is valid up to 22.07.2019.
20. **Factories Act, 1948** - The company has obtained a license to work a factory, issued by the Directorate Industrial Safety and Health, Gujarat State, on 1st March, 1996. The same is valid till 31st December, 2017. It has filed monthly returns as required under the Factories Act, 1948.
21. **Industrial Disputes Act, 1947** - The company has maintained the necessary records under this Act. No industrial dispute was reported to have occurred during the financial year.
22. **Payment of Wages Act, 1936** - The requirements regarding the timely payment of wages under this Act and display of an abstract of the Act and Rules have been complied with.

23. **Minimum Wages Act, 1948** - The requirements regarding the payment of minimum wages specified by the appropriate Government and the display of the notice containing the minimum rate of wages have been complied with.
24. **Employees' State Insurance Act, 1948** - The requirements regarding the maintenance of the register of employees and filing of Annual Return have been complied with.
25. **Employees' Provident Fund and Miscellaneous Provisions Act, 1952** - The requirements of depositing contributions with the Provident Fund authorities and filing of the necessary returns have been complied with.
26. **Payment of Bonus Act, 1965** - Bonus has been paid to the employees in accordance with the Act and the necessary returns have been filed.
27. **The Payment of Gratuity Act, 1972** - The provisions of the Act have been complied with. The company has, on 01.03.2014, also obtained a Group Gratuity Policy from the Life Insurance Corporation of India Ltd. (L.I.C.) to enable it to comply with its liability for the payment of gratuity to its employees, as and when such liability arises.
28. **The Contract Labour (Regulation & Abolition) Act, 1970** - The company has obtained the necessary certificate of registration for employing contract labour in its factory and has complied with the other applicable provisions of the Act.
29. **Maternity Benefit Act, 1961** - The company has complied with the provisions of the Act.
30. **Prohibition of Child Labour (Prohibition & Regulation) Act, 1986** - It is given to understand that the company does not employ any child labour hence this Act is not applicable to it.
31. **The Industrial Employment (Standing Orders) Act, 1946** - The company has framed Standing Orders for its employees at the factory and the same have been registered with the concerned authorities.
32. **The Employees' Compensation Act, 1923 (earlier known as Workmen's Compensation Act, 1923)** - No accidents were reported in the factory of the company during the year under review. Hence there was no requirement to file any returns.
33. **Equal Remuneration Act, 1976** - It is given to understand that the company pays equal remuneration to all for same work or work of similar nature and that there is no discrimination between men and women while recruiting or subsequent to recruitment, promotion, etc.
34. **The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956** - The company has regularly filed quarterly returns as required, during the year under review.

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. The changes in the composition of the Board of Directors 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 and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the Minutes.

I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Signature: _____

Name of Company Secretary in practice/ Firm:

A. J. Gandhi

ACS/FCS No. 1632

C P No.: 2095

Place : Mumbai,
Dated : 18th May, 2015.

ANNEXURE - II

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgoings as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Section 134(3)(m) are given below:

(A) CONSERVATION OF ENERGY:**a. Energy Conservation Measures Taken:***Electricity:*

- i) Maintained the power factor in the range of 0.998 to 0.999, throughout the year and got rebate of ₹ 1,82,416/- on this account in electricity bills.
- ii) Started installation of LED tube lights for saving of electricity power of factory lighting.

Natural Gas:

- i) Reduced steam leakages from boiler house to plant level and maintained the same throughout the year.
- ii) Installed float trap of right specification to reduce the condensation losses.

b. Additional Investments and Proposals being implemented in Consumption of Energy:

Your Company has given a turnkey assignment to "Systel Energy Solution India, Coimbtore" for reducing the leakages of compressed air in knitting machines and pipelines and also to improve the quality of compressed air supplied by compressors. They have already carried out the audit of our machines and pipelines.

The assignment will cost ₹ 7.50 lac and the payback period is estimated to be around half year to nine months. The materials have been purchased by them and their engineer has started the work in the first week of May 2015.

(B) TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are as per Form annexed.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**Activities relating to Exports, Initiatives to Increase Exports, Development of New Export Markets for Products and Services and Export Plan:**

Ours is an export unit operating under Export Promotion Capital Goods (EPCG) Scheme. The Company has been exporting goods mainly to the European and Gulf Markets. All efforts are directed towards increasing exports. In the year under review about 91% of total revenues were derived from the export.

| Total Foreign Exchange Used and Earned: | (₹ in Lacs) |
|--|--------------------|
| a. i. Total foreign exchange earned | 1729.78 |
| ii. Other | 32.88 |
| SUB-TOTAL (a) | 1762.66 |
| b. Total foreign exchange used | |
| i. For import of Plant and Machinery | - |
| ii. For Spares, etc. | 37.81 |
| iii. Raw Materials | - |
| iv. For Dividend remitted | 11.43 |
| iv. Others | 14.64 |
| SUB-TOTAL (b) | 63.88 |
| % of Import to Export | 3.62% |

PARTICULARS WITH RESPECT TO ABSORPTION
Research and Development (R&D)**1. Specific areas in which R & D is carried out by the Company:****A. Development of new products**

- i) Launched our own brand namely "Lord Walker" for supply of premium quality socks in the domestic market.
- ii) Knitted highly sophisticated socks for international brand on contract basis with great success and are getting repeat orders.
- iii) Introduced embroidery in thick crew socks having rib and horizontal strips and also in other styles for export for which bulk orders are received.

B. Repairing of imported parts

- i) The technicians at factory have developed the technique to repair motor drives (IRT), PCB and other electronic parts of the knitting machines.
- ii) We have also developed an indigenous source to repair the broken cylinders of our knitting machines.

2. Benefits derived as a result of the above R & D:

- i) New business in domestic market besides export with higher profit margins.
- ii) Reduction in the Cost of electronic parts.

3. Future plan of action:

To be planned

4. Expenditure on R & D:

Not ascertainable

- | | |
|--|---|
| (a) Capital | – |
| (b) Recurring | – |
| (c) Total | – |
| (d) Total R & D expenditure as a percentage of total turnover. | – |

Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
The Company has not imported any technology. It has imported major plant and machinery.
2. Benefits, derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:

Not Applicable

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

| | |
|--|---|
| (a) Technology imported | – |
| (b) Year of Import | – |
| (c) Has technology been fully absorbed | – |

ANNEXURE - IV

FORM NO. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

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

1. Details of contracts or arrangements or transactions not at arm's length basis

Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis :

| | |
|---|--|
| (a) Name(s) of the related party and nature of relationship | - Armayesh Consultancy and Agencies Pvt. Ltd. - Promoters Group Company - Armayesh Embroideries Pvt. Ltd. - Promoters Group Company |
| (b) Nature of contracts/arrangements/ transactions | Lease Agreement |
| (c) Duration of the contracts/ arrangements/transactions | Renewable every Year |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | 10% increase in lease rent every year |
| (e) Justification for entering into such contracts or arrangements or transactions | Lease rent is comparatively lower than the prevailing market rates. |
| (f) Date(s) of approval by the Board | 29th May, 2015 |
| (g) Amount paid as advances, if any: | Nil |
| (h) Date on which the Special Resolution was passed in General Meeting as required under first proviso to section 188 : | Not Applicable |

ANNEXURE - V

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

| Sl. No. | Requirements | Disclosure | Ratio |
|---------|--|---|---|
| (i) | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year; | Remuneration: Executive Directors: Mr. Adi F. Madan Managing Director Mrs. Ayesha K. DadyBurjor Whole-time Director (w.e.f. 01/09/2014) Sitting fees: Independent Directors: Mr. Arun S. Sanghi - Chairman Mr. Ajit P. Walwaikar - Director Mr. Harish H. Shah - Director Mr. Vinay V. Sanghi - Director Non-Independent Directors: Mr. Ayesha K. DadyBurjor (promoted from Non-Independent Director to Whole-time Director w.e.f. 01/09/2014) Mr. Armand N. Aga - Director | 14.96 5.33 1.75 1.75 1.70 0.50 0.20 0.10 |
| (ii) | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; | Managing Director Company Secretary Note: Whole-time Director and Chief Financial Officer were appointed during the year. | Nil 13.76% |
| (iii) | The percentage increase in the median remuneration of employees in the financial year; | The median remuneration of the employees in the financial year increased by 18.45%. The calculation of % Increase in Median Remuneration is done based on comparable employees. For this we have excluded employees who were not eligible for any increment. | |
| (iv) | The number of permanent employees on the rolls of the Company; | There were 145 employees as on March 31, 2015. | |

| Sl. No. | Requirements | Disclosure | | | | | | | | | | | | |
|-----------------------|--|--|---------|---------|---------|--------------|-----------------|----------|-----|---------------|--------|-----------------------|--------------|-------|
| (v) | The explanation on the relationship between average increase in remuneration and Company performance; | <p style="text-align: right;">(₹ in Lacs)</p> <table border="1"> <thead> <tr> <th>Details</th> <th>2014-15</th> <th>2013-14</th> </tr> </thead> <tbody> <tr> <td>Total Income</td> <td>2,106.47</td> <td>2,251.20</td> </tr> <tr> <td>PBT</td> <td>302.18</td> <td>486.60</td> </tr> <tr> <td>PBT % of Total Income</td> <td>14.35</td> <td>21.62</td> </tr> </tbody> </table> <p>Average increase of 16.99% in the remuneration of employees is in line with the current year's performance, market dynamic and as a measure to motivate the employees for better future performance to achieve organisation's growth expectations.</p> | Details | 2014-15 | 2013-14 | Total Income | 2,106.47 | 2,251.20 | PBT | 302.18 | 486.60 | PBT % of Total Income | 14.35 | 21.62 |
| Details | 2014-15 | 2013-14 | | | | | | | | | | | | |
| Total Income | 2,106.47 | 2,251.20 | | | | | | | | | | | | |
| PBT | 302.18 | 486.60 | | | | | | | | | | | | |
| PBT % of Total Income | 14.35 | 21.62 | | | | | | | | | | | | |
| (vi) | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company; | For the FY 2014-15, KMPs were paid about 15.54% of the net profit before tax for the year. | | | | | | | | | | | | |
| (vii) | Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year; | <p>The Market capitalization of the Company has increased from ₹ 1,563.16 lacs as of March 31, 2014 to ₹ 2,700.45 lacs as of March 31, 2015. Over the same period, the price to earnings ratio moved from 4.76 to 13.37. The Virat Industries Limited stock price as at March 31, 2015 has increased by 72.76% and by ₹ 23.10 over the last financial year.</p> <p>During the year, the Company did not come out with any public offer.</p> | | | | | | | | | | | | |
| (viii) | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | <p>During the year, the non-managerial remuneration increased by 27.08% being the rise in minimum wages as declared by government of Gujarat.</p> <p>Such abnormal rise is given once in every five years. Normal rise is around 10%.</p> <p>Rise in managerial remuneration is 7.93%.</p> | | | | | | | | | | | | |

| Sl. No. | Requirements | Disclosure | |
|---------|--|---|---------------------------------------|
| (ix) | Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company | The comparison of remuneration of each of the Key Managerial personnel against the performance of the Company is as under : | |
| | | Particulars | % of Net profit for FY 2014-15 |
| | | Managing Director | 10.20% |
| | | Whole-time Director | 3.03% |
| | | Chief Financial Officer | 1.32% |
| | Company Secretary | 0.98% | |
| (x) | The key parameters for any variable component of remuneration availed by the Directors; | 1% commission of net profit of the Company if applicable as per section 197 and 198 of the Companies Act, 2013 and if decided by the Board. | |
| (xi) | The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year; | None | |
| (xii) | Affirmation that the remuneration is as per the remuneration policy of the Company. | Yes | |

INDEPENDENT AUDITORS' REPORT

To,
The Members of
VIRAT INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Virat Industries Limited** ("the Company") which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015 and its profit and its cash flows for the yearended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the Directors as on 31 March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2015 from being appointed as a Director in terms of in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 27(i) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

R. Salivati
Partner

(Membership No. 034004)

Mumbai, 29th May, 2015.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the financial statements of Virat Industries Limited for the year ended 31 March, 2015)

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses (v), (vi) and (xi) of paragraph 3 of the order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

- (iii) In respect of its inventories:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. There is no sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2015 for a period of more than six months from the date they became payable.
 - (c) There are no disputed dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31 March, 2015.
 - (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (vii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (ix) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (x) 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 has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

R. Salivati
Partner

(Membership No. 034004)

Mumbai, 29th May, 2015.

BALANCE SHEET AS AT 31 MARCH, 2015

| Particulars | Note No. | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|----------|------------------------------|------------------------------|
| A. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 3 | 49,233,400 | 49,233,400 |
| (b) Reserve and Surplus | 4 | 83,516,656 | 74,002,930 |
| | | 132,750,056 | 123,236,330 |
| (2) Non-current Liabilities | | | |
| (a) Deferred Tax Liabilities (Net) | 40 | 2,709,705 | 4,636,968 |
| (b) Other Long-Term Liabilities | 5 | 46,497 | – |
| (c) Long-Term Provisions | 6 | 1,307,221 | 894,862 |
| | | 4,063,423 | 5,531,830 |
| (3) Current Liabilities | | | |
| (a) Short-term borrowings | 7 | 6,200,000 | 19,498,545 |
| (b) Trade Payables | 8 | 15,735,401 | 14,337,196 |
| (c) Other Current Liabilities | 9 | 2,502,789 | 2,390,550 |
| (d) Short-term Provisions | 10 | 11,245,834 | 10,679,987 |
| | | 35,684,024 | 46,906,278 |
| Total | | 172,497,503 | 175,674,438 |
| B. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 11 | 54,525,235 | 59,774,687 |
| (ii) Capital Work In Progress | | – | 1,345,612 |
| | | 54,525,235 | 61,120,299 |
| (b) Non-current investments | 12 | 2,650,000 | 2,650,000 |
| (c) Long-term Loans and Advances | 13 | 3,766,690 | 4,902,725 |
| | | 60,941,925 | 68,673,024 |
| (2) Current Assets | | | |
| (a) Inventories | 14 | 54,865,756 | 53,026,417 |
| (b) Trade Receivables | 15 | 8,776,044 | 21,215,078 |
| (c) Cash and Cash Equivalents | 16 | 35,751,882 | 23,543,336 |
| (d) Short-term loans and advances | 17 | 10,469,942 | 8,129,784 |
| (e) Other Current Assets | 18 | 1,691,954 | 1,086,799 |
| | | 111,555,578 | 107,001,414 |
| Total | | 172,497,503 | 175,674,438 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our Report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

R. Salivati
Partner

Mumbai, Dated: 29th May, 2015.

For and on behalf of the Board of Directors

Arun S. Sanghi
Chairman
DIN: 00022168

Bhavik R. Maisuria
Chief Financial Officer

Asinkhan S. Baholu
Company Secretary
Membership No.: FCS 703

Adi F. Madan
Managing Director
DIN: 00023629

Ajit P. Walwaikar
Director
DIN: 00022123

Harish H. Shah
Director
DIN: 03032200

Ayesha K. DadyBurjor
Whole-time Director
DIN: 02949248

Armand N. Aga
Director
DIN: 00022401

Vinay V. Sanghi
Director
DIN: 00309085

Mumbai, Dated: 29th May, 2015.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

| Particulars | Note No. | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|--|----------|---|---|
| 1 Revenue from Operations (Gross) | 19 | 205,343,577 | 216,327,209 |
| Less: Excise Duty | | – | – |
| Revenue from Operations (Net) | | 205,343,577 | 216,327,209 |
| 2 Other Income | 20 | 5,303,896 | 8,792,990 |
| 3 Total Revenue (1 + 2) | | 210,647,473 | 225,120,199 |
| 4 Expenses | | | |
| (a) Cost of materials consumed | 21 | 66,722,014 | 78,227,296 |
| (b) Purchase of Stock-in-Trade (traded goods) | 22 | – | 72,675 |
| (c) Changes in inventories of finished goods and work in progress | 23 | 816,508 | (6,774,647) |
| (d) Employee Benefits Expense | 24 | 32,643,041 | 27,560,522 |
| (e) Finance Costs | 25 | 870,382 | 1,068,694 |
| (f) Depreciation Expense | 11 | 10,397,560 | 9,496,026 |
| (g) Other Expenses | 26 | 68,980,168 | 66,809,683 |
| Total Expenses | | 180,429,673 | 176,460,249 |
| 5 Profit before Tax (3 - 4) | | 30,217,800 | 48,659,950 |
| 6 Tax Expense: | | | |
| a) Current Tax Expense | | 10,970,219 | 15,300,000 |
| b) Short / (Excess) provision for tax relating to prior years | | 53,297 | – |
| c) Net Current Tax Expense | | 11,023,516 | 15,300,000 |
| d) Deferred Tax (credit)/charge | | (1,619,343) | 519,986 |
| Net Tax Expense | | 9,404,173 | 15,819,986 |
| 7 Profit for the Year (5 - 6) | | 20,813,627 | 32,839,964 |
| 8 Earning per Share (of ₹ 10/- each) | 39 | | |
| (1) Basic | | 4.23 | 6.67 |
| (2) Diluted | | 4.23 | 6.67 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our Report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

R. Salivati
Partner

Mumbai, Dated: 29th May, 2015.

For and on behalf of the Board of Directors

Arun S. Sanghi
Chairman
DIN: 00022168

Bhavik R. Maisuria
Chief Financial Officer

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Director
DIN: 00022123

Harish H. Shah
Director
DIN: 03032200

Ayesha K. DadyBurjor
Whole-time Director
DIN: 02949248

Armand N. Aga
Director
DIN: 00022401

Vinay V. Sanghi
Director
DIN: 00309085

Mumbai, Dated: 29th May, 2015.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

| Particulars | ₹ | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|---|--------------|---|---|
| A Cash Flow from Operating Activities: | | | |
| Profit before Tax | 30,217,800 | | 48,659,950 |
| Adjustments for: | | | |
| Depreciation expense | 10,397,560 | | 9,496,026 |
| Share of loss/(profit) from LLPs | 217,694 | | (159,161) |
| Loss on Fixed Assets written off | — | | 884,517 |
| Net unrealised gain on foreign currency translation | (346,447) | | (25,161) |
| Interest Expense | 870,382 | | 1,068,694 |
| Interest Income | (2,240,650) | | (1,770,010) |
| Liabilities/Provisions no longer required written back | (86,722) | | (42,718) |
| Provision for Doubtful Loan and Advances | 500,000 | | 500,000 |
| Operating Profit before change in Working Capital | 39,529,617 | | 58,612,137 |
| Changes in Working Capital | | | |
| Decrease/(Increase) in Trade receivables and loans and advances | 9,777,750 | | (4,919,973) |
| Decrease/(Increase) in Inventories | (1,839,339) | | (12,309,890) |
| (Decrease)/Increase in Trade and other payables | 1,733,520 | | (4,633,879) |
| | 9,671,931 | | (21,863,742) |
| Cash generated from operations | 49,201,548 | | 36,748,395 |
| Net Income tax paid | (9,676,392) | | (16,999,956) |
| Net Cash from Operating Activities | | 39,525,156 | 19,748,439 |
| B Cash Flow from Investing Activities: | | | |
| Capital expenditure on fixed assets, including capital advances | (4,733,808) | | (9,678,375) |
| Investment in LLPs | — | | (150,000) |
| Proceeds from Sale of Fixed Assets | — | | 3,331 |
| Bank balances not considered as Cash and cash equivalents | | | |
| - Placed | (16,576,771) | | (13,022,137) |
| - Matured | 12,679,712 | | 5,671,730 |
| Interest received from Investments | 183,500 | | 203,610 |
| Interest received on Deposits | 1,451,995 | | 939,388 |
| Net Cash used in Investing Activities | | (6,995,372) | (16,032,453) |
| C Cash Flow from Financing Activities: | | | |
| Proceeds from short term borrowings | (13,298,545) | | 6,892,625 |
| Dividend paid | (8,543,270) | | (7,120,718) |
| Tax on Dividend | (1,506,099) | | (1,255,082) |
| Finance cost | (870,382) | | (1,068,694) |
| Net Cash used in Financing Activities | | (24,218,296) | (2,551,869) |
| Net increase in cash and cash equivalents | | 8,311,488 | 1,164,117 |
| Cash and Cash equivalents at the beginning of the year (as defined in AS-3 Cash Flow Statements) | | 4,285,160 | 3,121,043 |
| Cash and Cash equivalents at the end of the year (as defined in AS-3 Cash Flow Statements) | | 12,596,648 | 4,285,160 |

Note:

- 1 Components of cash and cash equivalents include cash, bank balances in current and EEFC accounts as disclosed under Note no.16 of the Balance Sheet. There are no deposits/investments with original maturity of less than three months.

In terms of our Report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

R. Salivati
Partner

For and on behalf of the Board of Directors

Arun S. Sanghi

Chairman
DIN: 00022168

Bhavik R. Maisuria
Chief Financial Officer

Asinkhan S. Baholu

Company Secretary
Membership No.: FCS 703

Adi F. Madan

Managing Director
DIN: 00023629

Ajit P. Walwaikar
Director
DIN: 00022123

Harish H. Shah

Director
DIN: 03032200

Ayesha K. DadyBurjor

Whole-time Director
DIN: 02949248

Armand N. Aga
Director
DIN: 00022401

Vinay V. Sanghi

Director
DIN: 00309085

Mumbai, Dated: 29th May, 2015.

Mumbai, Dated: 29th May, 2015.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**1. Corporate Information:**

Virat Industries Limited (“the Company”) is a Manufacturer and Exporter of premium quality of dress and sport socks for Men, Ladies and Children. The Company also manufactures high quality football socks for many prestigious clubs of Europe. The socks are knitted and processed on imported machinery. The socks of the Company are exported to Switzerland, U.K and Gulf countries for top end markets.

The manufacturing activity and Registered Office of the Company are located in Navsari, South Gujarat. The Head Office of the Company is situated in Mumbai. The marketing function is carried out at the Mumbai Head Office.

Virat Industries Limited is a public limited Company, listed on the Bombay Stock Exchange.

2. Significant Accounting Policies:**2.1 Basis for preparation of Accounts:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Inventories:

Inventories are valued at the lower of cost on weighted average basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.4 Fixed Assets:

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

2.5 Depreciation:

- a) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

- b) Leasehold land is amortized over the duration of lease.

2.6 Impairment:

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 “Impairment of Assets”. Where the recoverable

amount of any fixed assets is lower than its carrying amount in accordance with AS 28, a provision for impairment loss on fixed assets is made for the difference.

2.7 Leases:

- (a) Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.
- (b) Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.8 Borrowing Cost:

Borrowing cost, if any, that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

2.9 Foreign Currency Transactions:

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. Monetary Items denominated in foreign currency are restated using the exchange rates prevailing at the date of the Balance Sheet. The exchange difference between the rates prevailing on the date of transactions on the date of settlement and also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

2.10 Employee Benefits:

a) Defined Contribution Plan:

Contributions under Defined Plans in the form of Provident Fund are recognised in the Statement of profit and loss in the period in which the employee has rendered the service.

b) Defined Benefit and Other Long-term Benefit Plan:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

c) Other Benefits:

The Company's liability towards provision for Compensated Absences is determined on the basis of actuarial valuation being carried out at each Balance Sheet date using the Projected Unit Credit Method. The retirement benefit obligation recognised in the Balance Sheet represents the total of present value of the defined benefit obligation as reduced by unrecognised past service cost.

Actuarial gains and losses are recognised immediately in the Statement of profit and loss in the period of occurrence of such gains and losses. Past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of or changes to a defined benefit plan, past service cost is recognised immediately.

2.11 Revenue Recognition:

Sales of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. In appropriate circumstances, revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

2.12 Income Taxes:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Tax on distributed profits payable in accordance with the provision of Income Tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India. Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961 has been recognised in accordance with the Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.

2.13 Investments:

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.14 Provisions and Contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.15 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 operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31 March, 2015 | | As at 31 March, 2014 | |
|---|----------------------|-------------------|----------------------|------------|
| | Number | ₹ | Number | ₹ |
| 3 Share Capital | | | | |
| (a) Authorised | | | | |
| Equity Shares of ₹ 10/- each with voting rights | 5,000,000 | 50,000,000 | 5,000,000 | 50,000,000 |
| (b) Issued, Subscribed and Paid Up | | | | |
| Equity Shares of ₹ 10/- each with voting rights | 4,923,340 | 49,233,400 | 4,923,340 | 49,233,400 |
| Total | 4,923,340 | 49,233,400 | 4,923,340 | 49,233,400 |

3.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | Opening Balance | Closing Balance |
|----------------------------------|-------------------|-------------------|
| Equity Shares with voting rights | | |
| Year ended 31 March, 2015 | | |
| - Number of Shares | 4,923,340 | 4,923,340 |
| - Amount in Rupees | 49,233,400 | 49,233,400 |
| Year ended 31 March, 2014 | | |
| - Number of Shares | 4,923,340 | 4,923,340 |
| - Amount in Rupees | 49,233,400 | 49,233,400 |

3.2 Details of shares held by each shareholder holding more than 5% shares:

| Name of Shareholders | As at 31 March, 2015 | | As at 31 March, 2014 | |
|---|-----------------------|--------------|-----------------------|--------------|
| | Number of Shares held | % of Holding | Number of Shares held | % of Holding |
| Equity Shares with voting rights | | | | |
| Shapoorjee Chandabhoj Finvest Private Limited | 1,753,795 | 35.62 | 1,753,795 | 35.62 |
| H M Investments (UK) Limited | 492,340 | 10.00 | 492,340 | 10.00 |
| Naozer J. Aga | 475,277 | 9.65 | 475,127 | 9.65 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| 4 Reserves and Surplus | | |
| General Reserve | | |
| Opening Balance | 4,739,503 | 1,455,507 |
| Add: Transferred from surplus in Statement of Profit and Loss | 2,081,363 | 3,283,996 |
| Closing Balance | 6,820,866 | 4,739,503 |
| Surplus in Statement of Profit and Loss | | |
| Opening Balance | 69,263,427 | 50,075,570 |
| Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of Deferred Tax) Refer Note 42 | (623,392) | – |
| Add: Profit for the year | 20,813,627 | 32,839,964 |
| Balance available for Appropriation | 89,453,662 | 82,915,534 |
| Less: Dividend proposed to be distributed to equity shareholders (₹ 1.80 per share; previous year ₹ 1.80 per share) | 8,862,012 | 8,862,012 |
| Less: Tax on Dividend | 1,814,497 | 1,506,099 |
| Less: Transferred to General Reserve | 2,081,363 | 3,283,996 |
| Closing Balance | 76,695,790 | 69,263,427 |
| Total | 83,516,656 | 74,002,930 |
| 5 Other Long-term Liabilities | | |
| Share of Loss from LLP (Net) | 46,497 | – |
| Total | 46,497 | – |
| 6 Long-term Provisions | | |
| Provision for Employee Benefits | | |
| Provision for Compensated Absences | 1,307,221 | 894,862 |
| Total | 1,307,221 | 894,862 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| 7 Short-term Borrowings | | |
| (a) Loans repayable on demand | | |
| - From Banks Secured (Secured by deposit of title deeds of leasehold land and by a charge on buildings, structures, fixtures and fittings, immovable plant and machinery thereon. Such loans are further secured by a charge on the Company's stocks, book debts, other receivables, movable properties and assets, etc., both present and future) | 6,200,000 | 19,498,545 |
| Total | 6,200,000 | 19,498,545 |
| 8 Trade Payables | | |
| Other than Acceptances (Refer Note No. 28 for Disclosure under Micro, Small and Medium Enterprises Development Act, 2006) | 15,735,401 | 14,337,196 |
| Total | 15,735,401 | 14,337,196 |
| 9 Other Current Liabilities | | |
| (a) Unclaimed/Unpaid Dividends | 1,160,804 | 842,062 |
| (b) Other Payables | | |
| - Statutory Remittances (Contributions to PF and ESIC, withholding taxes, wealth tax and other taxes payable) | 770,840 | 742,794 |
| - Gratuity (Refer Note No. 35) | 571,145 | 104,179 |
| - Commission payable to non Whole-time Directors | - | 491,515 |
| - Payable on purchase of fixed assets | - | 210,000 |
| Total | 2,502,789 | 2,390,550 |
| 10 Short-term Provisions | | |
| (a) Provision for Employee Benefits | | |
| - Provision for Compensated Absences | 291,899 | 276,563 |
| (b) Provision - Others | | |
| - Provision for Tax (Net of Advance Tax ₹ 27,222,574, previous year ₹ 3,207,703) | 277,426 | 35,313 |
| - Provision for Proposed Equity Dividend | 8,862,012 | 8,862,012 |
| - Provision for Tax on Proposed Dividend | 1,814,497 | 1,506,099 |
| Total | 11,245,834 | 10,679,987 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11 Fixed Assets

(In ₹)

| Particulars | GROSS BLOCK | | | | | ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | | | NET BLOCK | |
|-----------------------------------|----------------------------|---------------------------|---------------|---------------------------|-----------------------------|---|--------------------------|-----------------------------|---|---------------------------|----------------------------|-----------------------------------|--|
| | As at 1 April, 2014 | Additions | Disposals | Adjustments/ Write off | As at 31 March, 2015 | As at 1 April, 2014 | For the year | Elimination on Disposals | Transition adjustment recorded against surplus balance in Statement of Profit and Loss | Adjustments/ Write off | As at 31 March, 2015 | As at 31 March, 2015 | |
| Tangible Assets | | | | | | | | | | | | | |
| Leasehold Land | 687,100 (687,100) | - (-) | - (-) | - (-) | 687,100 (687,100) | 171,113 (162,655) | 8,426 (8,458) | - (-) | - (-) | - (-) | 179,539 (171,113) | 507,561 (515,987) | |
| Buildings (Owned) | 30,102,410 (30,102,410) | 133,501 (-) | - (-) | - (-) | 30,235,911 (30,102,410) | 17,485,930 (16,498,471) | 983,685 (987,459) | - (-) | 9,310 (-) | - (-) | 18,478,925 (17,485,930) | 11,756,986 (12,616,480) | |
| Plant and Machinery (Owned) | 96,284,610 (88,035,848) | 5,193,875 (12,499,635) | - (-) | - (4,250,873) | 101,478,485 (96,284,610) | 59,455,996 (55,996,797) | 6,505,522 (6,858,949) | - (-) | 614,075 (-) | - (3,399,750) | 66,575,593 (59,455,996) | 34,902,892 (36,828,614) | |
| Furniture and Fixtures (Owned) | 1,696,217 (1,503,465) | 575,591 (192,752) | - (-) | - (-) | 2,271,808 (1,696,217) | 1,122,558 (909,083) | 261,499 (213,475) | - (-) | 62,489 (-) | - (-) | 1,446,546 (1,122,558) | 825,262 (573,659) | |
| Vehicles - Owned | 13,375,034 (13,375,034) | - (-) | - (-) | - (-) | 13,375,034 (13,375,034) | 4,919,804 (3,649,717) | 2,337,879 (1,270,087) | - (-) | - (-) | - (-) | 7,257,683 (4,919,804) | 6,117,351 (8,455,230) | |
| Office Equipments (Owned) | 2,183,126 (2,125,650) | 176,453 (146,225) | - (88,749) | - (-) | 2,359,579 (2,183,126) | 1,398,409 (1,292,318) | 300,549 (157,597) | - (51,506) | 245,438 (-) | - (-) | 1,944,396 (1,398,409) | 415,183 (784,717) | |
| TOTAL | 144,328,497 | 6,079,420 | - | - | 150,407,917 | 84,553,810 | 10,397,560 | - | 931,312 | - | 95,882,682 | 54,525,235 | |
| Previous year | (135,829,507) | (12,838,612) | (88,749) | (4,250,873) | (144,328,497) | (78,509,041) | (9,496,026) | (51,506) | (-) | (3,399,750) | (84,553,810) | (59,774,687) | |
| Capital work in progress | | | | | | | | | | | | - (1,345,612) | |
| | | | | | | | | | | | TOTAL | 54,525,235 (61,120,299) | |

Figures given in brackets after each line item represent Previous year figures.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31 March, 2015 | | | As at 31 March, 2014 | | |
|--|----------------------|----------------|---------------------------------------|----------------------|----------------|---------------------------------------|
| | Quoted ₹ | Unquoted ₹ | Total ₹ | Quoted ₹ | Unquoted ₹ | Total ₹ |
| 12 Non-current Investments | | | | | | |
| Investments - Other than Trade (At cost) | | | | | | |
| Investment in Bonds of Indian Railway Finance Corporation Limited (IRFC) (2500 Bonds of ₹ 1000 each fully paid up) | 2,500,000 | – | 2,500,000 | 2,500,000 | – | 2,500,000 |
| Investment in Armayesh Enterprise - LLP | – | 150,000 | 150,000 | – | 150,000 | 150,000 |
| Total | 2,500,000 | 150,000 | 2,650,000 | 2,500,000 | 150,000 | 2,650,000 |
| - Aggregate amount of quoted investments | | | 2,500,000 | | | 2,500,000 |
| - Aggregate market value of listed and quoted investments | | | 2,590,250 | | | 2,324,975 |
| - Aggregate amount of unquoted investments | | | 150,000 | | | 150,000 |
| Particulars | | | As at 31 March, 2015 ₹ | | | As at 31 March, 2014 ₹ |
| 13 Long-term Loans and Advances | | | | | | |
| Unsecured and considered good | | | | | | |
| a) Capital Advances | | | 200,000 | | | – |
| b) Security Deposits | | | 1,603,357 | | | 1,574,357 |
| c) Loans and Advances to Related Parties (Refer Note 37) | | | | | | |
| - Security Deposit with Armayesh Consultancy and Agencies Pvt. Ltd. | | | 21,050 | | | 21,050 |
| - Share of profit from Armayesh Enterprises LLP | | | – | | | 159,161 |
| d) Loans and Advances to Employees | | | 160,579 | | | 266,964 |
| e) Advance Income-tax (Net of Provision ₹ 10,970,209, Previous Year ₹ 35,898,142) | | | 1,781,704 | | | 2,881,193 |
| Total | | | 3,766,690 | | | 4,902,725 |
| 14 Inventories (At lower of cost and net realisable value) | | | | | | |
| a. Raw Materials | | | 23,629,340 | | | 21,384,888 |
| Goods-in transit | | | 1,122,170 | | | 1,349,699 |
| | | | 24,751,510 | | | 22,734,587 |
| b. Work-in-progress (Knitted Socks) | | | 2,263,345 | | | 1,354,815 |
| | | | 2,263,345 | | | 1,354,815 |
| c. Finished goods (Other than those acquired for trading) | | | 19,092,024 | | | 20,817,061 |
| | | | 19,092,024 | | | 20,817,061 |
| d. Stores and Spares | | | 6,184,245 | | | 6,041,984 |
| Goods-in transit | | | 8,500 | | | 206,855 |
| | | | 6,192,745 | | | 6,248,839 |
| e. Packing Material | | | 2,538,410 | | | 1,820,547 |
| Goods-in transit | | | 27,722 | | | 50,568 |
| | | | 2,566,132 | | | 1,871,115 |
| Total | | | 54,865,756 | | | 53,026,417 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|---|------------------------------|------------------------------|
| 15 Trade Receivables | | |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| Unsecured and considered good | 1,080 | – |
| Other Trade Receivable | | |
| Unsecured and considered good | 8,774,964 | 21,215,078 |
| Total | 8,776,044 | 21,215,078 |
| 16 Cash and Cash Equivalents | | |
| A. Cash and Cash Equivalents (As per AS 3 Cash Flow Statements) | | |
| a) Cash on Hand | 2,460 | – |
| b) Balances with Banks | | |
| - In Current Accounts | 12,594,188 | 4,285,161 |
| Total - Cash and cash equivalents (A) | 12,596,648 | 4,285,161 |
| B. Other Bank Balances | | |
| i) In Deposit Accounts | | |
| - original maturity more than 3 months (Refer Note below) | 21,698,954 | 18,135,203 |
| ii) In Earmarked Accounts | | |
| - unpaid dividend accounts | 1,160,804 | 842,062 |
| - balances held as margin money against guarantees | 295,476 | 280,910 |
| Total other Bank Balances (B) | 23,155,234 | 19,258,175 |
| Total | 35,751,882 | 23,543,336 |
| Note : | | |
| Other Bank Balances include deposits with remaining maturity of more than 12 months from the Balance Sheet date ₹ Nil (PY ₹ 5,635,203). | | |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at | |
|---|----------------|-------------------|
| | 31 March, 2015 | 31 March, 2014 |
| | ₹ | ₹ |
| 17 Short-term Loans and Advances | | |
| Unsecured and Considered Good, unless otherwise stated | | |
| a) Security Deposits | | 105,000 |
| b) Loans and Advances to Employees | | 551,885 |
| c) Prepaid Expenses | | 516,577 |
| d) Balances with Government Authorities | | |
| - VAT Credit Receivable | | 1,809,750 |
| - Personal Ledger Account (Excise) | | 8,162 |
| - Duty Drawback (Customs) | | 6,394,234 |
| e) Inter-corporate Deposit | | |
| Considered good | 1,000,000 | 1,500,000 |
| Considered doubtful | 1,500,000 | 1,000,000 |
| | | 2,500,000 |
| Less : Provision for doubtful inter-corporate deposit | | 1,500,000 |
| | | 1,000,000 |
| f) Others - Advance for supply of goods and services | | 84,334 |
| Total | | 10,469,942 |
| | | 8,129,784 |
| 18 Other Current Assets | | |
| a) Accruals | | |
| - Interest Accrued on Deposits | | 1,546,106 |
| - Interest Accrued on Short Term Loans given to Companies | 68,116 | 68,116 |
| Less : Provision for doubtful Interest | 68,116 | 68,116 |
| | | 1,546,106 |
| b) Others | | |
| - Excise Duty recoverable | | 145,848 |
| Total | | 1,691,954 |
| | | 1,086,799 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|--|---|---|
| 19 Revenue from Operations | | |
| a) Sale of Products (Refer Note (i) below) | 189,306,026 | 202,683,848 |
| b) Other Operating Revenues (Refer Note (ii) below) | 16,037,551 | 13,643,361 |
| | 205,343,577 | 216,327,209 |
| Less: Excise Duty | – | – |
| Total | 205,343,577 | 216,327,209 |
| Note: | | |
| (i) Sale of Products Comprises | | |
| Manufactured goods - Knitted Socks | 189,306,026 | 202,542,718 |
| Total - Sale of manufactured goods | 189,306,026 | 202,542,718 |
| Traded goods - Knitted Socks | – | 141,130 |
| Total - Sale of traded goods | – | 141,130 |
| Total - Sale of Products | 189,306,026 | 202,683,848 |
| (ii) Other Operating Revenues Comprise: | | |
| Sale of Scrap | 43,363 | – |
| Duty Drawback | 12,604,544 | 11,918,308 |
| Sale of Market Linked Focus Product (MLFP) Scheme | 1,857,462 | 733,456 |
| Profit on Sale of Raw Material | 3,077 | 4,444 |
| Samples Development Income | 1,529,105 | 987,153 |
| Total - Other Operating Revenues | 16,037,551 | 13,643,361 |
| 20 Other Income | | |
| Interest Income (Refer Note (i) below) | 2,832,061 | 2,352,727 |
| Net gain on foreign currency transactions and translation | 788,528 | 5,450,815 |
| Other Non-operating Income (Refer Note (ii) below) | 1,683,307 | 989,448 |
| Total | 5,303,896 | 8,792,990 |
| Note: | | |
| (i) Interest Income Comprises: | | |
| Interest from banks on Deposits | 1,884,831 | 1,389,056 |
| Interest from overdue Trade Receivable | 410,020 | 582,717 |
| Interest from loans and advances | 160,283 | 177,344 |
| Interest from long term investments | 183,500 | 203,610 |
| Interest from Income-tax refund | 181,391 | – |
| Interest from LLP on Capital contribution | 12,036 | – |
| Total - Interest Income | 2,832,061 | 2,352,727 |
| (ii) Other non-operating income comprises: | | |
| Share of profit from LLP | – | 159,161 |
| Liabilities/Provisions no longer required written back (Net) | 86,722 | 42,718 |
| Miscellaneous Income | 1,596,585 | 787,569 |
| Total - Other non-operating Income | 1,683,307 | 989,448 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|---|---|---|
| 21 Cost of Materials Consumed | | |
| Opening Stock | 22,734,587 | 19,144,203 |
| Add: Purchases | 68,738,937 | 81,817,680 |
| | 91,473,524 | 100,961,883 |
| Less: Closing Stock | 24,751,510 | 22,734,587 |
| Cost of Materials Consumed | 66,722,014 | 78,227,296 |
| Material Consumed comprises of yarn only. | | |
| 22 Purchase of Stock-in-Trade (traded goods) | | |
| Traded Items: Socks - Knitted | – | 72,675 |
| 23 Changes in Inventories of Finished Goods and work in progress | | |
| Inventories at the end of the year | | |
| Finished Goods | 19,092,023 | 20,817,061 |
| Work-in-Progress | 2,263,345 | 1,354,815 |
| | 21,355,368 | 22,171,876 |
| Inventories at the beginning of the year | | |
| Finished Goods | 20,817,061 | 13,710,571 |
| Work-in-Progress | 1,354,815 | 1,686,658 |
| | 22,171,876 | 15,397,229 |
| Net Decrease / (Increase) | 816,508 | (6,774,647) |
| 24 Employee Benefit Expenses | | |
| Salaries and wages | 29,132,776 | 24,369,318 |
| Contribution to Provident and other funds (Refer Note 35) | 1,668,602 | 1,501,137 |
| Gratuity (Refer Note 35) | 516,966 | 345,232 |
| Staff welfare expenses | 1,324,697 | 1,344,835 |
| Total | 32,643,041 | 27,560,522 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|---|---|---|
| 25 Finance Cost | | |
| Interest Expense on: | | |
| - borrowings | 757,540 | 1,059,328 |
| - delayed payment of Income-tax | 173 | 126 |
| Other borrowing costs | 112,669 | 9,240 |
| Total | 870,382 | 1,068,694 |
| 26 Other Expenses | | |
| Consumption of stores and spare parts | 7,973,725 | 6,739,833 |
| Consumption of packing materials | 10,435,344 | 10,002,446 |
| Subcontracting (Processing Charges) | 9,177,648 | 13,426,071 |
| Power and Fuel | 14,566,103 | 12,991,278 |
| Lease Rent (Refer Note 38) | 1,138,694 | 809,400 |
| Repairs: | | |
| - To Buildings | 79,098 | 359,802 |
| - To Machinery | 370,735 | 423,034 |
| Insurance | 827,167 | 879,445 |
| Rates and taxes (including wealth tax ₹ 60,520, PY ₹ 71,640) | 842,502 | 756,134 |
| Carriage Outward | 4,707,537 | 4,973,343 |
| Sales expenses | 3,154,810 | 2,595,114 |
| Advertisement Expenses | 2,904,436 | 268,663 |
| Commission to non-whole time directors | – | 491,515 |
| Donations | 120,000 | 119,600 |
| Legal and professional | 3,784,478 | 2,775,903 |
| Payment to Auditors (Refer Note (i) below) | 1,117,667 | 1,114,365 |
| Share of Loss from LLP | 217,694 | – |
| Loss on fixed assets sold/written off | – | 884,517 |
| Provision for doubtful loan and advances and other current assets | 500,000 | 500,000 |
| Miscellaneous expenses | 7,062,530 | 6,699,220 |
| Total | 68,980,168 | 66,809,683 |
| Payment to Auditor including Service Tax | | |
| (i) Payment to the Auditors comprises | | |
| (a) To Statutory Auditors | | |
| - For Audit | 646,070 | 646,070 |
| - For Taxation matters | 267,854 | 235,956 |
| - For Other Services | 191,012 | 191,012 |
| Reimbursement of Expenses | 1,978 | 3,709 |
| | 1,106,914 | 1,076,747 |
| (b) To Cost Auditors for cost audit (relating to F.Y. 2013-14) | 10,753 | 37,618 |
| Total | 1,117,667 | 1,114,365 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS**

| Particulars | As at 31 March, 2015 ₹ | As at 31 March, 2014 ₹ |
|--|------------------------------|------------------------------|
| 27 Contingent Liabilities and Commitments (to the extent not provided for) | | |
| (i) Contingent Liabilities | | |
| Claims against the Company not acknowledged as debt | Not Ascertained | Not Ascertained |
| - For Assessment Year 2005-06 and 2006-07, the Income Tax Department has adjusted the carried forward of losses and unabsorbed depreciation in computing the benefit under section 10B of the Income Tax Act, 1961. During the year Company received favourable order in Income-tax Appellate Tribunal for the Assessment Year 2006-07 and the Income-tax Department, Navsari has referred the said matter to the High Court of Gujarat at Ahmedabad. Hence, the matter has been referred to the High Court of Gujarat at Ahmedabad for Assessment Year 2005-06 and 2006-07. Additional liability, if any, is not ascertained. | | |
| (ii) Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 200,000 | — |
| Total | 200,000 | — |
| 28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 | | |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | — | — |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | — | — |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | — | — |
| (iv) The amount of interest due and payable for the year | — | — |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | — | — |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | — | — |
| Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. | | |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****29 Details on unhedged Foreign Currency Exposures**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

| Particulars | As at 31 March, 2015 | | As at 31 March, 2014 | |
|---------------------------------|-------------------------------|--|-------------------------------|--|
| | Receivable/ (Payable) ₹ | Receivable/ (Payable) in Foreign Currency | Receivable/ (Payable) ₹ | Receivable/ (Payable) in Foreign Currency |
| Trade Receivables | 4,625,455 | GBP 50,452 | 17,419,922 | GBP 171,771 |
| | – | – | 3,045,051 | USD 51,040 |
| Advance given to Suppliers | – | – | 251,952 | EURO 3,085 |
| | 33,148 | USD 527 | 10,441 | USD 175 |
| Trade Payables | (263,649) | EURO (3,865) | – | – |
| | (9,798) | GBP (105) | (230,240) | GBP (2,298) |
| | | | (20,355) | USD (338) |
| Advance received from customers | (554,790) | USD (8,930) | (178,980) | USD (3,000) |
| | (2,510,428) | GBP (27,383) | – | – |

30 Value of Imports calculated on CIF basis

| Particulars | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|---|---|---|
| Raw Materials | – | 702,390 |
| Stores and Spares | 3,797,014 | 4,303,949 |
| Capital Goods | 317,871 | 4,440,830 |
| Total | 4,114,885 | 9,447,169 |
| 31 Expenditure in Foreign Currency | | |
| Professional and Consultation Fees | – | 125,334 |
| Other Matters | 1,108,387 | 1,436,325 |
| Total | 1,108,387 | 1,561,659 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****32 Details of Consumption of Imported and Indigenous items**

| Particulars | For the year ended 31 March, 2015 | | For the year ended 31 March, 2014 | |
|-------------------|-----------------------------------|--------------|-----------------------------------|--------------|
| | ₹ | % | ₹ | % |
| Imported | | | | |
| Raw Material | 312,068 | 0.47 | 608,533 | 0.78 |
| Stores and Spares | 4,222,214 | 52.95 | 3,238,382 | 48.05 |
| Total | 4,534,282 | 6.07 | 3,846,915 | 4.53 |
| Indigenous | | | | |
| Raw Material | 66,409,946 | 99.53 | 77,618,763 | 99.22 |
| Stores and Spares | 3,751,511 | 47.05 | 3,501,451 | 51.95 |
| Total | 70,161,456 | 93.93 | 81,120,214 | 95.47 |

33 Earnings in Foreign Exchange

| Particulars | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|---|---|---|
| Export of Goods Calculated on FOB basis | 172,202,410 | 191,963,803 |
| Samples Development Charges | 1,529,105 | 987,153 |

34 Amounts remitted in Foreign Currency during the year on account of Dividend

| | | |
|--|---------|---------|
| Amount of dividend remitted in foreign currency | 890,364 | 738,510 |
| Total number of Non Resident Shareholders (to whom the dividends were remitted in foreign currency) | 1 | 1 |
| Total number of shares held by them on which dividend was due | 492,340 | 492,340 |
| Year to which dividend relates | 2013-14 | 2012-13 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

DISCLOSURE UNDER ACCOUNTING STANDARDS

35 Employee Benefit Plans

(a) Defined Contribution Plan

The Company makes Provident fund and other funds contributions to defined contribution plans for qualifying employees. The Company recognised ₹ 1,668,602 (Year ended 31 March, 2014 ₹ 1,501,137) for Provident Fund contributions.

(b) Defined Benefit Plan: Gratuity

Provision is made for gratuity and compensated absences based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of profit and loss.

During the previous year the Company funded gratuity with LIC of India.

The disclosures as required under revised Accounting Standard 15 on "Employee Benefits" are as follows:

The following table sets out the funded status (unfunded in the previous year) of the defined benefit schemes and the amount recognised in the financial statements:

| Particulars | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ | | | |
|---|---|---|----------------|----------------|----------------|
| Gratuity | | | | | |
| Expense recognised in the statement of profit and loss | | | | | |
| Current Service Cost | 247,365 | 252,752 | | | |
| Interest Cost | 428,649 | 361,312 | | | |
| Expected returns on plan assets | (391,500) | — | | | |
| Actuarial Losses/(Gain) | 232,452 | (268,830) | | | |
| Total Expense recognized in the Statement of Profit and Loss | 516,966 | 345,234 | | | |
| Actual contribution and benefit payments for year | | | | | |
| Actual benefit payments | 200,213 | 120,597 | | | |
| Actual contributions | 50,000 | 4,500,000 | | | |
| Net asset / (liability) recognised in the Balance Sheet | | | | | |
| Present value of defined benefit obligation | (5,268,203) | (4,604,179) | | | |
| Fair value of plan assets | 4,697,058 | 4,500,000 | | | |
| Funded status [Surplus / (Deficit)] | (571,145) | (104,179) | | | |
| Change in defined benefit obligations (DBO) during the year | | | | | |
| Present value of DBO at beginning of the year | 4,604,179 | 4,379,542 | | | |
| Current Service Cost | 247,365 | 252,752 | | | |
| Interest Cost | 428,649 | 361,312 | | | |
| Benefit Paid | (200,213) | (120,597) | | | |
| Actuarial Losses/(Gain) | 188,223 | (268,830) | | | |
| Present value of DBO at end of the year | 5,268,203 | 4,604,179 | | | |
| Change in fair value of assets during the year | | | | | |
| Fair value of Plan assets at beginning of the year | 4,500,000 | — | | | |
| Expected Return on Plan Assets | 391,500 | — | | | |
| Contributions during the year | 50,000 | 4,500,000 | | | |
| Benefit Paid from the Fund | (200,213) | — | | | |
| Actuarial Gains/(Losses) on Plan Assets | (44,229) | — | | | |
| Fair value of Plan assets at the end of the year | 4,697,058 | 4,500,000 | | | |
| Actuarial Assumptions: | | | | | |
| Discount Rate (p.a.) | 8.03% | 9.31% | | | |
| Salary Escalation Rate (p.a.) | 5.00% | 5.00% | | | |
| Attrition Rate (p.a.) | 2.00% | 2.00% | | | |
| Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate | | | |
| Estimate of amount of contribution in the immediate next year | 953,935 | 351,544 | | | |
| Experience Adjustment: | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
| | ₹ | ₹ | ₹ | ₹ | ₹ |
| On Plan Liability (Gain)/Loss | (294,649) | 271,583 | 83,408 | 582,508 | 23,143 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**DISCLOSURE UNDER ACCOUNTING STANDARDS****36 Segment information**

The principal business of the Company is of manufacturing of socks. All other activities of the Company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard 17 - "Segment Reporting".

The Secondary Segments are identified based on the geographical location of customers. The secondary geographical segments of the Company consist of regions of United Kingdom, Switzerland, UAE, India and Rest of the World.

Secondary Segments information is as follows -

(In ₹)

| Particulars | Revenues | Segment Assets Trade Receivable | Cost incurred on acquisition of Fixed Assets |
|-------------------|-------------------------------------|---------------------------------------|--|
| United Kingdom | 76,677,240 (84,732,521) | 3,670,898 (17,374,971) | — — |
| Switzerland | 58,014,174 (85,762,750) | — (3,045,051) | — — |
| UAE | 31,786,244 (18,571,139) | — — | — — |
| India | 16,328,233 (10,330,685) | 4,150,588 (750,104) | 6,079,420 (12,838,612) |
| Rest of the World | 6,500,135 (3,286,752) | 954,558 (44,952) | — — |
| Total | 189,306,026 (202,683,847) | 8,776,044 (21,215,078) | 6,079,420 (12,838,612) |

Previous year figures are given in brackets.

Segregation of assets (except trade receivable) into secondary segments has not been done as all the assets are located and used in India and the Company is of the view that it is not practical to reasonably allocate such assets and an ad-hoc allocation will not be meaningful.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)****37 Related Party Transactions****Details of related parties:****Description of relationship**

Promoter Company

Associates

Key Management Personnel (KMP)
and their Relatives**Names of related parties:**

Shapoorjee Chandabhoj Finvest Private Limited

Armayesh Enterprise LLP

Key Management Personnel:

Mr. Adi F. Madan - Managing Director

Mrs. Ayesha K. DadyBurjor - Whole-time Director

(w.e.f. 01/09/2014)

Their Relatives:

Mr. Naozer J. Aga

Mr. Armand N. Aga

Mr. Kaizad R. DadyBurjor

Mrs. Ayesha A. Madan

Mr. Jehan Adi Madan

Entities over which promoter group has
significant influence

Armayesh Consultancy and Agencies Private Limited

Armayesh Embroideries Private Limited

Note: Related parties have been identified by the Management.**Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:** (In ₹)

| Particulars | Promoter Company | Associates | KMP and their Relatives | Entities over which promoter group has significant influence | Total |
|---|------------------|------------|-------------------------|--|-------------|
| Transactions during the year | | | | | |
| Expenditure: | | | | | |
| 1) Lease Rent: | | | | | |
| Armayesh Consultancy and Agencies Pvt. Ltd. | - | - | - | 558,000 | 558,000 |
| | (-) | (-) | (-) | (508,200) | (508,200) |
| Armayesh Embroideries Pvt. Ltd. | - | - | - | 331,200 | 331,200 |
| | (-) | (-) | (-) | (301,200) | (301,200) |
| 2) Managerial Remuneration | | | | | |
| Mr. Adi F. Madan | - | - | 3,083,404 | - | 3,083,404 |
| | (-) | (-) | (2,913,404) | (-) | (2,913,404) |
| Mrs. Ayesha K. DadyBurjor | - | - | 917,002 | - | 917,002 |
| | (-) | (-) | (-) | (-) | (-) |
| 3) Advisory Fee | | | | | |
| Mr. Naozer Aga | - | - | 1,711,646 | - | 1,711,646 |
| | (-) | (-) | (1,617,439) | (-) | (1,617,439) |
| 4) Share of loss from Armayesh Enterprise LLP | - | 217,694 | - | - | 217,694 |
| | (-) | (-) | (-) | (-) | (-) |
| Income: | | | | | |
| Share of profit from Armayesh Enterprise LLP | - | - | - | - | - |
| | (-) | (159,161) | (-) | (-) | (159,161) |
| Interest on LLP Contribution | - | 12,036 | - | - | 12,036 |
| | (-) | (-) | (-) | (-) | (-) |
| Investment: | | | | | |
| Armayesh Enterprise LLP | - | - | - | - | - |
| | (-) | (150,000) | (-) | (-) | (150,000) |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)**

Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015: (Contd.) (In ₹)

| Particulars | Promoter Company | Associates | KMP and their Relatives | Entities over which promoter group has significant influence | Total |
|--|--------------------------|----------------------|-------------------------|--|--------------------------|
| Other Transactions: | | | | | |
| Dividend paid: | | | | | |
| Shapoorjee Chandabhoj Finvest Private Limited | 3,156,831 (2,630,693) | - (-) | - (-) | - (-) | 3,156,831 (2,630,693) |
| Mr. Adi F. Madan – MD | - (-) | - (-) | 213,131 (177,609) | - (-) | 213,131 (177,609) |
| Mrs. Ayesha A. Madan | - (-) | - (-) | 14,488 (12,074) | - (-) | 14,488 (12,074) |
| Mr. Jehan Adi Madan | - (-) | - (-) | 13,950 (11,625) | - (-) | 13,950 (11,625) |
| Mrs. Ayesha K. DadyBurjor – WTD | - (-) | - (-) | 31,565 (26,304) | - (-) | 31,565 (26,304) |
| Mr. Naozer J. Aga | - (-) | - (-) | 855,499 (712,916) | - (-) | 855,499 (712,916) |
| Mr. Armand N. Aga | - (-) | - (-) | 62,980 52,484 | - (-) | 62,980 52,484 |
| Mr. Kaizad R. DadyBurjor | - (-) | - (-) | 87,874 (73,229) | - (-) | 87,874 (73,229) |
| Balances outstanding at the end of the year | | | | | |
| Investment | | | | | |
| Armayesh Enterprise LLP | - (-) | 150,000 (150,000) | - (-) | - (-) | 150,000 (150,000) |
| Security Deposits | | | | | |
| Armayesh Consultancy and Agencies Pvt Ltd. | - (-) | - (-) | - (-) | 21,050 (21,050) | 21,050 (21,050) |
| Loans and Advances to Related Parties: | | | | | |
| Armayesh Enterprise LLP | - (-) | - (159,161) | - (-) | - (-) | - (159,161) |
| Other Long-term Liabilities: | | | | | |
| Share of Loss from Armayesh Enterprises LLP | - (-) | 46,497 (-) | - (-) | - (-) | 46,497 (-) |
| Managerial Remuneration Payable | | | | | |
| Mr. Adi F. Madan | - (-) | - (-) | 163,267 (171,187) | - (-) | 163,267 (171,187) |
| Mrs. Ayesha K. DadyBurjor | - (-) | - (-) | 125,147 (-) | - (-) | 125,147 (-) |
| Advisory Fees Payable | | | | | |
| Mr. Naozer Aga | - (-) | - (-) | 88,673 (60,580) | - (-) | 88,673 (60,580) |

Note: Figures in bracket relates to the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****38 Details of Leasing Arrangements****As Lessee**

The Company has acquired premises on lease, which are in the nature of cancellable operating lease as defined in Accounting Standard 19 "Leases". The lease rent paid and accounted during the year was ₹ 1,138,694 (Previous year ₹ 809,400) as per the terms and conditions of the lease agreements and is charged to the Statement of Profit and Loss.

39 Earning per Share

| Particulars | For the year ended 31 March, 2015 ₹ | For the year ended 31 March, 2014 ₹ |
|--|---|---|
| Basic and Diluted | | |
| a) Net Profit for the year attributable to the Equity Shareholders | 20,813,627 | 32,839,964 |
| b) Weighted average number of Equity Shares basic and diluted | 4,923,340 | 4,923,340 |
| c) Earnings per Share - Basic and Diluted (Equity Share of face value of ₹ 10/- each) | 4.23 | 6.67 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****40 Deferred tax (Liability) / Asset**

| Particulars | As at March 31, 2015 ₹ | As at March 31, 2014 ₹ |
|--|------------------------------|------------------------------|
| Tax effect of items constituting deferred tax liability | | |
| On difference between book balance and tax balance of fixed assets | 4,624,122 | 5,778,261 |
| | 4,624,122 | 5,778,261 |
| Tax effect of items constituting deferred tax assets | | |
| Provision for compensated absences and gratuity | 717,555 | 413,870 |
| On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss | 307,920 | – |
| Provision for doubtful loans and advances and other current assets | 518,466 | 346,550 |
| Other disallowances under Section 43B of the Income Tax Act, 1961 | 370,477 | 380,873 |
| | 1,914,417 | 1,141,293 |
| Net Deferred Tax (Liability) | (2,709,705) | (4,636,968) |

41 The Company has not granted any loans / advances in the nature of loans as stipulated in the Clause 32 of the Listing Agreement with the Stock Exchanges. For this purpose, the loans to employees as per the Company's policy and security deposits paid towards premises taken on leave and license basis have not been considered.

42 Effective from 1 April, 2014, the Company has charged depreciation based on the remaining useful life of the assets as per the requirements of Schedule II of the Companies Act, 2013 ("the Act"). Consequent to this, depreciation charge for the year ended on 31 March, 2015 is higher by ₹ 1,763,765. Pursuant to the transition provisions prescribed in Note 7(b) of Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on 1 April, 2014, and has adjusted an amount of ₹ 623,393 (Net of Deferred Tax of ₹ 307,920) against opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus in respect of assets wherein the remaining useful life of the assets is Nil.

43 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Arun S. Sanghi

Chairman

DIN: 00022168

Adi F. Madan

Managing Director

DIN: 00023629

Ayesha K. DadyBurjor

Whole-time Director

DIN: 02949248

Bhavik R. Maisuria

Chief Financial Officer

Ajit P. Walwaikar

Director

DIN: 00022123

Armand N. Aga

Director

DIN: 00022401

Asinkhan S. Baholu

Company Secretary

Membership No.: FCS 703

Harish H. Shah

Director

DIN: 03032200

Vinay V. Sanghi

Director

DIN: 00309085

Mumbai, Dated: 29th May, 2015.

If undelivered, please return to :

VIRAT INDUSTRIES LIMITED

A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424.
Gujarat.

FORM A

(Pursuant to Clause 31(a) of Listing Agreement)

| | | |
|---|--|------------------------------|
| 1 | Name of the Company | Virat Industries Limited |
| 2 | Annual Financial Statements for the year ended | 31 st March, 2015 |
| 3 | Type of Audit observation | Unqualified |
| 4 | Frequency of observation | Not applicable |

For Virat Industries Limited :

- CEO/Managing Director



Adi Kulkarni
: _____

- CFO

B.R. Marathe
: _____

- Audit Committee Chairman

[Signature]
: _____

- Auditor of the Company

: Refer our Audit Report dated 29th May, 2015 on the financial statements of the Company

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.117364W)



R. Salivati

R. Salivati
(Partner)
(Membership No. 34004)
Mumbai. 7th August, 2015