



Virat Industries Ltd.

Regd. Office & Factory :

A-1/2, GIDC Industrial Estate, Kabilpore, .

Navsari-396 424, Gujarat. (INDIA)

Tel.:(91-2637) 265011, 265022, 7878325805 Fax : (91-2637) 265712

Email: factory@viratindustries.com / Website : www.viratindustries.com

CIN

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VILN:1100:21: 342

26th August, 2021

The Deputy General Manager,
Corporate Relations,
The Bombay Stock Ltd. (BSE)
1st Floor, New Trading Ring,
Rotunda Bldg.,
P. J. Towers, Dalal Street,
Fort,
Mumbai – 400 021

CODE No. 530521

Dear Sir,

RE. SUBMISSION OF 31ST ANNUAL REPORT FOR THE FINANCIAL YEAR 2020-21.

We hereby submit the soft copy of the 31st Annual Report of Virat Industries Ltd. for the financial year 2020-21 under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on your records and oblige.

Thanking you,

For Virat Industries Ltd.

Naman Bhandari
Company Secretary

Encl. As above.

Corporate Head Office:

74, Bajaj Bhavan, 226 Rajani Patel Marg, Nariman Point, Mumbai - 400 021 (India).

Tel Nos. (91-22) 2202 9346 / 2202 9347 / 4005 0278 Email : sales@viratindustries.com website : www.viratindustries.com



VIRAT INDUSTRIES LIMITED



31st ANNUAL REPORT 2020 – 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri. Adi F. Madan
Managing Director

Smt. Ayesha K. DadyBurjor
Whole Time Director

Shri. Ajit P. Walwaikar
Shri. Harish H. Shah
Shri. Kaizad R. DadyBurjor
Shri. Pheroze A. Dhanbhoora

REGISTERED OFFICE & FACTORY

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

EMAIL ID

factory@viratindustries.com

WEBSITE

www.viratindustries.com

COMPANY SECRETARY &

COMPLIANCE OFFICER

Shri. Tony G. Gandhi (up to 20.05.2021)
Shri. Naman C. Bhandari (from 12.08.2021)

CHIEF FINANCIAL OFFICER

Shri. Bhavik R. Maisuria

AUDITORS

M/s. B. K. Khare & Co.
Chartered Accountants

BANKERS

Kotak Mahindra Bank Ltd.

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NOTICE

NOTICE is hereby given that the 31st Annual General Meeting (AGM) of the Members of Virat Industries Limited will be held on Thursday, September 23, 2021 at 11.00 a.m. through Video Conference/Other Audio Visual Means ('VC'), to transact the following business. The deemed venue of the AGM shall be the Registered Office at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396424, Gujarat, India.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2021 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 appoint a Director in place of Shri. Kaizad R. DadyBurjor (DIN: 00022387) who retires by rotation and, being eligible, offers himself for re-election.

SPECIAL BUSINESS

3. To re-appoint Shri. Adi F Madan (DIN: 00023629) as a Managing Director of the Company.

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

"RESOLVED THAT in terms of Regulation 166 of the Articles of Association of the Company and subject to the provisions of Sections 2(78), 2(94), 196 and 197, 198 and Schedule V and other applicable provisions of the Companies Act, 2013, Shri. Adi F Madan, be and is hereby re-appointed as the Managing Director of the Company with effect from 1st October, 2021 to 30th September, 2024 for a term of 3 years, on terms and conditions mentioned in the Agreement entered in to between the Managing Director and the Company containing powers, functions and duties of the Managing Director and the following Remuneration:

1. Salary – In the Pay Scale of ₹ **1,85,000 – 1,95,000 – 2,05,000** per month, over the three (3) years. However, the overall remuneration, including the perquisites, shall not exceed ₹ **4,10,000 – 4,35,000 – 4,60,000** per month in each of the above pay scale, respectively.
2. Commission – Commission on Net Profit of the Company computed in the manner laid down in Sections 198 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.
3. Perquisites:
 - a) Housing – 35 % of the salary towards House Rent Allowance and another 20 % of the salary towards expenditure on gas, electricity, water and furnishing etc.
 - b) Medical Reimbursement – Reimbursement for self and family, on actual but not exceeding one month's salary.
 - c) Other Allowance at 10%
 - d) Leave Travel concession – For self and family, once in a year, restricted to one month's salary
 - e) Club Fees – Club Fees subject to ₹ 2,000 per annum which will not include admission and life membership fees.



- f) Personal Accident Insurance – Premium not exceeding ₹1,000 per month.
- g) Performance Incentives as may be fixed by the Board from time to time.
- 4. 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.
- 5. Car – Company's Car for the business of the Company.
- 6. Telephone – Provision of telephone at residence will not be considered as perquisite but personal long distance call shall be billed by the Company.
- 7. Entertainment/Traveling – Reimbursement of travelling, entertainment and other expenses as incurred by him for the business of the Company.
- 8. Privilege Leave – One month's leave on full pay and allowance, for every eleven months of service, un-availed leave at the end of the tenure will be allowed to be encashed.
- 9. 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 interest of the Company.”

By Order of the Board of Directors

Tony G. Gandhi
Company Secretary
Membership No.: ACS 53163

Registered Office:
A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari 396 424, Gujarat
Place: Navsari
Date: 20.05.2021

**NOTES:**

- A. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business mentioned under Resolution No. 3 above, is annexed hereto. The Board of Directors have considered and decided to include the Item No. 3 given above as Special Business in the forthcoming 31st Annual General Meeting, as they are unavoidable in nature.
- B. The Register of Members and the Share Transfer Books shall remain closed **from 17.09.2021 to 23.09.2021 (including both dates)** for the purpose the 31st Annual General Meeting.
- C. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its circular dated May 5, 2020 read with Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the AGM through VC, without the physical presence of the Members at common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') and MCA Circulars, the AGM of the Company is being held through VC. Link Intime India Private Limited, the Registrar and Transfer Agents of the Company (RTA), will be providing facility for voting through remote e-voting, for participation in the AGM through VC facility and e-voting during the AGM. The procedure for participating in the meeting through VC is explained in Notes and is also available on the website of the Company at www.viratindustries.com.
- D. Pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence Proxy Form and Attendance Slip are not annexed to this Notice. However, the Corporate Members are entitled to appoint authorized representatives to attend the AGM through VC and participate thereat and cast their votes through e-voting.
- E. Corporate Members are requested to send to the Company a certified copy of the relevant Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting. The said Resolution shall be sent to the Company by email through its registered email address to factory@viratindustries.com.
- F. In accordance with the MCA Circulars and Circular dated May 12, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of financial statements (including Report of Board of Directors, Auditors' Report and other documents required to be attached therewith) such statements including the Notice of AGM are being sent in electronic mode to the Members whose e-mail address is registered with the Company or the Depository Participant(s).
- G. The notice of AGM along with Annual Report for the financial year 2020 – 2021, is available on the website of the Company at www.viratindustries.com, on the website of the Stock Exchange- www.bseindia.com.
- H. Members are requested to send all communication relating to shares to the Company's Registrar & Transfer Agent- Link Intime India Private Limited. Members holding shares in electronic mode should address all the correspondence to their respective Depository Participants (DPs).
- I. SEBI has mandated the submission of Permanent Account Number (PAN), proof of identity, address and bank details by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the said documents to their Depository Participant(s). Members holding shares in physical form shall submit the documents to Link Intime India Private Limited.
- J. 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. Members holding shares in physical form are requested to dematerialize their holdings at the earliest as henceforth it will not be possible to transfer shares held in physical mode.



- K. The Members holding shares in physical form are requested to notify any change in their address to the Company.
- L. 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.
- M. 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 attached herewith and are required to submit the same to Link Intime India Pvt. Ltd. RTA of Virat industries Limited on or before **31st Annual General Meeting**.
- N. 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 31st Annual general Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Link Intime India Private Limited.
- O. Since the AGM will be held through VC, the Route Map is not annexed in this Notice.

P. Process of Registration of email ID and Bank Account details:

1. In the case of Shares held in Physical mode:

Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration- fill in the details, upload the required documents and submit.

2. In the case of Shares held in Demat mode:

The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

Q. 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 31st 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 20.09.2021 to 22.09.2021 from 9.00 AM to 5.00 PM.**
- Shri. Vishal Dewang, Company Secretary (Membership No: ACS 26683) 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 **16.09.2021** 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 within two (2) days of passing of the resolutions at the AGM.



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

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post 9th June, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

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

| Type of shareholders | Login Method |
|---|--|
| Individual Shareholders holding securities in demat mode with NSDL | <ul style="list-style-type: none"> If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" "Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders holding securities in demat mode with CDSL | <ul style="list-style-type: none"> Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service |



| | |
|---|---|
| | <p>provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-Voting service provider name to cast your vote.</p> <ul style="list-style-type: none"> If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) & login through their depository participants | <ul style="list-style-type: none"> You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME. | <ol style="list-style-type: none"> Open the internet browser and launch the URL: https://instavote.linkintime.co.in <ul style="list-style-type: none"> Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: - <ul style="list-style-type: none"> A. User ID: Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company. B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. <ul style="list-style-type: none"> Shareholders/ members holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$&*), at least one numeral, at least one alphabet and at least one capital letter). Click “confirm” (Your password is now generated). Click on ‘Login’ under ‘SHARE HOLDER’ tab. |



| | |
|--|--|
| | <p>3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.</p> <p>4. E-voting page will appear.</p> <p>5. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).</p> <p>6. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.</p> |
|--|--|

Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution / authority letter / power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:

- Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
 - In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
 - Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
 - The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for **voting on the resolutions contained in this Notice**.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:



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

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 –4918 6000.

Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>

- ☐ Select the "Company" and 'Event Date' and register with your following details:

 - A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No
 - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
 - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
 - Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company
 - B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
 - C. Mobile No.: Enter your mobile number.
 - D. Email ID: Enter your email id, as recorded with your DP/Company.

☐ Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

❖ **Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.



2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

❖ **Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

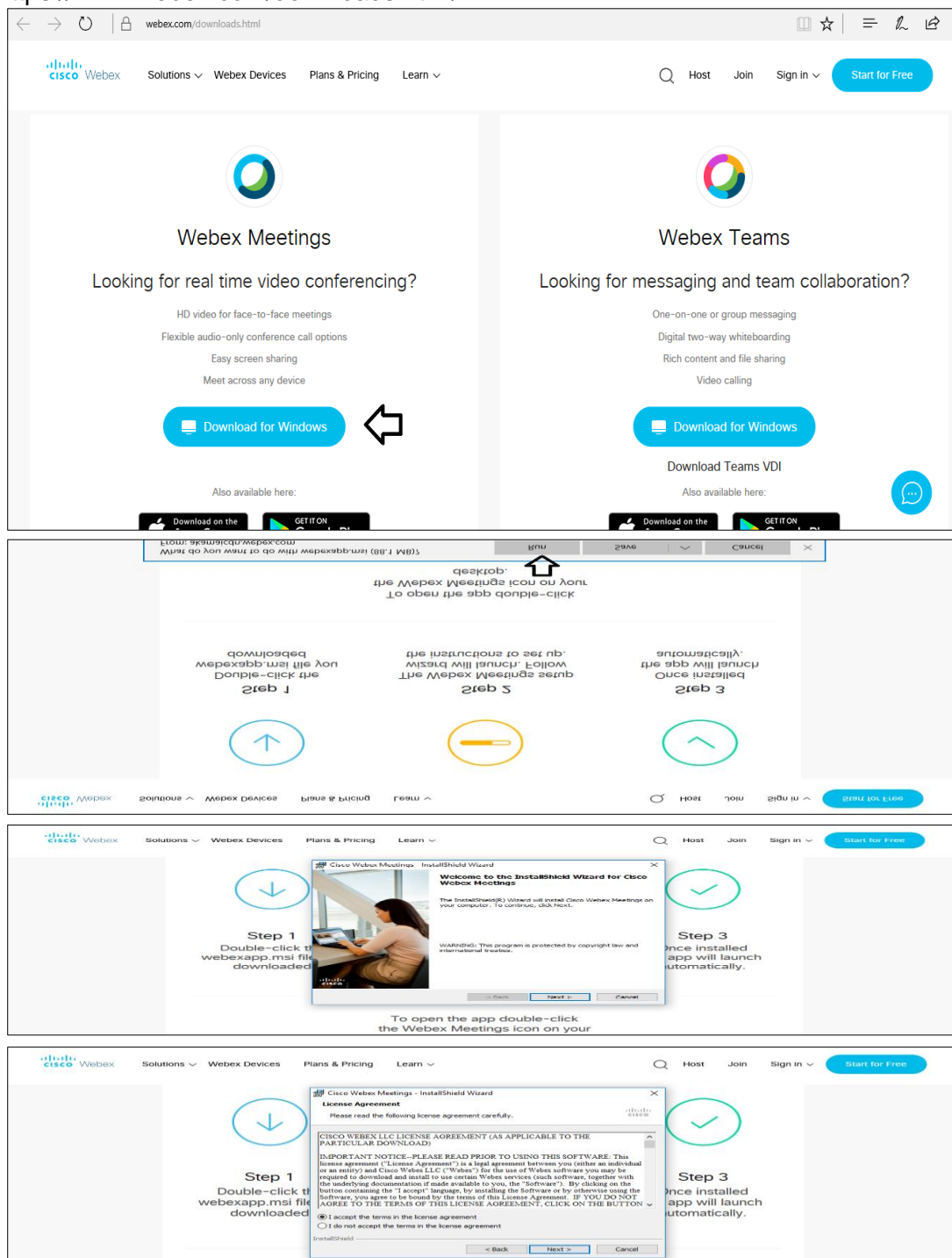


In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

❖ **Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET**

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

- a) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>





Or

- b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

| | |
|--------|--|
| Step 1 | Enter your First Name, Last Name and Email ID and click on Join Now. |
| 1 (A) | If you have already installed the Webex application on your device, join the meeting by clicking on Join Now |
| 1 (B) | If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. |

The screenshot shows the Cisco Webex 'Join Event Now' page. On the left, under 'Event Information', there are fields for Event status, Date and time, Duration, and Description. Below these is a link to the Terms of Service and Privacy Statement. On the right, there is a 'Join Event Now' button. Below it, a message states 'You cannot join the event now because it has not started.' This is followed by input fields for First name, Last name, Email address, and Event password. A red arrow points to the 'Join Now' button with the text 'Mention your First name, Last name and email address'. Below the password field, there is a 'Join by browser' link with a 'NEW!' tag, and another red arrow points to it with the text 'NEW!'. At the bottom, there is a link for hosts to 'start your event'.

By order of Board of Directors

Tony Gandhi
Company Secretary
Membership No: ACS 53163

Registered Office:
A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari 396 424, Gujarat
Place: Navsari
Date: 20.05.2021

**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 ORDINARY AND SPECIAL BUSINESS mentioned under Item Nos. 2 and 3 of the accompanying Notice.

Business No. 2

Pursuant to the Provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the Company's Articles of Association, not less than two-thirds of the total number of Directors of the Company shall be liable to retire by rotation. One third of these Directors must retire from office at each Annual General Meeting, but each retiring director is eligible for re-election at such meeting.

Shri. Kaizad R. DadyBurjor, (53) is the Non-executive Director of the Company, subject to retire by rotation within the meaning of Sec. 152 of the Companies Act, 2013. Shri. Kaizad DadyBurjor, is Director of the Company since 22nd September, 2016. Prior the joining Virat Industries Ltd, he promoted the Sigma Group with head quarter at Texas. He also received Award of "Small Business of the year 2004" from Asian American Chamber of Commerce and Industry, Dallas, USA.

Except Smt. Ayesha K. DadyBurjor, 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.

Additional Information about Shri Kaizad R. DadyBurjor is provided in Annexure A enclosed hereto.

Business No. 3

Shri. Adi F. Madan (63) (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.

Shri. 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, 2021. 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 **20th May, 2021** re-appointed him as Managing Director w.e.f. 1st October, 2021 and as per the approval of the Remuneration Committee, has fixed the terms and conditions as to the Remuneration payable to him as mentioned in the Resolution at Item No. 3. 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, Shri. 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 Shri. 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 31st AGM.

Annexure A:

DETAILS OF DIRECTOR BEING APPOINTED/RE-APPOINTED AT THE ANNUAL GENERAL MEETING [IN PURSUANCE OF SEBI (LODR) REGULATIONS, 2015]:

| Name of Director | Shri. Kaizad DadyBurjor | Shri. Adi F. Madan |
|--|---|--|
| Age | 53 years | 63 years |
| Qualification | Diploma in Business Management | B. Com, LL.B. |
| Date of Appointment | 03 / 09 / 2015 | 24 / 05 / 1994 |
| Expertise | He promoted Sigma Group with headquarters at Texas. He has received Award of "Small Business of the year 2004" from Asian American Chamber of Commerce and Industry, Dallas, USA. Proprietor of Otro Consultancy which runs fleet of Ola cabs. | 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. |
| Other Directorships | Shapoorjee Chandabhoy Finvest Pvt. Ltd. | None |
| Chairmanship/Member ship of the Committees | None | Member of Share Transfer Committee |
| Shareholding in the Company | 53004 | 118406 |



Annexure to Notes 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 Companies Act, 2013 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.

Yours faithfully,
For Virat Industries Limited

Tony Gandhi
Company Secretary
Membership No: ACS 53163

Place: Navsari
Date: 20.05.2021



DIRECTORS' REPORT

Your Directors are pleased to present the 31st Annual Report together with the Audited Statement of Accounts for the year ended 31/03/2021.

FINANCIAL RESULTS AND ACCOUNTS

The Financial Results are as under:

(₹ In lakh)

| Particulars | 2020 – 2021 | 2019 – 2020 |
|---|----------------|-------------|
| Gross Income | 2022.30 | 2715.83 |
| Profit Before Interest and Depreciation | 274.41 | 396.90 |
| Finance Charges | 5.87 | 5.30 |
| Gross Profit before Depreciation | 268.54 | 391.60 |
| Provision for Depreciation | 176.05 | 190.83 |
| Net Profit Before Tax | 92.50 | 200.77 |
| Provision for Tax | 13.01 | 52.42 |
| Net Profit After Tax | 79.49 | 148.35 |

Dividend

The Covid 19 issues the world over have affected the working of the Company during the year. The retail businesses in particular have been very badly hit.

Therefore with a view to conserve cash during these difficult times your Company has decided not to recommend a dividend this year.

Silver Jubilee Year

Your company completed twenty-five successful years in the socks manufacturing and export business, in April 2021. The management of the company heartily congratulates all shareholders and other stakeholders for their support and co-operation in achieving this glorious landmark.

Year in retrospect

During the year under review, the scourge of the Covid-19 Pandemic had widespread ramifications and it adversely impacted lives, business, livelihoods, careers, education and most importantly the worldwide economies. G.D.P. contracted by 7.7% during the year, the highest contraction since 1952.

The first quarter of the financial year of your company like elsewhere in the country, was impacted by total lockdowns, partial lockdowns, and disruption of supply chain systems. The entire world went into hibernation. The main clients of your company based in UK, had to bear the brunt of the pandemic in a bigger way as the virus started there before it did in India and non-essential retail shops were closed for more than two months; resulting in a big loss to their business which in turn impacted your company as well.



In the second and part of the third quarter, the green shoots of recovery started dotting the economic landscape. Your company set out on the road to recovery and attained production and export dispatches at pre-Covid levels.

However, in the month of November 2020, the second wave of the pandemic hit the UK. This led to a very serious turn of events as non-essential retail was abruptly closed. As is known in the socks market, almost 40% of annual sales takes place in the period leading up to Christmas. Thereafter, non-essential retail did open for a period of 10 days in December (just prior to Christmas). This was short-lived as the UK government once again closed non-essential retail shops from 28/12/2020. Non-essential retail has finally opened on 12/04/2021. Due to these events, our company had virtually no new business from the UK as our customers were holding high levels of inventory without dispatching any stock to the retail trade.

In other words, during the last four months of the year ended 31/03/2021, we were only dependent on dispatches to our customer in Switzerland.

The cumulative impact of adverse factors like loss of production due to lockdown, stiff pressure on prices, and sales-mix becoming inferior due to reduced orders from UK; led to underperformance of your company in all respects.

Covid-19 Vaccine:

India was one of early producers and one of the largest producers of Covid-19 vaccine. The vaccination in India was started on 16/01/2021 first to front line warriors (health professionals), next to citizens of 60 years and above and then to citizen of above 45 years of age. Till 31/03/2021; 6,51,17,896 persons (around 5% of total population) were vaccinated.

Revenues:

The knitting production of 53.36 lakh pairs during this year is 23.53% lower compared to the previous year. The despatches of 55.04 lakh pairs this year are 18.05% lower against the previous year.

The total sales of ₹ 1841.73 lakh lagged by 25.35% compared to ₹ 2467.18 lakh achieved in the previous year.

The export sale of ₹ 1685.10 lakh this year constituted 91.49% of total sales and remained closely comparable to 91.47% in last year.

The average invoiced rate per pair of ₹ 33.46 this year is lower than ₹ 36.73 realised last year. This is besides benefit of ₹ 97.72 lakh in sales value during this year compared to previous year due to favourable invoicing exchange rates. The benefit is included in the invoice rate of ₹ 33.46 per pair.

Domestic sales remained flat during the year in parity with last year.

Exchange Rate:

The average exchange rates used for export invoicing in 2020 – 2021 and 2019 – 2020 are as under.

| Year | 2020 – 2021 | 2019 – 2020 |
|----------|-------------|-------------|
| ₹/ 1 GBP | 95.28 | 88.15 |
| ₹/ 1 USD | 73.41 | 69.84 |

**Expenditure:**

The prices of inputs during the year remained steady, against previous year. Some cost escalations experienced are as under.

Raw Materials:

Cotton yarn prices remained steady in first three quarters of the year. However, in fourth quarter the prices leapfrogged as under

| Detail | Increase in price (₹/kg) |
|---------------------------------|-----------------------------|
| 20s Dyed combed cotton yarn | 100 |
| Dyed combed organic cotton yarn | 205 |

In last quarter of financial year, substantial quantity of raw cotton was exported from India. This caused scarcity of raw materials to domestic spinning mills, leading to rise in prices of grey yarn. There was also acute shortage of organic cotton resulting in price hike of organic cotton yarn.

Nylon yarn prices increased by ₹ 30 per kg in fourth quarter of the year.

Raw material cost per pair this year was ₹ 12.98 per pairs, against ₹ 15.96 per pairs in previous. The drop is mainly due to changes of product-mix.

Electric Power:

Rate per KWH was ₹ 7.24 this year, compared to ₹ 7.30 in previous year. It has remained steady.

Wages:

Minimum wages of operators increased by ₹ 366 per head per month from 01/04/2020 and reached total figure of ₹ 8,853 per head per month – increase of 4.31%. The yearly impact of this rise with fringe benefits was ₹ 11.00 lakh.

Cost Reduction:

Stringent efforts were made at plant level to restrict and reduce overhead expenses – both variable and fixed. Overheads are, total expenses of the company excluding raw materials, packing materials and depreciation. Overheads include all manufacturing, marketing, administrative, financial, and legal expenses.

Overhead expenses decreased by 23.90% this year compared to previous year (from ₹ 1154.45 lakh in previous year to ₹ 878.62 lakh this year).

Incidentally, the knitting production also decreased by closely comparable figure of 23.53% this year compared to previous year.

Thus, the reduction in overhead expenses was in consonance with reduction in knitting production. The overhead cost per pair this year remained steady at ₹ 16.47 per pair against ₹ 16.55 per pair last year.

Total overhead includes 40.37% of fixed overheads which normally remain constant irrespective of changes in knitting production, but there is decline in such expenses also.



Profit & Loss Account:

The profit before tax this year is ₹ 92.50 lakh, against ₹ 200.77 achieved in previous year. The drop in profit of ₹ 108.27 lakh is due to 23.65% lower knitting production and lower realization per pair.

Profit before Tax:

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

| Particulars | Units | INDAS | | | | |
|---|---------------|---------|---------|---------|---------|---------|
| | | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
| Income Statement | | | | | | |
| Total Income | ₹ in Lakh | 2022.30 | 2715.83 | 2436.90 | 3568.98 | 2724.89 |
| Export Sale | ₹ in Lakh | 1685.10 | 2256.84 | 1972.14 | 2753.95 | 2021.09 |
| Operating EBITDA | ₹ in Lakh | 274.41 | 396.90 | 309.62 | 670.59 | 647.87 |
| Net Profit before Tax | ₹ in Lakh | 92.50 | 200.77 | 105.82 | 494.71 | 503.84 |
| Net Profit after Tax | ₹ in Lakh | 79.49 | 148.35 | 64.74 | 347.05 | 352.43 |
| Cash Profit | ₹ in Lakh | 255.54 | 339.18 | 258.34 | 509.43 | 488.44 |
| Balance Sheet | | | | | | |
| Net Worth | ₹ in Lakh | 2253.25 | 2171.53 | 2024.57 | 2043.96 | 1845.66 |
| Capital Employed | ₹ in Lakh | 2264.04 | 2180.87 | 2292.42 | 2034.07 | 1825.11 |
| Significant Ratios | | | | | | |
| Operating EBITDA/Net Sale | % | 14.90 | 16.09 | 13.77 | 22.15 | 27.63 |
| Return on Capital Employed (EBIT/Avg. CE) | % | 12.35 | 17.75 | 14.32 | 26.34 | 29.76 |
| Price Earnings Ratio | | 22.26 | 7.21 | 41.12 | 23.49 | 14.99 |
| Book Value Per Share | ₹ | 45.77 | 44.11 | 41.05 | 41.76 | 37.49 |
| Current Ratio | | 6.94 | 4.02 | 3.96 | 2.39 | 4.31 |
| Operations | | | | | | |
| Knitting Production | Pairs in lakh | 53.36 | 69.77 | 57.05 | 86.34 | 63.08 |
| Pairs Dispatched | Pairs in lakh | 55.04 | 67.16 | 61.33 | 82.55 | 60.20 |
| Sales realization | ₹ per pair | 33.46 | 36.73 | 36.79 | 36.67 | 38.96 |
| Earnings Per Share | ₹ | 1.81 | 3.06 | 1.43 | 6.93 | 7.21 |

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

Overview of the Economy:

Covid-19 brought to the fore the pitiable condition of informal workers and small businessmen, slowdown in consumer demand and supply side shocks, as the nation was passing through extremely fragile economy.



Against this backdrop Union Budget 2021 – 2022 was presented envisaging stepping up capital expenditure and infrastructures spend, to be financed mainly from borrowings, disinvestment, and monetization of Government assets. The unusually high fiscal deficit for the year of 9.5% and 6.8% for F.Y. 2021 – 2022 was considered. Growth trajectory and economic stimulus was the focus of the Budget. Both the budget as well as Economic Survey indicated that the economy would grow by 11% to 11.5% in real terms in FY 2021 – 2022 and India can achieve the goal of being the fastest growing economy in the world. The markets cheered the budget.

Second wave of Covid-19 is likely to dash early hope of economic recovery. Experts feel that India is facing the second wave with more constrained fiscal capacity and has limited room on the monetary policy side. It all depends on the intensity and duration of the virus.

During the year, the Company carried out sales in the following geographical segments.

(In ₹ Lakh)

| | Europe | India | Rest of World | Total |
|----------|---------|--------|---------------|---------|
| Revenues | 1655.68 | 156.63 | 29.42 | 1841.73 |

Industry Structure and Development

The Textile Industry which includes yarn, fabrics, garments, and hosiery items continues to be the second largest generator of employment (after agriculture) mainly from the economically weaker sections of the society of our country.

India is amongst the few countries in the world which have manufacturing facilities across the entire value chain from fibre to garments. Besides there is ample availability of cotton, polyester, nylon, and other raw materials in India normally used by textile industry.

The textile industry including garments has been struggling to increase international market share due to following constraints.

- (i) 10.5% import duty is applicable to exports from India, but countries like Bangladesh, Sri Lanka and Vietnam are exempted from this duty. Even Turkey is exempted as they fall under European Union.
- (ii) Due to intense competition from some neighboring countries supported by their respective Governments.

Export of textiles including hosiery items earn the highest percentage of foreign earning, because import component in total cost is very less.

The production linked incentive scheme to 10 key sectors announced in December'20 by Government of India for enhancing India's Manufacturing capabilities and enhancing exports includes manmade fabrics and Technical textiles (mainly polyester). Cotton Textiles have not been considered in 10 key sectors. India is the biggest producer of cotton and development of cotton products are the prior need of such developments.

Opportunities

Your company has some technical socks knitting machines having capability to knit exclusive technical socks for niche markets. Such socks are difficult to copy by competitors due to non availability of such equipment and expertise. The price of said sport socks are very remunerative. Your company is making efforts to enhance the marketing of such socks to UK and other new geographics of the world. If volumes increase, your company will attain status of "First among the equals" compared to the present "One among the equals" amongst competitors of said elite product.



The best opportunity to attain growth in business for emerging economies is fast spreading digital revolution. Emerging nations are adopting cutting edge technology at a lower and a lower cost which is enabling the companies to fuel domestic demand and overcome traditional obstacle to growth. Many garment companies including hosiery items are taking advantage of this technology and finding way to prosperity.

Your company has received “Udyam Registration Certificate” from Government of India, Ministry of Micro, Small and Medium Enterprises whereby your company which was “Large Enterprise” before has been redefined as “Small Enterprise”. India’s 2021–26 foreign trade policy (FTP) was to be released on 01/04/2021. The FTP was to provide India a historic opportunity to make MSME units vibrant export oriented fast-growing units, through e-commerce with a proper regulatory architecture and robust logistic support. Vide Notification No. 60 dt. 31/03/2021, it is mentioned old FTP will remain valid up to 30/09/2021 and new FTP will come from 01/10/2021.

Threats:

There were strong indications in last two years that United State of America and Japan are calling back their industrial units based in China and relocating them in other peaceful countries like India. This was expected to reduce price competition from China and enhance business of India both on export and domestic points. The survey shows that out of 56 companies that moved base from China in 2018–19, Vietnam got 26, Taiwan 11, Thailand 8 and India 3. Thus the “shift” sentiment favours us very less. On really incentivizing foreign firms to set up shop in India, we are only playing catch up rather than leading the race.

From mid February, 2021, the second wave of Covid-19 has engulfed many states of India. The second wave has a ferocity and a velocity that has never been seen before in this pandemic. This is likely to impede economic recovery and adversely impact growth forecast in coming months.

FINANCE

As on the date of Balance Sheet, the Company is debt free in terms of long-term loans, excepting loan on vehicles.

WORKING CAPITAL LOAN

The Company is enjoying export packing credit and foreign bills purchase facilities from Company’s Bankers.

INSURANCE

The properties and insurable interests of your Company in buildings, plant, machinery, stocks, etc. are adequately insured by the Company.

CHANGE IN SHARE CAPITAL

The paid-up share capital of the Company as on 31/03/2021 was ₹ 4.93 Crores and there has been no change in the capital structure of the Company.

RESERVES

During the year under review, the Company has not transferred any amount to reserves.



DIRECTORS AND KEY MANAGERIAL PERSONNEL

KEY MANAGERIAL PERSONNEL

Smt. Ayesha K. DadyBurjor was re-appointed as a Whole Time Director for the period of three years by the members at the Annual General Meeting held on 17/09/2020.

Shri. Kaizad R. DadyBurjor was reappointed as a Non-Executive Director, retires by rotation, being eligible, offer himself for re-election.

BOARD OF DIRECTORS

The Company has a broad-based Board of Directors, duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. There is one Woman Director on the Board. The changes in the composition of the Board of Directors are carried out in compliance with the provisions of the Companies Act, 2013 and Listing Regulations.

Policy formulations, setting up of goals, evaluations of performance and control functions vest with the Board. The composition of the Board of Directors of the Company as on 31/03/2021 was as follows.

| Sr No | Name of the Director | Category |
|-------|-----------------------------|-------------------------|
| 1. | Shri. Adi F. Madan | Managing Director |
| 2. | Shri. Ajit P. Walwaikar | Independent Director |
| 3. | Shri. Harish H. Shah | Independent Director |
| 4. | Smt. Ayesha K. DadyBurjor | Whole-time Director |
| 5. | Shri. Kaizad DadyBurjor | Non- Executive Director |
| 6. | Shri. Pheroze A. Dhanbhoora | Independent Director |

Shri. Adi F. Madan, Managing Director of the Company, whose term is going to expire on 30/09/2021, was reappointed as a Managing Director for a further period of 3 years by the Board of Directors at the board meeting held on 20/05/2021, subject to approval of shareholders at this ensuing Annual General Meeting scheduled to be held on 23/09/2021.

Shri. Kaizad Rusi DadyBurjor (DIN: 00022387) who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

BOARD MEETINGS

Regular meetings of the Board of Directors are held to discuss and decide on various business policies, strategies, and other business.

During the FY 2020-21, the Board met four (4) times through video conferencing on the following dates.

| | | | |
|------------|------------|------------|------------|
| 25/06/2020 | 13/08/2020 | 12/11/2020 | 11/02/2021 |
|------------|------------|------------|------------|



| Name of the Member | No of Meeting of Attended | Whether attended Last AGM |
|-----------------------------|---------------------------|---------------------------|
| Shri. Adi F. Madan | 4 | YES |
| Shri. Ajit P. Walwaikar | 4 | YES |
| Shri. Harish H. Shah | 4 | YES |
| Smt. Ayesha K. DadyBurjor | 4 | YES |
| Shri. Kaizad DadyBurjor | 4 | YES |
| Shri. Pheroze A. Dhanbhoora | 4 | YES |

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 Audit Committee reviews reports including significant audit observations and follow-up actions thereon. The Audit Committee also meets the Company's Statutory Auditors and Internal Auditors to ascertain their views on the financial statements. 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 names of Committee members are as under.

| | |
|-----------------------------|------------|
| Shri. Ajit P. Walwaikar | - Chairman |
| Shri. Harish H. Shah | - Member |
| Shri. Pheroze A. Dhanbhoora | - Member |

The Committee met Four (4) times during the Financial Year ended on 31/03/2021. All the members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Technical, Secretarial and Legal issues. The attendance records of the members at the meeting were as follows:

During the FY 2020-21, the committee met four (4) times through video conferencing on the following dates.

| 25/06/2020 | 13/08/2020 | 12/11/2020 | 11/02/2021 |
|--------------------------|-------------|---------------------------|------------|
| Name of the Member | Designation | No of Meeting of Attended | |
| Shri. Ajit P. Walwaikar | Chairman | 4 | |
| Shri. Harish H. Shah | Member | 4 | |
| Shri. Pheroze Dhanbhoora | Member | 4 | |

NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted a Nomination and Remuneration Committee consisting of three Independent Directors.



The names of Committee members are as under.

| | |
|--------------------------|------------|
| Shri. Ajit P. Walwaikar | - Chairman |
| Shri. Pheroze Dhanbhoora | - Member |
| Shri. Harish H. Shah | - Member |

The Committee has the mandate to recommend appointment/re-appointment of Executive Directors and appointment of employees from the level of Vice-President and above along with the 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.

During the FY 2020 – 2021, the committee met One (1) time through video conferencing as on 25/06/2020.

The attendance records of the members at the meeting were as follows:

| Name of the Member | Designation | No of Meeting of Attended |
|--------------------------|-------------|---------------------------|
| Shri. Ajit P. Walwaikar | Chairman | 1 |
| Shri. Pheroze Dhanbhoora | Member | 1 |
| Shri. Harish H. Shah | Member | 1 |

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has constituted a Stakeholder Relationship Committee consisting of three Directors, two independent Directors and the Managing Director.

The names of Committee members are as under.

| | |
|--------------------------|------------|
| Shri. Ajit P. Walwaikar | - Chairman |
| Shri. Pheroze Dhanbhoora | - Member |
| Shri. Adi F. Madan | - Member |

The Company Secretary is designated as the "Compliance Officer" who oversees the redressal of the Investors' grievances.

The Committee meets 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 Company is in compliance with the SCORES, which has been initiated by SEBI for processing the investor complaints in a centralized web-based redress system and online redressal of all the shareholders complaints.

The Committee met Four (4) times during the financial year ended on 31/03/2021. The attendance records of the members at the meeting were as follows:

During the FY 2020 – 2021, the committee met four (4) times through video conferencing on the following dates.

| | | | |
|------------|------------|------------|------------|
| 25/06/2020 | 13/08/2020 | 12/11/2020 | 11/02/2021 |
|------------|------------|------------|------------|



| Name of the Member | Designation | No of Meeting of Attended |
|--------------------------|-------------|---------------------------|
| Shri. Ajit P. Walwaikar | Chairman | 4 |
| Shri. Pheroze Dhanbhoora | Member | 4 |
| Mr. Adi F. Madan | Member | 4 |

SECRETARIAL STANDARDS

The Company has complied with the Secretarial Standards on Board Meetings and General Meeting, issued by The Institute of Company Secretaries of India.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Fraud and corruption free work culture has been the core of the Company. In view of the potential risk of fraud, corruption, and unethical behavior, which could adversely impact the Company's business operations, 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 have 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 Board of Directors hereby confirms that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on 31/03/2021 and of the profit and loss of the Company for the period ended 31/03/2021.
- 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.
- The Directors had prepared the annual accounts on a going concern basis.
- 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; and
- 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.



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 extracts of the Annual Return in Form No. MGT-9 as of 31/03/2021 is placed before board. By virtue of amendment to Section 92(3) of the Companies Act, 2013, the Company is not required to provide extract of Annual Return (Form MGT-9) as part of the Board's report.

The copy of Annual Return as required under section 134(3) of the Companies Act, 2013, is available on Company's website i.e. <http://viratindustries.com/> for the kind perusal and information.

AUDITORS

M/s. B. K. Khare & Co, Chartered Accountants (Firm Registration No. 105102W), was appointed as the Statutory Auditors of the Company at its 27th Annual General Meeting from the conclusion of the said meeting until the conclusion of 32nd Annual General Meeting.

The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

M/s. Vishal Dewang & Associates, practicing Company Secretary was appointed as a Secretarial Auditor under the provision of section 204 of the Companies Act, 2013 for the financial year 2020 – 2021, in the Board Meeting held on 25/06/2020. The Report of the Secretarial Auditor for the F.Y 2020 – 2021 is annexed to this report as **Annexure – I**. The Report does not contain any qualification.

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 for the F.Y. 2020 – 2021 is annexed and forms part of this Report as **Annexure – II**.

DETAILS RELATING TO DEPOSITS

The Company has not accepted any deposit during the year, nor has any deposit 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, which would adversely impact the Company's operation in future.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The existing internal financial controls are commensurate with the nature, size, complexity, and business processes followed by the Company. They have been reviewed and found generally satisfactory on the following key control matrices.

- a) Entity Level Control
- b) Financial Control
- c) Operational Control



which included authority and organization matrix, risk management practices, compliance framework within the origination, ethics and fraud risk management, management Information system, self assessment of control point, business continuity and disaster recovery planning, budgetary system, etc.

Section 134(5)(e) of the Companies Act, 2013 requires the submission of a report by the Board of Directors of a listed Company which includes a statement ensuring that the Company has laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and operating effectively.

During the year, the Company followed Policy Documents with regard to Internal Financial Control, along with Risk Control Matrix. The same have been tested by the Internal Auditors and the Statutory Auditors.

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.

TRANSFER OF UNCLAIMED DIVIDEND AND SHARES

During the year, your Company transferred the ₹ 2,25,464/- for the financial year ended 31/03/2012 to the Investor Education and Protection Fund in compliance with the provisions of Sections 124 and 125 of the Companies Act, 2013.

In compliance with these provisions read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, your Company also transferred **7,394 Shares** to the Demat Account of the IEPF Authority, in respect of which dividend had remained unpaid/unclaimed for a consecutive period of 7 years.

RISK MANAGEMENT

A documented risk management policy is in place as per section 134(3) (n) of the Companies Act, 2013.

Your Company is exposed to risk from fluctuation of foreign exchange rates, market economic slowdown or decline in demand in the country of buyers of your Company's products, prices of raw materials and finished goods, compliances risk and people risk.

Foreign Exchange Risk

During year under review the Company endeavoured to further mitigate the risk associated with the exchange fluctuations by entering into Forward Contracts with the Company's Bankers, on very conservative and risk- adverse basis.

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 to some extent 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 so 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.

PREVENTION OF INSIDER TRADING

SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 which came into effect from 15/05/2015. Pursuant thereto, the Company has formulated a new Code for Prevention of Insider Trading for Directors, Promoters and Senior Executive Officers.

The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares by the Directors, Key managerial personnel, and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year were in the ordinary course of 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 - III**, forming part of this report.

FORMAL ANNUAL EVALUATION

During the year, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors. 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.

MEETING OF INDEPENDENT DIRECTORS

All the independent Directors of the Company held a meeting on 11/02/2021 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

Pursuant to Section 148 of Companies Act and read with 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 2020 – 2021.

RATIO OF REMUNERATION TO EACH DIRECTOR

The ratio of 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 a part of this Report as **Annexure IV**.

LISTING FEES

Your Company has paid the listing fees up to 31/03/2022 to the Bombay Stock Exchange on 27/04/2021.

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

Your Company is not mandatorily required to submit a Corporate Governance Report as the equity share capital and net worth of the Company is less than the required limits as on the last date of the previous financial year. Provided that where the provision of the Act becomes applicable to the Company at a later date, the Company shall comply with the requirement within six months from the date on which the provisions become applicable to the Company.

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. An "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. A Lady NGO representative is a member of the said Internal Complaints Committee and regularly attends the meetings which are minuted.

The following is a summary of Sexual Harassment complaints received and disposed of during the year 2020 – 2021:

No. of complaints received: Nil

No. of complaints disposed of: Not applicable

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANACIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN 31/03/2021 AND DATE OF THIS REPORT

There were no Material changes and Commitments affecting the Financial Positions of the Company which have occurred between 31/03/2021 and date of this report.

**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 Lakh per annum or ₹ 5.00 Lakh per month. During the financial year 2020–2021, there is no employee drawing remuneration as above.

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.

And to you, our Shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and On Behalf of the Board of Directors

Place: Navsari
Date: 20/05/2021

Adi F. Madan
Managing Director

Pheroze A. Dhanbhoora
Director



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE – I

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[Pursuant to Section 204, 9(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Virat Industries Limited
(CIN: L29199GJ1990PLC014514)
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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2021 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 have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (“the Act”) and Companies Act, 1956 (to the extent applicable) the rules made there under including any re-enactment thereof;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Regulations 2009; **(Not applicable to company during the Audit Period)**;



- d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') to the extent applicable during the Audit Period;
- (vi) Labour, environment & other Specific applicable Acts/ Laws for which Secretarial Audit was conducted as on overview test check basis audit and was generally based / relied upon on the documents provided to us, Management confirmation, Certificate & other Audit Report and Certificates given by other professionals, the Company has complied with the applicable Acts / Law during the audit period.

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

- (i) The Secretarial Standards (with respect to Board and General Meetings) issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges read with SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professional.

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

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with the following laws applicable specifically to the Company:

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 Audit Period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or consent of all directors were received in writing for shorter board meeting notice consents (if any), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried through and proper system is in place which facilitates/ensures to capture and record the dissenting member's view, if any as part of the minutes.



I 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.

I further report that during the Audit Period, the Company has not incurred any specific event/ action that can have a major bearing on the company's compliance responsibilities in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

VISHAL DEWANG & ASSOCIATES
(Practicing Company Secretary)

Vishal Dewang

M. No. 26683

CP. No. 9596

ICSI UDIN : A026683C000335948

Place: Surat

Date: 20/05/2021

Encl : "Annexure A" forming an integral part of this report.

**Annexure-‘A’**

To,
The Board of Directors
Virat Industries Limited
(CIN: L29199GJ1990PLC014514)
A 1/ 2, GIDC Industrial Estate,
Kabilpore, Navsari – 396 424. Gujarat

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

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

VISHAL DEWANG & ASSOCIATES
(Practicing Company Secretary)
Vishal Dewang
M. No. 26683
CP. No. 9596

Place: Surat
Date: 20/05/2021



CERTIFICATE

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Virat Industries Limited
(CIN: L29199GJ1990PLC014514)
A 1/ 2, GIDC Industrial Estate,
Kabilpore, Navsari – 396 424. Gujarat

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Virat Industries Limited having CIN: L29199GJ1990PLC014514 and having registered office situated at A 1/ 2, GIDC Industrial Estate, Kabilpore, Navsari – 396 424. Gujarat, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and the respective Directors, I hereby certify that None of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of the Director | Designation | DIN |
|---------|----------------------------|------------------------|----------|
| 1 | Adi Fredoon Madan | Managing Director | 00023629 |
| 2 | Ayesha Kaizad Dadyburjor | Whole time Director | 02949248 |
| 3 | Ajit Pandurang Walwaikar | Independent Director | 00022123 |
| 4 | Kaizad Rusi Dadyburjor | Non Executive Director | 00022387 |
| 5 | Harishchandra Hiralal Shah | Independent Director | 03032200 |
| 6 | Pheroze Adi Dhanbhoora | Independent Director | 00622769 |

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

VISHAL DEWANG & ASSOCIATES
(Practicing Company Secretary)
Vishal Dewang
CP. No. 9596
ICSI UDIN : A026683C000335970

Place: Surat
Date: 20/05/2020



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:**Energy Conservation Measures Taken:****Electricity:**

- i) Maintained the power factor to 0.999, throughout the year and got rebate of ₹ 1,45,515/- on this account in electricity bills.
- ii) Installed Escop make APP type power capacitors in place of cell type capacitors, resulting in reduction in the failure of the capacitors and electrical appliances and maintaining PF.
- iii) Installed VSD (Variable Speed drive) on central suction machines to control the suction flow by varying the speed of the motor as per the requirement of the production; before it was controlled manually by damper. This resulted in Electricity unit saving of 1297 kwh/day.
- iv) Maintaining the Air conditioning temperature of knitting department between 27 degree centigrade to 30 degree centigrade resulting in power saving.

As the result of above changes, the power consumption per pair of sock production decreased from 0.319 KWH in 2019 – 2020 to 0.280 KWH in 2020 – 2021, per pair electricity consumption decreased by 10.71%.

Electricity unit rate (₹/kwh) has remained steady from 7.30 ₹/kwh to 7.24 ₹/kwh, i.e. 0.06 Rs/kwh,. Per pair electricity cost is reduced by 10.71%. This gain because of above changes.

Natural Gas:

- i) Reduced steam leakages from boiler house to plant level and maintained the same throughout the year.
- ii) Installed one Tecnopea socks boarding machine. The production of the said machine is three times more than the existing Tecnopea Socks boarding machine.

The natural gas rate increased from ₹ 35.17/SCM to Rs. 35.09/SCM i.e. ₹ 0.08/SCM.

(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 91.50% of total revenues were derived from the export.



| Total Foreign Exchange Used and Earned: | | (₹ in Lac) |
|---|--------------------------------------|------------|
| a. | i. Total foreign exchange earned | 1685.10 |
| | ii. Others | 4.32 |
| | | ----- |
| | SUB TOTAL (a) | 1689.42 |
| | | ----- |
| b. | Total foreign exchange used | |
| | i. For import of plant and Machinery | -- |
| | ii. For spares, etc. | 16.04 |
| | iii. Raw Materials | -- |
| | iv. For Dividend remitted | -- |
| | v. Others | 0.24 |
| | | ----- |
| | SUB TOTAL (b) | 16.28 |
| | | ===== |
| | % of Import to Export | 0.96% |



PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R&D)

1. Specific areas in which R & D is carried out by the Company:

Development of new products

Started manufacturing of Masks of Cotton with elestone yarn. The same as light in weight; the concave shape is suitable to mouth and they are comfortable in use.

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

Secured export orders of "New Brands" in this year.

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 | - |

**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 | Mrs Niloufer Irani Aga |
| (b) Nature of contracts/arrangements/ transactions | Sale of Vehicle |
| (c) Duration of the contracts/ arrangements/transactions | Not Applicable |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | Not Applicable |
| (e) Justification for entering into such contracts or arrangements or transactions | Quote received is higher than other competitors. |
| (f) Date(s) of approval by the Board | 11/02/2021 |
| (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 |

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:

| Sr. 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; | <u>Remuneration:</u> <u>Executive Directors:</u> Mr. Adi F. Madan Managing Director Mrs. Ayesha K. DadyBurjor Whole-time Director <u>Sitting fees:</u> <u>Independent Directors:</u> Mr. Ajit P. Walwaikar – Director Mr. Harish H. Shah – Director Mr. Pheroze A. Dhanbhoora - Director <u>Non-Independent Directors:</u> Mr. Kaizad R. DadyBurjor - Director | 29.78 < |



| Sr. No. | Requirements | Disclosure | | | | | | | | | | |
|-------------------------|--|---|----------------------------------|----------------------------------|-------------------|--------|---------------------|--------|-------------------------|-------|-------------------|-------|
| (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 ₹ 108560 thousand as of 31/03/2020 to ₹ 181917 thousand as of 31/03/2021. Over the same period, the price to earnings ratio moved from 15.42 to 20.99. The Virat Industries Limited stock price as at 31/03/2021 has increased by 67.57% and by ₹ 14.90 over the last financial year.</p> <p>During the year, the Company did not come out 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 2.85% being the rise in minimum wages as declared by government of Gujarat.</p> <p>The managerial remuneration decreased by 1.14% during the year.</p> | | | | | | | | | | |
| (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: | | | | | | | | | | |
| | | <table><tr><th>Particulars</th><th>% of Net profit for FY 2020 – 21</th></tr><tr><td>Managing Director</td><td>39.45%</td></tr><tr><td>Whole-time Director</td><td>16.59%</td></tr><tr><td>Chief Financial Officer</td><td>7.03%</td></tr><tr><td>Company Secretary</td><td>2.98%</td></tr></table> | Particulars | % of Net profit for FY 2020 – 21 | Managing Director | 39.45% | Whole-time Director | 16.59% | Chief Financial Officer | 7.03% | Company Secretary | 2.98% |
| | | Particulars | % of Net profit for FY 2020 – 21 | | | | | | | | | |
| Managing Director | 39.45% | | | | | | | | | | | |
| Whole-time Director | 16.59% | | | | | | | | | | | |
| Chief Financial Officer | 7.03% | | | | | | | | | | | |
| Company Secretary | 2.98% | | | | | | | | | | | |
| | | | | | | | | | | | | |
| (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 AUDITOR'S REPORT

To the Members of Virat Industries Limited Report on the Audit of the Ind AS Financial Statements

OPINION

We have audited the accompanying Ind AS Financial Statements of **Virat Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and Profit, and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

| Key Audit Matters | How our audit addressed the Key Audit Matter |
|---|---|
| <p><u>Other Operating Revenue:</u> Refer Note 24 of the IND AS Financial Statements and note 2.12 of the significant accounting policies to the IND AS Financial Statements.</p> <p>Other Operating revenue Mainly consists of government incentives and concessions. An accrual of this carries a risk of incorrect timing of its recognition and may involve a significant Management judgement in</p> | <p><u>Principle Audit Procedure:</u> Our audit Procedure Included reviewing appropriateness of the company's accounting policies in recognition of other operating income, verification of subsequent realisation of accrued incentives and assessing internal control procedures.</p> |



| Key Audit Matters | How our audit addressed the Key Audit Matter |
|---|---|
| assessing the reasonableness of meeting the conditions for receipt of such incentives and certainty of its ultimate collection. | <p>We have:</p> <ul style="list-style-type: none"> ❖ Verified the documentary evidence supporting the accrual of government incentives. ❖ Obtained understanding of applicable legislative framework to assess eligibility of the company for receiving the incentives/rebates. ❖ Test Checked Compliances with conditions of schemes/ regulations under which the incentives/ rebates are receivable. |

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

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

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

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

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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



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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

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

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



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

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

EMPHASIS OF MATTER

We draw attention to Note 43 of the IND AS Financial Statements, regarding uncertainties arising out of the outbreak of COVID -19 Pandemic and the assessment made by the management on its business and IND AS Financial Statement for the year ended March 31, 2021. This assessment and the outcome of the pandemic is as made by the management and is highly dependent on the circumstances as they evolve in the subsequent periods. The Impact, therefore, in the future periods may be different from the estimates made on the date of approval of these IND AS financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".



- (g) In our opinion and to the best of our information and according to the explanations given to us, the Remuneration paid to the directors is in accordance with the provisions of section 197 read with schedule V to the Companies Act, 2013.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company does not have any pending litigations which will impact its financial positions.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.040852
UDIN: 21040852AAAABR6747
Mumbai, May 20, 2021



ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **Virat Industries Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROL

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely



detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABR6747
Mumbai, May 20, 2021

**ANEXURE B TO THE AUDITOR'S 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 March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

- 1) i) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
ii) The Company has a regular programme for physical verification of its property, plant and equipment and investment properties by which the property, plant and equipment and investment properties are verified by the management according to a phased programme designed to cover all the items over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties. In accordance with the programme, the Company has physically verified certain property, plant and equipment and investment properties during the year and no material discrepancies were noticed on such verification.
iii) According to the information and explanations given to us, the Company has no immoveable properties registered in its name as on March 31, 2021. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.
- 2) According to the information and explanations given to us, the inventory comprising of raw materials, work-in-progress, finished goods, traded goods and stores and spare parts has been physically verified at reasonable intervals by the management during the year. In our opinion, coverage and procedure of such verification is appropriate and no material discrepancies for each class of inventory were noticed on such verification between the physical inventory and the book records. We have relied on confirmations and representations from third parties in case of inventory lying in their locations, wherever applicable.
- 3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.
- 4) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

- 5) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.
- 6) i) According to the records of the Company, the Company has been generally regular indepositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.



- ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.
- 7) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.
- 8) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.
- 9) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- 10) On the basis of the examination of the relevant records and according to the information and explanations given to us, the company has paid managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.
- 11) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.
- 12) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.
- 13) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.
- 14) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.
- 15) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**

Chartered Accountants

Firm's Registration Number 105102W

Aniruddha Joshi

Partner

Membership Number 040852

UDIN: 21040852AAAABR6747

Mumbai, May 20, 2021



Balance Sheet as at 31 March 2021

(₹' 000)

| Particulars | Note No | As at 31 March 2021 | As at 31 March 2020 |
|---|---------|---------------------|---------------------|
| A ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, Plant and Equipment | 3 | 74,320 | 93,235 |
| (b) Financial Assets | | | |
| (i) Loans | 4 | 9 | 142 |
| (ii) Other financial assets | 5 | 2,329 | 2,329 |
| (c) Other non-current assets | 6 | 1,464 | 3,639 |
| Total Non - Current Assets | | 78,122 | 99,345 |
| 2 Current assets | | | |
| (a) Inventories | 7 | 59,089 | 75,285 |
| (b) Financial Assets | | | |
| (i) Trade receivables | 8 | 41,750 | 36,012 |
| (ii) Cash and cash equivalents | 9 | 43,659 | 11,106 |
| (iii) Bank balances other than (ii) above | 9 | 19,458 | 18,600 |
| (iv) Loans | 10 | 131 | 159 |
| (v) Other financial assets | 11 | 1,725 | 1,971 |
| (c) Other current assets | 12 | 11,882 | 23,111 |
| Total Current Assets | | 177,694 | 166,244 |
| Total Assets (1+2) | | 255,816 | 265,589 |
| B EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity share capital | 13 | 49,233 | 49,233 |
| (b) Other equity | 14 | 176,092 | 167,919 |
| Total equity (a+b) | | 225,325 | 217,153 |
| 2 Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 2,379 | 3,065 |
| (b) Provisions | 16 | 1,394 | 1,373 |
| (c) Deferred tax liabilities (Net) | 17 | 884 | 2,382 |
| (d) Other non-current liabilities | 18 | 225 | 225 |
| Total non - current Liabilities | | 4,882 | 7,045 |
| 3 Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 73 | 10,574 |
| (ii) Trade payables | 20 | | |
| (a) dues to micro enterprises and small enterprises | | 100 | 63 |
| (b) dues of creditors other than above | | 11,133 | 16,157 |
| (iii) Other financial liabilities (other than in (b) below) | 21 | 10,825 | 11,131 |
| (b) Provisions | 22 | 626 | 553 |
| (c) Other current liabilities | 23 | 2,852 | 2,913 |
| Total Current Liabilities | | 25,609 | 41,391 |
| Total Equity and Liabilities(1+2+3) | | 255,816 | 265,589 |

Accompanying notes 1 to 43 from integral part of the financial statements.

In terms of our report attached

For and on behalf of the Board of Directors

For B. K. KHARE & CO.
Chartered Accountants
(FR No. 105102W)
Aniruddha Joshi

Adi F. Madan
(Managing Director)
DIN : 00023629
Ajit P. Walwaikar

Ayesha K. DadyBurjor
(Whole Time Director)
DIN : 02949248
Pheroze A. Dhanbhoora

Kaizad R. DadyBurjor
(Director)
DIN : 00022387
Harish H. Shah

Partner
Membership No. : 040852

(Director)
DIN : 00022123

(Director)
DIN : 00622769

(Director)
DIN : 03032200

Mumbai, Date: 20th May, 2021

Bhavik R. Maisuria
(Chief Financial Officer)
Mumbai, Date: 20th May, 2021

Tony G. Gandhi
(Company Secretary)



Statement of Profit and Loss for the year ended 31 March 2021

(₹' 000)

| Particulars | | Note No. | Year Ended 31 March 2021 | Year Ended 31 March 2020 |
|-------------|--|----------|--------------------------|--------------------------|
| I | Revenue from operations | 24 | 195,628 | 263,826 |
| II | Other Income | 25 | 6,602 | 7,757 |
| III | Total Income (I + II) | | 202,230 | 271,583 |
| IV | EXPENSES | | | |
| | (a) Cost of materials consumed | 26 | 69,263 | 111,360 |
| | (b) Changes in inventories of finished goods, work-in- progress and stock-in-trade | 27 | 9,337 | (9,207) |
| | (c) Employee benefit expense | 28 | 45,915 | 46,441 |
| | (d) Finance costs | 29 | 587 | 530 |
| | (e) Depreciation and amortisation expense | 3 | 17,605 | 19,083 |
| | (f) Other expenses | 30 | 50,273 | 83,299 |
| V | Total Expenses (IV) | | 192,980 | 251,506 |
| VI | Profit/(loss) before tax (III - IV) | | 9,250 | 20,077 |
| | Tax Expense | 17 | | |
| | (1) Current tax | | 4,044 | 7,097 |
| | (2) Excess provision for tax relating to prior years | | (1,170) | - |
| | (3) Deferred tax | | (1,573) | (1,855) |
| VII | Total tax expense | | 1,301 | 5,242 |
| | Profit/(loss) for the period (V - VI) | | 7,949 | 14,835 |
| VIII | Other comprehensive income | | | |
| | (i) Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of the defined benefit liabilities / (asset) | | 299 | 281 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | (75) | (57) |
| IX | Total comprehensive income for the period (VII+VIII(i)+VIII(ii)) | | 8,172 | 15,059 |
| X | Earnings per equity share (for continuing operation): | | | |
| | 1) Basic | | 1.66 | 3.06 |
| | 2) Diluted | | 1.66 | 3.06 |

In terms of our report attached

For B. K. KHARE & CO.
Chartered Accountants
(FR No. 105102W)

Aniruddha Joshi
Partner
Membership No. : 040852

Mumbai, Date: 20th May, 2021

For and on behalf of the Board of Directors

Adi F. Madan
(Managing Director)
DIN : 00023629

Ajit P. Walwaikar
(Director)
DIN : 00022123

Bhavik R. Maisuria
(Chief Financial Officer)
Mumbai, Date: 20th May, 2021

Ayesha K. DadyBurjor
(Whole Time Director)
DIN : 02949248

Pheroze A. Dhanbhoora
(Director)
DIN : 00622769

Kaizad R. DadyBurjor
(Director)
DIN : 00022387

Harish H. Shah
(Director)
DIN : 03032200

Tony G. Gandhi
(Company Secretary)



Cash flow statement for the year ended 31 March 2021

(₹' 000)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March, 2020 |
|---|----------------------------------|-----------------------------------|
| A Cash Flow from Operating Activities | | |
| Profit before exceptional item and tax | 9,250 | 20,077 |
| Adjustments for: | | |
| Depreciation and Amortisation expenses | 17,605 | 19,083 |
| (Profit)/Loss on property, plant and equipment sold/scrapped/written off (Net) | (265) | (2) |
| (Gain)/Loss on foreign exchange fluctuations (Net) | (1,535) | (235) |
| Net gain/(loss) arising on financial assets measured at fair value through profit or loss | 299 | 281 |
| Finance costs | 587 | 530 |
| Custom Duty Saved on Property, Plant and Equipments under EPCG | - | (195) |
| Interest Income | (1,537) | (1,321) |
| Liabilities/Provisions no longer required written back | (110) | (401) |
| Allowance for expected credit loss | 368 | - |
| Operating Profit before change in Working Capital | 24,662 | 37,817 |
| Changes in: | | |
| Trade and other receivables | 6,491 | (2,153) |
| Inventories | 16,196 | (14,812) |
| Trade and other payables | (4,680) | 1,917 |
| | 18,007 | (15,048) |
| Cash generated from operations | 42,670 | 22,769 |
| Net income tax paid | (638) | (8,022) |
| Net Cash flow from Operating Activities | 42,032 | 14,747 |
| B Cash Flow from Investing Activities | | |
| Payments to acquire property, plant and equipment and other intangible assets | (276) | (8,083) |
| Proceeds from disposal of property, plant and equipment and other intangible assets | 1,851 | 37 |
| Changes in earmarked balances and margin accounts with banks | | |
| - Placed | 20,833 | (16,071) |
| - Matured | (21,690) | 6,035 |
| Interest received on Fixed Deposits | 1,812 | 665 |
| Net Cash used in Investing Activities | 2,530 | (17,417) |
| C Cash Flow from Financing Activities | | |
| Proceed from long-term borrowing (including current maturities) | - | 3,065 |
| Repayment of long-term borrowing (including current maturities) | (694) | (126) |
| Proceeds from short term borrowings | (10,501) | 6,574 |
| Dividend and tax on dividend paid | (226) | (169) |
| Finance cost | (587) | (563) |
| Net Cash used in Financing Activities | (12,008) | 8,781 |
| Net (decrease)/increase in cash and cash equivalents | 32,553 | 6,111 |
| CASH AND CASH EQUIVALENTS: | | |
| Opening Balance | 11,106 | 4,995 |
| Closing Balance | 43,659 | 11,106 |

Note: The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows. Also refer Note 9.

In terms of our report attached

For and on behalf of the Board of Directors

For B. K. KHARE & CO.
Chartered Accountants
(FR No. 105102W)

Adi F. Madan
(Managing Director)
DIN : 00023629

Ayesha K. DadyBurjor
(Whole Time Director)
DIN : 02949248

Kaizad R. DadyBurjor
(Director)
DIN : 00022387

Aniruddha Joshi
Partner
Membership No. : 040852

Ajit P. Walwaikar
(Director)
DIN : 00022123

Pheroze A. Dhanbhoora
(Director)
DIN : 00622769

Harish H. Shah
(Director)
DIN : 03032200

Mumbai, Date: 20th May, 2021

Bhavik R. Maisuria
(Chief Financial Officer)

Tony G. Gandhi
(Company Secretary)

Mumbai, Date: 20th May, 2021

**NOTES FORMING PART OF THE FINANCIAL STATEMENT****1. Corporate Information**

Virat Industries Limited ("the Company") is a public Company listed on the Bombay Stock Exchange. 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 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.

2.1 Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2017.

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2 inputs are significant inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT****2.2 Use of Estimates and Judgments**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the accounts. Significant items include:

- The Company has ongoing litigations with various revenue authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.
- The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the income statement and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.
- The depreciation charge on tangible property plant and equipment is determined based on useful lives of such assets. The Company is required to determine the useful life/period over which an asset is expected to be available for use by the Company.

2.3 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Accordingly the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.4 Inventories

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to its present location and condition.

Raw material is valued at lower of cost and net realisable value Cost is determined on the method of weighted average basis.

Finished goods and work in progress are carried at cost or net realisable value, whichever is lower. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Net realisable value is the estimated selling price less estimated costs for completion and sale. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

Obsolete, slow moving and defective inventories are identified at the time of periodic physical verification of inventories and, where necessary, a markdown is made for such inventories.

2.5 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Property Plant and Equipment – Tangible Assets

Property, plant & equipments are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will be realized. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the statement of Profit & Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of Property, Plant and Equipment are depreciated in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Property, plant and equipment's residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date.

2.7 Impairment of Assets

The carrying value of assets/cash generating unit at each balance sheet date is reviewed for impairment. The company determines whether a provision should be made for impairment loss on assets by considering the indication that an impairment loss may have occurred in accordance with Indian Accounting Standard (Ind AS) 36 "Impairment of Assets". Where the recoverable amount of any assets is lower than its carrying amount in accordance with Ind AS 36, a provision for impairment loss on fixed assets is made for the difference. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to avail from continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

Where there is an indication that the impairment was recognised in an earlier accounting period no longer exists or may have decreased, such reversal of impairment lost is recognised in the statement of profit and loss.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT****2.8 Leases**

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Assets used under finance leases are recognized as property, plant and equipment in the balance sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

2.9 Borrowing Costs

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 Statement of Profit and Loss.

2.10 Foreign Currency Transactions

The financial statements are presented in Indian Rupees (INR), which is the presentational currency of the Company. The Company account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/Losses arising on settlement of such transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognized in the Statement of Profit and Loss. Non – monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date and not retranslated at closing rates.

2.11 Employee benefits

The Company makes contributions to both defined benefit and defined contribution schemes. Certain defined benefit plans are administered through duly constituted and approved Trusts.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

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 by an independent actuary at each balance sheet date.

Actuarial gains and losses are recognised immediately through Other Comprehensive Income 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.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. These benefits are unfunded.

2.12 Revenue Recognition

Revenue is recognised at fair value of amounts received and receivable from third parties for goods supplied and services rendered and is net off returns and discounts if any.

Revenue from the sale of goods includes excise and other duties which the Company pays as principal but excludes amounts collected on behalf of third parties, such as sales tax and value added tax and goods and services tax.

Revenue from the sales of goods is recognised in the income statement when significant risks and rewards of ownership of the goods have been transferred to the buyer, which is mainly upon shipment. Revenue from service are recognised in the period in which services are rendered.

Discounts include sales rebates, price discounts, customer incentives, certain promotional activities and similar items. The methodology and assumptions used to estimate sales rebates, price discounts, customer incentives, certain promotional activities and similar items are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

"Ind AS 115, 'Revenue from Contracts with Customers': On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers of the Company."

The standard permits two possible methods of transaction:

- a) Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- b) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch-up approach)

**NOTES FORMING PART OF THE FINANCIAL STATEMENT****Other Income Operating Income**

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

2.13 Other Income

Interest income is recognised on an accrual basis by applying the effective interest rate, except for short-term financial assets, when the recognition of interest would be immaterial.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through income statement”.

2.14 Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years. Income tax, in so far as it relates to items disclosed under Other Comprehensive Income or Equity, are disclosed separately under Other Comprehensive Income or Equity, as applicable.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

2.15 Investments and Other Financial Assets**Classification**

The Company determines the classification of its financial assets at initial recognition. The financial assets are classified in the following measurement categories as:

- those to be subsequently measured at fair value [either through other comprehensive income (OCI), or through profit or loss], and
- those subsequently measured at amortised cost.

The classification of debt instruments is based on the business model and terms of the contractual cash flows. Reclassification of debt instrument, if any, is done when the business model for managing those assets change.

Classification of equity instruments, not being investments in subsidiaries, associates and joint arrangements, depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI or fair value through profit or loss.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT****Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus costs that are directly attributable to the acquisition of the financial asset. However, in the case of a financial asset measured at fair value through profit or loss, the transaction costs are expensed immediately in statement of profit or loss. Subsequent measurement of financial assets is determined by their respective classification.

Debt Instruments

Subsequent measurement of debt instruments is in accordance with the Company's business model for managing the asset and the contractual cash flows characteristics of the asset. There are three measurement categories into which the company may classify its debt instruments:

- **Amortised Cost:** Assets which are held within the business model of collection of contractual cash flows and where those cash flows represent payments solely towards principal and interest on the principal amount outstanding. A gain or loss on a debt instrument that is measured at amortised cost and is not a part of hedging relationship is recognised in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **Fair Value through Other Comprehensive Income:** Assets that are held within a business model of collection of contractual cash flows and for selling and where the assets' cash flow represents solely payment of principal and interest on the principal amount outstanding. Movements in carrying amount are taken through OCI, except for recognition of impairment gains or losses and interest income which are recognized in profit or loss. Interest income from these assets is included in other income using the effective interest rate method. When the asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss.
- **Fair Value through Profit or Loss:** Financial assets which are not classified as measured at amortised cost or fair value through other comprehensive income are classified as fair value through profit or loss. Movements in fair value of these assets are taken in profit or loss.

Equity Instruments

Equity instruments which are not investment in subsidiaries, associates and joint operations are measured at fair value. At the time of initial recognition, the Company makes an irrecoverable election for classification of an equity investment as fair value through profit or loss or fair value through OCI.

Movement in fair value of equity investments which are classified as fair value through profit or loss are recognized in other gains and losses in the statement of profit or loss.

Where the Company has elected to present fair value gains and losses on equity investments in OCI, the movement in fair value is recognized in OCI. At time of derecognition, there is no subsequent reclassification of cumulative fair value gains and losses recognized in OCI to statement of profit or loss. The cumulative gains or losses recognized in OCI is transferred within equity on such derecognition. Impairment losses (and reversals thereto) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

**NOTES FORMING PART OF THE FINANCIAL STATEMENT****Loans and Receivables**

Loans and receivables are non – derivative financial asset with fixed or determinable payments that are not quoted in an active market. Trade receivables and loans are initially measured at transaction value, which is the fair value and subsequently retained at cost less appropriate allowance for credit losses as most loans and receivables of the Company are current in nature. Where significant, non – current loans and receivables are accounted for at amortised cost using effective interest rate method less appropriate allowance for credit losses. Interest is accounted for on the basis of contractual terms, where applicable and is included in interest income.

Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its investments in debt instruments which are carried at amortised cost and FVTOCI. Impairment losses are recognized in the profit or loss where there is an objective evidence of impairment, such as where the issuer is in default or other significant financial difficulty. The impairment methodology applied depends on whether there has been a significant increase in credit risk and provision is made on an item by item basis. For such assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. Depending on product categories and the payment mechanism prevailing in the industry, provisions for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the due amounts. If in a subsequent period, the amount of impairment loss reduces, the previously recognized loss is reversed by adjusting the allowance.

Derecognition of financial assets

A financial asset is derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all risks and rewards of ownership of the financial asset are transferred to another party or (c) despite having retained some significant risks and rewards, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Income recognition

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Dividend income is recognized in profit or loss as other income only when the Company's right to receive payments is established and the amount of dividend can be measured reliably.

Financial Liability and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs. Financial liabilities are classified, at initial recognition, as subsequently measured at amortized cost unless they fulfill the requirement of measurement at fair value through profit or loss. Subsequent measurement of the financial liabilities depends upon whether they have been classified at amortised cost or at fair

**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

value through profit or loss. Where the financial liability has been measured at amortised cost, the difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the income statement over the contractual terms using the effective interest rate method. Financial liabilities at fair value through profit or loss are carried at fair value with changes in fair value recognized in the finance income or finance cost in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.16 Provision 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.

2.17 Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

To comply with the principles of 'fair value hedge', 'cash flow hedge' or 'hedges of net investments in foreign operations' where derivative contracts are designated as hedge instruments, depending upon documented risk management objective and hedge relationship established at inception and which are highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Embedded Derivatives

Derivatives embedded in non – derivative host contracts that are not financial assets within the scope of IndAS 109 "Financial Instruments" are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.18 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee.



NOTES FORMING PART OF THE FINANCIAL STATEMENT

Segments are organized based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods. The CODM reviews the segments primarily from a business similarity perspective as well as from a geographic perspective.

Segment revenue is reported on the same basis as revenue in the financial statements. Segment results represents profits before finance charges, investment income and taxes. Inter-segment revenue is accounted for on the basis of transactions which are primarily market led.

“Unallocated Corporate Expenses” revenue and expenses relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

2.19 Dividend Distribution

To recognised Dividends paid (including income tax thereon) in the financial statements in the period in which the related dividends are actually paid or, in respect of the Company's final dividend for the year, when the same are approved by shareholders.

3. Property, Plant and Equipment and capital work-in-progress

Carrying amounts of :

(₹' 000)

| Description of Assets | Buildings | Plant and Equipment | Office Equipment | Furniture and Fixtures | Vehicles (owned) | Vehicles (Under Finance Lease) | Total |
|---|-----------|---------------------|------------------|------------------------|------------------|--------------------------------|---------|
| As at 31 March 2021 | | | | | | | |
| Gross Carrying Amount | 37,403 | 182,564 | 3,461 | 5,393 | 9,752 | 6,189 | 244,763 |
| Accumulated depreciation and impairment | 25,217 | 131,187 | 3,220 | 3,923 | 6,080 | 817 | 170,443 |
| Net carrying amount (I-II) | 12,187 | 51,377 | 241 | 1,470 | 3,672 | 5,372 | 74,320 |
| As at 31 March 2020 | | | | | | | |
| Gross Carrying Amount | 37,239 | 182,564 | 3,444 | 5,298 | 11,974 | 8,630 | 249,149 |
| Accumulated depreciation and impairment | 24,026 | 117,468 | 3,069 | 3,657 | 6,782 | 912 | 155,915 |
| Net carrying amount (I-II) | 13,213 | 65,097 | 375 | 1,641 | 5,192 | 7,717 | 93,235 |



Notes forming part of the financial statement

(₹ 000)

| Description of Assets | Buildings | Plant and Equipment | Office Equipment | Furniture and Fixtures | Vehicles (owned) | Vehicles (Under Finance Lease) | Total |
|---|-----------|---------------------|------------------|------------------------|------------------|--------------------------------|---------|
| Cost or Deemed Cost | | | | | | | |
| I. Gross Carrying Amount | | | | | | | |
| Balance as at 1 April 2020 | 37,239 | 182,564 | 3,444 | 5,298 | 11,974 | 8,629 | 249,149 |
| Additions | 164 | - | 17 | 95 | 2,441 | - | 2,717 |
| Disposals | - | - | - | - | 4,663 | - | 4,663 |
| Others | - | - | - | - | - | 2,441 | 2,441 |
| Balance as at 31 March 2021 | 37,403 | 182,564 | 3,461 | 5,393 | 9,752 | 6,189 | 244,743 |
| II. Accumulated depreciation and impairment | | | | | | | |
| Balance as at 1 April 2020 | 24,026 | 117,468 | 3,069 | 3,657 | 6,782 | 912 | 155,915 |
| Depreciation expense for the year | 1,191 | 13,719 | 151 | 265 | 1,544 | 735 | 17,605 |
| Addition in accumulated depreciation | - | - | - | - | 831 | - | 831 |
| Eliminated on disposal of assets | - | - | - | - | 3,076 | - | 3,076 |
| Others | - | - | - | - | - | 831 | 831 |
| Balance as at 31 March 2021 | 25,217 | 131,187 | 3,220 | 3,923 | 6,080 | 817 | 170,443 |
| III. Net carrying amount (I-II) | 12,187 | 51,377 | 241 | 1,470 | 3,672 | 5,372 | 74,320 |

| Description of Assets | Buildings | Plant and Equipment | Office Equipment | Furniture and Fixtures | Vehicles (owned) | Vehicles (Under Finance Lease) | Total |
|---|-----------|---------------------|------------------|------------------------|------------------|--------------------------------|---------|
| Cost or Deemed Cost | | | | | | | |
| I. Gross Carrying Amount | | | | | | | |
| Balance as at 1 April 2019 | 37,239 | 180,726 | 3,543 | 5,398 | 11,974 | 2,441 | 241,321 |
| Additions | - | 1,838 | 55 | - | - | 6,189 | 8,083 |
| Disposals | - | - | 154 | 100 | - | - | 254 |
| Others | - | - | - | - | - | - | - |
| Balance as at 31 March 2020 | 37,239 | 182,564 | 3,444 | 5,298 | 11,974 | 8,630 | 249,149 |
| II. Accumulated depreciation and impairment | | | | | | | |
| Balance as at 1 April 2019 | - | 101,733 | 2,949 | 3,461 | 5,528 | 541 | 137,051 |
| Depreciation expense for the year | 22,839 | 15,735 | 263 | 273 | 1,254 | 371 | 19,083 |
| Addition in accumulated depreciation | 1,187 | - | - | - | - | - | - |
| Eliminated on disposal of assets | - | - | 143 | 77 | - | - | 220 |
| Others | - | - | - | - | - | - | - |
| Balance as at 31 March 2020 | 24,026 | 117,468 | 3,069 | 3,657 | 6,782 | 912 | 155,915 |
| III. Net carrying amount (I-II) | 13,213 | 65,097 | 375 | 1,641 | 5,192 | 7,717 | 93,235 |



Notes forming part of the financial statement

4. Non-Current Loans

(₹ 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| a) Loans to Employee | | |
| - Secured, considered good | - | - |
| - Unsecured, considered good | 9 | 142 |
| - Doubtful | - | - |
| Less: Allowance for Bad and doubtful loans | - | - |
| Total | 9 | 142 |

5. Other Non-Current Financial Assets

(₹ 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|------------------|------------------------|------------------------|
| Security Deposit | 2,329 | 2,329 |
| Total | 2,329 | 2,329 |

6. Other Non-Current Assets

(₹ 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--------------------------|------------------------|------------------------|
| Advance income-tax (net) | 1,464 | 3,639 |
| Total | 1,464 | 3,639 |

7. Inventories

(₹ 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| (a) Raw materials | 20,510 | 26,988 |
| (b) Goods in transit as above | - | 140 |
| (c) Work-in-progress (Knitted Socks) | 1,345 | 1,790 |
| (d) Finished goods | 27,263 | 36,155 |
| (e) Stores and spares | 7,477 | 7,250 |
| (f) Goods in transit as above | - | 22 |
| (g) Packing Material | 2,494 | 2,940 |
| Total Inventories (at lower of cost and net realisable value) | 59,089 | 75,285 |

8. Trade receivables

(₹ 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Trade receivables | | |
| (a) Considered good – Secured | - | - |
| (b) Considered good - Unsecured | 42,118 | 36,012 |
| (c) Significant increase in Credit Risk | - | - |
| (d) Credit impaired | - | - |
| Less: Allowance for expected credit loss | (368) | - |
| Total | 41,750 | 36,012 |
| Of the above, trade receivables from: | | |
| - Related Parties | - | - |
| - Others | 41,750 | 36,012 |
| Total | 41,750 | 36,012 |



Notes forming part of the financial statement

9. Cash and Bank Balances

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Cash and cash equivalents | | |
| (a) Balances with banks | 43,659 | 11,020 |
| (b) Cash on hand | - | 86 |
| Total Cash and cash equivalent | 43,659 | 11,106 |
| Other Bank Balances | | |
| (a) Earmarked balances with banks | 2,119 | 2,345 |
| (b) Balances with Banks: | | |
| (i) On Margin Accounts | 1,169 | 1,102 |
| (ii) Fixed Deposits with maturity greater than 3 months (Refer Note below)" | 16,170 | 15,153 |
| Total Other Bank balances | 19,458 | 18,600 |

Note:

Other Bank balance include deposits with remaining of more than 12 months from the balance sheet date NIL (Previous Year NIL).

Reconciliation of Cash and Cash Equivalents

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Total Cash and Cash Equivalents as per Balance Sheet | 43,659 | 11,106 |
| Total Cash and Cash Equivalents as per Statement of Cashflow | 43,659 | 11,106 |

10. Current Loans

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| a) Loans to Employee | | |
| - Unsecured, considered good | 131 | 159 |
| - Doubtful | - | - |
| Less: Allowance for Bad and doubtful loans | - | - |
| Total (A) | 131 | 159 |
| b) Other Loans | | |
| - Secured, considered good | - | - |
| - Unsecured, considered good | 2,500 | 2,500 |
| - Doubtful | (2,500) | (2,500) |
| Total (B) | - | - |
| Grand Total | 131 | 159 |



Notes forming part of the financial statement

11. Other Current Financial Assets

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| ➤ Security Deposit | 1,083 | 1,086 |
| ➤ Advances | 65 | 33 |
| ➤ Others | | |
| • Interest accrued on deposits | 577 | 852 |
| • Interest accrued on ICD | 68 | 68 |
| • Less: Provision for doubtful Interest | (68) | (68) |
| Total | 1,725 | 1,971 |

12. Other Current Assets

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| (A) others | | |
| a. Prepaid expenses (includes Lease Land) | 1,604 | 1,410 |
| b. Balances with government authorities | | |
| ➤ VAT Credit Receivable | - | 997 |
| ➤ Duty Drawback (Customs) | 150 | 468 |
| ➤ GST Receivable | 4,336 | 9,205 |
| ➤ Merchandise Export From India Scheme | - | 4,252 |
| ➤ Rebate of State and Central Taxes & Levies (ROSCTL) | 5,783 | 6,598 |
| ➤ Advances against suppliers | 10 | 181 |
| Total | 11,882 | 23,111 |

13. Share Capital

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---------------------|---------------|---------------------|---------------|
| | Number | ₹'000 | Number | ₹'000 |
| (a) Authorised Equity Shares of ₹ 10/- each with voting rights | 5,000,000 | 50,000 | 5,000,000 | 50,000 |
| (b) Issued, Subscribed and Paid Up Equity Shares of ₹ 10/- each with voting rights | 4,923,340 | 49,233 | 4,923,340 | 49,233 |
| Total | 4,923,340 | 49,233 | 4,923,340 | 49,233 |

13.1 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 Balance at 1 April 2020 | | |
| • Number of Shares | 4,923,340 | 4,923,340 |
| • Amount in Thousand (₹'000) | 49,233 | 49,233 |
| Balance at 31 March 2021 | | |
| • Number of Shares | 4,923,340 | 4,923,340 |
| • Amount in Thousand (₹'000) | 49,233 | 49,233 |



Notes forming part of the financial statement

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back in the 5 years immediately preceding the balance sheet date.

Terms and rights attached to equity shares

The equity shares of the Company rank pari passu in all respects including voting rights and entitlement to dividend.

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

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|-----------------------|--------------|-----------------------|--------------|
| | 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 |
| Shri. Armand N. Aga | 267,678 | 5.43 | 267,678 | 5.43 |

14. Other Equity

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|---------------------|---------------------|
| General Reserve | | |
| Opening balance | 9,839 | 9,839 |
| Add: Transferred from surplus in Statement of Profit and Loss | - | - |
| Closing balance | 9,839 | 9,839 |
| Surplus in Statement of Profit and Loss | | |
| Opening balance | 158,080 | 143,036 |
| Add: Profit for the year | 7,949 | 14,835 |
| Add: Tax on Equity Dividend | - | (15) |
| Balance available for appropriation | 166,029 | 157,856 |
| Other Comprehensive Income | | |
| Add: Remeasurements of the defined benefit liabilities/(asset) | 299 | 281 |
| Less: Deferred tax adjustment | (75) | (57) |
| Closing balance | 166,253 | 158,080 |
| Total Other equity | 176,092 | 167,919 |

15. Non-Current Borrowings

(₹' 000)

| Particulars | Rate of Interest | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------|---------------------|---------------------|
| Measured at amortised cost* | | | |
| A. Secured Borrowings: | | | |
| (a) Term Loans | | | |
| - From Axis Bank Limited | 8.96 | 2,379 | 3,065 |
| (Secured by hypothecation of the concerned vehicle purchased) | | | |
| (Terms of Payment: Equated Monthly Installments of ₹ 77,771/- payable in 60 equal installments at interest rate of 8.96% per annum, 47 installments are remaining.) | | | |
| Total Secured Borrowings (Refer note no. 36) | | 2,379 | 3,065 |



Notes forming part of the financial statement

16. Provisions

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|-------------------------------------|------------------------|------------------------|
| (a) Provision for employee benefits | | |
| Provision for Compensated Absences | 1,394 | 1,373 |
| TOTAL | 1,394 | 1,373 |

17. Current Tax and Deferred Tax

(i) Current Tax

(a) Tax expense recognised in Statement of profit and loss comprises:

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Current tax | 4,044 | 7,097 |
| Short provision for tax relating to prior years | (1,170) | - |
| Total | 2,874 | 7,097 |

(b) Reconciliation of effective tax rate

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|-------------------------------|------------------------|------------------------|
| Profit before tax (₹' 000) | 9,250 | 20,077 |
| Applicable tax rate* | 25.17% | 25.17% |
| Computed tax expense (₹' 000) | 2,328 | 5,053 |
| Others** (₹' 000) | 1,716 | 2,044 |
| Tax expense for the year | 4,044 | 7,097 |
| Effective tax rate | 43.72% | 35.35% |

* The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for year ended 31st March, 2021.

** Others includes refunds, adjustment due to completed assessments and impact of rate change.

(ii) Movement in deferred tax balances

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|-----------------------------------|------------------------|------------------------|
| Deferred Tax Assets/(Liabilities) | (884) | (2,382) |



Notes forming part of the financial statement

(₹' 000)

| Particulars | As at 31 March 2021 | | | |
|---|---------------------|-------------------------------|-------------------|-----------------|
| | Opening Balance | Recognised in profit and Loss | Recognised in OCI | Closing Balance |
| Tax effect of items constituting deferred tax liabilities | | | | |
| Property, Plant and Equipment | 4,760 | (1,547) | - | 3,213 |
| | 4,760 | (1,547) | - | 3,213 |
| Tax effect of items constituting deferred tax assets | | | | |
| Employee Benefits | 512 | 23 | (75) | 460 |
| Provisions for doubtful debts and other current asset | 646 | - | - | 646 |
| Other Temporary Differences (Other disallowances under Section 43B of the Income Tax Act, 1961) | 1,220 | 3 | - | 1,223 |
| | 2,378 | 26 | (75) | 2,329 |
| Net Tax Asset Assets/(Liabilities) | (2,382) | 1,573 | (75) | (884) |

| Particulars | As at 31 March 2020 | | | |
|---|---------------------|-------------------------------|-------------------|-----------------|
| | Opening Balance | Recognised in profit and Loss | Recognised in OCI | Closing Balance |
| Tax effect of items constituting deferred tax liabilities | | | | |
| Property, Plant and Equipment | 6,871 | (2,111) | - | 4,760 |
| | 6,871 | (2,111) | - | 4,760 |
| Tax effect of items constituting deferred tax assets | | | | |
| Employee Benefits | 523 | 46 | (57) | 512 |
| Provisions for doubtful debts and other current asset | 714 | (68) | - | 646 |
| Other Temporary Differences (Other disallowances under Section 43B of the Income Tax Act, 1961) | 1,454 | (234) | - | 1,220 |
| | 2,691 | (256) | (57) | 2,378 |
| Net Tax Asset Assets/(Liabilities) | (4,180) | 1,855 | (57) | (2,382) |

18. Other non-current liabilities

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|------------------------------------|---------------------|---------------------|
| Others | | |
| • Trade/Security deposits received | 225 | 225 |
| Total | 225 | 225 |



Notes forming part of the financial statement

19. Borrowings

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| 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) | 73 | 10,574 |
| Total | 73 | 10,574 |

20. Trade Payables

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Trade payable - Micro and small enterprises(Refer note no.32) | 100 | 63 |
| Trade payable - Other than micro and small enterprises | 11,133 | 16,157 |
| Total | 11,233 | 16,220 |

21. Other Financial Liabilities

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| a. Current maturities of finance lease obligations (Refer Note No. 36) | 686 | 694 |
| b. Salary/wages payable | 8,020 | 8,092 |
| c. Unclaimed/Unpaid dividends | 2,119 | 2,345 |
| Total | 10,825 | 11,131 |

22. Provisions

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Provision for employee benefits | | |
| Provision for Compensated Absences | 626 | 553 |
| Total | 626 | 553 |

23. Other Current Liabilities

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| (a) Advances received from customers | 500 | 151 |
| (b) Deferred Income for EPCG grant | 1,245 | 1,245 |
| (c) Statutory dues | | |
| - taxes payable (other than income taxes) | 222 | 269 |
| - Gratuity (Refer Note no. 33(b)) | 243 | 293 |
| - Exchange loss payable on FC | 72 | 369 |
| - Employee Recoveries and Employer Contributions | 570 | 586 |
| Total | 2,852 | 2,913 |



Notes forming part of the financial statement

24. Revenue from operations

(₹' 000)

| Particulars | | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|--|-------------------------------------|-------------------------------------|
| (a) Sale of Products (Refer Note (i) below) | | 184,173 | 246,718 |
| (b) Other Operating Revenues (Refer Note (ii) below) | | 11,455 | 17,108 |
| Total | | 195,628 | 263,826 |

| Note | Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|------|---|-------------------------------------|-------------------------------------|
| (i) | Sale of products comprises | | |
| | Manufactured goods - Knitted Socks | 184,173 | 246,718 |
| | Total - Sale of manufactured goods | 184,173 | 246,718 |
| | Traded goods - Knitted Socks | - | - |
| | Total - Sale of traded goods | - | - |
| | Total - Sale of products | 184,173 | 246,718 |
| (ii) | Other operating revenues comprise: | | |
| | Duty drawback | 4,153 | 4,698 |
| | Sale of Licenses - Merchandise Export From India Scheme | - | 6,881 |
| | Rebate of State Lavies (ROSCTL/RODTEP) | 5,877 | 4,343 |
| | Job Work Income | 993 | 159 |
| | Samples Development Income | 432 | 1,027 |
| | Total - Other operating revenues | 11,455 | 17,108 |

25. Other Income

(₹' 000)

| Particulars | | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|--|-------------------------------------|-------------------------------------|
| Interest Income (Refer Note (i) below) | | 1,537 | 1,321 |
| Net gain on foreign currency transactions and translation | | 4,154 | 3,933 |
| Other Non-operating Income (Refer Note (ii) below) | | 911 | 2,503 |
| Total | | 6,602 | 7,757 |

| Note | Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|------|--|-------------------------------------|-------------------------------------|
| (i) | <u>Interest Income comprises:</u> | | |
| | Interest from banks on Deposits | 920 | 921 |
| | Interest from overdue Trade Receivable | - | 185 |
| | Interest from loans and advances | 119 | 166 |
| | Interest from Direct/Indirect taxes refund | 497 | 49 |
| | Total - Interest Income | 1,537 | 1,321 |
| (ii) | <u>Other non-operating income comprises:</u> | | |
| | Gain on disposal of property, plant and equipment | 265 | 2 |
| | Liabilities/Provisions no longer required written back | 132 | 401 |
| | Exised Duty on purchased of Capital Good | - | 195 |
| | Miscellaneous Income | 515 | 1,905 |
| | Total - Other non-operating Income | 911 | 2,503 |



Notes forming part of the financial statement

26. Cost of Materials Consumed

(₹' 000)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Opening Stock | 27,128 | 22,325 |
| Add: Purchases | 62,645 | 116,163 |
| | 89,773 | 138,488 |
| Less: Closing Stock | 20,510 | 27,128 |
| Cost of Materials Consumed | 69,263 | 111,360 |

Material Consumed comprises of yarn only.

27. Changes in inventories of finished goods and work in progress

(₹' 000)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| Inventories at the end of the year | | |
| Finished goods | 27,263 | 36,155 |
| Work-in-progress | 1,345 | 1,790 |
| | 28,608 | 37,945 |
| Inventories at the beginning of the year | | |
| Finished goods | 36,155 | 25,622 |
| Work-in-progress | 1,790 | 3,116 |
| | 37,945 | 28,738 |
| Net (Increase)/Decrease | 9,337 | (9,207) |

28. Employee Benefits Expense

(₹' 000)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| Salaries and wages | 41,148 | 41,166 |
| Contribution to Provident and other funds (Refer Note No.33(a)) | 2,515 | 2,542 |
| Staff welfare expenses | 2,252 | 2,733 |
| Total | 45,915 | 46,441 |

29. Finance Costs

(₹' 000)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|-----------------------|-------------------------------------|-------------------------------------|
| Interest Expense on: | | |
| - borrowings | 461 | 406 |
| - Others | 36 | 28 |
| Other borrowing costs | 90 | 96 |
| Total | 587 | 530 |



Notes forming part of the financial statement

30. Other Expenses

(₹' 000)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Consumption of stores and spare parts | 4,085 | 4,622 |
| Consumption of packing materials | 8,467 | 14,785 |
| Processing Charges | 5,668 | 19,744 |
| Power and Fuel | 13,363 | 16,364 |
| Lease Rent | 1,874 | 1,899 |
| Repairs: | | |
| - To Buildings | 156 | 91 |
| - To Machinery | 500 | 539 |
| - To Others | 123 | 165 |
| Insurance | 964 | 1,071 |
| Rates and taxes | 1,433 | 442 |
| Carriage Outward | 5,602 | 8,757 |
| Sales expenses | 2,023 | 3,869 |
| Legal and professional fees | 1,463 | 2,844 |
| Payment to Auditors | 833 | 833 |
| Travelling and Conveyance Expenses | 72 | 1,292 |
| Allowance for expected credit loss | 368 | - |
| Miscellaneous expenses | 3,280 | 5,982 |
| Total | 50,273 | 83,299 |

Payment to Auditor

(₹' 000)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| (i) Payment to the auditors comprises: | | |
| (a) To Statutory Auditors | | |
| - For Audit | 375 | 375 |
| - For taxation matters | 125 | 125 |
| - For other services | 325 | 325 |
| Reimbursement of expenses | 8 | 8 |
| Total | 833 | 833 |

31. Contingent Liabilities and Commitments (to the extent not provided for)

(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| • Contingent Liabilities | | |
| Claims against the company not acknowledged as debt | - | - |
| • Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | - | - |



Notes forming part of the financial statement

Additional information to the financial statements

32. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006
(₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| i. Principal amount remaining unpaid to any supplier as at the end of the accounting year | 100 | 63 |
| 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 date | - | - |
| 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.

33. 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 (₹ '000) 2515 (Year ended 31 March, 2020 (₹'000) 2542) for Provident Fund contributions.

In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

(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.

The Company has funded gratuity with Life Insurance Corporation of India.

The disclosures as required under revised Indian Accounting Standard 19 on "Employee Benefits" are as follows:

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:



Notes forming part of the financial statement

₹' 000

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|--|---|---|
| | Gratuity | |
| Components of employer expense | | |
| Current Service Cost | 604 | 636 |
| Interest Cost | 653 | 696 |
| Interest Income | (633) | (680) |
| Past service cost | - | - |
| Total Expense recognized in the Statement of Profit and Loss | 624 | 652 |
| Return on Plan Assets, Excluding Interest Income | 79 | 103 |
| Actuarial Losses/(Gain) | (378) | (383) |
| Total Expense recognized in the Other Comprehensive Income(OCI) | (299) | (281) |
| Actual contribution and benefit payments for year | | |
| Actual benefit payments | 196 | 338 |
| Actual contributions | 375 | 286 |
| Net asset / (liability) recognised in the Balance Sheet | | |
| Present value of defined benefit obligation | (10,236) | (9,553) |
| Fair value of plan assets | 9,993 | 9,260 |
| Funded status [Surplus / (Deficit)] | (243) | (293) |
| Net asset / (liability) recognised in the Balance Sheet | (243) | (293) |
| Change in defined benefit obligations (DBO) during the year | | |
| Present value of DBO at beginning of the year | 9,553 | 8,943 |
| Current Service Cost | 604 | 636 |
| Interest Cost | 653 | 696 |
| Past service cost | - | - |
| Benefit Paid | (196) | (338) |
| Actuarial Losses/(Gain) | (378) | (383) |
| Present value of DBO at end of the year | 10,236 | 9,553 |
| Change in fair value of assets during the year | | |
| Fair value of Plan assets at beginning of the year | 9,260 | 8,735 |
| Expected Return on Plan Assets | 554 | 577 |
| Actual company contributions | 375 | 286 |
| Benefit Paid from the Fund | (196) | (338) |
| Fair value of Plan assets at the end of the year | 9,993 | 9,260 |
| Category of Assets | | |
| Insurance Fund | 9,993 | 9,260 |
| Actuarial Assumptions: | | |
| Discount Rate (p.a.) | 6.93% | 6.84% |
| Salary Escalation Rate (p.a.) | 4.00% | 4.00% |
| Attrition Rate (p.a.) For Service 4 years and below | 8.00% | 8.00% |
| For Service 5 years and above | 2.00% | 2.00% |
| Mortality | Indian Assured Lives Mortality (2006 - 08) Ultimate | Indian Assured Lives Mortality (2006 - 08) Ultimate |
| Experience Adjustment: | 2020 - 21 | 2019 - 20 |
| On Plan Liability (Gain)/Loss (₹) | (299) | (281) |
| | 2018 - 19 | 2017 - 18 |
| | (529) | 457 |
| | 2016 - 17 | (507) |



Notes forming part of the financial statement

34. 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 Indian Accounting Standard (Ind AS) 108 - "Segment Reporting". The segment reporting is consistent with the internal reporting provided to the Managing Director regarded as the Chief Operating Decision Maker("CODM").

The Secondary Segment 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 ₹'000)

| Particulars | Revenues | Segment Assets (Trade Receivable) | Cost incurred on acquisition of Property, Plant and Equipment |
|-------------------|----------------------|--------------------------------------|--|
| United Kingdom | 54,665 (99,493) | 35,736 (20,786) | - (-) |
| Switzerland | 110,903 (99,011) | - (5,332) | - (-) |
| UAE | - (17,494) | - (-) | - (-) |
| India | 15,663 (21,034) | 5,116 (5,584) | 276 (8,083) |
| Rest of the World | 2,942 (9,686) | 1,266 (4,310) | - (-) |
| Total | 184,173 (246,718) | 42,118 (36,012) | 276 (8,083) |

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.

Information about major customers

Included in revenues arising from direct sales of knitted socks of (In ₹'000) 109173, 45157 and Nil (2019-2020 : (In ₹'000) 98954, 81583 and 17324) are revenues of approximately (In ₹'000) 154330 (2019 - 2020: (In ₹' 000) 197861) which arose from Federation of Migros Co-operative Society, Buffalo Private Label Limited and RNA Resources. No other single customers contributed 10% or more to the revenue for both 2020-2021 and 2019-2020.



Notes forming part of the financial statement

35. Related party transactions

Details of related parties:

| Description of relationship | Names of related parties |
|--|---|
| Promoter Company | Shapoorjee Chandabhoy Finvest Private Limited |
| Key Management Personnel (KMP) and their Relatives | Key Management Personnel: Shri. Adi F. Madan - Managing Director Smt. Ayesha K. DadyBurjor - Whole Time Director Their Relatives: Shri. Armand N. Aga Shri. Kaizad R. DadyBurjor Smt. Ayesha A. Madan Shri. Jehan Adi Madan" |
| Entities over which promoter group has significant influence | -- |

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2021 and balances outstanding as at 31 March, 2021:

(in ₹ 000)

| Particulars | Promoter Company | Associates | KMP and their Relatives | Entities over which promoter group has significant influence | Total |
|--|------------------|------------|-------------------------|--|---------|
| Transactions during the year | | | | | |
| Expenditure: | | | | | |
| Managerial Remuneration Mr. Adi F. Madan | - | - | 3,937 | - | 3,937 |
| | (-) | (-) | (3,867) | (-) | (3,867) |
| Mrs. Ayesha K. DadyBurjor | - | - | 1,655 | - | 1,655 |
| | (-) | (-) | (1,698) | (-) | (1,698) |
| Balances outstanding at the end of the year | | | | | |
| Managerial Remuneration Payable | | | | | |
| Mr. Adi F. Madan | - | - | 223 | - | 223 |
| | (-) | (-) | (223) | (-) | (223) |
| Mrs. Ayesha K. DadyBurjor | - | - | 120 | - | 120 |
| | (-) | (-) | (120) | (-) | (120) |

Note: Figures in bracket relates to the previous year



Notes forming part of the financial statement

36. Details of leasing arrangements

As Lessee

The Company has entered into finance lease arrangements for vehicles, which provide the Company an option to purchase the asset at the end of the lease period.

(in ₹ 000)

| Particulars | For the year ended 31 March, 2021 | For the year ended 31 March, 2020 |
|---|--------------------------------------|--------------------------------------|
| Future minimum lease payments | | |
| not later than one year | 933 | 1,000 |
| later than one year and not later than five years | 2,710 | 3,644 |
| Less: Unmatured finance charges | | |
| not later than one year | 247 | 306 |
| later than one year and not later than five years | 332 | 579 |
| Present value of minimum lease payments payable | | |
| not later than one year | 686 | 694 |
| later than one year and not later than five years | 2,379 | 3,065 |

The Ministry of Corporate Affairs notified Ind AS 116 “Leases” in respect of accounting periods commencing on or after April 1, 2019 superseding Ind AS 17 “Leases”.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today’s accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company will adopt IND AS 116, effective annual reporting period beginning April 1, 2019. **The Company has chosen the modified retrospective application of IND AS 116. Consequently, the Company will not restate the comparative information, instead, the cumulative effect of initially applying this Standard will be recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019.**



Notes forming part of the financial statement

The Company will make use of the practical expedient available on transition to IND AS 116 not to reassess whether a contract is or contains a lease. **Accordingly, the Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17 before April 1, 2019.**

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has leases of certain office equipment that are considered of low value.

37. Earning per Share

| Particulars | For the year ended 31 March, 2021 | For the year ended 31 March, 2020 |
|---|--------------------------------------|--------------------------------------|
| Basic and Diluted | | |
| a) Net Profit for the year attributable to the equity shareholders (₹'000) | 8,172 | 15,059 |
| 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) | 1.66 | 3.06 |

38. 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.

Capital Management and Financial Instrument Disclosures

39. Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound and optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company monitors the total capital as comprising of debt and equity. Debt includes all short term and long term debts. Equity comprises of total shareholders' equity as reported in the financial statements.

The Company is not subject to externally enforced capital regulation.

Total Capital as of 31 March 2021 and 31 March 2020 are as follows:

(in ₹' 000)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|--|------------------------|------------------------|
| Total Shareholders' Equity as reported in Balance sheet | 225,325 | 217,152 |
| Debt | | |
| Short term debt | 73 | 10,574 |
| Long term debt (including current portion of long term debt) | 3,065 | 3,759 |
| sub-totat | 3,138 | 14,333 |
| Total Capital | 228,463 | 231,485 |



Notes forming part of the financial statement

40. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices could affect the Company's income or the value of its holdings of financial instruments including cash flow. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks.

All such transactions are carried out within the guidelines set by the Board of Directors. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss."

Currency Risk

The Company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows:

| (in ₹ 000) | | | | |
|----------------------------|---------------|--------------|------------|---------------|
| Particulars | GBP | USD | Others | Total |
| As at 31 March 2021 | | | | |
| Trade Receivables | 36,200 | 802 | - | 37,001 |
| Advances to Suppliers | - | - | - | - |
| Trade & Other Payables | 321 | 28 | - | 349 |
| Total | 36,521 | 829 | - | 37,350 |
| As at 31 March 2020 | | | | |
| Trade Receivables | 20,786 | 9,173 | 469 | 30,428 |
| Advances to Suppliers | - | 18 | - | 18 |
| Trade & Other Payables | 546 | 184 | - | 730 |
| Total | 21,332 | 9,375 | 469 | 31,176 |

The above year-end foreign currency exposures have not been hedged by derivative instruments or otherwise.

The Company has taken forward contract on year-end foreign currency exposures. The details are as under



Notes forming part of the financial statement

(in ₹' 000)

| Particulars | GBP | USD | Others | Total |
|----------------------------|-------|--------|--------|--------|
| As at 31 March 2021 | | | | |
| Trade Receivables | - | 12,658 | - | 12,658 |
| As at 31 March 2020 | | | | |
| Trade Receivables | 4,042 | 6,587 | - | 10,629 |

The above foreign currency forward contract, the Company has accrued loss on foreign currency transaction and translation of (₹'000) 45 (previous year loss on foreign currency transaction and translation of (₹'000) 369).

Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure are continuously monitored.

Trade Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit amounting to Rs. 5 lakh and also certain sales are undertaken based on advance payments from customers, which is considered as collateral and these are considered in determination of expected credit losses, where applicable.

The credit risk on liquid funds such as Fixed deposits with Banks, investment in IRFC Bonds and derivative financial instruments is limited because the counterparties are banks and financial institutions with high credit-ratings.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on ongoing basis. To assess whether there is a significant increase in credit risk, the company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

Liquidity Risk

The Company has established an appropriate liquidity risk management framework for the management of short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturity profile of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.



Notes forming part of the financial statement

(in ₹ 000)

| Particulars | Less than 1 year | 1 - 3 years | 3 - 5 years | 5 years and above |
|-----------------------------|---------------------|----------------|----------------|-------------------------|
| A) Liabilities | | | | |
| As at 31 March 2021 | | | | |
| Short term borrowings | 73 | - | - | - |
| Long term borrowings | - | 2,379 | - | - |
| Trade payables | 10,977 | 156 | - | - |
| Other Financial Liabilities | 10,825 | - | - | - |
| Total | 21,875 | 2,535 | - | - |
| As at 31 March 2020 | | | | |
| Short term borrowings | 10,574 | - | - | - |
| Long term borrowings | - | 2,257 | 808 | - |
| Trade payables | 23,834 | 415 | - | - |
| Other Financial Liabilities | 3,039 | - | - | - |
| Total | 37,447 | 2,672 | 808 | - |

(in ₹ 000)

| Particulars | Less than 1 year | 1 - 3 Years | 3 - 5 years | 5 years and above |
|--|---------------------|----------------|----------------|----------------------|
| B) Assets | | | | |
| As at 31 March 2021 | | | | |
| Investment | - | - | - | - |
| Loans | 131 | 9 | - | - |
| Security Deposit | - | - | - | 2,329 |
| Trade Receivables | 27,597 | 14,153 | - | - |
| Cash and cash equivalents | 43,659 | - | - | - |
| Bank Fixed Deposits | 16,170 | - | - | - |
| Balance with Government Authorities | 10,269 | - | - | - |
| Total | 97,825 | 14,162 | - | 2,329 |
| As at 31 March 2020 | | | | |
| Investment | - | - | - | - |
| Loans | 159 | 142 | - | - |
| Security Deposit | - | - | - | 2,329 |
| Trade Receivables | 36,012 | - | - | - |
| Cash and cash equivalents | 11,106 | - | - | - |
| Bank Fixed Deposits | 15,153 | - | - | - |
| Balance with Government Authorities | 21,520 | - | - | - |
| Total | 83,950 | 142 | - | 2,329 |

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.



Notes forming part of the financial statement

41. Sensitivity Analysis

Foreign Currency Sensitivity

The sensitivity analysis arises on account of outstanding foreign currency denominated assets and liabilities, including derivative contracts. The Company considers a sensitivity of 10% in applicable foreign currency rates, holding all other variables constant.

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP and AUD exchange rates, with all other variables held constant.

| (in ₹ 000) | | | | |
|--------------------------|----------|----------------|-----------------------------|--------------------------|
| Particulars | Currency | Change in rate | Effect on Profit Before Tax | Effect on pre-tax equity |
| Year ended 31 March 2021 | USD | +10% | 78 | 78 |
| | GBP | +10% | 3,588 | 3,588 |
| | EURO | +10% | - | - |
| | AUD | +10% | - | - |
| Year ended 31 March 2020 | USD | +10% | 899 | 899 |
| | GBP | +10% | 2,034 | 2,034 |
| | EURO | +10% | - | - |
| | AUD | +10% | 47 | 47 |

If the change in rates decline by a similar percentage, there will be opposite impact of similar amount on Profit Before Tax and Pre-tax Equity Effect.

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | Currency | Increase / decrease in basis points | Effect on profit before tax | "Effect on pre-tax equity" |
|--------------------------|-----------------------|-------------------------------------|-----------------------------|----------------------------|
| Year ended 31 March 2021 | INR Foreign Currency* | +50/50bps +25/-25 bps | NA | NA |
| Year ended 31 March 2020 | INR Foreign Currency* | +50/50bps +25/-25 bps | NA | NA |

*Note: The Company does not have any foreign currency borrowings hence not applicable.



Notes forming part of the financial statement

Offsetting of balances

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognized amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability, simultaneously. Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

Our Company has not offset any financial asset and financial liability.

42. Fair Value Measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The fair value of trade receivables and payables is considered to be equal to the carrying amounts of these items due to their short – term nature.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

- 43.** Consequent to outbreak of unexpected Covid-19 in India and subsequent imposition of nationwide lockdown on 25/03/2020, the Company's manufacturing activities came to complete halt for about six weeks. Besides the virus started in UK before it did in India and non-essential retail shops were closed for more than two months; resulting in big loss to Company's major client in UK which in turn impacted you Company as well.

**Notes forming part of the financial statement**

In the second and part of third quarter of the year under review, you Company set out on the road to recovery in term of production and export despatches at pre-Covid level.

In the month of November'2020; the second wave of the pandemic hit UK and non-essential retails was abruptly closed. The closure continued till 12/04/2021; with non-essential retail shops allowed to open for short lived period of 10 days only. Your Company's clients lost the main seasonal X-mas business. As a result your Company had virtually no new business from UK, as the clients were holding high level of inventory.

Thus two waves Covid-19 had wide spread ramification on the financial performance of your Company for the year under review.

The Company has considered the possible adverse effects due to lockdown in India as well as in UK and is hopeful to make good the losses in few coming months. Also the Company has made adequate availability of liquidity from its own accruals to carryout operation smoothly without any interruption.

A definitive assessment of impact at this stage is not possible in view of highly uncertain economic environment. The Company is closely monitoring the situation and taking suitable steps accordingly.

- 44.** 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

Adi F. Madan
(Managing Director)
DIN : 00023629

Ayesha K. DadyBurjor
(Whole Time Director)
DIN : 02949248

Kaizad R. DadyBurjor
(Director)
DIN : 00022387

Ajit P. Walwaikar
(Director)
DIN : 00022123

Pheroze A. Dhanbhoora
(Director)
DIN : 00622769

Harish H. Shah
(Director)
DIN : 03032200

Bhavik R. Maisuria
(Chief Financial Officer)
Mumbai
Date: 20th May, 2021

Tony G. Gandhi
(Company Secretary)



Virat Industries Limited

A – 1/2, GIDC Industrial Estate

Kabilpore

Navsari – 396 424

Gujarat

India