



# PearlGlobal

PGIL/SE/2020-21/35

Date: October 30, 2020

**THE GENERAL MANAGER,**  
DEPARTMENT OF CORPORATE SERVICES - CRD  
BSE LIMITED  
1<sup>ST</sup> FLOOR, NEW TRADING RING  
ROTUNDA BUILDING, P. J. TOWERS  
DALAL STREET, FORT,  
MUMBAI - 400 001

**THE GENERAL MANAGER,**  
LISTING DEPARTMENT  
NATIONAL STOCK EXCHANGE OF INDIA LTD.  
"EXCHANGE PLAZA", PLOT NO. C- 1, G- BLOCK,  
BANDRA - KURLA COMPLEX,  
BANDRA ( E ),  
MUMBAI - 400 051

**Reg: Scrip Code: BSE-532808;**

**NSE - PGIL;**

**Sub: Submission of Annual Report for the FY 2019-20**

Dear Sir/Madam,

Pursuant to Regulation 34(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the Financial Year 2019-20, including Notice of the 31<sup>st</sup> Annual General Meeting of the Company, scheduled to be held on Thursday, November 26, 2020 at 11:30 AM through Video Conference / Other Audio Visual Means. These documents are also being sent through electronic mode to the eligible Members whose e-mail ID's are registered with the Company/ Depository Participants. The above said Annual Report is also available on the Company's website at [www.pearlglobal.com](http://www.pearlglobal.com).

You are requested to kindly take the same on record and oblige.

Thanking you,

Yours faithfully,  
for Pearl Global Industries Limited

**(Sandeep Sabharwal)**  
**Company Secretary**

Encl: As above

Pearl Global Industries Limited

Corp. Office : Plot No. 51, Sector-32, Gurgaon-122001 Haryana (INDIA)  
Tel.: +91-124-4651000, Fax : +91-124-4651010. Website: [www.pearlglobal.com](http://www.pearlglobal.com)

CIN : L74899DL1989PLC036849

Regd. Office: A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028

# 2020

ANNUAL REPORT



**Pearl Global Industries Limited**



**Board of Directors**

Mr. Deepak Seth	-	Chairman
Mr. Pulkit Seth	-	Vice-Chairman & Managing Director
Mrs. Shifalli Seth	-	Whole-Time Director
Mr. Uma Shankar Kaushik	-	Whole-Time Director
Mr. Shailesh Kumar	-	Whole-Time Director
Mr. Chittranjan Dua	-	Non-executive Independent Director
Mr. Rajendra Kumar Aneja	-	Non-executive Independent Director
Mr. Anil Nayar	-	Non-executive Independent Director
Mr. Abhishek Goyal	-	Non-executive Independent Director
Mrs. Madhulika Bhupatkar	-	Non-executive Independent Director

**Chief Financial Officer**

Mr. Kashmir Singh Rathour

**Company Secretary**

Mr. Sandeep Sabharwal

**Audit Committee**

Mr. Anil Nayar	-	Chairman
Mrs. Madhulika Bhupatkar	-	Member Director
Mr. Rajendra Kumar Aneja	-	Member Director
Mr. Abhishek Goyal	-	Member Director

**Nomination and Remuneration Committee**

Mr. Abhishek Goyal	-	Chairman
Mr. Deepak Seth	-	Member Director
Mr. Rajendra Kumar Aneja	-	Member Director
Mr. Anil Nayar	-	Member Director

**Stakeholder Relationship Committee**

Mr. Anil Nayar	-	Chairman
Mr. Pulkit Seth	-	Member Director
Mr. Rajendra Kumar Aneja	-	Member Director

**Corporate Social Responsibility Committee**

Mrs. Madhulika Bhupatkar	-	Chairperson
Mr. Pulkit Seth	-	Member Director
Mr. Anil Nayar	-	Member Director

**Auditors**

M/s B.R. Gupta & Co.  
Chartered Accountants  
K-55, Connaught Circus  
New Delhi-110001

**Registered Office**

"Pearl House"  
A-3, Community Centre  
Naraina Industrial Area, Phase-II  
New Delhi-110028

**Bankers**

Punjab National Bank  
Standard Chartered Bank  
UCO Bank  
State Bank of India  
RBL Bank Limited  
HDFC Bank Limited

**Corporate Office**

"Pearl Tower"  
Plot No. 51, Sector-32  
Gurugram-122001 (Haryana)

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# Notice

## PEARL GLOBAL INDUSTRIES LIMITED

Registered Office: A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028

Corporate Office: Plot No.51, Sector-32, Gurugram-122001(Haryana)

Tel: 0124-4651000, Website: www.pearlglobal.com; e-mail: investor.pgil@pearlglobal.com

CIN: L74899DL1989PLC036849

### NOTICE TO MEMBERS

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of Pearl Global Industries Limited will be held on Thursday, November 26, 2020 at 11:30 A.M. through Video Conferencing ("VC")/other Audio Visual Means ("OAVM") ("hereinafter referred to as "electronic mode") to transact the following businesses:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2020 including the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Shifalli Seth (DIN 01388430), who retires by rotation and being eligible, offers herself for re-appointment.

### **SPECIAL BUSINESS**

#### **3. TO APPOINT MRS. MADHULIKA BHUPATKAR (DIN 08712718) AS AN INDEPENDENT DIRECTOR**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), and the rules made thereunder, read with Schedule IV of the Act and Regulation 16(1)(b) and 17(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Madhulika Bhupatkar (DIN 08712718), who was appointed as an Additional Director of the Company with effect from March 18, 2020, pursuant to Section 161(1) of the Act and Article 86 of the Articles of Association of the Company and who has submitted the declaration that she meets the criteria of Independence as provided under the Act and the Listing Regulations and who holds office upto the date of this

Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of upto five (5) consecutive years with effect March 18, 2020 to March 17, 2025, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this Resolution."

#### **4. TO APPOINT MR. UMA SHANKAR KAUSHIK (DIN 06867819) AS DIRECTOR**

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

**"RESOLVED THAT** Mr. Uma Shankar Kaushik (DIN 06867819), who was appointed as an Additional Director of the Company with effect from July 28, 2020 under Section 161(1) of the Companies Act, 2013 ("the Act") and Article 86 of the Articles of Association of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting and who is eligible for appointment, be and is hereby appointed as Director of the Company, liable to retire by rotation."

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this Resolution."

#### **5. TO APPOINT MR. SHAILESH KUMAR (DIN 08897225) AS DIRECTOR**

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

**"RESOLVED THAT** Mr. Shailesh Kumar (DIN 08897225), who was appointed as an Additional Director of the Company with effect from October 07, 2020 under Section 161(1) of the Companies Act, 2013

## Notice (contd...)

("the Act") and Article 86 of the Articles of Association of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting and who is eligible for appointment be and is hereby appointed as Director of the Company, liable to retire by rotation."

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this Resolution."

### 6. TO APPOINT MR. UMA SHANKAR KAUSHIK (DIN 06867819) AS A WHOLE-TIME DIRECTOR

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

"**RESOLVED THAT** pursuant to the provisions of Sections 2(94), 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), Mr. Uma Shankar Kaushik (DIN 06867819) be and is hereby appointed as Whole-Time Director of the Company for a period of Three years commencing from July 28, 2020."

**RESOLVED FURTHER THAT** Mr. Uma Shankar Kaushik will be entitled for the following remuneration per month as Whole-Time Director of the Company:

Particulars	(Amount in ₹)
Basic Pay	1,03,334/-
House Rent Allowance	51,667/-
Special Allowance	30,927/-
Conveyance	1,600/-
Provident Fund & Gratuity	As per Company's policy

He will be provided reimbursement of actual business expenses of Conveyance including Driver and Entertainment reimbursement.

**RESOLVED FURTHER THAT** Mr. Uma Shankar Kaushik, Whole-Time Director shall be responsible for HR & Administration functions of woven division of the Company and also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company."

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this Resolution."

### 7. TO APPOINT MR. SHAILESH KUMAR (DIN 08897225) AS WHOLE-TIME DIRECTOR

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

"**RESOLVED THAT** pursuant to the provisions of Sections 2(94), 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), Mr. Shailesh Kumar (DIN 08897225) be and is hereby appointed as Whole-Time Director of the Company for a period of Three years commencing from October 07, 2020."

**RESOLVED FURTHER THAT** Mr. Shailesh Kumar will be entitled for the following remuneration per month as Whole-Time Director of the Company:

Particulars	(Amount in ₹)
Basic Pay	80,000/-
House Rent Allowance	40,000/-
Special Allowance	30,000/-
Provident Fund & Gratuity	As per Company's policy

He will be provided reimbursement of actual business expenses of conveyance including Driver.

**RESOLVED FURTHER THAT** Mr. Shailesh Kumar, Whole-Time Director shall be responsible for HR functions of Knits division of the Company and also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company."

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this Resolution."

### 8. TO APPROVE REVISION IN REMUNERATION OF MR. VINOD VAISH (DIN 01945795), WHOLE-TIME DIRECTOR

To consider and if thought fit, to pass with or without

## Notice (contd...)

modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in partial modification of earlier Resolution passed by the shareholders at the 30<sup>th</sup> Annual General Meeting of the Company held on September 24, 2019 and pursuant to the provisions of Sections 196, 197, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), approval of members of the company be and is hereby accorded for revision in the monthly remuneration of Mr. Vinod Vaish, Whole-time Director of the Company with effect from October 01, 2019 to April 30, 2020, as follows:

Particulars	(Amount in ₹)
Basic Pay	68,890/-
House Rent Allowance	34,440/-
Special Allowance	44,489/-
Provident Fund & Gratuity	As per Company's rules

He would be provided a Company maintained Car with driver and a mobile phone for official purpose, and also be entitled for reimbursement of actual business expenses.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to this Resolution."

### 9. TO APPROVE RELATED PARTY TRANSACTIONS FOR THE FINANCIAL YEAR 2021-2022

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

**"RESOLVED THAT** pursuant to Section 188 and any other applicable provisions of the Companies Act, 2013 and the rules made there under, Regulation 23 and any other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the consent of the Audit Committee and the Board of Directors, the approval of the members of

the Company be and is hereby accorded for entering into contract or arrangement with the related parties as defined under the Companies Act, 2013 and the Rules made there under, namely Norp Knit Industries Limited, PT Pinnacle Apparels, Pearl Global (HK) Limited, Pearl Global Fareast Limited, DSSP Global Limited, PDS Multinational Fashions Limited, Norwest Industries Limited, Pearl Grass Creations Limited, Prudent Fashions Limited, Vin Pearl Global Vietnam Limited, Pearl Global F.Z.E., PGIC Investment limited, Pearl Global (Chang Zhou) Textile Technology Co. Limited, and Pearl Global Vietnam Co. Limited, for the financial year 2021-22, as per details and terms & conditions as set out under the Explanatory Statement annexed to this Notice."

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

By order of the Board of Directors  
for **Pearl Global Industries Limited**

Place: Gurugram  
Date: October 07, 2020

(**Sandeep Sabharwal**)  
Company Secretary

#### NOTES:

- The statement pursuant to Section 102 of the Companies Act, 2013 (the Act) is annexed hereunder and forms part of the Notice. As required under Secretarial Standard-2 and regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the relevant information of Directors is enclosed as Annexure-1.
- The Register of Members and Share Transfer Books of the Company will remain closed from Friday, November 20, 2020 to Thursday, November 26, 2020 (both days inclusive).
- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20 dated May 5, 2020 read with Circular No. 14 dated April 8, 2020 and Circular No. 17 dated

## Notice (contd...)

April 13, 2020 (hereinafter collectively referred to as "MCA Circulars") permitted the holding of Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual General Meeting of the Members of the Company is being held through VC/OAVM.

4. **Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.**

5. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to jayantksood@benchwalklaw.com with copies marked to the Company at sandeep.sabharwal@pearlglobal.com and to its RTA at enotices@linkintime.co.in.

6. **Registration of email ID and Bank Account details:**

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholder has not registered his/her/their email addresses with the Company/its RTA/ Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

- (i) Kindly log in to the website of our RTA, Link Intime India Private Ltd., [www.linkintime.co.in](http://www.linkintime.co.in) under Investor Services > Email/Bank detail Registration- fill in the details and upload the required documents and submit. **OR**
- (ii) 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.
7. The Notice of the Annual General Meeting along with the Annual Report for the financial year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/ Depositories in accordance with the aforesaid MCA Circulars and Circular issued by SEBI dated May 12, 2020. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2019-20 will also be available on the Company's website [www.pearlglobal.com](http://www.pearlglobal.com); websites of the Stock Exchanges i.e. National Stock Exchange of India Ltd and BSE Limited at [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) respectively. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.
8. Since the AGM will be held through VC/OAVM, the route map is not annexed to this notice.
9. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
10. Information in respect of such unclaimed dividend including when due for transfer to the said Fund is given below:



## Notice (contd...)

Financial year ended	Rate of Dividend Declared on the paid-up equity share capital	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.2013	10.00% (Final)	27.09.2013	25.10.2020	24.11.2020
31.03.2014	20.00% (Final)	26.09.2014	24.10.2021	23.11.2021
31.03.2015	22.50% (Final)	22.09.2015	20.10.2022	19.11.2022
31.03.2016	25.00% (Interim)	11.03.2016	09.04.2023	08.05.2023
31.03.2016	5.00% (Final)	27.09.2016	26.10.2023	25.11.2023
31.03.2017	30.00% (Final)	28.09.2017	27.10.2024	26.11.2024
31.03.2018	20.00% (Final)	24.09.2018	23.10.2025	22.11.2025
31.03.2019	30.00% (Final)	24.09.2019	23.10.2026	22.11.2026

Members who have not en-cashed their dividend warrant(s) so far, are requested to make their claim to the Company or to the Registrar and Share Transfer Agent of the Company at Link Intime India Pvt. Limited, Noble Heights, 1st Floor, Plot NH-2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi-110058.

11. Members holding shares in dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. to their depository participant. These changes will be automatically reflected in the Company's records which will help the Company to provide efficient and better services to the Members.
12. Members holding shares in physical form are requested to intimate changes with respect to their bank account (viz. name and address of the branch of the bank, MICR code of branch, type of account and account number), mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. immediately to the Company.
13. No Gift(s) shall be distributed at the ensuing 31<sup>st</sup> Annual General Meeting of your Company.
14. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote at the 31<sup>st</sup> Annual General Meeting (AGM) by electronic means and the business contained herein may be transacted through e-voting Services provided by Link Intime India Private Limited.
15. The voting period begins on Monday, November 23, 2020 at 09:00 A.M. and ends on Wednesday, November 25, 2020 at 05:00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date November 19, 2020 (record date) may cast their vote electronically.
16. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e November 19, 2020 may follow the same instructions as mentioned for e-Voting.
17. Mr. Jayant Sood, Practicing Company Secretary, (Membership No. FCS 4482) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
18. The Scrutinizer shall, after the conclusion of voting at the general meeting, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
19. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed immediately on the Company's website [www.pearlglobal.com](http://www.pearlglobal.com) and on the website of Link Intime India Private Limited and

## Notice (contd...)

communicated to the BSE Limited and National Stock Exchange of India Limited simultaneously.

### 20. INSTRUCTIONS FOR E-VOTING ARE AS FOLLOWS:

#### Remote e-Voting Instructions for shareholders:

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

Those who are first time users of LI IPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

- Click on "**Sign Up**" under '**SHARE HOLDER**' tab and register with your following details: -

#### A. User ID: Enter your User ID

- 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 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.

- Shareholders / members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
- Shareholders / members holding shares in **NSDL demat account shall provide 'D', above**
- 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).

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LI IPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under '**SHARE HOLDER**' tab.
  3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.
  4. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.
  5. E-voting page will appear.
  6. 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).
  7. 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.
  8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LI IPL 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.
- If you have forgotten the password:**
- o Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'

## Notice (contd...)

- o 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.
- 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 the 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".

Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e November 19, 2020 may follow the same instructions as mentioned above for e-Voting.

In case shareholders/ members 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](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022-4918 6000.

### 21. PROCESS AND MANNER FOR ATTENDING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET ARE AS FOLLOWS:

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 investor.pgil@pearlglobal.com.
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.

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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](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

### **EXPLANATORY STATEMENT**

As required by Section 102 of the Companies Act, 2013 the following Explanatory Statement sets out the material facts relating to the businesses under Item Nos. 3 to 9 of the accompanying Notice.

#### **Item No. 3:**

The Board of Directors, based on recommendation of the Nomination and Remuneration Committee, appointed Mrs. Madhulika Bhupatkar, as an Additional Director in the capacity of Independent Women Director of the Company with effect from March 18, 2020, pursuant to section 161 of the Companies Act, 2013, to comply the requirements of proviso of Regulation 17(1)(a) of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015. Mrs. Bhuptakar shall hold office as an additional Director up to the date of this Annual General Meeting and is eligible to be appointed as an Independent Director for a term upto five (5) consecutive years.

The Company has received necessary notice from a member under Section 160(1) of the Companies Act, 2013 ("the Act") proposing her candidature for appointment as Director of the Company. Mrs. Bhupatkar is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director of the Company. The Company has also received declaration from

## Notice (contd...)

Mrs. Bhupatkar that she meets the criteria of Independence as prescribed under Section 149 of the Act read with the Rules made thereunder and Regulation 16 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. She also fulfills the requirement of Section 150 of the Act, regarding registration as Independent Director in databank of Independent Directors. In the opinion of the Board, she fulfils the conditions as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mrs. Bhupatkar, aged about 64 years, having degree in B.Sc., Post Graduate Diploma in Dietetics and B.Ed., with over 30 years of experience in academics and held position as Principal in various educational institutions and having experience in general management.

The Board of Directors in its meeting held on July 28, 2020, appointed Mrs. Bhupatkar as Chairperson of Corporate Social Responsibility Committee and member in Audit Committee of the Company.

Details of other Directorship / Committee Membership held in other Companies: **NIL**

She will be paid remuneration by way of fee for attending meetings of the Board or for any other purpose whatsoever as may be decided by the Board and reimbursement of expenses for participation in the Board.

Shareholders' approval is sought for appointment of Mrs. Madhulika Bhupatkar as an Independent Director of the Company.

Copy of draft letter of appointment of Mrs. Madhulika Bhupatkar as an Independent Director setting out the terms and conditions would be available for electronic inspection without any fee by the members on the basis of the request being sent on investor.pgil@pearlglobal.com.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, except Mrs. Madhulika Bhupatkar, herself is interested, financially or otherwise, in this Resolution.

Your Directors recommend the passing of the resolution at Item no.3 as an Ordinary Resolution.

Additional information in respect of Mrs. Bhupatkar, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 is annexed to this Notice.

### **Item No. 4 & 6:**

The Board of Directors, based on the recommendation of

Nomination and Remuneration Committee, at their meetings held on July 28, 2020, appointed Mr. Uma Shankar Kaushik (DIN 06867819) as an Additional Director and Whole-Time Director of the Company, with effect from July 28, 2020.

Before his appointment as Director, he was working as Assistant Vice-President (HR & Admin) of the Company. After resignation of Mr. Vinod Vaish, from the office of Director and Whole-Time Director of the Company, who was heading the HR & Administration functions of the Company, The Nomination and Remuneration Committee and the Board of Directors considered that he is fit and proper person to appoint as Director and Whole-Time Director for heading the HR & Administration functions of the Company. Mr. Kaushik is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director and Whole-Time Director of the Company.

Mr. Uma Shankar Kaushik, aged about 47 years, holds Bachelor Degree in Arts from Delhi University and Executive Post Graduate Diploma in HR & Personnel Management from IMT Ghaziabad and having more than 21 years experience in the field of the HR and Administration.

Details of other Directorship/Committee Membership held by him in other Companies are as follows:

#### Directorship:

He holds Directorship in PKW Associates Private Ltd.

#### Committee Membership:

He does not hold any committee membership in any Company.

Shareholders' approval is sought for appointment of Mr. Uma Shankar Kaushik as Director and Whole-Time Director of the Company. The appointment and Remuneration payable to Mr. Kaushik is within the limits provided under Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013.

The terms as set out in the resolution and explanatory statements may be treated as a written memorandum setting out terms of appointment of Mr. Uma Shankar Kaushik under Section 190 of the Companies, Act, 2013.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, except Mr. Uma Shankar Kaushik, himself is interested, financially or otherwise, in this Resolution.

## Notice (contd...)

Your Directors recommend the passing of the resolution at Item no.4 & 6 as an Ordinary Resolution.

Additional information in respect of Mr. Kaushik, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 is annexed to this Notice.

Statement Pursuant to Section II of Part II of Schedule V of the Companies Act, 2013, is provided below.

Copy of the resolutions passed by the Board in respect of the above would be available for electronic inspection without any fee by the members on the basis of the request being sent on investor.pgil@pearlglobal.com.

### Item No. 5 & 7:

The Board of Directors at its meeting held on October 07, 2020, based on the recommendation of Nomination and Remuneration Committee at its meeting held on September 24, 2020, appointed Mr. Shailesh Kumar (DIN 08897225) as an Additional Director and Whole-Time Director of the Company, with effect from October 07, 2020.

Before his appointment as Director, he was heading HR functions of the Knits division of the Company as DGM (HR). The Nomination and Remuneration Committee and the Board of Directors considered that he is fit and proper person to appoint as Director and Whole-Time Director for heading the HR functions of Knits division of the Company. Mr. Shailesh is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director and Whole-Time Director of the Company.

Mr. Shailesh Kumar, aged about 51 years, holds Bachelor degree in Science from Magadh University, Post Graduate Diploma in Personnel Management & Industrial Relations from LNMI Patna and Diploma in Labour Laws with Administrative Law from Annamalai University and having more than 26 years of experience in the field of HR and Personnel Management and Labour Laws Compliances.

Details of other Directorship / Committee Membership held in other Companies: **NIL**

Shareholders' approval is sought for appointment of Mr. Shailesh Kumar as Director and Whole-Time Director of the Company. The appointment and Remuneration payable to Mr. Shailesh is within the limits provided under Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013.

The terms as set out in the resolution and explanatory

statements may be treated as a written memorandum setting out terms of appointment of Mr. Shailesh Kumar under Section 190 of the Companies, Act, 2013.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, except Mr. Shailesh Kumar, himself is interested, financially or otherwise, in this Resolution.

Your Directors recommend the passing of the resolution at Item no.5 & 7 as an Ordinary Resolution.

Additional information in respect of Mr. Shailesh Kumar, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 is annexed to this Notice.

Statement Pursuant to Section II of Part II of Schedule V of the Companies Act, 2013, is provided below.

Copy of the resolutions passed by the Board in respect of the above would be available for electronic inspection without any fee by the members on the basis of the request being sent on investor.pgil@pearlglobal.com.

### Item No. 8:

The members of the Company at their 29<sup>th</sup> Annual General Meeting held on September 24, 2018, were re-appointed Mr. Vinod Vaish as Whole-Time Director of the Company for a period of Two years with effect from October 19, 2018 upto October 18, 2020.

Further, the members of the Company at their 30<sup>th</sup> Annual General Meeting held on September 24, 2019, revised the remuneration of Mr. Vinod Vaish, as per detail below, with effect from April 01, 2018:

Particulars	(Amount in ₹)
Basic Pay	68,890/-
House Rent Allowance	34,440/-
Special Allowance	33,668/-
Provident Fund & Gratuity	As per Company's rules

The Nomination and Remuneration Committee and the Board of Directors, considering the growth in the business activities, increased volume of work, revised the remuneration of Mr. Vinod Vaish with effect from October 01, 2019, at their meetings held on February 13, 2020.

However, Mr. Vinod Vaish has tendered his resignation from the office of Director and Whole-Time Director of the Company with effect from April 30, 2020.

Since the Board of Directors has revised the remuneration of Mr. Vinod Vaish with effect from October 01, 2019 and

## Notice (contd...)

has paid the remuneration till April 30, 2020 to him, shareholders' approval is sought for variation in terms of remuneration of Mr. Vinod Vaish. This remuneration is within the limits provided under Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013.

Further details of Mr. Vaish are as follows:

Mr. Vinod Vaish, aged about 62 years, is a Bachelor of Science and Long Logistics Management. He was Whole-Time Director of the Company, heading Administration and HR functions of the Company since 2012 till April 30, 2020. He had been in the Indian Navy for 28 years at various levels in various capacities and has achieved in depth knowledge of all aspects of Administration and Logistics Management. He has been conferred President Gold Medal for overall outstanding best officer in Naval Academy.

Details of other Directorship/Committee Membership held by him in other Companies are as follows:

### Directorship:

Mr. Vinod Vaish holds Directorship in Pearl Apparel Fashions Limited.

### Committee Membership:

Since he has resigned from the Board of the Company, consequently he has ceased to be member in the Committees of the Board of the Company.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested, financially or otherwise, in this Resolution.

Your Directors recommend the passing of the resolution at Item no. 8 as an Ordinary Resolution.

Statement Pursuant to Section II of Part II of Schedule V of the Companies Act, 2013, is provided below:

## THE STATEMENT PURSUANT TO SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013

### I. GENERAL INFORMATION:

1.	Nature of industry	Pearl Global Industries Limited is engaged in manufacture and exports of Readymade Garments. Garment and Textile Industries plays a major role in the economy of the country. Indian garment and textile industry is the second largest after agriculture in the country in terms of employment generation. Indian industry currently generates employment to more than 45 million people directly and 60 million people indirectly. The Industry contributes approximately 5% to India's gross domestic product (GDP) and contributes to nearly 30% of the total exports.  The Company has large installed capacity for apparel manufacturing with state-of-the-art machinery and work process for supplying high quality products to Customers and with the continuous up-gradation of manufacturing facilities, the Company shall record further increase in Turnover and Profits in future years.
2.	Date or expected date of commencement of commercial production	The date of commencement of commercial production (in erstwhile Pearl Global Limited, since merged with the Company) was 7th December, 1988.
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable
4.	Financial performance based on given indicators	The gross income of the Company stood at ₹ 858.72 Crore. The Profit before Tax for the year is ₹ 10.90 Crore as against ₹ 31.85 Crore last year. The Company managed to have PAT of ₹ 5.01 Crore.

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5. Foreign investments or collaborators, if any	The Company has no foreign collaboration. Apart from holding 33,81,473 equity shares of ₹ 10/- each of your Company by 126 NRI/FPI/ Members/Folios representing approx 15.6088% of the total paid up Capital of the Company as on 31st March, 2020, there is no other foreign investment in the Company.
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### II. INFORMATION ABOUT THE APPOINTEE:

Information	Mr. Uma Shankar Kaushik	Mr. Shailesh Kumar	Mr. Vinod Vaish
1. Background Details	Mr. Uma Shankar Kaushik, aged about 47 years, holds Bachelor Degree in Arts from Delhi University and Executive Post Graduate Diploma in HR & Personnel Management from IMT Ghaziabad and having more than 21 years experience in the field of the HR and Administration.	Mr. Shailesh Kumar, aged about 51 years, holds Bachelor degree in Science from Magadh University, Post Graduate Diploma in Personnel Management & Industrial Relations from LNMI Patna and Diploma in Labour Laws with Administrative Law from Annamalai University and having more than 26 years of experience in the field of HR and Personnel Management and Labour Laws Compliances.	Mr. Vinod Vaish, aged about 61 years, is a Bachelor of Science and Long Logistics Management. He had been in the Indian Navy for 28 years at various levels in various capacities and has achieved in depth knowledge of all aspects of Administration and Logistics Management.
2. Past Remuneration	₹ 1,87,528/- per month, as Assistant Vice-President (HR & Admin)	₹ 1,50,000/- per month, as DGM (HR)	₹ 1,36,998/- Per Month
3. Recognition or Awards	NIL	NIL	President Gold Medal for overall outstanding best officer in Naval Academy.
4. Job Profile and their Suitability	Mr. Uma Shankar, Whole Time Director shall manage the day-to-day affairs of woven division of the Company and shall also carry out all duties and functions subject to the supervision, control and directions of the Board of Directors of the Company and shall perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company."	Mr. Shailesh Kumar, Whole Time Director shall manage the day-to-day affairs of the Knits division of the Company and shall also carry out all duties and functions subject to the supervision, control and directions of the Board of Directors of the Company and shall perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company."	Mr. Vinod Vaish was heading Administration and HR functions of the Company.



## Notice (contd...)

5.	Remuneration Proposed	<p>Basic Pay: ₹ 1,03,334/- Per Month</p> <p>House Rent Allowance: ₹ 51,667/- Per Month</p> <p>Special Allowance: ₹ 30,927/- Per Month</p> <p>Conveyance: ₹ 1,600/- Per month</p> <p>Provident Fund &amp; Gratuity: As per Company's rules.</p> <p>Reimbursement of actual business expenses of Conveyance including Driver and Entertainment reimbursement.</p>	<p>Basic Pay: ₹ 80,000/- Per Month</p> <p>House Rent Allowance: ₹ 40,000/- Per Month</p> <p>Special Allowance: ₹ 30,000/- Per Month</p> <p>Provident Fund &amp; Gratuity: As per Company's rules.</p> <p>Reimbursement of actual business expenses of Conveyance including Driver.</p>	<p>Basic Pay: ₹ 68,890/- Per Month</p> <p>House Rent Allowance: ₹ 34,440/- Per Month</p> <p>Special Allowance: ₹ 44,489/- Per Month</p> <p>Provident Fund and Gratuity: As per Company's rules</p> <p>A Company maintained Car with Driver for official purpose, Mobile Phone and also entitled for reimbursement of actual expenses for business of the Company.</p>
6.	Comparative Remuneration profile with respect to industry, size of the company profile of position and person	<p>Arvind Limited</p> <p>Period: 2018-19</p> <p>Turnover: ₹ 6,539.81 Crore</p> <p>Managerial Personnel:</p> <p>Whole-Time Director:</p> <p>Annual Managerial Remuneration: ₹ 3.64 Crore</p>	<p>Kitex Garments Ltd</p> <p>Period:- 2018-19</p> <p>Turnover: ₹ 629.26 Crore</p> <p>Managerial Personnel:</p> <p>Whole-Time Director</p> <p>Annual Managerial Remuneration: ₹ 17.81 Lakh</p>	
7.	Pecuniary relationship directly or indirectly with the company or with the managerial personnel, if any	<p>Pecuniary Relationship other than Remuneration proposed above, is NIL. No relationship with Managerial Personnel. They do not hold any Share in the Company.</p>		

### III. OTHER INFORMATION:

1.	Reasons of loss or inadequate profits	<p>The Readymade Garments Export Industry had yet another tough year where profitability was low due to withdrawal of Government incentives.</p>
2.	Steps taken or proposed to be undertaken for improvements	<p>The Company is laying special focus on technological up-gradation, lesser breakdown time, use labour saving devices, training of managers, supervisors and operators. Besides, the Company is also outsourcing manufacturing from low cost destinations. Maintaining quality, reducing cost with better productivity will help the Company to operate profitably.</p>
3.	Expected increase in productivity and profits in measurable terms	<p>The Sales Turnover of your Company during the year 2019-20 was ₹ 858.72 Crore. The Company's PAT stood at ₹ 5.01 Crore during 2019-20.</p> <p>Your Company has since identified and prioritized its targets and has been gearing up to face the perceived challenges due to and further enhance its presence in the International Markets.</p>

## Notice (contd...)

### IV. DISCLOSURES:

Disclosures in the Board of Directors' report under the heading 'Corporate Governance' included in Annual Report 2019-20: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of FY 2019-20 of the Company. The Company has no policy for stock option, pension, and performance linked incentives.

#### Item No. 9: Related Party transactions:

The Audit Committee and Board of Directors of the Company have, in their meetings held on September 14, 2020, approved a proposal for entering into the following related party transactions for the financial year 2021-22:

Sl. No.	Name of Related Party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature of Transactions	Amount (₹ in Crore)
1.	Norp Knit Industries Limited	Subsidiary	Mr. Deepak Seth Mr. Pulkit Seth Mr. Anil Nayar	Purchase of Goods	300.00
				Sale of Goods	25.00
				SAP Facilities Charges	0.25
				Expenses incurred by them on our behalf	12.00
				Expenses paid by us on their behalf	1.00
				Other supporting services	1.50
2.	PT Pinnacle Apparels	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Purchase of Goods	15.00
				Sale of Goods	1.00
				SAP Facilities Charges	0.10
				Expenses incurred by them on our behalf	2.00
				Expenses paid by us on their behalf	2.00
3.	Pear Global (HK) Limited	Wholly owned subsidiary	Mr. Deepak Seth Mr. Pulkit Seth Mr. Abhishek Goyal	Purchase of Goods	10.00
				Sale of Goods	250.00
				SAP Facilities Charges	1.50
				Expenses incurred by them on our behalf	7.50
				Expenses paid by us on their behalf	30.00
				Other supporting services	15.00
4.	Pearl Global Fareast Limited	Wholly owned subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Purchase of Goods	10.00
				Sale of Goods	60.00
				SAP Facilities Charges	0.50
				Expenses incurred by them on our behalf	2.50
				Expenses paid by us on their behalf	1.00
				Other supporting services	1.50

## Notice (contd...)

Sl. No.	Name of Related Party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature of Transactions	Amount (₹ in Crore)
5.	DSSP Global Limited	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Purchase of Goods	10.00
				Sale of Goods	25.00
				SAP Facilities Charges	0.10
				Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00
6.	PDS Multinational Fashions Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00
7.	Norwest Industries Limited	Enterprise over KMP has significant influence	Mr. Deepak Seth	Sale of Goods	1.00
				Sale of Samples	1.00
				Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00
8.	Pearl Grass Creations Limited	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth Mrs. Shifalli Seth	Purchase of Goods	6.00
				Sale of Goods	6.00
				Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00
				SAP Facilities Charges	0.25
9.	Prudent Fashions Limited	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Sale of Goods	1.00
				Sale of Samples	1.00
				SAP Facilities Charges	0.10
				Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00
10.	Vin Pearl Global Vietnam Limited	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Sale of Goods	5.00
				Sale of Samples	1.00
				SAP Facilities Charges	0.25
				Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00

## Notice (contd...)

Sl. No.	Name of Related Party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature of Transactions	Amount (₹ in Crore)
11.	Pearl Global F.Z.E	Step down subsidiary	Mr. Deepak Seth	Sale of Goods	1.00
				Sale of Samples	1.00
				SAP Facilities Charges	0.10
				Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00
12.	PGIC Investment Limited	Step down subsidiary	Mr. Deepak Seth Mr. Pulkit Seth	Sale of Goods	1.00
				Sale of Samples	1.00
				SAP Facilities Charges	0.10
				Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00
13.	Pearl Global (Chang Zhou) Textile Technology Co. Ltd.	Step down subsidiary	-	Sale of Goods	1.00
				Sale of Samples	1.00
				SAP Facilities Charges	0.20
				Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00
14.	Pearl Global Vietnam Co. Limited	Step down subsidiary	Mr. Pulkit Seth	Purchase of Goods	10.00
				Sale of Goods	30.00
				SAP Facilities Charges	1.00
				Expenses incurred by them on our behalf	1.00
				Expenses paid by us on their behalf	1.00

Mr. Deepak Seth, Chairman, Mr. Pulkit Seth, Managing Director, Mrs. Shifalli Seth, Whole-Time Director, and Mrs. Payel Seth are relatives.

Mr. Pulkit Seth is member of Norp Knit Industries Limited, PT Pinnacle Apparels and Prudent Fashions Limited.

Mr. Deepak Seth is member of Norp Knit Industries Limited and Prudent Fashions Limited.

Your Directors recommend the passing of the resolution at Item no.9 as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel or their relatives except as disclosed above are interested in this resolution.

By order of the Board of Directors  
for **Pearl Global Industries Limited**

Place: Gurugram  
Date: October 07, 2020

(Sandeep Sabharwal)  
Company Secretary

## Notice (contd...)

### Annexure-1 to the Notice:

#### DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2]

#### Item no. 2: Mrs. Shifalli Seth (DIN 01388430)

Age	: 39 Years	
Qualifications	: Bachelor of Science in Business Administration from University of Bradford, U.K.	
Experience (including expertise in specific functional area) / Brief resume	: She has varied exposure in Garments and Textiles Industry. She is whole-Time Director of the Company and heading Design & Product Development functions since 2012. She is having International experience in trading, marketing of readymade garments and knowledge of Southeast Asia region.	
Date of first appointment on the Board	: 19 <sup>th</sup> January, 2012	
Shareholding in the Company as on 31 <sup>st</sup> March, 2020	: 2,01,478 Equity Shares	
Directorships and Committee memberships held in other companies as on 31 <sup>st</sup> March, 2020	<b>Directorship (excluding Foreign Companies/Bodies Corporate)</b>	<b>Membership in Committees</b>
	Pearl Global Industries Limited	Member of Finance Committee
	PS Arts Private Limited	-
	SBUYS E-Commerce Limited	-
Inter-se relationships between Directors, Manager and other Key Managerial Personnel	: Wife of Mr. Pulkit Seth; and daughter in-Law of Mr. Deepak Seth	
No. of Board Meetings attended during the Financial year 2019-20	: 1 out of 4	
Terms and conditions of re-appointment	: Mrs. Shifalli Seth has been appointed as Director, liable to retire by rotation.	
Details of last drawn remuneration and proposed remuneration	: Last drawn remuneration: ₹ 6.25 Lakh per month. Proposed: Nil	

Mrs. Shifalli Seth, the retiring Director, being eligible, offers herself for re-appointment. The Board of Directors of your Company propose to appoint Mrs. Shifalli Seth as a Director, liable to retire by rotation and therefore this Resolution is recommended for approval of the Shareholders of the Company.

None of the Directors & Key Managerial Personnel, except Mrs. Shifalli Seth, herself, Mr. Deepak Seth, Mr. Pulkit Seth and Mrs. Payel Seth, being relatives, are interested, whether directly or indirectly, in this Resolution.

Your Directors recommend the passing of the resolution at Item no. 2 as an Ordinary Resolution.

#### Item no.3 : Mrs. Madulika Bhupatkar (DIN 08712718)

Age	: 64 years	
Qualifications	: Degree in B.Sc., Post Graduate Diploma in Dietetics and B.Ed.	
Experience (including expertise in specific functional area) / Brief resume	: With over 30 years of experience in academics and held position as Principal in various educational institutions and having experience in general management.	

## Notice (contd...)

Date of first appointment on the Board	: 18 <sup>th</sup> March, 2020	
Shareholding in the Company as on 31 <sup>st</sup> March, 2020	: NIL	
Directorships and Committee memberships held in other companies as on 31 <sup>st</sup> March, 2020	<b>Directorship (excluding Bodies Corporate)</b>	<b>Membership in Committees</b>
	Pearl Global Industries Limited	Chairperson of CSR Committee, and Member of Audit Committee
Inter-se relationships between Directors, Manager and other Key Managerial Personnel	: Not related to any Director/ Key Managerial Personnel.	
No. of Board Meetings attended during the Financial year 2019-20	: Nil	
Terms and conditions of appointment	: As per resolution at Item No.3 of the Notice convening this meeting read with explanatory statement thereto, Mrs. Madhulika Bhupatkar is proposed to be appointed as an Independent Director.	
Details of last drawn remuneration and proposed remuneration	: Last Drawn Remuneration: NIL Proposed Remuneration: NIL except sitting fee (presently ₹ 10,000/- per meeting of the Board) as may be decided by the Board from time to time.	

### Item no.4 & 6 Mr. Uma Shankar Kaushik (DIN 06867819)

Age	: 47 years	
Qualifications	: Bachelor Degree in Arts from Delhi University and Executive Post Graduate Diploma in HR & Personnel Management from IMT Ghaziabad	
Experience (including expertise in specific functional area)/Brief resume	: Having more than 21 years experience in the field of the HR and Administration and currently heading the HR and Administration functions of the Company.	
Date of first appointment on the Board	: 28 <sup>th</sup> July, 2020	
Shareholding in the Company as on 31 <sup>st</sup> March, 2020	: Nil	
Directorships and Committee memberships held in other companies as on 31 <sup>st</sup> March, 2020	<b>Directorship (excluding Foreign Companies/Bodies Corporate)</b>	<b>Membership in Committees</b>
	PKW Associates Private Ltd	NIL
Inter-se relationships between Directors, Manager and other Key Managerial Personnel	: Not related to any Director/ Key Managerial Personnel.	
No. of Board Meetings attended during the Financial year 2019-20	: Not Applicable	
Terms and conditions of appointment	: As per resolution at Item No. 4&5 of the Notice convening this meeting read with explanatory statement thereto, Mr. Uma Shankar Kaushik is proposed to be appointed as Director and Whole-Time Director.	
Details of last drawn remuneration and proposed remuneration	: Last drawn remuneration: ₹ 1,87,528/- per month, as Assistant Vice-President (HR & Admin)	
	: Proposed remuneration: ₹ 1,87,528 per month	

## Notice (contd...)

### Item no.5 & 7 Mr. Shailesh Kumar (DIN 08897225)

Age	: 51 years
Qualifications	: Bachelor degree in Science from Magadh University, Post Graduate Diploma in Personnel Management & Industrial Relations from LNMI Patna and Diploma in Labour Laws with Administrative Law from Annamalai University.
Experience (including expertise in specific functional area)/Brief resume	: Having more than 26 years of experience in the field of HR and Personnel Management and Labour Laws Compliances and currently heading HR functions of Knits division of the Company.
Date of first appointment on the Board	: 7 <sup>th</sup> October, 2020
Shareholding in the Company as on 31 <sup>st</sup> March, 2020	: Nil
Directorships and Committee memberships held in other companies as on 31 <sup>st</sup> March, 2020	: Nil
Inter-se relationships between Directors, Manager and other Key Managerial Personnel	: Not related to any Director/ Key Managerial Personnel.
No. of Board Meetings attended during the Financial Year 2019-20	: Not Applicable
Terms and conditions of appointment	: As per resolution at Item No. 5&7 of the Notice convening this meeting read with explanatory statement thereto, Mr. Shailesh Kumar is proposed to be appointed as Director and Whole-Time Director.
Details of last drawn remuneration and proposed remuneration	: Last drawn remuneration: ₹ 1,50,000/- per month, as DGM-HR (Knits) Proposed remuneration: ₹ 1,50,000 per month

By order of the Board of Directors  
for **Pearl Global Industries Limited**

Place: Gurugram  
Date: October 07, 2020

(Sandeep Sabharwal)  
Company Secretary

# Directors' Report

To the Members,

Your Directors are pleased to present the 31<sup>st</sup> Annual Report and Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2020, together with the Auditors' Report thereon.

## WORKING RESULTS OF THE COMPANY

(₹ in Crore)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Income from operations	825.33	840.26	1,685.13	1,757.50
Other Income	33.38	26.30	49.06	33.93
Profit before Tax	10.90	31.85	31.23	82.94
Provision for Tax	5.89	10.35	9.51	15.83
Profit After Tax	5.01	21.50	21.72	67.11
Other comprehensive income	(5.57)	1.32	21.74	14.73
Total comprehensive income	(0.56)	22.82	43.46	81.84

## STATE OF THE AFFAIRS OF THE COMPANY

During the year, your Company's consolidated income from operations was ₹ 1,685.13 as against ₹ 1,757.50 Crore in the previous year and Net Profit ₹ 21.72 Crore as against Net Profit ₹ 67.11 Crore in the previous year.

The income from operations for the year under review for the Company on Standalone basis was ₹ 825.33 Crore as compared to ₹ 840.26 Crore in the previous year and Net Profit ₹ 5.01 Crore as compared to Net Profit ₹ 21.50 Crore in the previous year.

Pearl Global Industries Limited (PGIL) is one of the India's largest listed garment exporters, manufacturing from multiple sourcing regions within India and countries within South Asia. A preferred long-term vendor to most leading global brands, we are amongst the leading player in our Industry. Our mainstay business is to create value from competitively manufacturing and exporting fashion garments to leading global brands.

Our product range includes knits, woven and bottoms (basic and complex designs) across men, women and kids wear segments. We have a well diversified and de-risked manufacturing base across India, Indonesia, Bangladesh and Vietnam. We have a total capacity to manufacture around 6.25 million garments per month (75 million garments per annum including own and outsourced facilities). Our revenue structure is primarily export based, with a major contribution coming from exports to the United States. We provide total supply chain solutions to customers-value retailers and high end fashion brand, retails in the United States and Europe. Our business model enables us to offer superior quality products across various countries, catering

to all kinds of consumers. Our esteemed global clientele includes premium retailers in USA and Europe, including GAP, Banana Republic, Kohl's, Macy, Joe Fresh, Walmart, M&S, Target Australia, Zara, Ralph Lauren, Next, Tom Tailor, Old Navy, Muji among others.

We strive to be the most preferred vendor to the top global apparel brands and be ranked amongst the top garment manufacturers in the world, in terms of quality, service standards and ultimately-customer satisfaction, keeping in line with our broader vision.

We are geographically well positioned to produce from the most cost effective supply bases in Asia, keeping us highly competitive and relevant to our customers. We expect to maintain and step up our profitability from superior value added products and meticulous management of our costs and processes.

## MATERIAL IMPACT OF COVID-19 PANDEMIC ON COMPANY

The Company's manufacturing facilities remained shut from March 23, 2020 due to lockdown and partially re-opened w.e.f. May 04, 2020, which has impacted its operations during April and May 2020. The Company has restarted operations of factories considering order book and available workforce, since May 04, 2020, adhering to the safety norms prescribed by Government of India.

April-June 2020 being lockdown months, the revenues and profitability of the Company are likely to be adversely impacted. As the business situation is very dynamic, the Company is closely monitoring it. Though we do hope the business situation should normalise during 3<sup>rd</sup> and 4<sup>th</sup> quarter.



## Directors' Report (contd...)

The Company's capital and Banking facilities remain intact. There is no liquidity concern as we have sufficient unutilised Banking limits available. Further Banks have offered additional limits.

With the virus now also affecting and disrupting global supply chains and economy for almost 3 to 6 months now, the situation is having a severe implication on the Indian economy as well.

The areas that would face the crises created by COVID-19 pandemic are:

- i) Labour force and employment.
- ii) Import & Exports of raw material and readymade garments.
- iii) Cash flow constraints.
- iv) Supply chain disruption.
- v) Consumer sentiment.

### DIVIDEND

The Board of Directors has not recommended any dividend for the financial year 2019-20.

### TRANSFER TO GENERAL RESERVES

The Board of Directors has decided to retain the entire amount of profits for the financial year 2019-20 in the Retained Earnings.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Vinod Vaish has tendered his resignation from the Board of the Company with effect from April 30, 2020, due to personal reasons. The Board of Directors have taken on record its appreciation through Circular resolution dated May 20, 2020, on significant contributions made by Mr. Vinod Vaish, during his tenure as Whole-Time Director of the Company.

In compliance with Regulation 17(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have, on the recommendation of Nomination and Remuneration Committee, appointed Mrs. Madhulika Bhupatkar, as an additional Director in the category of Independent Women Director, with effect from March 18, 2020. Appointment of Mrs. Bhupatkar is subject to approval of shareholders in the forthcoming Annual General Meeting. Necessary Resolution for her appointment as Independent Women Director is proposed in the Notice calling 31<sup>st</sup> Annual General Meeting for approval of the Shareholders.

The Company has received necessary declaration from each Independent Director of the Company that the Independent Directors meet with the criteria of their Independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Mrs Shifalli Seth, Director, would retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment.

The Board of Directors of your Company met four times on May 28, 2019, August 13, 2019, November 14, 2019, and February 13, 2020 during the financial year 2019-20.

### DIRECTORS' IDENTIFICATION NUMBER (DIN)

The following are the Directors Identification Number (DIN) of your Directors:

Name	DIN	Name	DIN
Mr. Deepak Seth	- 00003021	Mr. Chitranjan Dua	- 00036080
Mr. Pulkit Seth	- 00003044	Mr. Abhishek Goyal	- 01928855
Mrs. Shifalli Seth	- 01388430	Mr. Rajendra Kumar Aneja	- 00731956
Mr. Anil Nayar	- 01390190	Mr. Vinod Vaish (Till 30.04.2020)	- 01945795
Mrs. Madhulika Bhupatkar	- 08712718	Mr. Uma Shankar Kaushik (From 28.07.2020)	- 06867819
Mr. Shailesh Kumar (From 07.10.2020)	- 08897225		

The Board of Directors has, on the recommendation of Nomination and Remuneration Committee, at its meeting held on July 28, 2020, appointed Mr. Uma Shankar Kaushik, as Additional Director and Whole-Time Director of the Company with effect from July 28, 2020. Appointment of Mr. Kaushik is subject to approval of shareholders in the forthcoming Annual General Meeting. Necessary Resolution for his appointment as Director and Whole-Time Director is proposed in the Notice calling 31<sup>st</sup> Annual General Meeting for approval of the Shareholders.

The Nomination and Remuneration Committee at its meeting held on September 24, 2020, considered and recommended the candidature of Mr. Shailesh Kumar to appoint him as Director and Whole-Time Director of the Company. The Board of Directors has, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Shailesh Kumar as Additional Director and Whole-Time Director of the Company with effect from October 07, 2020, at its meeting held on October 07, 2020. Appointment of Mr. Shailesh Kumar is subject to

## Directors' Report (contd...)

approval of shareholders in the forthcoming Annual General Meeting. Necessary Resolution for his appointment as Director and Whole-Time Director is proposed in the Notice calling 31<sup>st</sup> Annual General Meeting for approval of the Shareholders.

Mr. Raghav Garg, Chief Financial Officer (CFO) of the Company, has tendered his resignation from the office of CFO with effect from June 30, 2020, due to personal reasons. The Board of Directors have taken on record its appreciation on the contributions made by him during his tenure as CFO of the Company.

The Board of Directors has, on the recommendation of Nomination and Remuneration Committee, appointed Mr. Kashmir Singh Rathour as Chief Financial Officer of the Company in place of Mr. Raghav Garg, with effect from July 28, 2020.

Mr. Rathour, aged about 49 years, holds Bachelor degree in Science and MBA (Finance) from H.P. University, Shimla and having more than 20 years experience in Finance & Accounts as well as Commercial Operations and General Administration, Taxation, Corporate Affairs, Strategic & Business Planning, Financial Planning, Budgeting, Working Capital Management, designing internal control systems, etc.

### BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, committees and individual Directors pursuant to the provisions of the Companies Act, 2013 and Rules made there under.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its committees and individual Directors was also discussed.

### NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company is annexed herewith as **Annexure-I** with this report and also available on the website of the Company at <http://pearlglobal.com/investors/policy>

### INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal control system commensurate with the size, scale and complexity of operations. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

### AUDIT COMMITTEE

The Board of Directors in its meeting held on July 28, 2020, have re-constituted the Audit Committee, consequent upon resignation of Mr. Vinod Vaish, from the Board of the Company and inducted Mrs. Madhulika Bhupatkar as member of the Committee. The current composition of the Committee comprises four Non-executive Independent Directors, namely Mr. Anil Nayar, Chairman, Mr. Abhishek Goyal, Mr. Rajendra Kumar Aneja and Mrs. Madhulika Bhupatkar, as Members of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

### VIGIL MECHANISM

The Company has set up a Vigil Mechanism, which also incorporates a whistle blower policy in terms of Listing Agreement/Regulations made by the SEBI. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone no. or a letter through to the Vigilance Officer or to the Chairman of the Audit Committee. The policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://pearlglobal.com/investors/policy>

### CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee of the Company has formulated a Corporate Social Responsibility

## Directors' Report (contd...)

Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at <http://pearlglobal.com/investors/policy>

Your Company has identified an area of education and health care activities for the financial year 2019-20. The prescribed CSR amount for the financial year 2019-20 was ₹ 22.15 Lakh and which has been fully utilised.

The Annual Report on CSR activities is annexed herewith as **Annexure-II**.

### SUBSIDIARY COMPANIES

During the year under review, M/s SBUYS E-Commerce Limited has become wholly owned subsidiary of the Company.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the subsidiary companies is attached to the Financial Statements in Form AOC-1. The Company will make available the said financial statements and related detailed information of the subsidiary companies upon the request by any member of the Company. These financial

statements will also be kept open for inspection by any member at the Registered Office of the Company.

The financial statements of the Company, consolidated financial statements along with the relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

The Policy of determining material subsidiaries as approved may be accessed on the Company's website at <http://pearlglobal.com/investors/policy>

### STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s B.R. Gupta & Co. Chartered Accountants, New Delhi (Regn. No. 008352N) were appointed as Statutory Auditors of the Company, by the members of the Company in their 28<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2017, for a period of five years, with effect from financial year 2017-18.

### STATUTORY AUDITORS' REPORT

The Auditors' has given qualified opinion in the Report of Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March, 2020. The details of qualified opinion with explanation are given below:

Auditors' qualified opinion	Explanation by the Board	Auditors' Comment on Explanation
The inventories are carried in the consolidated balance sheet at ₹ 26,387.33 Lakh (As at March 31, 2019: ₹ 23,632.17 Lakh). In one of the subsidiary of the Holding Company, the component auditor of its subsidiary has reported that no physical counting against inventories as at March 31, 2020 was conducted by them due to the lockdown in Jakarta during the outbreak of COVID-19 and no other alternative procedures were performed. In consequence they were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of inventories of ₹ 2,542.30 Lakh (Equivalent US\$ 3,372,199), appearing in the consolidated balance sheet. There were no other satisfactory auditing procedures that they could adopt to obtain sufficient evidence regarding the existence and valuation of such inventories.	Management estimates that impact of Audit qualification is NIL, as management has performed complete inventory verification and sufficient checks and controls were performed while valuing the inventory at 31 <sup>st</sup> March, 2020. Further, post re-opening of lockdown, Component Auditor have performed limited review and also performed all necessary checks as on 30 <sup>th</sup> June, 2020. Component Auditor after satisfying themselves, have shared interim financial statements as on 30 <sup>th</sup> June, 2020 without making any adjustment on account of above qualification. Also Component Auditor has given a clean review report stating that "nothing has come to our attention that causes us to believe that the interim financial statements do not fairly presents in all material respects, the interim financial position as at 30.6.20". In view of above management believe no adjustment is required on account of above qualification.	Based on the Management Representation given above and the Limited Review report of the subsequent period ended June 30, 2020 by the Component Auditor, it appears that there may not be any material adjustment in the carrying value of Inventory in the consolidated financial statements as at March 31, 2020.

## Directors' Report (contd...)

Further, the Auditor's Report for the Standalone Financial Statements do not contain any qualification, reservation or adverse remark.

The Auditors' Reports are enclosed with the financial statements in this Annual Report.

### SECRETARIAL AUDITOR

The Board has appointed Mr. Jayant Sood, Practising Company Secretary, proprietor of M/s. Jayant Sood & Associates., to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year 2019-20 is annexed herewith as *Annexure-III*. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### INTERNAL AUDITOR

The Board has appointed M/s. S. S. Kothari Mehta & Company, Chartered Accountants, New Delhi (FRN. 000756N), as Internal Auditor for the financial year 2019-20.

### COST AUDITOR

Maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 is not applicable to your Company.

### EXTRACTS OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013, and ruled made there under, as amended, an Extract of Annual Return of the Company is annexed herewith as *Annexure-IV* to this Report and also available on the Company's website at <http://www.pearlglobal.com/investors/annual-return>.

### EXTENSION OF AGM

The Registrar of Companies, NCT of Delhi and Haryana, vide its Order dated 07th September, 2020 has granted extension of Two (2) months for holding Annual General Meeting of the Company for the financial year ended 31<sup>st</sup> March, 2020.

### RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year were in ordinary course of the business and on arm's length basis. No material related party transaction entered during the financial year by the Company.

Members may refer to Note no.47 to the standalone financial statements which sets out related party disclosures pursuant to Ind AS-24.

A disclosure on related party, as required under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is annexed as *Annexure-V*.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 is annexed as *Annexure-VI*.

### FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits from Public or Shareholders during the year, nor has any unclaimed or unpaid deposits at the end of the financial year.

### RISK MANAGEMENT

The Company has implemented procedures and policies in place for risk management including identifying risk which may threaten the existence/operations of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors Responsibility Statement, your Directors state that:

- a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures. There are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2020 and of the profit and loss of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

## Directors' Report (contd...)

- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### LISTING

The shares of your Company are listed at BSE Limited and National Stock Exchange of India Limited, Mumbai. The listing fees to the Stock Exchanges for the year 2019-20 have been paid.

### REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd is Company's Registrars and Share Transfer Agent (RTA) as common agency both for physical and demat shares, as required under Securities Contract (Regulation) Act, 1956. The detail of RTA forms part of the Corporate Governance Report.

### CORPORATE GOVERNANCE

Report on Corporate Governance along with the certificate of the Auditors, confirming compliance of conditions of Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual report.

### MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of operations, performance and future outlook of the Company is given separately under the head "Management Discussion and Analysis".

### BUSINESS RESPONSIBILITY REPORT

As per Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Business Responsibility Report is attached and forms part of this Annual Report.

### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is annexed as *Annexure-VII* to this report.

Particulars of employees as required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is annexed as *Annexure- VIII* to this report.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 134(3)(m) is annexed as *Annexure-IX* to this report.

### DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### REPORT ON SEXUAL HARASSMENT-INTERNAL COMPLAINTS COMMITTEE

Pursuant to the provisions of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year 2019-20 one complaint received and resolved.

### SECRETARIAL STANDARDS

The Company has complied with applicable Secretarial Standards issued by the Institute of the Company Secretaries of India.

### ACKNOWLEDGEMENT

The Directors of your Company are thankful to Bankers, Business Associates, Customers, Members, Government Bodies & Regulators for the continuous support received from them and place on record their appreciation for the sincere services rendered by the employees at all level.

for and on behalf of the Board  
for **PEARL GLOBAL INDUSTRIES LIMITED**

**(DEEPAK SETH)**  
**CHAIRMAN**  
DIN 00003021

Place: Gurugram  
Date: October 07, 2020

# Annexure-I to the Directors' Report

## NOMINATION AND REMUNERATION POLICY

### 1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity
- 1.7. To develop a succession plan for the Board and to regularly review the plan;

### 2. DEFINITIONS

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means Board of Directors of the Company.
- 2.3. **Directors** mean Directors of the Company.
- 2.4. **Key Managerial Personnel** means
  - 2.4.1. Chief Executive Officer or the Managing Director or the Manager;
  - 2.4.2. Whole-time director;
  - 2.4.3. Chief Financial Officer;

2.4.4. Company Secretary; and

2.4.5. such other officer as may be prescribed.

2.5. **Senior Management** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors.

### 3. Policy for appointment and removal of Director, KMP and Senior Management

#### 3.1. Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### 3.2. Term / Tenure

- a) Managing Director/Whole-time Director:  
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not

## Annexure-I to the Directors' Report

exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

### b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. *However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he / she shall be eligible for appointment for one more term of 5 years only.*
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### 3.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### 3.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### 3.5. Retirement

The KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## 4. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

### 4.1. General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee or as per policies framed by the committee. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- c) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer,

## Annexure-I to the Directors' Report

Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### 4.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

#### a) **Fixed pay:**

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board or the Committee.

#### b) **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### c) **Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is

refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### 4.3. Remuneration to Non- Executive / Independent Director:

#### a) **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### b) **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

## 5. MEMBERSHIP

- 5.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 5.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 5.3 Membership of the Committee shall be disclosed in the Annual Report.
- 5.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

## 6. CHAIRPERSON

- 6.1 Chairperson of the Committee shall be an Independent Director.
- 6.2 Chairperson of the Board may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- 6.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 6.4 Chairman of the Nomination and



# Annexure-I to the Directors' Report

Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## 7. **FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

## 8. **COMMITTEE MEMBERS' INTERESTS**

**8.1** A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

**8.2** The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## 9. **SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

## 10. **VOTING**

**10.1** Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

**10.2** In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## 11. **NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

**11.1** Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

**11.2** Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

**11.3** Identifying and recommending Directors who

are to be put forward for retirement by rotation.

**11.4** Determining the appropriate size, diversity and composition of the Board;

**11.5** Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

**11.6** Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

**11.7** Delegating any of its powers to one or more of its members or the Secretary of the Committee; and

**11.8** Considering any other matters, as may be requested by the Board.

## 12. **REMUNERATION DUTIES**

The duties of the Committee in relation to remuneration matters include:

**12.1** to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

**12.2** to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

**12.3** to delegate any of its powers to one or more of its members or the Secretary of the Committee.

**12.4** to consider any other matters as may be requested by the Board.

**12.5** Professional indemnity and liability insurance for Directors and senior management.

## Annexure-II Annual Report on CSR activities

1. Over the year, we have been focusing on sustainable business practices encompassing economic, environmental and social imperatives that not only cover our business, but also that of communities around us.

We had set up a Society namely Arpan Educational Society For Underprivileged Children in the year 2006. This was done to provide the free education to underprivileged children. Visit <http://www.arpaneducation.com/index.html> for more details and the activities of the Society.

2. Mr. Vinod Vaish has tendered his resignation from the Board of the Company with effect from April 30, 2020. Consequently, he has ceased to be as Chairman of the CSR Committee. The Board of Directors has in its meeting held on July 28, 2020 appointed Mrs. Madhulika Bhupatkar, Independent Women Director as Chairperson of the CSR Committee.

The current composition of the CSR Committee comprises Mrs. Madhulika Bhupatkar, Chairperson, Mr. Pulkit Seth, and Mr. Anil Nayar as Members.

3. Average net profit of the Company for last three financial years: **₹ 1,106.75 Lakh**  
 4. Prescribed CSR expenditure (two percent of the amount mentioned in item 3 above): **₹ 22.13 Lakh**

The Company has earmarked ₹ 22.15 Lakh for CSR expenditure for the financial year 2019-20.

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: ₹ 22.15 Lakh

(b) Amount unspent, if any: NIL

(c) Manner in which the amount spent during the financial year is detailed below: (₹ in Lakh)

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) Project or Program wise	Amount Spent on the Projects or Programs Sub heads: (1) Direct expenditure on projects or program (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Education and other initiatives	Promoting Education	NCT of Delhi	15.65	15.65	15.65	Through Arpan Educational Society For Underprivileged Children
2.	Education and other initiatives	Promoting Education	NCT of Delhi	0.50	0.50	0.50	Through Etasha Society
3.	Education and other initiatives	Promoting Education	NCT of Delhi	3.50	3.50	3.50	Through Sasakawa India Leprosy Foundation
4.	Health care activities	Promoting preventing Health care activities	NCT of Delhi	2.50	2.50	2.50	Through Cancer Awareness Prevention and Early Detection Trust
	<b>Total</b>			<b>22.15</b>	<b>22.15</b>	<b>22.15</b>	

6. Reasons for not spending the amount: Not applicable; as the Company has spent more than the minimum prescribed amount for CSR activities.

### 7. RESPONSIBILITY STATEMENTS

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company is reproduced below:

“The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.”

Place: Gurugram  
Date: October 07, 2020

(Pulkit Seth)  
Managing Director

(Madhulika Bhupatkar)  
Chairman of CSR Committee

# Annexure-III to the Directors' Report

## SECRETARIAL AUDIT REPORT

For the financial year ended 31<sup>st</sup> March, 2020

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

To,  
**The Members**  
**Pearl Global Industries Limited**  
**CIN: L74899DL1989PLC036849**  
**A-3, Community Centre, Naraina Industrial Area**  
**Phase-II, New Delhi-110028**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pearl Global 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 our opinion thereon.

We report that:

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and Securities and Exchange Board of India (Buy-back of Securities) regulations, 2018; and
- i) The Securities and Exchange Board of India (Listing obligations and Disclosures requirements) Regulations, 2015;

\*No event took place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and on General Meetings issued by The Institute of Company Secretaries of India, with which the company has generally complied with.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable.

Based on our verification of **Pearl Global Industries Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has **proper Board- processes and compliance mechanism** in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and there records maintained by **Pearl Global Industries Limited** ("the Company") for the financial year ended on 31st March, 2020, according to the provisions of (hereinafter to be referred as "Act" collectively) (Many of the Records were examined online due to Covid 19):

**We** have also examined compliance with the applicable Clauses / Regulations of the following:

- i. **Secretarial Standards issued by The Institute of Company Secretaries of India.**
- ii. **The Listing Agreements entered into by the Company with BSE and NSE Stock Exchange(s).**
- iii. **The Securities and Exchange Board of India (Listing**

## Annexure-III to the Directors' Report

### Obligations and Disclosure Requirements Regulations, 2015.

During the period under review we found that the Company has complied with the various provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above as as follows:

- Company has received the disclosure under Regulation 30(1) and 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and intimated to Stock Exchanges also.
- Company has received declaration under Section 149(6) of the Companies Act, 2013 from all the Independent directors.
- Company has adopted a conflict of interest policy, a code of business conduct setting out the Company's requirements and process to report and deal with non compliance.
- Company has made responsible the Compliance officer for oversight and management of these policies and procedures.
- Company has established various policies as per the Companies Act, 2013 and listing agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, like,
- CSR policy, Vigil Mechanism policy, Related Party Transaction Policy, Whistle Blower Policy and Directors appointment and remuneration policy.
- Company has composite various committee(s) are as under:

#### 1. Audit Committee:

Mr. Anil Nayar	- Chairman
Mr. Rajendra K. Aneja	- Member Director
Mr. Abhishek Goyal	- Member Director
Mr. Vinod Vaish	- Member Director

#### 2. Nomination and Remuneration Committee:

Mr. Abhishek Goyal	- Chairman
Mr. Rajendra K. Aneja	- Member Director
Mr. Anil Nayar	- Member Director
Mr. Deepak Seth	- Member Director

#### 3. Stakeholders Relationship Committee:

Mr. Anil Nayar	- Chairman
Mr. Pulkit Seth	- Member Director

Mr. Vinod Vaish	- Member Director
Mr. Rajendra K. Aneja	- Member Director

#### 4. CSR Committee:

Mr. Vinod Vaish	- Chairman
Mr. Pulkit Seth	- Member Director
Mr. Anil Nayar	- Member Director

#### 5. Finance Committee

Mr. Pulkit Seth	- Chairman
Mrs. Shifalli Seth	- Member Director
Mr. Vinod Vaish	- Member Director

#### 6. Compliance Officer:

Mr. Sandeep Sabharwal

- The Company's shares are in compulsory demat segment and are available for trading in the depository system of both NSDL and CDSL. As on 31<sup>st</sup> March 2020 the company has **19368523** shares in NSDL A/c, **2154834** shares in CDSL A/c and balance of **140580** are in physical mode.

The Company's shares in physical form are processed by the Registrar and Share Transfer Agent **Link Intime India Pvt Ltd having office at Noble Heights, 1<sup>st</sup> Floor, NH 2 C-1 LSC, Near Shavitri Market, Janakpuri, New Delhi – 110 058**, and approved by the Stakeholders Relationship Committee. Share transfer process also reviewed by the Board.

- Investor's Grievance Report during the Financial year:  
No. of Grievances Received - 3  
No. of Grievances Attended - 3  
No. of Grievances Pending - 0
- As informed to us there is no change in general character or nature of business / disruption of operations due to natural calamity/ dispute with a material impact during year.
- The Company has published quarterly results during the year in time.

#### Various Committee meetings and meeting of Independent Directors:

**Audit Committee:** During the Financial Year 2019-20 Audit Committee met on 28.05.2019, 13.08.2019, 14.11.2019 and 13.02.2020 The Company has also maintained the proper record of the minutes of the meetings.

## Annexure-III to the Directors' Report

**Stakeholders Relationship Committee:** During the Financial Year 2019-20 the committee met on 24/04/2019, 6/11/2019, 10/01/2020 and 06/03/2020. The Company has also maintained the proper record of the minutes of the meetings.

**Nomination and Remuneration Committee meeting:**

The Committee met on 28/05/2019 and 13/02/2020 during the Financial Year 2019-20.

**CSR Committee:**

The Committee met on 28/05/2019 during the Financial Year 2019-20.

**Finance Committee:**

The Committee met on 30/04/2019, 20/05/2019, 08/07/2019, 03/08/2019, 16/09/2019, 24/10/2019, 14/11/2019, 06/12/2019, 18/12/2019 17/01/2020, 11/02/2020, 26/02/2020 during the Financial Year 2019-20.

**Independent Directors' meeting:**

During the Financial Year 2019-20 the Independent Directors met on 02/03/2020.

**We 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.

**Composition of the Board:**

**LIST OF DIRECTORS AS ON 31.03.2020**

S. NO.	NAME AND FATHER'S NAME OF THE DIRECTORS	DIN
1	Mr. Deepak Seth S/o Late Shri Madan Lal Seth	00003021
2	Mr. Pulkit Seth S/o Shri Deepak Seth	00003044
3	Mrs. Shefali Seth D/o Shri Sunil Pal Seth	01388430
4	Mr. Rajendra Kumar Aneja S/o Late Shri Hari Chand Aneja	00731956
5	Mr. Chittranjan Dua S/o Late Shri Inder Dev Dua	00036080
6	Mr. Anil Nayar S/o Late Shri Prakash Chand Nayar	01390190
7	Mr. Vinod Vaish S/o Shri Motilal Vaish <b>(Resigned on 30<sup>th</sup> April 2020)</b>	01945795
8	Mr. Abhishek Goyal S/o Lt. Shri Berjesh Kumar Goyal	01928855
9.	Mrs. Madhulika Bhupatkar D/o Dattatreya Ranganath Deo	08712718

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

**Details of Board Meeting:**

Board has met four times during the financial year on:

S. No.	Date of meeting	Date of Notice
1.	28.05.2019	13.05.2019
2.	13.08.2019	29.07.2019
3.	14.11.2019	01.11.2019
4.	13.02.2020	29.01.2020

The Company has also maintained the proper record of the minutes of the meetings.

Majority decision are carried through the Board (means unanimously) and there is no dissenting members' views are captured and recorded as part of the minutes.

## Annexure-III to the Directors' Report

### Annual General Meeting:

During the Financial Year 2019-20 the Company has called 30<sup>th</sup> Annual General Meeting for the Financial Year 2018-19 on **24<sup>th</sup> September 2019** at Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel), Lodhi Road, New Delhi-110 003 The Company has kept the date of book Closure on 18th September 2019 to 24th September 2019 (both days inclusive).

### Maintenance of Statutory Registers:

The Company has maintained the following Statutory Registers required under the Companies Act 2013.

1. Register of Members
2. Register of Directors and Key Managerial personnel
3. Register of Security held by the Director
4. Register of Loans, Investment and Guarantee
5. Register of Charge
6. Register of Contracts or Arrangements
7. Register of Transfer and Transmission.
8. Register of Renewal and Duplicate Shares Certificate

### Declaration and Payment of Dividend:

The Dividend declared for the financial year ending 31<sup>st</sup> March 2019 is paid in prescribed time. The Board of Directors have declared final dividend ₹ 3/- per Equity Share of ₹ 10/- each for the financial year 2018-19.

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

**As the Company carries on the business of manufacturing, Export and Merchant trade of readymade Garments. As informed by the management, the following laws are the specific laws, specifically applicable to the Company;**

1. The Air (Prevention and Control of Pollution) Act, 1981.
2. The Indian Boilers Act, 1923.
3. The Child Labour (Prohibition and Regulation) Act, 1986.
4. The Contract Labour (Regulation and Abolition) Act, 1970.
5. The Factories Act, 1948.
6. The Fatal Accidents Act, 1855.
7. The Industrial Disputes Act, 1947.
8. The Industrial Employment (Standing Orders) Act, 1946.
9. The Industries (Development and Regulation) Act, 1951.

**Company has established various policy and systems as per the above applicable Acts for all units and work Places.**

We have Examined the records available and provided to us during our visit to 3 (three) units/ Plants (A) 446 Udyog Vihar Phase-V, Gurugram, Haryana (B) 16-17 Udyog Vihar Phase VI, Khandsa Gurugram Haryana (C) 274 Udyog Vihar Phase-II, Gurugram Haryana.

For **Jayant Sood and Associates**  
Company Secretaries

**(CS Jayant K Sood)**

Proprietor  
FCS: 4482, CP No. 22410

Place: Gurugram  
Date: 13<sup>th</sup> July 2020

UDIN: **F004482B000444121**

# Annexure-IV to the Directors' Report

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

1	CIN	L74899DL1989PLC036849
2	Registration Date	05.07.1989
3	Name of the Company	Pearl Global Industries Limited
4	Category/Sub-category of the Company	Public Limited Company / Limited by Shares
5	Address of the Registered office & contact details	A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited, Noble Heights, 1st Floor, NH 2 C-1 Block LSC, Near Shavitri Market, Janakpuri, New Delhi – 110 058 Tel: 011-41410592

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing & Exporting of Readymade Gargments	141	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN/FCRN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	<b>Pearl Apparel Fashions Limited</b> (Formerly Lerros Fashions India Limited) A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028	U74900DL2007PLC161396	Subsidiary	100	2(87)(ii)
2	<b>Pearl Global Kaushal Vikas Limited</b> (Formerly Pixel Industries Limited) No.1/31, Thirukazhukundram Road, Karunguzhi, Maduranthagam Taluk, Kancheepuram, Tamil Nadu-603303	U74110TN2014PLC096204	Subsidiary	100	2(87)(ii)
3	<b>SBUYS E-Commerce Limited</b> A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028	U52100DL2019PLC355345	Subsidiary	100	2(87)(ii)
4	<b>Norp Knit Industries Limited</b> Vill: North Khailpur, P.O. National University, Gazipur, Bangladesh	C-52664(2959)/2004	Subsidiary	99.99	2(87)(ii)

## Annexure-IV to the Directors' Report

S. No.	Name and address of the Company	CIN/GLN/FCRN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5	<b>Pearl Global Fareast Limited</b> Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	100	2(87)(ii)
6	<b>Pearl Global (HK) Limited</b> Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	100	2(87)(ii)
7	<b>PGIC Investment Limited</b> Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	100	2(87)(ii)
8	<b>Pearl Global F.Z.E</b> SM-Office-E1-4013H, Ajman Free Zone, Ajman, UAE	NA	Subsidiary	100	2(87)(ii)
9	<b>Prudent Fashions Limited</b> 29, Gareeb-E-Newaz Avenue,(4th Floor), Sector-11, Uttara , Dhaka, Bangladesh	NA	Subsidiary	99.95	2(87)(ii)
10	<b>Pearl Global (Chang Zhou) Textile Technology Co., Ltd.</b> Changzhou City, Jiangu Province, China	NA	Subsidiary	100	2(87)(ii)
11	<b>Vin Pearl Global Vietnam Limited</b> Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	100	2(87)(ii)
12	<b>Pearl Global Vietnam Company Limited</b> Dinh Tri Commune, Bae Giang City, Bae Giang Province, Vietnam	NA	Subsidiary	100	2(87)(ii)
13	<b>Pearl Grass Creations Limited</b> Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	80	2(87)(ii)
14	<b>A&amp;B Investment Limited</b> Po Box 60869, Dubai, UAE	NA	Subsidiary	100	2(87)(ii)
15	<b>DSSP Global Limited</b> Unit: 801-3, 8/F, 9 Wing Hong Kong Street Cheung Sha Wan, Kowloon, Hong Kong	NA	Subsidiary	100	2(87)(ii)
16	<b>PT Pinnacle Apparels</b> Graha Kirana Lt.1, Suite 103, Jl. Yos Sudarso Kav. 88, Menara Kelapa Gading Kondominium Tower E605, Kelapa Gading-Jakarta Utara, Indonesia	NA	Subsidiary	69.91	2(87)(ii)



# Annexure-IV to the Directors' Report

## IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	11,562,734	-	11,562,734	53.37%	11,562,734	-	11,562,734	53.37%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	30	-	30	0.00%	30	-	30	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	11,562,764	-	11,562,764	53.37%	11,562,764	-	11,562,764	53.37%	0.00%
<b>(2) Foreign</b>									
a) NRI Individuals	2,862,145	-	2,862,145	13.21%	2,862,145	-	2,862,145	13.21%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Banks/FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	2,862,145	-	2,862,145	13.21%	2,862,145	-	2,862,145	13.21%	0.00%
<b>TOTAL (A)</b>	14,424,909	-	14,424,909	66.58%	14,424,909	-	14,424,909	66.58%	0.00%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	505,532	66	505,598	2.33%	491,585	66	491,651	2.27%	-2.76%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Alternate Investment Funds	52,627	-	52,627	0.24%	-	-	-	0.00%	-100.00%
g) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) FIIs	1,301,678	-	1,301,678	6.01%	1,384,147	-	1,384,147	6.39%	6.34%
i) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
j) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	1,859,837	66	1,859,903	8.59%	1,875,732	66	1,875,798	8.66%	0.85%
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	528,842	863	529,705	2.45%	512,868	863	513,731	2.37%	-3.02%

## Annexure-IV to the Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,614,746	120,234	1,734,980	8.01%	1,482,191	117,439	1,599,630	7.38%	-7.80%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,276,887	-	2,276,887	10.51%	2,527,265	-	2,527,265	11.67%	11.00%
c) NBFCs Registered with RBI	100	-	100	0.00%	-	-	-	0.00%	-100.00%
c) Others (specify)									
Non Resident Indians(Non Repat)	49,165	-	49,165	0.23%	48,085	-	48,085	0.22%	-2.20%
Non Resident Indians (Repat)	195,207	22,212	217,419	1.00%	179,674	22,212	201,886	0.93%	-7.14%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	58,324	-	58,324	0.27%	1,869	-	1,869	0.01%	-96.80%
Trusts	260	-	260	0.00%	260	-	260	0.00%	0.00%
Hindu Undivided Family	512,285	-	512,285	2.36%	470,504	-	470,504	2.17%	-8.16%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(2):-</b>	<b>5,235,816</b>	<b>143,309</b>	<b>5,379,125</b>	<b>24.83%</b>	<b>5,222,716</b>	<b>140,514</b>	<b>5,363,230</b>	<b>24.76%</b>	<b>-0.30%</b>
<b>Total Public (B)</b>	<b>7,095,653</b>	<b>143,375</b>	<b>7,239,028</b>	<b>33.42%</b>	<b>7,098,448</b>	<b>140,580</b>	<b>7,239,028</b>	<b>33.42%</b>	<b>0.00%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Grand Total (A+B+C)</b>	<b>21,520,562</b>	<b>143,375</b>	<b>21,663,937</b>	<b>100.00%</b>	<b>21,523,357</b>	<b>140,580</b>	<b>21,663,937</b>	<b>100.00%</b>	<b>0.00%</b>

### (ii) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mr. Pulkit Seth	6,947,621	32.07%	NIL	6,947,621	32.07%	NIL	0.00%
2	Mrs. Payel Seth	4,413,635	20.37%	NIL	4,413,635	20.37%	NIL	0.00%
3	Mr. Deepak Seth (NRI)	2,862,145	13.21%	NIL	2,862,145	13.21%	NIL	0.00%
4	Mrs. Shifalli Seth	201,478	0.93%	NIL	201,478	0.93%	NIL	0.00%
5	M/s NIM International Commerce LLP	30	0.00%	NIL	30	0.00%	NIL	0.00%

## Annexure-IV to the Directors' Report

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

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	14,424,909	66.58%	14,424,909	66.58%
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.	No Change during the year	No Change	No Change	No Change
	At the end of the year	14,424,909	66.58%	14,424,909	66.58%

### (iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

S. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	<b>Sanjiv Dhireshbhai Shah</b>						
	At the beginning of the year	01.04.2019	-	1,449,320	6.69%	1,449,320	6.69%
	Changes during the year	05.04.2019	Transfer	26,954		1,476,274	6.81%
		12.04.2019	Transfer	3,592		1,479,866	6.83%
		26.04.2019	Transfer	3,191		1,483,057	6.85%
		03.05.2019	Transfer	1,084		1,484,141	6.85%
		10.05.2019	Transfer	3,911		1,488,052	6.87%
		17.05.2019	Transfer	1,338		1,489,390	6.87%
		24.05.2019	Transfer	1,617		1,491,007	6.88%
		31.05.2019	Transfer	966		1,491,973	6.89%
		07.06.2019	Transfer	1,455		1,493,428	6.89%
		14.06.2019	Transfer	8,990		1,502,418	6.94%
		21.06.2019	Transfer	11,004		1,513,422	6.99%
		29.06.2019	Transfer	3,280		1,516,702	7.00%
		05.07.2019	Transfer	440		1,517,142	7.00%
		12.07.2019	Transfer	983		1,518,125	7.01%
		19.07.2019	Transfer	9,349		1,527,474	7.05%
		26.07.2019	Transfer	2,249		1,529,723	7.06%
		02.08.2019	Transfer	4,450		1,534,173	7.08%
		09.08.2019	Transfer	8,054		1,542,227	7.12%
		16.08.2019	Transfer	206		1,542,433	7.12%
		23.08.2019	Transfer	25,017		1,567,450	7.24%

## Annexure-IV to the Directors' Report

S. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		06.09.2019	Transfer	16		1,567,466	7.24%
		13.09.2019	Transfer	50		1,567,516	7.24%
		20.09.2019	Transfer	210		1,567,726	7.24%
		27.09.2019	Transfer	30		1,567,756	7.24%
		08.11.2019	Transfer	-49,402		1,518,354	7.01%
		06.12.2019	Transfer	9,679		1,528,033	7.05%
		10.01.2020	Transfer	910		1,528,943	7.06%
		17.01.2020	Transfer	6,953		1,535,896	7.09%
		14.02.2020	Transfer	7,719		1,543,615	7.13%
		21.02.2020	Transfer	7,226		1,550,841	7.16%
		06.03.2020	Transfer	2,400		1,553,241	7.17%
		20.03.2020	Transfer	33		1,553,274	7.17%
	At the end of the year	31.03.2020				1,553,274	7.17%
<b>2</b>	<b>Premier Investment Fund Limited</b>						
	At the beginning of the year	01.04.2019	-	1,051,231	4.85%	1,051,231	4.85%
	Changes during the year	-	-	-	0.00%	-	0.00%
	At the end of the year	31.03.2020	-			1,051,231	4.85%
<b>3</b>	<b>LTS Investment Fund Limited</b>						
	At the beginning of the year	01.04.2019	-	250,447	1.16%	250,447	1.16%
	Changes during the year	12.04.2019	Transfer	3,000		253,447	1.17%
		19.04.2019	Transfer	666		254,113	1.17%
		26.04.2019	Transfer	3,879		257,992	1.19%
		03.05.2019	Transfer	3,700		261,692	1.21%
		10.05.2019	Transfer	5,986		267,678	1.24%
		17.05.2019	Transfer	6,781		274,459	1.27%
		24.05.2019	Transfer	1,108		275,567	1.27%
		31.05.2019	Transfer	1,191		276,758	1.28%
		07.06.2019	Transfer	3,183		279,941	1.29%
		14.06.2019	Transfer	1,552		281,493	1.30%
		21.06.2019	Transfer	3,595		285,088	1.32%
		29.06.2019	Transfer	4,000		289,088	1.33%
		05.07.2019	Transfer	2,161		291,249	1.34%
		12.07.2019	Transfer	4,000		295,249	1.36%
		19.07.2019	Transfer	3,811		299,060	1.38%

## Annexure-IV to the Directors' Report

S. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		26.07.2019	Transfer	5,813		304,873	1.41%
		02.08.2019	Transfer	5,216		310,089	1.43%
		09.08.2019	Transfer	5,921		316,010	1.46%
		16.08.2019	Transfer	1,220		317,230	1.46%
		23.08.2019	Transfer	4,867		322,097	1.49%
		30.08.2019	Transfer	2,892		324,989	1.50%
		06.09.2019	Transfer	1,456		326,445	1.51%
		20.09.2019	Transfer	3,100		329,545	1.52%
		27.09.2019	Transfer	1,371		330,916	1.53%
		08.11.2019	Transfer	1,000		331,916	1.53%
		06.12.2019	Transfer	1,000		332,916	1.54%
	At the end of the year	31.03.2020	-			332,916	1.54%
<b>4</b>	<b>General Insurance Corporation of India</b>						
	At the beginning of the year	01.04.2019	-	256,666	1.18%	256,666	1.18%
	Changes during the year	-	-	-	0.00%	-	0.00%
	At the end of the year	31.03.2020	-			256,666	1.18%
<b>5</b>	<b>Life Insurance Corporation of India</b>						
	At the beginning of the year	01.04.2019	-	227,292	1.05%	227,292	1.05%
	Changes during the year	-	-	-	-	-	-
	At the end of the year	31.03.2020				227,292	1.05%
<b>6</b>	<b>Shah Sanjivbhai Dhiresbhai</b>						
	At the beginning of the year	01.04.2019	-	199,981	0.92%	199,981	0.92%
	Changes during the year	01.11.2019	Transfer	300		200,281	0.92%
	At the end of the year	31.03.2020				200,281	0.92%
<b>7</b>	<b>Virat Services LLP</b>						
	At the beginning of the year	01.04.2019	-	175,470	0.81%	175,470	0.81%
	Changes during the year	-	-	-		-	0.00%
	At the end of the year	31.03.2020				175,470	0.81%
<b>8</b>	<b>Shah Krinaben Sanjivbhai</b>						
	At the beginning of the year	01.04.2019	-	115,389	0.53%	115,389	0.53%
	Changes during the year	06.12.2019	Transfer	15		115,404	0.53%
		13.12.2019	Transfer	400		115,804	0.53%
		20.12.2019	Transfer	11,297		127,101	0.59%
	At the end of the year	31.03.2020				127,101	0.59%

## Annexure-IV to the Directors' Report

S. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>9</b>	<b>Nirmal Hiroo Bharwani</b>						
	At the beginning of the year	01.04.2019	-	110,000	0.51%	110,000	0.51%
	Changes during the year	-	-	-	-	-	0.00%
	At the end of the year	31.03.2020				110,000	0.51%
<b>10</b>	<b>Vishal Rameshbhai Patel</b>						
	At the beginning of the year	01.04.2019	-	-	0.00%	-	0.00%
	Changes during the year	15.11.2019	Transfer	91,013	0.42%	91,013	0.42%
		13.12.2019	Transfer	1,974		92,987	0.43%
	At the end of the year	31.03.2020				92,987	0.43%
<b>11</b>	<b>Rajasthan Global Securities Private Limited</b>						
	At the beginning of the year	01.04.2019	-	100,008	0.46%	100,008	0.46%
	Changes during the year	12.04.2019	Transfer	-100		99,908	0.46%
		10.05.2019	Transfer	-2,544		97,364	0.45%
		24.05.2019	Transfer	-200		97,164	0.45%
		31.05.2019	Transfer	-5,639		91,525	0.42%
		09.08.2019	Transfer	-1,282		90,243	0.42%
		29.11.2019	Transfer	-6,515		83,728	0.39%
		20.12.2019	Transfer	-14,013		69,715	0.32%
		27.12.2019	Transfer	-2,314		67,401	0.31%
		31.01.2020	Transfer	1,863		69,264	0.32%
	At the end of the year	31.03.2020				69,264	0.32%

### (v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>Mr. Deepak Seth, Chairman</b>						
	At the beginning of the year	01.04.2019	-	2,862,145	13.21%	2,862,145	13.21%
	Changes during the year			No Change			
	At the end of the year	31.03.2020				2,862,145	13.21%
<b>2</b>	<b>Mr. Pulkit Seth, Managing Director</b>						
	At the beginning of the year	01.04.2019		6,947,621	32.07%	6,947,621	32.07%
	Changes during the year			No Change			
	At the end of the year	31.03.2020				6,947,621	32.07%

## Annexure-IV to the Directors' Report

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>3</b>	<b>Mrs. Shifalli Seth, Whole-Time Director</b>						
	At the beginning of the year	01.04.2019		201,478	0.93%	201,478	0.93%
	Changes during the year			No Change			
	At the end of the year	31.03.2020				201,478	0.93%
<b>4</b>	<b>Mr. Vinod Vaish, Whole-Time Director</b>						
	At the beginning of the year	01.04.2019		-	0.00%	-	0.00%
	Changes during the year			No Change			
	At the end of the year	31.03.2020		-	0.00%	-	0.00%
<b>5</b>	<b>Mr. Chittranjan Dua, Non-Executive Independent Director</b>						
	At the beginning of the year	01.04.2019		-	0.00%	-	0.00%
	Changes during the year			No Change			
	At the end of the year	31.03.2020		-	0.00%	-	0.00%
<b>6</b>	<b>Mr. Anil Nayar, Non-Executive Independent Director</b>						
	At the beginning of the year	01.04.2019		-	0.00%	-	0.00%
	Changes during the year			No Change			
	At the end of the year	31.03.2020		-	0.00%	-	0.00%
<b>7</b>	<b>Mr. Rajendra Kumar Aneja, Non-Executive Independent Director</b>						
	At the beginning of the year	01.04.2019		-	0.00%	-	0.00%
	Changes during the year			No Change			
	At the end of the year	31.03.2020		-	0.00%	-	0.00%
<b>8</b>	<b>Mr. Abhishek Goyal, Non-Executive Independent Director</b>						
	At the beginning of the year	01.04.2019		-	0.00%	-	0.00%
	Changes during the year			No Change			
	At the end of the year	31.03.2020		-	0.00%	-	0.00%
<b>9</b>	<b>Mrs. Madhulika Bhupatkar, Non-Executive Independent Director</b>						
	At the beginning of the year	01.04.2019		-	0.00%	-	0.00%
	Changes during the year			No Change			
	At the end of the year	31.03.2020		-	0.00%	-	0.00%
<b>10</b>	<b>Mr. Raghav Garg, Chief Financial Officer</b>						
	At the beginning of the year	01.04.2019		-	0.00%	-	0.00%
	Changes during the year			No Change			
	At the end of the year	31.03.2020		-	0.00%	-	0.00%
<b>11</b>	<b>Mr. Sandeep Sabharwal, Company Secretary</b>						
	At the beginning of the year	01.04.2019		-	0.00%	-	0.00%
	Changes during the year			No Change			
	At the end of the year	31.03.2020		-	0.00%	-	0.00%

## Annexure-IV to the Directors' Report

### V. INDEBTEDNESS

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

(Amount. in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,025,459,287	-	-	2,025,459,287
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,467,226	-	-	2,467,226
<b>Total (i+ii+iii)</b>	<b>2,027,926,513</b>	<b>-</b>	<b>-</b>	<b>2,027,926,513</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	15,435,254,586	-	-	15,435,254,586
* Reduction	15,239,080,081	-	-	15,239,080,081
Net Change	196,174,505	-	-	196,174,505
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,221,633,792	-	-	2,221,633,792
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,748,058	-	-	3,748,058
<b>Total (i+ii+iii)</b>	<b>2,225,381,850</b>	<b>-</b>	<b>-</b>	<b>2,225,381,850</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount in ₹
		Mr. Pulkit Seth	Mrs. Shifalli Seth	Mr. Vinod Vaish	
	Name	Mr. Pulkit Seth	Mrs. Shifalli Seth	Mr. Vinod Vaish	
	Designation	Managing Director	Whole-Time Director	Whole-Time Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,500,000	6,875,000	1,684,322	24,059,322
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	28,800	28,800	43,542	101,142
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify (Provident Fund)	19,800	19,800	21,600	61,200
	<b>Total (A)</b>	<b>15,548,600</b>	<b>6,923,600</b>	<b>1,749,464</b>	<b>24,221,664</b>
	Ceiling as per the Act	As per Schedule-V of the Companies Act, 2013			



## Annexure-IV to the Directors' Report

### B. Remuneration to other Directors

S. No.	Particulars of Remuneration	Name of Directors					Total Amount in ₹	
		Mr. Chitranjan Dua	Mr. Anil Nayar	Mr. Rajendra Kumar Aneja	Mr. Abhishek Goyal	Mrs. Madhulika Bhuparkar		
1	Independent Directors							
	Fee for attending board meetings	20,000	40,000	10,000	40,000	-	110,000	
	Commission	-	-	-	-	-	-	
	Others, please specify ( for attending Independent Directors Meeting)	10,000	10,000	-	10,000	-	30,000	
	Total (1)	30,000	50,000	10,000	50,000	-	140,000	
2	Other Non-Executive Directors	<b>Mr. Deepak Seth</b>						
	Fee for attending board committee meetings	20,000	-	-	-	-	20,000	
	Commission	-	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	-	
	Total (2)	20,000	-	-	-	-	20,000	
	Total (B)=(1+2)	50,000	50,000	10,000	50,000	-	160,000	
	Total Managerial Remuneration						24,381,664	
	Overall Ceiling as per the Act	As per Schedule-V of Companies Act, 2013						

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

S. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount in ₹
		Mr. Raghav Garg	Mr. Sandeep Sabharwal	
	<b>Name</b>	<b>Chief Financial Officer</b>	<b>Company Secretary</b>	
	<b>Designation</b>			
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,443,755	1,683,482	5,127,237
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	32,359	32,359
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	3,443,755	1,715,841	5,159,596

## Annexure-IV to the Directors' Report

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	<b>NIL</b>	<b>NIL</b>	N.A	N.A
Punishment	Nil	<b>NIL</b>	<b>NIL</b>	N.A	N.A
Compounding	Nil	<b>NIL</b>	<b>NIL</b>	N.A	N.A
<b>B. DIRECTORS</b>					
Penalty	Nil	<b>NIL</b>	<b>NIL</b>	N.A	N.A
Punishment	Nil	<b>NIL</b>	<b>NIL</b>	N.A	N.A
Compounding	Nil	<b>NIL</b>	<b>NIL</b>	N.A	N.A
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	<b>NIL</b>	<b>NIL</b>	N.A	N.A
Punishment	Nil	<b>NIL</b>	<b>NIL</b>	N.A	N.A
Compounding	Nil	<b>NIL</b>	<b>NIL</b>	N.A	N.A

## Annexure-V to the Directors' Report

### Related Party disclosure under regulation 34 of listing regulations

#### Loan / Advances

(₹ in Lakh)

Name of Party	Status	Balance as on 31.03.2020	Maximum during the year
PDS Multinational Limited India	Associates	300.00	300.00
Pearl Global Fareast Limited	Subsidiary	497.57	497.57

#### Investments (Equity Shares)

(₹ in Lakh)

Name of Party	Status	Balance as on 31.03.2020	Maximum during the year
Pearl Global Fareast Limited	Subsidiary	2,797.29	2,797.29
Norp Knit Industries Ltd	Subsidiary	2,468.53	2,468.53
Pearl Apparel Fashions Limited	Subsidiary	1,648.35	1,648.35
Pearl Apparel Fashions Limited (Preference Shares)	Subsidiary	300.00	300.00
Pearl Global (HK) Limited	Subsidiary	6,152.32	6,152.32
Pearl Global Kaushal Vikas Limited (Formerly Pixel Industries Ltd.)	Subsidiary	5.00	5.00
SBUYS E-Commerce Limited	Subsidiary	1.00	1.00

## Annexure-VI to the Directors' Report

### Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

[Pursuant to Section 134 (3)(g) of the Companies Act, 2013]

(₹ in Lakh)

Sl. No.	Name of the Company	Loans	Guarantees	Investments
1	Pearl Global (HK) Limited	-	24,124.80	6,152.32
2	PDS Multinational Fashions Limited	300.00	-	5.00
3	Pearl Global Fareast Limited	497.57	-	2,797.29
4	Norp Knit Industries Limited	-	7,967.43	2,468.53
5	Pearl Apparel Fashions Limited	-	-	1,648.35
6	Pearl Apparel Fashions Limited (Preference Shares)	-	-	300.00
7	Pearl Global Kaushal Vikas Limited (Formerly Pixel Industries Limited)	-	-	5.00
8	SBUYS E-Commerce Limited	-	-	1.00

**Note:**

1. Investment are in equity shares, unless otherwise mentioned
2. Guarantees are issued to Banks to secure the facilities extended to these Companies

For and on behalf of the Board  
for **PEARL GLOBAL INDUSTRIES LIMITED**

**(DEEPAK SETH)**  
**CHAIRMAN**  
DIN 00003021

Place: Gurugram  
Date: October 07, 2020

## Annexure-VII to the Directors' Report

[Pursuant to Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Sl. No.	Particulars	Disclosures
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	Mr. Pulkit Seth (VC&MD) 61.62x Mrs. Shifalli Seth (WTD) 25.67x Mr. Vinod Vaish (WTD) 6.07x
II	The percentage increase in remuneration of each Director, CFO, CS in the financial year	Mr. Pulkit Seth (VC&MD) 50% Mrs. Shifalli Seth (WTD) 0% Mr. Vinod Vaish (WTD) 7.90% Chief Financial Officer 0% Company Secretary 6.47%
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 5%.
IV	The number of permanent employees on the rolls of the Company	There were approx 6,840 permanent employees as on 31 <sup>st</sup> March, 2020
V	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;	Average percentile increase in the salary of employees other than managerial personnel in the last financial year was 5%. Average percentile increase in the salary of Managerial personnel in the last financial year was 21.45%.
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	The remuneration paid to Directors/employees is as per remuneration policy.

For and on behalf of the Board  
for **PEARL GLOBAL INDUSTRIES LIMITED**

**(DEEPAK SETH)**  
**CHAIRMAN**  
DIN 00003021

Place: Gurugram  
Date: October 07, 2020

## Annexure-VIII to the Directors' Report

[Pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended]

*List of top ten employee in terms of remuneration drawn*

Sl. No.	Name of Employee	Designation	Educational qualification	Age	Experience (in years)	Date of Joining	Remuneration paid (₹)	Previous employment	Percentage of equity share held	Whether employee is relative of any Director or Manager
1	Mr. Pallab Banerjee	Group President	B.Sc. (Hons) and Post Graduate in Apparel Merchandising & Marketing from NIFT	52	28	01.06.2019	8,311,136	VP-Global Sourcing (Wovens) - GAP, MD-Global International Sourcing India Pvt. Ltd.	NIL	No
2	Mr. Pankaj Bhasin	CEO-Sampling & Merchandising	B.Com and Apparel Production Management	47	25	15.07.1995	6,258,091	NIL	NIL	No
3	Mr. Amit Mohan	Group CFO	B.Com (Hons), CA, CPA, ISA	54	31	02.11.2015	6,136,128	CFO, Vishvaraj Infrastructure, Nagpur	NIL	No
4	Mr. Manish Sareen	Senior Vice President (Marketing & Operations)	MBA	49	26	01.11.2017	4,758,504	Founder & CEO- J&M Fashions	NIL	No
5	Mr. Sundeep Chatrath	COO-Knits Division (India)	B.A.	53	32	01.06.2017	4,566,294	Head-Merchandising, Gupta Exim, Faridabad	NIL	No
6	Mr. Raghav Garg	Chief Financial Officer	B.Com (Hons), CA	37	13	21.01.2019	3,443,755	Vice President - F&A - Trident Ltd.	NIL	No
7	Mr. Praveen Choudhary	Financial Controller	B.Com, CA	41	18	21.01.2019	2,891,855	GM-Finance - Poly Medicare Ltd.	NIL	No
8	Mr. Ashutosh Sharma	Assistant Vice President (Human Resource)	PGDBA-HR, LLB	41	19	15.03.2018	2,585,641	Head & GM-Paras Group (Real Estate & Education Business)	NIL	No
9	Mr. Sumit Kumar	Executive Assistant-Chairman	B.E. (M.E.), PGDMA, CFA-II	38	13	08.02.2017	2,328,955	AGM, Punj Lloyd	NIL	No
10	Mr. Anand Bhatia	Vice-President (Production)	B.Sc., MBA	51	28	09.08.2011	2,365,643	Factory Manager, Texport Fashion Ltd	NIL	No

*Note: Nature of employment is non contractual*

## Annexure-VIII to the Directors' Report

### Remuneration of Executive Directors

Sl. No.	Name of Employee	Designation	Educational qualification	Age	Experience (in years)	Date of Joining	Remuneration paid	Previous employment	Percentage of equity share held	Whether employee is relative of any Director or Manager
1	Mr. Pulkit Seth	Managing Director	Bachelor of Business Management	40	16	11/1/2004	15,528,800	NIL	32.07	Yes
2	Mrs. Shifalli Seth	Whole-Time Director	Bachelor degree in Business Administration	39	15	5/1/2005	6,903,800	Pearl Global Ltd.	0.93	Yes
3	Mr. Vinod Vaish*	Whole-Time Director	B.Sc.	62	30	6/8/2009	1,727,864	Director, Uttranchal Biodiesel Ltd	NIL	No

*Note: Nature of employment is contractual*

*\* Mr. Vinod Vaish has resigned from the Board of the Company with effect from April 30, 2020*

For and on behalf of the Board  
for **PEARL GLOBAL INDUSTRIES LIMITED**

**(DEEPAK SETH)**  
**CHAIRMAN**  
DIN 00003021

Place: Gurugram  
Date: October 07, 2020

## Annexure IX to the Director's Report

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.

### A. CONSERVATION OF ENERGY

#### (i) Steps taken for conservation of energy:

- Installed Steam boilers in place of electrical boilers
- Replaced old office electrical items like Air Conditions, fans with energy efficient ones.
- Other measures like placing focused lighting systems and reducing lights wherever not needed.
- Effective utilization of work station for energy conservation

#### (ii) Steps taken by the Company for utilizing alternate sources of energy:

The Company being into garment manufacturing does not consume heavy electricity. However, the Company has installed 200 KW capacity of solar energy plant at its factory located at Chennai.

#### (iii) The Capital investment on energy conservation equipment:

The Company has invested approx ₹ 1.07 Crore for installation of solar energy plant.

### B. TECHNOLOGY ABSORPTION :

#### (i) Efforts made towards technology absorption:

Nil

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

Not Applicable

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

- |  |                  |
|--|------------------|
| a) Technology Imported   | : Not Applicable |
| b) Year of Import  | : N.A.           |
| c) Has technology been fully absorbed?   | N.A.             |
| d) If not fully absorbed, areas where this has not taken place, and the reasons. | N.A.             |

#### (iv) The expenditure incurred on Research & Development:

<u>Expenditure on R &amp; D</u>	(₹/Lakh)	
	2019-20	2018-19
a) Capital	NIL	NIL
b) Recurring	783.95	596.89
<b>Total</b>	<b>783.95</b>	<b>596.89</b>

### C. Foreign Exchange Earnings and Outgo

#### Foreign Exchange Earnings

(₹/Lakh)

Particulars	2019-20	2018-19
Export of Goods - FOB basis	74,130.24	77,985.01
Interest Income	30.11	29.68
IT/SAP Income	98.11	81.68
<b>Total</b>	<b>74,258.46</b>	<b>78,096.37</b>

## Annexure IX to the Director's Report

### Foreign Exchange Outgo

(₹/Lakh)

Particulars	2019-20	2018-19
Imports	12,730.23	2,889.52
Foreign Travelling	68.73	69.47
EDI Expenses	63.07	37.09
Others	59.41	85.18
<b>Total</b>	<b>12,921.44</b>	<b>3,081.26</b>

for and on behalf of the Board  
for **PEARL GLOBAL INDUSTRIES LIMITED**

**(DEEPAK SETH)**  
**CHAIRMAN**  
DIN 00003021

Place: Gurugram  
Date: October 07, 2020



# Statement containing salient features of the financial statement of subsidiary companies

[Pursuant to first proviso to Sub-Section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014-AOC-1]

(₹ in Lakh)

Sl. No.	Name of Subsidiary	Date of Acquisition	Reporting Period	Reporting Currency	Exchange rate	Equity Share Capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit/Loss before taxation	Provision for taxation	Profit/Loss after taxation	Proposed dividend	% of shareholding	Other comprehensive (Expenses) Income	Total Comprehensive income for the Year
1	Pearl Apparel Fashions Limited	3/30/2007	31-Mar-20	INR	NA	2763.91	-2760.00	304.20	300.29	0.00	14.96	-18.77	4.96	-23.73	-	100	-	(23.73)
2	Pearl Global Kaushal Vikas Limited	6/18/2014	31-Mar-20	INR	NA	5.00	-4.25	1.83	1.08	0.00	0.00	-0.57	0.00	-0.57	-	100	-	(0.57)
3	SBUYS E-Commerce Limited	9/20/2019	31-Mar-20	INR	NA	1.00	-0.24	1.00	0.24	0.00	0.00	-0.24	0.00	-0.24	-	100	-	(0.24)
4	Norp Knit Industries Limited	3/22/2006	31-Mar-20	USD	75.39	3631.18	10503.53	31553.86	17419.15	1009.73	58812.90	1545.87	301.33	1244.54	-	99.99	-	1,244.54
5	Pearl Global Fareast Limited	3/16/2009	31-Mar-20	USD	75.39	3268.16	3932.54	11258.95	4058.25	0.00	22716.24	575.91	0.00	575.91	-	100	-	575.91
6	Peal Global (HK) Limited	12/22/2009	31-Mar-20	USD	75.39	6830.33	4511.89	47349.62	36007.39	14976.15	94844.99	599.19	71.27	527.92	-	100	42.36	570.28
7	PGIC Investment Limited	16.08.2016	31-Mar-20	USD	75.39	0.0	-271.15	4322.99	4594.14	0.00	0.45	-226.90	0.00	-226.90	-	100	-	(226.90)
8	Pearl Grass Creations Limited	11.07.2016	31-Mar-20	USD	75.39	301.56	-1480.81	2580.16	3759.42	0.00	3453.47	-157.44	0.00	-157.44	-	80	-	(157.44)
9	Vin Pearl Global Vietnam Limited	11.07.2016	31-Mar-20	USD	75.39	9.05	-1506.02	7985.18	9482.15	3109.31	12213.96	18.64	0.00	18.64	-	100	(11.66)	6.98
10	Pearl Global Vietnam Co. Limited	01.05.2017	31-Mar-20	VND	0.00	2294.65	-1884.91	6477.78	6068.04	0.00	11999.70	25.62	0.00	25.62	-	100	-	25.62
11	Prudent Fashions Limited	02.03.2017	31-Mar-20	BDT	0.87	383.60	-124.04	3185.03	2925.47	0.00	0.00	-88.57	0.07	-88.64	-	99.95	-	(88.64)
12	DSSP Global Limited	11/8/2012	31-Mar-20	USD	75.39	1134.71	4662.00	12099.32	6302.61	791.58	25496.29	135.19	71.20	63.99	-	100	69.84	133.83
13	PT Pinnacle Apparels	3/30/2006	31-Mar-20	USD	75.39	1133.84	4368.93	9336.31	3833.55	0.00	18612.19	237.17	71.20	165.97	-	69.91	69.84	235.80

## Note:

In addition to above the Company has invested in 300000 Preference Shares of ₹ 10/- each aggregating ₹ 3,00,00,000/- of Pearl Apparel Fashions Limited

For and on behalf of Board  
for Pearl Global Industries Limited

(Pulkit Seth)  
Managing Director  
DIN 00003044

(Deepak Seth)  
Chairman  
DIN 00003021

(Kashmir Singh Rathour)  
Chief Financial Officer

(Sandeep Sabharwal)  
Company Secretary  
M. No. ACS - 8370

Place: Gurugram  
Date: July 28, 2020

# Corporate Governance

## 1. COMPANY'S PHILOSOPHY

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to Values, good governance practices stem from culture and mindset of the organization.

The Company has an unwavering commitment to uphold sound corporate governance standards and highest business conduct. Being a value driven organization, Pearl Global Industries Limited has always worked towards building trust with stakeholders based on the principles of corporate governance.

Pearl Global Industries Limited strives to foster a corporate culture in which high standard of ethical behavior, individual accountability and transparent disclosure are ingrained in all its business dealing and shared by its Board of Directors, Management and employees. Over the years governance process and systems have been strengthened at Pearl Global Industries. In addition to complying with the statutory requirements, effective governance system and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place.

Over the years governance processes and systems have been strengthened at Pearl Global Industries Limited.

Your Company is committed to best Corporate Governance and has fully complied with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Company in its endeavor towards the best Corporate Governance and to provide transparency initiated various measures.

This report along with the chapters on Management Discussion and Analysis reports company's compliance with SEBI Listing Regulations.

## 2. BOARD OF DIRECTORS

As on 31<sup>st</sup> March 2020, the Company's Board of Directors consists of 9 (Nine) members. The Chairman of the Board is non-executive Promoter Director. The Board comprises of three executive Directors of whom one women Director and six non-executive Directors, of whom five are Independent Directors including one women Independent Director. The composition of the Board is in conformity with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All non-executive independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board.

**Composition and Category of the Board as on 31.03.2020 and their attendance in the Board and Annual General Meetings are as hereunder:**

S. No.	Name of Director	Category	No. of outside Director-ships*	No. of Committee		Attendance	
				Member	Chairman	Board Meetings	Annual General Meeting
1	Mr. Deepak Seth	Promoter, Non-Executive	3	1	—	2	Yes
2	Mr. Pulkit Seth	Promoter, Executive	2	2	—	2	Yes
3	Mrs. Shifalli Seth	Promoter, Executive	2	—	—	1	No
4	Mr. Vinod Vaish	Executive	1	3	1	4	No
5	Mr. Chittranjan Dua	Independent, Non-executive	5	4	1	2	Yes
6	Mr. Rajendra Kumar Aneja	Independent Non-executive	-	3	—	1	No
7	Mr. Anil Nayar	Independent, Non-executive	-	4	2	4	Yes
8	Mr. Abhishek Goyal	Independent, Non-executive	2	2	1	4	Yes
9	Mrs. Madhulika Bhupatkar	Independent, Non-executive	-	-	-	-	Not Applicable

*\*Foreign Companies, Bodies Corporate, Private Companies and Companies under Section 8 of the Companies Act, 2013 are excluded for the above purpose.*

## Corporate Governance (contd...)

### Name of other listed entities where Directors of the Company is Directors and category of Directorship:

Name of Director	DIN	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. Deepak Seth	00003021	PDS Multinational Fashions Limited	Promoter, Non-Executive Director
Mr. Pulkit Seth	00003044	NIL	NIL
Mrs. Shifalli Seth	01388430	NIL	NIL
Mr. Vinod Vaish	01945795	NIL	NIL
Mr. Chittranjan Dua	00036080	TVS Motor Company Limited	Independent Non-Executive Director
		Gillette India Limited	Independent Non-Executive Director
Mr. Rajendra Kumar Aneja	00731956	NIL	NIL
Mr. Anil Nayar	01390190	NIL	NIL
Mr. Abhishek Goyal	01928855	NIL	NIL
Mrs. Madhulika Bhupatkar	08712718	NIL	NIL

Mr. Deepak Seth, Chairman, Mr. Pulkit Seth, Vice Chairman & Managing Director and Mrs. Shifalli Seth, Whole-Time Director are relatives. Mrs. Shifalli Seth is wife of Mr. Pulkit Seth, Mr. Pulkit Seth is Son of Mr. Deepak Seth.

The Board of Directors has through circular resolution dated March 18, 2020, appointed Mrs. Madhulika Bhupatkar as Women Independent Director of the Company in compliance with the proviso of Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There is no Nominee or Institutional Directors on the Board of the Company.

During the financial year 2019-20, four (4) Board Meetings were held on 28<sup>th</sup> May 2019, 13<sup>th</sup> August 2019, 14<sup>th</sup> November 2019, and 13<sup>th</sup> February, 2020.

Mr. Deepak Seth, Chairman holds 28,62,145 equity shares (13.21%), Mr. Pulkit Seth, Vice Chairman & Managing Director holds 69,47,621 equity shares (32.07%) and Mrs. Shifalli Seth, Whole Time Director holds 2,01,478 equity shares (0.93%) of the Company. No other Director holds any equity share in the Company.

Details of familiarisation programmes imparted to Independent Directors are disclosed at Company's website at <http://www.pearlglobal.com/investors/policy>

### Skills/Expertise/Competence of the Board of Directors

The Board comprises qualified members who bring the required skill, competence and expertise that allow them to make effective contribution to the Board.

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the business of the Company for it to function effectively and those actually available the Board:

Skill area	Description	Number of Directors having particular skills
Product design, Manufacturing, Sales and Marketing	<ul style="list-style-type: none"> <li>Experience in design and manufacturing of products and developing strategies to increase sales and market share.</li> </ul>	3
Finance	<ul style="list-style-type: none"> <li>Qualification and experience in accounting and finance and ability to understand key financial statements, strategic financial planning and budgets.</li> </ul>	6

## Corporate Governance (contd...)

Skill area	Description	Number of Directors having particular skills
Global Business	<ul style="list-style-type: none"> <li>• Experience in driving business in markets around the world.</li> <li>• Understanding of diverse business environments, economic conditions, cultures and regulatory frameworks.</li> </ul>	3
Leadership and Strategic Planning	<ul style="list-style-type: none"> <li>• Ability to understand organization, processes, strategic planning and risk management.</li> <li>• Experience in developing talent, succession planning and driving change and long term growth.</li> </ul>	5
Technology and Innovation	<ul style="list-style-type: none"> <li>• Knowledge of technological trends in apparel industry.</li> </ul>	3
Legal and Governance	<ul style="list-style-type: none"> <li>• Ability to protect shareholders' interest and observe appropriate governance practices.</li> <li>• Monitor risk and compliance management system including legal framework.</li> </ul>	5
Human Resource and Administration	<ul style="list-style-type: none"> <li>• Ability to understand Labour Laws and other related applicable Laws including administration functions of the Company.</li> </ul>	4

The Board members possess the skills identified; their area of core expertise is given below:

Name of Director	Area of Expertise
Mr. Deepak Seth	Product design, Manufacturing, Sales and Marketing
	Global Business
	Leadership and Strategic Planning
	Finance
	Legal and Governance
	Technology and Innovation
Mr. Pulkit Seth	Product design, Manufacturing, Sales and Marketing
	Global Business
	Leadership and Strategic Planning
	Finance
	Technology and Innovation
Mrs. Shifalli Seth	Product design, Manufacturing, Sales and Marketing
	Global Business
	Technology and Innovation
Mr. Vinod Vaish	Human Resource and Administration
	Legal and Governance
	Finance
Mr. Anil Nayar	Finance
	Leadership and Strategic Planning
	Legal and Governance
	Human Resource and Administration

## Corporate Governance (contd...)

Name of Director	Area of Expertise
Mr. Chittranjan Dua	Finance
	Leadership and Strategic Planning
	Legal and Governance
Mr. Abhishek Goyal	Finance
	Legal and Governance
	Human Resource and Administration
Mrs. Madhulika Bhupatkar	Human Resource and Administration
	Leadership and Strategic Planning

*Mr. Vinod Vaish has tendered his resignation from the Board of the Company with effect from April 30, 2020, due to personal reasons.*

In the opinion of the Board, all Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

During the year, no Independent Director has resigned before the expiry of his tenure.

### Information supplied to the Board

The Board has complete access to all information with the company. *Inter alia*, the following information are provided to the Board and the agenda papers for the meetings are circulated in advance of each meeting or are tabled.

- Annual Operating plans and budgets, Capital budgets, updates;
- Quarterly results for the company and its operating divisions or business segments;
- Minutes of meetings of Audit Committee and other committees of the board;
- Information on recruitment and remuneration of senior officers just below the board level including appointment or removal of Chief Financial Officer and Company Secretary;
- Materially important show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents or dangerous occurrences;
- Any materially significant effluent or pollution problems;
- Any materially relevant default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue, which involves possible public or product liability claims of a substantial nature;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions;
- Any significant development in the human resources and industrial relations fronts;
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business;
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement, and
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholder services such as non-payment of dividend and/or delay in share transfer.

## Corporate Governance (contd...)

### 3. AUDIT COMMITTEE

The Audit Committee has been constituted as per Section 177 of the Companies Act, 2013 and the guidelines set out in Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference includes:-

- Overseeing financial reporting processes.
- Reviewing periodic financial results, financial statements and adequacy of internal control systems.
- Discussion and review of periodic audit reports and
- Discussions with external auditors about the scope of audit including the observations of the auditors.
- Recommending the appointment, remuneration and removal of statutory auditors.
- Discussing with internal auditors any significant findings and follow up there on.
- Reviewing the adequacy of internal control systems with management, external and internal auditors and reviewing the Company's risk management policies / systems.
- Reviewing the financial statements and quarterly financial results.
- Reviewing Management discussion and analysis of financial condition and result of operations.
- Reviewing statement of significant related party transactions.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Scrutiny of inter-corporate loans and investments.

All the members of Audit Committee are Non-Executive Directors except Mr. Vinod Vaish and the Chairman of the Committee is Non-Executive Independent Director. All the members of the committee possess financial/accounting expertise.

Mr. Sandeep Sabharwal, Company Secretary acts as Secretary of the Audit Committee.

During the year, the Audit Committee, met four times and discharged its responsibilities in accordance with Section 177 of the Companies Act, 2013 and SEBI Listing Regulations. The meetings of the Audit Committee were held on 28<sup>th</sup> May 2019, 13<sup>th</sup> August 2019, 14<sup>th</sup> November 2019 and 13<sup>th</sup> February 2020 during the financial year 2019-20. The maximum gap between any two meetings was less than one hundred twenty days.

During the year 2019-20, the members of the Audit Committee and their attendance are as under:

Audit Committee		
Composition		No. of Meetings attended
Mr. Anil Nayar	– Chairman	4
Mr. Vinod Vaish	– Member Director	4
Mr. Abhishek Goyal	– Member Director	4
Mr. Rajendra K Aneja	– Member Director	1

### 4. NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference of the Nomination and Remuneration Committee include:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.



## Corporate Governance (contd...)

Name of the Director(s)	Mr. Deepak Seth	Mr. Pulkit Seth	Mr. Anil Nayar	Mr. C R Dua	Mr. Rajendra K Aneja	Mr. Abhishek Goyal	Mr. Madhulika Bhupatkar	Mr. Shifalli Seth	Mr. Vinod Vaish
Medical	—	—	—	—	—	—	—	—	—
Bonus	—	—	—	—	—	—	—	—	29,156
Commission	—	—	—	—	—	—	—	—	—
Pension	—	—	—	—	—	—	—	—	—
Provident Fund	—	19,800	—	—	—	—	—	19,800	21,600
Perquisites	—	28,800	—	—	—	—	—	28,800	43,542
Break up of fixed components and Performance linked incentives with performance criteria	—	—	—	—	—	—	—	—	—
Performance Incentive	—	—	—	—	—	—	—	—	—
Service Contract	—	3 years	—	—	—	—	—	3 years	—
Notice Period, Severance fees	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock Options details (if any): Whether issued at discount. Period over which it is accrued and is exercisable	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sitting Fees	20,000	—	50,000	30,000	10,000	50,000	—	—	—
<b>Total</b>	<b>20,000</b>	<b>1,55,48,600</b>	<b>50,000</b>	<b>30,000</b>	<b>10,000</b>	<b>50,000</b>	<b>—</b>	<b>69,23,600</b>	<b>17,49,464</b>

A sitting fee of ₹ 10,000/- is payable to Independent Directors for attending meeting of Independent Directors. Besides above, the Company does not pay any other commission or remuneration to its Directors and there is no performance linked incentives except the fixed component as stated above.

The Company has no policy of stock option, pension or severance fee for its Directors. Notice period of executive directors are as per Company policy, i.e. 3 months. The Company does not have any separate service contract with executive directors apart from Resolution of Board/shareholders.

### 6. STAKEHOLDER RELATIONSHIP COMMITTEE

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

The Stakeholder Relationship Committee comprises of:

Mr. Anil Nayar - Chairman

Mr. Pulkit Seth - Member

Mr. Vinod Vaish - Member

Mr. Rajendra K Aneja - Member

The Chairman of the Committee is Non- Executive Independent Director.

Mr. Sandeep Sabharwal, Company Secretary is Compliance Officer of the Company.

The Secretary of the Company acts as Secretary of the Committee.

The meetings of the Stakeholder Relationship Committee were held on 24<sup>th</sup> April, 2019, 6<sup>th</sup> November, 2019, 10<sup>th</sup> January, 2020 and 6<sup>th</sup> March, 2020, during the financial year 2019-20.



## Corporate Governance (contd...)

### **Status of Shareholders Complaints during the year 2019-20**

Complaints at the beginning of the year.	Complaints received during the year.	Complaints settled during the year.	Complaints pending at the ending of the year
Nil	3	3	Nil

### **7. CORPORATE SOCIAL REPOSIBILITY COMMITTEE**

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

The Corporate Social Responsibility Committee comprises of:

Mr. Vinod Vaish - Chairman

Mr. Pulkit Seth - Member

Mr. Anil Nayar - Member

The Chairman of the Committee is Executive Director.

The Secretary of the Company acts as Secretary of the Committee.

One meeting held on 28<sup>th</sup> May, 2019, during the financial year 2019-20.

### **8. FINANCE COMMITTEE**

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

The Finance Committee comprises of:

Mr. Pulkit Seth - Chairman

Mrs. Shifalli Seth - Member

Mr. Vinod Vaish - Member

The Chairman of the Committee is Executive Director.

The Secretary of the Company acts as Secretary of the Committee.

The meetings of Finance Committee were held on 30.04.2019, 20.05.2019, 08.07.2019, 03.08.2019, 16.09.2019, 24.10.2019, 14.11.2019, 06.12.2019, 18.12.2019, 17.01.2020, 11.02.2020 and 26.02.2020, during the financial year 2019-20.

### **9. GENERAL BODY MEETINGS**

Location and time where last 3 Annual General Meetings were held:

Year	AGM	Location	Date	Time
2016-17	28 <sup>th</sup>	Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel) Lodhi Road, New Delhi-110 003	28.09.2017	03.30 P.M.
2017-18	29 <sup>th</sup>	Air Force Auditorium, Near R&R Hospital Subroto Park, New Delhi-110 010	24.09.2018	10.30 A.M.
2018-19	30 <sup>th</sup>	Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel) Lodhi Road, New Delhi-110 003	24.09.2019	10.30 A.M.

### **Detail of Special Resolutions Passed During last three Annual General Meetings:**

Sl. No.	Particulars of Special Resolution	Date	Financial Year
1	Re-appointment of Mr. Pulkit Seth as Managing Director of the Company.	24 <sup>th</sup> September, 2019	2018-19

## Corporate Governance (contd...)

Sl. No.	Particulars of Special Resolution	Date	Financial Year
	Re-appointment of Mr. Anil Nayar as an Independent Director of the Company.	24 <sup>th</sup> September, 2019	2018-19
	Re-appointment of Mr. Chittranjan Dua as an Independent Director of the Company.	24 <sup>th</sup> September, 2019	2018-19
	Re-appointment of Mr. Rajendra Kumar Aneja as an Independent Director of the Company.	24 <sup>th</sup> September, 2019	2018-19
2	Re-appointment of Mrs. Shifalli Seth as Whole-Time Director of the Company.	24 <sup>th</sup> September, 2018	2017-18
	To approve remuneration of Mr. Pulkit Seth as Managing Director of the Company.	24 <sup>th</sup> September, 2018	2017-18
	To Increase the Investment Limit by Non Resident Indian (NRI) or Overseas Citizen of Indian (OCI) in the Company.	24 <sup>th</sup> September, 2018	2017-18
	Alteration of Memorandum of Association of the Company for commencement of New Business.	24 <sup>th</sup> September, 2018	2017-18
3	NIL	28 <sup>th</sup> September, 2017	2016-17

During the year, no Special Resolution was passed through Postal Ballot. No special resolution is proposed to be conducted through postal ballot.

### 10. MEANS OF COMMUNICATION

- (i) The quarterly results of the Company are published in leading and widely circulated English/Hindi National/Regional Newspapers as per the requirements of the Listing Regulations with the Stock Exchanges. The results are also submits to the BSE Limited and National Stock Exchange of India Limited, through their online portal.
- (ii) The results normally published in Business Standard (English) and Naya India (Hindi).
- (iii) The Company's Financial Results, Shareholding Pattern and official news releases, if any, are displayed on the Company's website [www.pearlglobal.com](http://www.pearlglobal.com), besides the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com).
- (iv) The Company updates the media, analysts, institutional investors, etc., through a formal presentation on its financials as well as other business developments.

### 11. GENERAL SHAREHOLDER INFORMATION

#### (i) Annual General Meeting

31<sup>st</sup> Annual General Meeting is scheduled as under:-

Day	Date	Time	Venue
Thursday	26-11-2020	11:30 a.m.	through Video Conferencing (VC) or Other Audio Visual Means (OAVM)

- (ii) **Financial year** : The financial year covers the period 1<sup>st</sup> April to 31<sup>st</sup> March.

#### **Financial Calendar, 2020-21**

First Quarter Results	: Second week of September, 2020
Second Quarter & Half Yearly Results	: Second week of November, 2020
Third Quarter Results	: Second week of February, 2021
Fourth Quarter & Annual Results	: Last week of May, 2021

## Corporate Governance (contd...)

### (iii) Dividend payment date

Not Applicable

### (iv) Date of Book Closure

: 20<sup>th</sup> November, 2020 to 26<sup>th</sup> November, 2020  
(both days inclusive)

### (v) Listing on Stock Exchanges and their Stock Code

Name of the Stock Exchanges, wherein shares of the Company are currently listed and their Script Code:

Stock Exchange	Script Code
<b>BSE LIMITED</b> 1 <sup>ST</sup> FLOOR, NEW TRADING RING ROTUNDA BUILDING, P. J. TOWERS DALAL STREET, FORT, MUMBAI – 400 001 Mumbai	<b>532808</b>
<b>NATIONAL STOCK EXCHANGE OF INDIA LTD.</b> “EXCHANGE PLAZA”, PLOT NO. C- 1, G- BLOCK, BANDRA - KURLA COMPLEX, BANDRA (E), MUMBAI - 400 051	<b>PGIL</b>

The Annual Listing Fee for the financial year 2019-2020 has been paid to the Stock Exchanges within stipulated time.

The ISIN No. of the equity shares of your Company is **INE940H01014**.

### (vi) Market Price Data: High, Low during each month in financial year 2019-20:

MONTH(S)	BOMBAY STOCK EXCHANGE Company Code: 532808		NATIONAL STOCK EXCHANGE Company Code: PGIL	
	HIGH	LOW	HIGH	LOW
April 2019	181.00	158.55	184.90	160.05
May 2019	198.00	139.60	197.90	141.70
June 2019	175.00	155.15	176.00	155.65
July 2019	174.55	145.25	173.95	145.00
August 2019	164.70	120.00	155.00	115.00
September 2019	172.50	130.00	172.40	131.00
October 2019	178.00	146.05	179.00	144.05
November 2019	202.00	151.20	202.80	150.00
December 2019	165.00	149.60	169.90	145.60
January 2020	172.00	147.90	174.00	147.70
February 2020	153.45	128.05	155.00	128.10
March 2020	132.10	82.50	134.90	82.05

## Corporate Governance (contd...)

### (vii) Share price performance in comparison to BSE Sensex and NSE Nifty:

MONTH(S) (As on end of last trading day of the month)	SHARE PRICES COMPARISION			
	BSE		NSE	
	PGIL	Sensex	PGIL	Nifty
April 2019	163.00	39,031.55	163.10	11,748.15
May 2019	172.80	39,714.20	172.15	11,922.80
June 2019	168.55	39,394.64	168.75	11,788.85
July 2019	150.00	37,481.12	150.50	11,118.00
August 2019	134.00	37,332.79	135.00	11,023.25
September 2019	170.00	38,667.33	168.55	11,474.45
October 2019	155.25	40,129.05	153.90	11,877.45
November 2019	164.40	40,793.81	166.95	12,056.05
December 2019	157.20	41,253.74	156.05	12,168.45
January 2020	152.45	40,723.49	151.30	11,962.10
February 2020	132.05	38,297.29	132.00	11,201.75
March 2020	110.10	29,468.49	110.15	8,597.75

### (viii) Registrar and Share Transfer Agent

Link Intime India Pvt. Limited  
Nobel Heights, 1st Floor, Plot No.NH-2, C-1 Block  
LSC Near Savitri Market, Janakpuri, New Delhi - 110 058.  
Tel. No. : 011 - 41410592 - 94, Fax No. : 011 - 41410591,  
E-mail: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

### (ix) Share Transfer System

The Company's shares being in compulsory demat form are transferable through the depository system. The Shares in physical form are processed by the Registrar and Transfer Agents and approved by the Stakeholder Relationship Committee. Share transfer process reviewed by the Board.

### (x) Distribution Schedule

#### (a) Distribution of Equity Shareholding of the Company as on 31<sup>st</sup> March 2020

Number of Equity Shares * held	Shareholders		Equity shares held	
	Numbers	% to total	Numbers	% to total
1 - 500	15,799	96.86	10,60,361	4.89
501 - 1000	229	1.40	1,70,270	0.79
1001 - 2000	105	0.64	1,61,606	0.75
2001 - 3000	39	0.24	97,935	0.45
3001 - 4000	21	0.13	73,038	0.33
4001 - 5000	18	0.11	84,425	0.39
5001 - 10000	34	0.21	2,52,877	1.17
10001 and above	67	0.41	1,97,63,425	91.23
<b>Total</b>	<b>16,312</b>	<b>100.00</b>	<b>2,16,63,937</b>	<b>100.00</b>

## Corporate Governance (contd...)

### (b) Categories of Shareholders as on 31<sup>st</sup> March 2020

	No. of Folios	% to total Folios	No. of Shares Held*	% to total Shares
<b>PROMOTERS</b>				
Indian	4	0.03	1,15,62,764	53.37
NRI	1	0.00	28,62,145	13.21
<b>TOTAL (A)</b>	<b>5</b>	<b>0.03</b>	<b>1,44,24,909</b>	<b>66.58</b>
Mutual Funds/Foreign Portfolio Investors	2	0.01	13,84,147	6.39
Financial Institutions/Banks	7	0.04	4,91,651	2.27
NRI's / Foreign Companies	187	1.20	2,49,971	1.15
Bodies Corporate	124	0.79	5,13,731	2.37
Clearing Members	17	0.11	1,869	0.00
Individual	14,703	93.92	41,26,895	19.06
Hindu Undivided Family	608	3.89	4,70,504	2.17
Trusts	2	0.01	260	0.00
<b>TOTAL (B)</b>	<b>15,650</b>	<b>99.97</b>	<b>72,39,028</b>	<b>33.42</b>
<b>TOTAL [(A) + (B)]</b>	<b>15,655</b>	<b>100.00</b>	<b>2,16,63,937</b>	<b>100.00</b>

\* Equity Share of the face value of ₹ 10/- each.

#### (xi) Dematerialisation of Shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL. As on 31<sup>st</sup> March 2020, 2,15,23,357 equity shares of the Company forming 99.35% of the Share Capital of the Company stand dematerialized.

#### (xii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs/Warrants etc. till date.

#### (xiii) Commodity price risk or foreign exchange risk and hedging activities

The Company is into the business of exporting garments and may face foreign exchange fluctuation risk.

Till March 31, 2019, the Company used derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments were initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

#### (xiv) Plant locations:

The Company have following plants at various locations in India, Bangladesh, Indonesia and Vietnam, as follows:

- i) 446, Udyog Vihar, Phase-V, Gurgaon - 122 016 (Haryana)
- ii) Plot No.73, Udyog Vihar, Phase-I, Gurgaon-122016
- iii) Plot No. 274, Udyog Vihar, Phase-II, Gurgaon-122016
- iv) 16-17, Udyog Vihar, Phase VI, Khandsa, Gurgaon - 122 004 (Haryana)
- v) 751, Pace City II, Sector 37, Khandsa, Gurgaon - 122 004 (Haryana)

## Corporate Governance (contd...)

- vi) Plot at Khasra No 15//19 & 22, Village Begumpur Khatola, Gurugram, Haryana – 122001
- vii) NH-8, Narsinghpur Village, District, Gurgaon (Haryana)
- viii) No.64, Janakiraman Nagar, Puthagaram, Cuddapa Road, Kilattur, Chennai-600009
- ix) NH-45 Chettipunniam Village near Chengalpattu, Kanchipuram District, Chennai-603204
- x) 2/31/, Thirukahukundram Road, Melavalam Village, Madhuranthagam, Taluk, Kancheepuram District-603303
- xi) Plot No. 19A, NTTTF Road, Peenya Industrial Area, Bengaluru-560058
- xii) Norp Knit Industries Ltd, North Khaikur, P.O. National University, Gazipur-1704 Bangladesh.
- xiii) Norp Knit Industries Ltd- 93, Islampur, Kodda, Nandun, Gazipur-1700, Bangladesh
- xiv) Prudent Fashions Ltd. Kaichabari Road, Bypail, Ashulia, Savar, Bangladesh
- xv) PT Pinnacle Apparels, JL Coaster No. 8, Blok A-15-15, a TEPZ, Kawasan Berikat Lamicitra Tanjung Emas Export Processing Zone, Semarang-50174, Indonesia
- xvi) PT Pinnacle Apparels, JL Coaster No. 8, Blok B-15, Kawasan Berikat Lamicitra Tanjung Emas Export Processing Zone, Semarang-50174, Indonesia
- xvii) PT Pinnacle Apparels, JL. Soekarno-Hatta No.55 Km 30.5, Blok KL Dusan Kutan, Rt 04 Rw 02 Kel. Randugunting, Kec. Bergas, Kabupaten Semarang, Jawa Tengah-50552, Indonesia
- xviii) Pearl Global Vietnam Company Limited, Dinh Tri Commune, Bae Giang City, Bae Giang Province, Vietnam

### (xv) Registered Office of the Company:

A-3, Community Centre, Naraina Industrial Area,  
Phase-II, New Delhi - 110 028

### Corporate Office & Address for Correspondence:

Pearl Tower, Plot No.51, Sector-32  
Gurugram - 122 001, Haryana (India)

### In case of any Complaint, Investors can contact Compliance Officer:

Mr. Sandeep Sabharwal  
Company Secretary  
Pearl Global Industries Limited  
Pearl Tower, Plot No.51, Sector-32  
Gurugram - 122 001, Haryana (India)  
Tel. No. : 91 - 124 - 4651714  
Fax No. : 91 - 124 - 4651173

### (xvi) Credit Ratings

The Company has obtained credit ratings from ICRA Limited. Credit ratings of the Company as at the end of the financial year 2019-20 are given below:

#### Rating Agency Credit Rating

ICRA Limited Long term rating : [ICRA] BBB (Stable) Short term rating : [ICRA] A3+

## 12. OTHER DISCLOSURES

- a) There had been no materially significant related party transaction that might have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note 47 of Notes to Financial Statement in the Annual Report.
- b) There has been no non-compliance, penalties/strictures imposed on the company by Stock Exchange(s) or SEBI or any other Statutory Authority, on any matter related to capital markets, during the last three years.

## Corporate Governance (contd...)

- c) The Company has a Whistle Blower Policy and Vigil Mechanism. No personnel of the Company have been denied access to the Audit Committee.
- d) The Company has complied with all the mandatory requirements including Regulations 17 to 27 and 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As regard the non-mandatory requirements, the extent of compliance has been stated in this report against each of them.
- e) Policy for determining 'material' subsidiaries is disclosed at Company's website at <http://www.pearlglobal.com/investors/policy>
- f) Policy on dealing with related party transactions is disclosed at Company's website at <http://www.pearlglobal.com/investors/policy>
- g) Details of commodity price risks and commodity hedging activities are given at Note No. - 41 of Audited Standalone Financial Statements.
- h) During the financial year 2019-20, the Company has not raised funds through preferential allotment or qualified institutional placement.
- i) A Certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority is annexed with this report.
- j) The Board had accepted all recommendations of Committees of the Board which is mandatorily required, in the financial year 2019-20.
- k) The details of total fees for all services paid by the Company and its subsidiaries, on consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which statutory auditors is a part, are as follows:

(₹/Lakh)

Particulars	For the financial year ended March 31, 2020	For the financial year ended March 31, 2019
Audit Fee	15.89	12.62
Other Services	10.00	6.05
Reimbursement of Expenses	3.03	2.65
<b>Total</b>	<b>28.92</b>	<b>21.32</b>

- l) There was one case filed and resolved during the financial year 2019-20, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**13.** The Company has fully complied with all the requirements of the Corporate Governance including the applicable requirements specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (20) of Regulation 46. There has been no instance of non-compliance of any requirement of the Corporate Governance Report.

### 14. Non-Mandatory Requirements as specified in Part E of Schedule II of the SEBI Listing Regulations

Discretionary requirements are as follows:-

#### A. The Board

Presently, the Company is maintaining office of the Non-Executive Chairman.

#### B. Shareholders Rights

The Company's Financial Results, Shareholding Pattern and official news releases are displayed on the Company's website [www.pearlglobal.com](http://www.pearlglobal.com).

- C. **Modified opinion(s) in audit report** – there is no modified opinion in the audit report. However, the Statutory Auditor has given qualified opinion in consolidated financial statements. Details of the same are mentioned in the Directors' Report.

## Corporate Governance (contd...)

### D. Separate Posts of chairperson and chief executive officer

Presently, the Company has separate post of Non-executive Chairman and Managing Director.

### E. Reporting of internal auditor-The internal auditor reports to Audit Committee as and when required.

### Compliance with the Code of Conduct

The Company has adopted a “Code of Conduct for the Directors and Senior Management”. The Code is available on the official website of the Company [www.pearlglobal.com](http://www.pearlglobal.com).

The declaration from the Managing Director regarding compliance with the code by all the Directors and Senior Management forms part of the Report.

### Compliance certificate on Corporate Governance

A certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed with this Annual Report.

### CEO/CFO CERTIFICATION

The Managing Director and Chief financial Officer have certified to the Board, *inter alia*, the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the year ended 31<sup>st</sup> March 2020.

### Disclosure with respect to demat suspense account / unclaimed suspense account:

In regards, shares remains unclaimed and lying in the IPO escrow A/c of the company for the financial year 2019-20, information is as follows:

- Total shares outstanding at the beginning of Financial Year are 420 & total number of shareholders is 20.
- Number of shareholders approached the company for transfer of shares: Nil
- No. of shareholders to whom shares transferred from escrow a/c: Nil
- Aggregate number of shareholders & shares at the close of the year are 20 and 420 respectively.
- Voting rights of these shares shall remain frozen till claim made against their shares.

### Electronic Clearing Service (ECS)

SEBI had vide its Circular No. DCC/FITTCIR-3/2001 dated October 15, 2001 advised that all companies should mandatorily use ECS facility wherever available. In the absence of ECS facility, companies may use warrants for distributing the dividends and vide its Circular No. D&CC/FITTCIR-04/2001 dated November 13, 2001 had advised companies to mandatorily print the Bank Account details furnished by the Depositories, on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the Depository account, may notify their DPs about any change in the Bank Account details.

### Depository Services

For guidance on depository services, shareholders may write to the Company or to the respective Depositories:

#### National Securities Depository Ltd.

Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel, Mumbai-400013  
Telephone : 022-24994200  
Facsimile : 022-24972993  
E-Mail : [info@nsdl.co.in](mailto:info@nsdl.co.in)  
Website : [www.nsdl.co.in](http://www.nsdl.co.in)

#### Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers  
28<sup>th</sup> Floor, Dalal Street, Mumbai-400023  
Telephone : 022-22723333/3224  
Facsimile : 022-22723199  
E-Mail : [investors@cDSLindia.com](mailto:investors@cDSLindia.com)  
Website : [www.cdslindia.com](http://www.cdslindia.com)



# Management Discussion and Analysis

## INDUSTRY OVERVIEW

A new kind of Coronavirus discovered late last year in Central China has now spread with ruthless speed to every continents on earth except Antarctica. It has killed lakhs of peoples, disrupted daily life ways that would have seemed unthinkable at the start of the new year and now poses a dire threat to the health of the world economy.

The Indian economy has been hit hard by COVID-19. Due to the Countrywide lockdown various transport facilities including trains and flights are suspended which is expected to hurt domestic operations in India.

Indian Textiles and Apparels ( T&A) industry accounts for approximately 4% of the global T&A market. The T&A industry is one of the largest and most important sector for the Indian economy in terms of output, foreign exchange earnings and employment. The industry contribute approximately 7% to industrial output in value terms, 2% to the GDP and 15% to the country's export earnings.

With the virus now also affecting and disrupting global supply chains and economy for almost 3 to 6 months now, the situation is having a severe implication on the Indian economy as well.

The areas that would face the crises created by COVID-19 pandemic are:

- i) Labour force and employment.
- ii) Import & Exports of raw material and readymade garments.
- iii) Cash flow constraints.
- iv) Supply chain disruption.
- v) Consumer sentiment.

Last few months have been catastrophic for apparel exports industry of India. One after the other the Industry was struggling with one or other challenge. While global competition is one aspect the challenges within the country at the moment is being regarded as the biggest deterrent to the slow situation of the industry.

The Country's Readymade Garments export to the world during the financial year 2019-20 was to the tune of USD 15,488.70 Million, which has declined by 4.03% compared to the USD 16,138.29 Million in previous financial year. In rupee terms Readymade Garments export during the financial year 2019-20 was ₹ 1,09,694.78 Crore, which has declined by 2.67% compared to the ₹ 1,12,701.30 Crore in previous financial year.

## COMPANY OVERVIEW

Pearl Global Industries Limited (PGIL) is one of India's largest listed garment exporters, manufacturing from multiple sourcing regions within India and countries within South Asia. A preferred long-term vendor to most leading global brands, we are amongst the leading player in our Industry. Our mainstay business is to create value from competitively manufacturing and exporting fashion garments to leading global brands..

Our product rang includes knits, woven and bottoms (basic and complex designs) across men, women and kids wear segments. We have a well diversified and de-risked manufacturing base across India, Indonesia, Bangladesh and Vietnam. We have a total capacity to manufacture around 75 Million garments per year (including own and outsourced facilities). Our revenue structure is primarily export based, with a major contribution coming from exports to the United States. We provide total supply chain solutions to customers-value retailers and high end fashion brand, retails in the United States and Europe, including GAP, Banana Republic, Kohl's, Macy, Joe Fresh, Walmart, M&S, Target Australia, Zara, Ralph Lauren, Next, Tom Tailor, Old Navy, Muji among others. Our business model enables us to offer superior quality products across various countries, catering to all kinds of consumers. Our esteemed global clientele includes premium retailers in USA and Europe, including GAP, Banana Republic, KOHL'S, Macy, Ralph, Lauren, Tom Tailor and NEXT among others.

We strive to be the most preferred vendor to the top global apparel brands and be ranked amongst the top garment manufacturers in the world, in terms of quality, service standards and ultimately-customers satisfaction, keeping in line with our broader vision.

### 1. Our manufacturing facilities

Country	Name of the Company	Factories
India	Pearl Global	11
Bangladesh	Norp knit	2
Bangladesh	Prudent Fashions	1
Indonesia	PT Pinnacle	3
Vietnam	Pearl Global Vietnam	1
<b>Total</b>		<b>18</b>

### 2. Our Pillars of Strengths

#### a) **A Multi Location Manufacturing capability**

Global apparels sourcing market is witnessing a shift from China to other low-cost Asian countries,

# Management Discussion and Analysis (contd...)

primarily Bangladesh, India and Indonesia. Our Company already has a strong manufacturing presence in leading sourcing nations such as India, Bangladesh, Indonesia and Vietnam. Each of these countries exhibits certain core advantages.

## b) Design as key strength

Our Company has 4 (four) design office in USA, UK, Spain and HongKong and dedicated in house design team of 75+ designers. The design teams continuously observe the trend in all markets across the world and visit almost all the globally renowned fashion and textile fairs to refresh their inspiration for new design ideas. As a result they are well equipped to serve the global brands from concept boards to ready new samples. New design ideas also emerge from our various marketing teams, who are close to and in continuous conversations with buyers located in Hongkong, London, USA and Germany. There is an increased focus being placed on creating brand-specific product designs to generate and accelerate business opportunities for global brands and retailers.

Our Company has product co-creation and visibility of global fashion industry and latest trends. Apart from these readiness using 3D optitex & Clo platform- Gap Inc, Ann Taylor & others

## c) Strong Compliance across all Factories:

Compliances in all our facilities are directly linked to the corporate office, which drives all strategy of social compliance, new initiatives and sustainability directly from the top. The corporate compliance acts as a communication hub and control tower for all our customers, providing them with a single point of contact. Strong compliances are established and maintained in all our facilities in line with international standards and several channels are available in each facility to address any concerns.

## d) Strong focus on operations drives efficiency:

- i) Strong Analytics to drive effective fact based decision making.
- ii) Shift from tactical to strategic approach e.g. Strategic relationship with key clients.
- iii) Cultural change : Driving a lead mindset; First Time Right.
- iv) Infrastructure: Reducing Man-Machine Ratio by investment in in-line machinery upgradation;

capacity expansion to drive economies of scale.

- v) Waste Reduction: Across all departments.

## e) Sustainability Focus:

- i) Ultra Filtration Plant; To facilitate re-use of discharged water from laundry in toilets, gardening, fire pumps etc;
- ii) Ozone Machine for green laundry.
- iii) Enabling low water/chemical consumption by using spray system.
- iv) Laser Machine: Eco friendly approach compact machine jeanologia.
- v) Sustainable Fabric: Sourcing BCI cotton, FSC/ Canopy certified Rayon/Tencel/Ecovera, Recycled poly.
- vi) ETP & STP: All facilities equipped with effluent Treatment Plants (ETP) and Sewage Treatment Plants (STPs) to treat waste water before releasing it into the environment.
- vii) Solar Powered: 769 solar plates installed in Chennai facility, covering an area of 8120sq. mtrs./220KW.
- viii) LEED Platinum Certified Facility in Chennai.

We drive our social responsibility initiatives with a focus on environmental sustainability, gender equality, health and capacity building, in line with our Chairman's vision of a better world and the United Nation's Sustainable Development Goals.

## MATERIAL IMPACT OF COVID-19 PANDEMIC ON COMPANY

The Company's manufacturing facilities remained shut from March 23, 2020 due to lockdown and partially re-opened w.e.f. May 04, 2020, which has impacted its operations during April and May 2020. The Company has restarted operations of factories considering order book and available workforce, since May 04, 2020, adhering to the safety norms prescribed by government of India.

April-June 2020 being lockdown months, the revenues and profitability of the Company are likely to be adversely impacted. As the business situation is very dynamic, the Company is closely monitoring it. Though we do hope the business situation should normalise during 3<sup>rd</sup> and 4<sup>th</sup> quarter.

The Company's capital and banking facilities remain intact. There is no liquidity concern as we have sufficient unutilised Banking limits available. Further Banks have offered additional limits.

# Management Discussion and Analysis (contd...)

## COMPANY PERFORMANCE AND MANAGEMENT OUTLOOK

The company has achieved a gross income of ₹ 858.72 Crore compared to ₹ 866.56 Crore in last financial year and Net Profit ₹ 5.01 Crore as compared to Net Profit ₹ 21.50 Crore in the previous year on the standalone basis and consolidated income of ₹ 1734.18 Crore compared to ₹ 1,791.42 in the last financial year and net profit ₹ 21.72 Crore as compared to net profit ₹ 67.10 crore in the previous financial year.

Going forward, as the expanded capacity in Vietnam become fully operational, the share of overseas manufacturing will increase leading to improvement in overall margins.

In the last year as the expanded capacities in Bangalore and Chennai fully operational, the share of in house manufacturing already increased leading to improvement in overall margins.

## GOVERNMENT INITIATIVE

The Apparel Export Promotion Council (AEPCC) had appealed to Union Finance Minister to instruct banks to restructure stressed loans of Apparel manufacturers so that the units can continue operations. In a Memorandum to the Finance Minister, AEPCC said that banks are announcing stressed loans

as non-performing assets (NPA) and do not want to restructure the loans. Several units will be able to continue operations if the loans are restructured with additional working capital. Apparel Export is time sensitive sector that needs timely sanction of loans.

The government has entered into 16 MoU's with various textile companies to set up manufacturing facilities at Kakatiya Mega Textile Park in Warangal. Industries minister KT Rama Rao said the process of land allotment to interested companies and investors is being done. The government is establishing textile parks, handlooms parks and apparel parks to promote the textile industry with the concept of "farm to fashion" in the state.

The Government plans to extend the two year moratorium for debt repayments by textile units as units are already struggling caused by the goods and services tax (GST) refund delay. We are strong enough and do not plan to restructure our loan. The sources said the finance ministry is set to approve the textiles ministry's recommendation on the moratorium. The two years of moratorium on debts repayments to banks would help improve liquidity for textile units.

Following are various incentive Schemes announced & implemented by the Government :

Period of Exports (LED)	Name of Schemes	Remarks
Upto 06.03.2019	MEIS + RoSL	
07.03.2019 to 31.12.2019	RoSTL + Adhoc 1%	Replacing (MEIS + RoSL)
01.01.2020 to 31.03.2021	RoSCTL	-
From 01.04.2020 onwards	RoDTEP	Announced but Yet to implement

LED – Let Export Date (Shipment Date)

MEIS – Merchandise Exports from India Scheme (4%)

ROSL – Rebate of State Levies (1.6%)

RoDTEP — Remission of Duties and Taxes on Export Products  
Remission of duties or taxes on Export products (RoDTEP), a new scheme announced by Finance Minister is supposed to replace all previous schemes for exports from 1<sup>st</sup> April, 2020, but yet to be implemented.

In effect, RoDTEP will more than adequately incentive exporters than existing scheme put together.

**More specifically, the measures are;**

**Revised Priority sector Lending (PSL) norms for export credit**

i) Priority Sector Lending (PSL) norms for export credit have

been examined and enabling guidelines are under consideration of RBI.

ii) This will release an additional INR 36,000 Crore to INR 68,000 Crore as export credit.

**Leverage technology to reduce time to export or turnaround time**

i) Technology will be further leveraged by timely completion of ongoing initiatives to further reduce time to export-through seamless process digitization of all export clearances(port/airport/customs etc) and elimination of offline/manual services.

ii) An action plan to reduce time to export/turnaround time in airports and ports benchmarked to international standards will be implemented by Dec 2019.

iii) Actual turnaround times will be published in real-time for

# Management Discussion and Analysis (contd...)

each port and airport to push them to improve performance

- iv) An inter-ministerial group will be made accountable for this.

## Special FTA utilization mission

- i) FTA utilization mission, headed by a senior officer in Department of commerce will be set up
- ii) To work exclusive with FIEO and export houses to utilize concessional tariffs in each FTA
- iii) Enhance awareness of preferential duty benefits among MSME, disseminate and facilitate compliance requirements (Rules of origin/certificate of origin) under FTAs for importers and exporters
- iv) Set goals for FTA utilization and put in place an effective FTA monitoring system.

## OPPORTUNITIES & THREAT

Besides Covid-19, rising cost of labour in China and marginal price difference in fabrics prices in India and China are helping India. Since costs are rising in China, the media to long term business will move to other countries which can better or match china' cost and delivery capabilities. Since buyers are looking at alternate markets for sourcing, India has greater chance, being economically and socially stable country. Besides, large garment industry in India is getting more organized for higher demands.

Across the entire industry, shops are closed, brands and retailers actually right now have an oversupply situation with whatever orders they have placed. They fear that they may not be able to sell it, so they actually cancelling orders or delaying shipments of orders.

Asia is key for garments manufacturing and many jobs in the region will be at risk, potentially causing social problems in countries like Bangladesh, Cambodia and China that are dependent on the export economy. A lot of factories in Asia they are seeing orders dry up in few weeks. Bangladesh for example has seen USD 2.6 billion worth of orders in its garment sector withdrawn, with fresh cancellations coming up. It's been very hard dealing with all the emergencies because we have been facing cancellations every day on almost a minute-to-minute basis. Worry is, what is going on to happen to so many people are engaged in the garment sector and we are not being able to take care of them properly. We want the workers to be paid, we want to be safe and for that we need the brands to react and respond at this point in time.

## RISKS MANAGEMENT & CONCERNS

The overseas buyers are reducing not only their orders but also their prices due to serious liquidity problems being faced by them.

Garment manufacturing is totally a labour intensive and even after greater automation it will remain so. The obsolete and antiquated labour legislation has hindered the growth of the extremely labour intensive garment manufacturing. The restrictive industrial and labour laws restrain management's capability to respond professionally, effectively and speedily to the fast changing dynamic international textile scenario and request for labour reforms with flexible labour laws to increase productivity.

There is an urgent need for flexible labour norms specific to garment manufacturers and exporters to enable them to meet the increasing international competition especially with regard to employment of casual labour and overtime hours of work during high season which are necessitated by the requirement of meeting tight delivery schedules required for export.

The Company has established factories and operating in the region for long time continuous efforts for betterment of labour has been conducted to improve the condition both at work and home for labour company till now haven't faced any labour issues in terms of strike etc.

The Company is undertaking various measures like lean manufacturing at ground level to increase the productivity and further reduce rejection to improve margin.

## INTERNAL CONTROL SYSTEM

The Company's internal control system has been designed to provide for:

- i) Accurate recording of transactions with internal checks and prompt reporting through SAP
- ii) Adhere to applicable Accounting standards and policies.
- iii) Review of capital investments and long term business plans.
- iv) Periodic review meetings to manage effectively implementation of system.
- v) Compliance with applicable statutes, policies, listing requirements and operating guidelines
- vi) Effective use of resources and safeguarding of assets.
- vii) IT systems with in built controls to facilitate all of the above.

## Management Discussion and Analysis (contd...)

The Company has adequate systems of internal controls to ensure that transactions are properly recorded, authorized and reported apart from safeguarding its assets. Your company has successfully implemented SAP for its manufacturing units and will continue upgrading the same.

The Company has its own Corporate Internal Audit set up which carries out periodic audits at all locations and all functions and brings out deviations to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. It has successfully implemented SAP for its manufacturing units and will continue upgrading the same.

### HUMAN RESOURCE MANAGEMENT

The Pearl Global Industries Limited, forward-thinking and employee centric human resource department is devoted to providing effective policies, procedures, people-friendly guidelines and support governance with the organization. Our HR philosophy revolves around right people for the right job, maintaining a safe, hygienic, and sustainable work environment across geographies, capability building at all level with program such as iLEAD [Leadership Development Program], SEED [Operational Development Program];

innovate with technology with our Human Resource Management System, Pay for Performance [Achieve: Pearl's Performance Management System]. There by building a PearlONE culture, with employee engagement being centric of all our HR initiatives. Presently Company employs ..... work force.

### For Community our Company's Programs;

- a) **Health: Medical:** Health Camps for workers across all our facilities, every quarter.
- b) **Education:** Scholarship funding education for more than 200 primary & middle school children.
- c) **Women Empowerment:**
  - i) Personal Advancement and career enhancement (P.A.C.E.) empowering women in their professional and personal lives.
  - ii) Training on menstrual hygiene & sanitary napkins vending machine.
  - iii) HER health programme to raise health related awareness.
  - iv) Gender equality project, in partnership with M&S British High Commission.
- d) **My Voice:** Third party ethics helpline for whistle blowing of unethical practices, POSH issues and violation of code of conducts at workplace

### DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE) IN KEY FINANCIAL RATIOS

Details of changes ins Key Financial Ratios are given below:

S.No.	Particulars	FY 2019-20	FY 2018-19	Comparision	Explantion for change in Ratio
1	Debtors Turnover (days)	43.08	48.37	-10.94%	Better recovery policy follow up with buyers & buyers mix of with lower payment terms.
2	Inventory Turnover (days)	135.11	118.25	14.25%	Due to COVID-19, few of buyers had postponed delivery schedules, so inventories increased at year end.
3	Interest Coverage Ratio	2.53	3.54	-28.39%	Profitability reduced due to withdrawal of Government incentives during the year. Sales marginally down due to COVID-19, likely to improve going forward.
4	Current Ratio	1.19	1.15	3.61%	Better Management of Working capital.
5	Debt Equity Ratio	0.23	0.13	76.81%	Decrease in Net Equity due to INDAS 116 and Hedge Accounting impact.
6	Operating Profit Margin	11.77%	14.45%	-18.55%	Partially due to GOVID-19 impact and marginally reduced margins, likely to improve in coming years.
7	Net Profit Margin	0.58%	2.48%	-76.49%	Due to withdrawal of Government incentives during the year.
8	Net Worth	29,866.97	30,897.52	-3.34%	Decrease in Net Equity due to INDAS 116 and Hedge Accounting impact, despite net profits.

### CAUTION STATEMENT

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides the Company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

# Business Responsibility Report (2019-20)

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L74899DL1989PLC036849
2.	Name of the Company	Pearl Global Industries Limited
3.	Registered address	A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028
4.	Website	<a href="http://www.pearlglobal.com">www.pearlglobal.com</a>
5.	E-mail id	sandeep.sabharwal@pearlglobal.com
6.	Financial Year reported	31st March 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code: 141 Manufacturing of wearing apparels
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Manufacturing of wearing apparels
9.	Total number of locations where business activity is undertaken by the Company	18
(a)	Number of International Locations	7
(b)	Number of National Locations	11
10.	Markets served by the Company -Local/State/National/International	International

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	21,66,39,370
2.	Total Turnover (INR)	₹ 825.33 Crore
3.	Total profit after taxes (INR)	₹ 5.01 Crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.03% (₹ 22.15 Lakh) of PAT of FY 2018-19
5.	List of activities in which expenditure in 4 above has been incurred:-	(a) Education and other activities (b) Health care activities

## SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	The Company has following subsidiaries: i. Pearl Apparel Fashions Limited ii. Pearl Global Kaushal Vikas Limited iii. SBUYS E-Commerce Limited iv. Norp Knit Industries Limited v. Pearl Global Fareast Limited vi. Pearl Global (HK) Limited vii. Vin Pearl Global Vietnam Limited viii. Pearl Global Vietnam Company Limited ix. Pearl Grass Creations Limited x. A&B Investment Limited xi. Prudent Fashions Limited xii. DSSP Global Limited
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## Business Responsibility Report (2019-20) (contd...)

		xiii. PT Pinnacle Apparels xiv. Pearl Global(Chang Zhou) Textile Technology Co., Ltd. xv. Pearl Global F.Z.E xvi. PGIC Investment Limited
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):	No
3.	Do any other entity/entities(e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

### SECTION D: BR INFORMATION

#### 1. Details of Director/Directors responsible for BR

##### (a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number : 00003044
2. Name : Mr. Pulkit Seth
3. Designation : Managing Director

##### (b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00003044
2	Name	Mr. Pulkit Seth
3	Designation	Managing Director
4	Telephone number	0124-4651000
5	e-mail id	Investor.pgil@pearlglobal.com

#### 2. Principle-wise (as per NVGs) BR Policy/policies

##### (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/ policies for the principle?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.pearlglobal.com/investors/policy/">http://www.pearlglobal.com/investors/policy/</a>								

## Business Responsibility Report (2019-20) (contd...)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Policy is available on the website of the Company and is expected to be adhered by all the stakeholders.								
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company is working on developing and improving its system for evaluating the implementation of the policies. The policies are evaluated internally from time to time and updated whenever required.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

### 3. Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The BR performance would be assessed yearly. However, there is no fixed term. The Board may review the BR initiatives and other related policies on regular intervals.
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Business Responsibility Report would be published annually on the website of Company at <a href="http://www.pearlglobal.com">www.pearlglobal.com</a>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability		
1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs /Others?	No  The policy is expected to be adhered by the other stakeholders.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the financial year 2019-20, the Company has received three complaints and all three complaints have been resolved satisfactorily.



## Business Responsibility Report (2019-20) (contd...)

<b>Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle</b>		
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is in the business of manufacturing of wearing apparel and all the applicable laws relating to the manufacturing of wearing apparels including environmental laws are duly complied.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	The Company is committed to environment sustainably. The Company works towards reduction and optimal utilization of energy, water, raw material, etc. by incorporating new techniques and innovative ideas.  The Company's products do not have any broad based impact on energy and water consumption by consumers. However, the Company on continuous basis takes several measures to conserve the consumption of energy and water.  The Company is committed to reduction of waste, conservation of raw material and pursuing zero pollution through various initiatives, technological upgradation and improvement projects.
3.	Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The Company is in process of setting procedures for sustainable sourcing.
4.	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company prefers local & small producers for various inputs.
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Product and waste are scraped (being non recyclable)
<b>Principle 3: Businesses should promote the wellbeing of all employees</b>		
1.	Please indicate the Total number of employees.	6840
2.	Please indicate the Total number of employees hired on temporary / contractual / casual basis.	7360
3.	Please indicate the Number of permanent women employees.	3341
4.	Please indicate the Number of permanent employees with disabilities	NA
5.	Do you have an employee association that is recognized by management	NA

## Business Responsibility Report (2019-20) (contd...)

6.	What percentage of your permanent employees is members of this recognized employee association?	NA	
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.		
	No.	Category	No of complaints filed during the financial year
			No of complaints pending as on end of the financial year
	1.	Child labour / forced labour / involuntary labour	NIL
	2.	Sexual harassment	1
	3.	Discriminatory employment	NIL
8.	What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?		
	(a)	Permanent Employees	100%
	(b)	Permanent Women Employees	100%
	(c)	Casual/Temporary/Contractual Employees	100%
	(d)	Employees with Disabilities	100%
<b>Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized</b>			
1.	Has the company mapped its internal and external stakeholders? Yes/No		Yes
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.		Yes
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.		We adhere to preference on payment and orders for such stakeholders.
<b>Principle 5: Businesses should respect and promote human rights</b>			
1.	Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors /NGOs / Others?		Yes. The policy is expected to be adhered by the other stakeholders.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?		No complaints relating to human rights were received during the financial year.
<b>Principle 6: Business should respect, protect, and make efforts to restore the environment</b>			
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers / Contractors / NGOs / others		Yes, the Company's policy is extended to the entire group and its subsidiaries/joint ventures follow and adopt the practices/policies of the Company. The Company ensures that it is implemented at all these levels and the Suppliers/ Contractors / NGOs dealing with the Company are also encouraged to maintain ethical standards in all their practices.

## Business Responsibility Report (2019-20) (contd...)

2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company has come up with various strategies/ initiatives to address global environmental issues. The Company has worked extensively to address such issues by striking a balance between economic growth and preservation of the environment.  In line with the Company's commitment towards conservation of energy, all its units continue with their efforts to reduce wastage, optimise consumption and also to improve energy efficiency through innovative measures.
3.	Does the company identify and assess potential environmental risks? Y/N	Identification and assessment of environmental risk are under process.
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Project related to clean development mechanism are under planning stage.
5.	Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	The Company has taken various initiatives in energy efficiency like waste heat recovery, replacement of Tube light with LED and high efficiency motor. The Company has also installed solar energy plant at its manufacturing plant located at Chennai.
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, the emissions/waste generated by the Company is within the permissible limits given by CPCB/SPCB.
7.	Number of show cause/ legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil
<b>Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner</b>		
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Yes (a) Apparel Export Promotion Council (b) Gurgaon Chamber of Commerce (c) Federation of Indian Export Organizations
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No

## Business Responsibility Report (2019-20) (contd...)

<b>Principle 8: Businesses should support inclusive growth and equitable development</b>	
1. Does the company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	Principle 8 states that businesses should support inclusive growth and equitable development. The Company endeavours to achieve inclusive growth through its various skill development programmes to ensure that benefits accrued by the organization are available even to the marginalised sections of the society.
2. Are the programmes/projects undertaken through in-house team / own foundation /external NGO/government structures/any other organization?	Skill development programmes are conducted through in-house team.
3. Have you done any impact assessment of your initiative?	Assessment initiatives are done frequently.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	The Company has spent ₹ 22.15 Lakh towards its share of CSR obligations during the financial year 2019-20.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. The Company has a dedicated team of employees to monitor the CSR activities. Also various activities such as internal tracking, periodical reports, telephonic and e-mail communications are carried out by the Company on regular basis to monitor the successful implementation of the initiative.
<b>Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner</b>	
1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.	A well-established system is in place for dealing with customer feedback and complaints. Customers are provided multiple options to connect with the Company through e-mail, telephone, website, social media, feedback forms, etc. All complaints are appropriately addressed and all efforts are taken to resolve the same.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)	Yes, the Company displays necessary product information on the products label.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No complaints or case is pending against the Company for unfair trade practices, irresponsible advertising and anti-competitive behaviour.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?	Our buyers are reputed Retail Chains and we do get their feedback on consumer fashion trends and feedback.

# Corporate Governance Certificate

To

The Members of Pearl Global Industries Limited

1. We, Jayant Sood and Associates, Company Secretaries have examined the compliance of conditions of Corporate Governance by the Company **PEARL GLOBAL INDUSTRIES LIMITED** (“the Company”), for the year ended on 31<sup>st</sup> March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”).

## **MANAGEMENT’S RESPONSIBILITY**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management, This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.
3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We rate carried our examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

## **OPINION**

6. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended 31 March 2020.
7. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Jayant Sood and Associates**  
Company Secretaries

**(Jayant Sood)**  
(FCS: 4482)  
(COP: 22410)

**UDIN: F004482B000881501**

Place: Gurugram  
Date: 07.10.2020

# Declaration of Compliance with Code of Conduct of Board of Directors and Senior Management

This is to certify that as per the provisions of Regulation 26 and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2020.

**For Pearl Global Industries Limited**

Place: Gurugram  
Date : July 28, 2020

**Pulkit Seth**  
Managing Director  
DIN 00003044

## Certification by Managing Director and Chief Financial Officer of Pearl Global Industries Limited

We, Pulkit Seth, Managing Director and Kashmir Singh Rathour Chief Financial Officer of Pearl Global Industries Limited to the best of your knowledge and belief certify that:

- A. We have reviewed that financial statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020 and to best of our knowledge and belief:
  - 1) these statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - 2) these statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We also certify that to the best of our knowledge and belief, there are no transactions entered into by Pearl Global Industries Limited during the year, which are fraudulent, illegal or violate of the Company's Code of Conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
  - 1) Significant changes, if any, in internal control over financial reporting during the year.
  - 2) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
  - 3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**(Pulkit Seth)**  
Managing Director

**(Kashmir Singh Rathour)**  
Chief Financial Officer

Place: Gurugram  
Date : July 28, 2020

# Certificate of Non-disqualification of Directors

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

To,  
The Members of  
Pearl Global Industries Limited A-3, Community Centre,  
Naraina Industrial Area, Phase-II, New Delhi-110028

We have examined the relevant register, records, forms, returns and disclosures received from the Directors of **Pearl Global Industries Limited**, having CIN L74899DL1989PLC036849 and having registered office at A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028, (hereinafter referred to as “the Company”), produced before us by the Company for the purpose of the issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and respective Directors, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	DIN	Name of Director	Date of appointment in Company (DD-MM-YYYY)
1	00003021	Mr. Deepak Seth	22.03.1994
2	00003044	Mr. Pulkit Seth	01.11.2004
3	01388430	Mrs. Shifalli Seth	19.01.2012
4	01945795	Mr. Vinod Vaish <sup>#</sup>	19.01.2012
5	00036080	Mr. Chittranjan Dua	12.09.2006
6	01390190	Mr. Anil Nayar	19.01.2012
7	00731956	Mr. Rajendra Kumar Aneja	12.09.2006
8	01928855	Mr. Abhishek Goyal	26.05.2017
9	08712718	Mrs. Madhulika Bhupatkar	18.03.2020

<sup>#</sup> Mr. Vinod Vaish has resigned from the Board of the Company with effect from April 30, 2020.

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

For **Jayant Sood & Associates**  
Company Secretaries

**(CS Jayant K Sood)**  
Proprietor  
FCS: 4482, CP No. 22410

Place: Gurugram  
Date: 28<sup>th</sup> July, 2020

UDIN: **F004482B000512814**

# Independent Auditor's Report

To The Members of Pearl Global Industries Limited

## Report on the Audit of the Consolidated Financial Statements

### Qualified Opinion

We have audited the accompanying consolidated financial statements of **Pearl Global Industries Limited** (hereinafter referred to as "the Holding Company") and its Subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, consolidated profit, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Qualified Opinion

The inventories are carried in the consolidated balance sheet at ₹ 26,387.33 Lakh as at March 31, 2020. In one of the subsidiary of the Holding Company, the component auditor of its subsidiary has reported that due to the outbreak of COVID-19 & consequential lockdown in Jakarta, no physical counting against inventories of ₹ 2,542.30 lakh as at March 31, 2020 was conducted by them and also no other alternative procedures were performed. In consequence they were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of such inventory. There were no other satisfactory auditing procedures that we could adopt to obtain sufficient evidence regarding the existence and valuation of such inventories. Consequently, we were unable to determine whether any adjustments to these amounts is necessary in the consolidated financial statement.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in other matter paragraph below is sufficient and appropriate to provide a basis for our qualified opinion.

### Information other than Consolidated Financial Statements and Auditor's Reports thereon

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we



# Independent Auditor's Report (contd...)

To The Members of Pearl Global Industries Limited

are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to determine whether any adjustments to the carrying amount of Inventory as at March 31, 2020 were necessary. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

S. No.	Key Audit Matters	How our audit addressed the key audit matter
1	<p><b>Adequacy and completeness of disclosures of Related Party Transactions</b> (Refer Note 47 to the accompanying standalone financial statements as at March 31, 2020, forming integral part of the standalone financial statements)</p> <p>The Company has related party transactions which include among others, sale/purchase of goods to its subsidiaries and other related parties.</p> <p>This area was significant to our audit because of:</p> <ul style="list-style-type: none"> <li>- the significance of transactions with related parties during the year ended March 31, 2020, and</li> <li>- Related party transactions are subject to compliance requirement under the Companies Act, 2013 and SEBI (Listing and Obligation Disclosure Requirements) 2015.</li> </ul>	<p><b>Our procedures included, but were not limited to the following:</b></p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Company's policies and procedures in respect of identification of related parties and transactions with them, performed a walkthrough and evaluated the designs of control. We also traced the related parties from declaration given by directors, wherever applicable.</li> <li>• Read the minutes of the meetings of Shareholders, Board of Directors and Audit Committee.</li> <li>• Read relevant agreements on sample basis and approval process by audit committee and board of directors.</li> <li>• Tested material trade payables, trade receivables, loans outstanding (to evaluate existence of related party relationship and transactions) with the underlying contracts, confirmation letters and other supporting documents.</li> <li>• Assessed whether the transactions were recorded appropriately and ensured adequacy of the disclosures in the standalone Ind AS financial statements (including assessment of Management evaluation of compliance with Companies Act, 2013 and SEBI (LODR), 2015).</li> <li>• Wherever appropriate, our substantive work was</li> </ul>

# Independent Auditor’s Report (contd...)

To The Members of Pearl Global Industries Limited

S. No.	Key Audit Matters	How our audit addressed the key audit matter
		<p>supplemented by controls testing work which encompassed understanding, evaluating and testing key controls in respect of Related Party Transactions.</p> <p>Our procedures as mentioned above did not identify any findings that are significant for the financial statements as whole in respect of accounting, presentation and disclosure of Related Party Transactions.</p>
2	<p><b>Evaluation of uncertain tax positions, litigations and recoverability of amount outstanding with tax authorities</b></p> <p>(Refer Note 13, Note 26 &amp; Note 46 to the accompanying standalone financial statements as at March 31, 2020, forming integral part of the standalone financial statements)</p> <p>The Company has certain direct and indirect tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes and the status of amount recoverable.</p> <p>The eventual outcome of litigations is uncertain, and the positions taken by the Management of the Company are based on the application of significant judgement and estimation. The review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements.</p> <p>Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.</p>	<p><b>Our procedures included, but were not limited to the following:</b></p> <ul style="list-style-type: none"> <li>• Obtained details of tax assessments of earlier years and demands as on March 31, 2020 from Management of the Company.</li> <li>• Conducted assessment of the Managements underlying assumptions in estimating the tax position, likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations.</li> <li>• Conducted discussions with in-house tax/ legal counsel. Evaluated the independent confirmations taken by the Management from the consultants representing the Company before the various authorities.</li> <li>• Verifying demand notices received from various tax forums and evaluating the Company’s written responses to those matters (including follow up for the amounts recoverable); and</li> <li>• Assessing the adequacy of the Company’s disclosures.</li> <li>• Understanding and evaluating process and controls designed and implemented by the Management including for identification and monitoring of significant developments in relation to the litigations thereof.</li> </ul> <p>Our procedures as mentioned above did not identify any findings that are significant for the financial statements as whole in respect of accounting, presentation and disclosure of uncertain tax positions, litigations and recoverability of amount outstanding with tax authorities.</p>

# Independent Auditor's Report (contd...)

To The Members of Pearl Global Industries Limited

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Group respective companies or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing their financial reporting process of the Group.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and Subsidiaries which are incorporated in India has adequate internal financial controls with reference to the financial statements 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we

# Independent Auditor's Report (contd...)

To The Members of Pearl Global Industries Limited

are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to which we are independent auditors to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the entities consolidated in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements for the financial year ended March 31, 2020 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.

## Other Matters

- (a) We did not audit the financial statements / financial information of four subsidiaries included in the consolidated financial results, whose financial statements reflect total assets (before eliminating of inter-company transaction of ₹ 19,993.02 lakh) of ₹ 87,815.02 lakh, total revenues (before eliminating of inter-company transaction of ₹ 22,860.55 lakh & ₹ 65,834.69 lakh) of ₹ 55,922 lakh & ₹ 1,65,923.68 lakh, total net profit after tax (before eliminating of inter-company transaction of (₹ 1.82) lakh & ₹ 1.26 lakh) of ₹ 277.28 lakh & ₹ 1,895.07 lakh and total comprehensive income (before eliminating of inter-company transaction of (₹ 1.82) lakh & ₹ 1.26 lakh) of ₹ 2,074.43 lakh & ₹ 4,626.27 lakh for the quarter & year ended March 31, 2020 respectively, as considered in the consolidated financial statements. These financial statements and other information have been audited by other auditors whose reports have been furnished to us by the Management and our conclusion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of Regulation read with the Circulars, in so far as it relates to the aforesaid subsidiaries, are based on the reports of the other auditors and the procedures performed by us as stated in paragraph below.
- (b) Further, of these subsidiaries, three subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective

# Independent Auditor's Report (contd...)

To The Members of Pearl Global Industries Limited

countries. The Holding Company's Management has converted the financial statements of such subsidiaries from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Independent firm of Chartered Accountant have audited these conversion adjustments made by the Holding Company Management in India. Our opinion in so far as it relates to the balances and affairs of such subsidiary companies located outside India are based on the report of other auditor in their respective countries and conversion adjustments prepared by the Management and audited by Independent firm of Chartered Accountants of India.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

- (c) Due to the outbreak of COVID-19 pandemic and the consequent nationwide lockdown commencing from March 23, 2020 onwards, we could not visit and carry out the audit processes physically at the Company's premises. Further, the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI, give guidelines for the statutory audit via making arrangements to provide requisite documents/information through electronic medium and minimal physical movement. The entire audit has been carried considering these guidelines and alternative audit procedures as per SAs prescribed by the ICAI. Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the auditor on a separate financial statement and the other information of the subsidiaries, as noted in the other matter paragraph, we report to the extent applicable that:
  - a) We/ the other auditors whose reports we have relied upon have sought and, except for the possible effect of the matter described in Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, except for the possible effect of the matter described in Basis for Qualified Opinion above proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiaries companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to these consolidated financial statements of the Holding Company and its subsidiaries incorporated in India, refer to our separate report in **Annexure – A**.
  - g) 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, as amended, in our opinion and to the best of our information and

# Independent Auditor's Report (contd...)

To The Members of Pearl Global Industries Limited

according to the explanation given to us and based on the consideration of the report of other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:

- i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group. - Refer Note 46 to the consolidated Ind AS financial statements
- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding company and its subsidiaries companies incorporated in India for the year ended March 31, 2020.

2. With respect to the matter to be included in the Auditors' report under Section 197(16):

In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2020 has been paid/ provided by holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V of the Act.

**For B.R. Gupta & Co.**

*Chartered Accountants,*

Firm Registration Number 008352N

**(Deepak Agarwal)**

*Partner*

Membership Number 073696

**UDIN:20073696AAAABN7839**

Place of Signature: New Delhi

Date: July 28, 2020

# Annexure ‘A’ to the Independent Auditors’ Report

## **Annexure ‘A’ to the Independent Auditors’ Report of even date on the Consolidated Financial Statement of Pearl Global Industries Limited**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Pearl Global Industries Limited (the “Holding Company”) and its Subsidiaries, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding Company and its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the respective Companies 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 (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to these consolidated financial statements 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 with reference to these consolidated financial statements 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 with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Parent’s internal financial controls with reference to these consolidated financial statements.

#### **Meaning of Internal Financial Controls with reference to these consolidated financial statements**

A company’s internal financial control with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to financial statements includes those policies and procedures that

## Annexure 'A' to the Independent Auditors' Report (contd...)

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial statements.

### Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to these consolidated financial statements, 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 with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to these consolidated financial statements 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 explanation given to us and based on consideration of the reports of the other auditors referred to in Other Matter paragraph below, the Holding and its Subsidiaries companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system with reference to these consolidated financial statements and such internal financial controls with reference to these consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control criteria established by the respective companies 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.

### Other Matters

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls, in so far as it relates to three subsidiary companies, which are incorporated in India and where such reporting under Section 143(3) of the companies Act 2013, is applicable is based on the corresponding report of the auditor of such subsidiary incorporated in India. Our opinion is not modified in respect of the above matters.

### For B.R. Gupta & Co.

*Chartered Accountants,*

Firm Registration Number 008352N

### (Deepak Agarwal)

*Partner*

Membership Number 073696

**UDIN:20073696AAAABN7839**

Place of Signature: New Delhi

Date: July 28, 2020



# Consolidated Balance Sheet

as at March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	Note No.	As At March 31, 2020	As At March 31, 2019
<b>I. Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	4	22,189.06	24,355.89
(b) Capital work in progress	5	3,610.29	778.62
(c) Right to use asset	49	10,725.98	-
(d) Investment properties	6	7,393.26	7,429.89
(e) Goodwill	7	1,792.66	1,897.56
(f) Other Intangible assets	8	84.76	114.94
(g) Financial assets			
(i) Investment	9	3,084.37	3,276.16
(ii) Loans	10	2,445.25	2,293.60
(iii) Other financial assets	11	1,363.86	1,402.45
(h) Deferred tax assets	12	87.61	104.00
(i) Non current tax assets (net)	13	763.99	452.22
(j) Other non current assets	14	772.82	1,354.45
<b>Total Non-current assets</b>		<b>54,313.90</b>	<b>43,459.78</b>
<b>2. Current assets</b>			
(a) Inventories	15	26,387.33	23,632.17
(b) Financial assets			
(i) Investments	9	692.68	-
(ii) Trade receivables	16	22,042.47	22,177.86
(iii) Cash and cash equivalents	17	8,808.89	9,434.12
(iv) Bank balances other than cash and cash equivalents	18	2,168.83	1,707.71
(v) Loans	10	1,731.24	1,664.72
(vi) Other financial assets	11	114.99	1,687.43
(c) Other current assets	14	8,970.37	6,389.55
<b>Total current assets</b>		<b>70,916.80</b>	<b>66,693.56</b>
<b>Total Assets</b>		<b>125,230.70</b>	<b>110,153.34</b>
<b>II. Equity And Liabilities</b>			
<b>1. Equity</b>			
(a) Equity share capital	19	2,166.39	2,166.39
(b) Other equity	20	47,891.00	44,820.35
<b>Equity attributable to equity shareholders</b>		<b>50,057.39</b>	<b>46,986.73</b>
Non - controlling interest		1,296.44	1,153.26
<b>Total equity</b>		<b>51,353.83</b>	<b>48,140.00</b>
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	9,983.68	8,106.76
(ii) Lease Liabilities	49	6,987.43	-
(ii) Others financial liabilities	22	246.97	222.00
(b) Provisions	23	2,079.72	2,112.60
(b) Deferred tax liabilities	12	248.31	340.46
(c) Other non current liabilities	24	2,997.91	3,309.63
<b>Total non-current liabilities</b>		<b>22,544.02</b>	<b>14,091.45</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21A	25,715.32	23,486.07
(ii) Lease Liabilities	49	810.25	-
(iii) Trade payables	25	-	-
Total outstanding due of micro enterprises and small enterprises		331.05	63.70
Total outstanding due of creditors other than micro enterprises and small enterprises		17,775.62	18,042.77
(iv) Other financial liabilities	22	5,717.63	5,156.89
(b) Other current liabilities	24	857.35	866.66
(c) Provisions	23	68.40	81.67
(d) Current tax liabilities (net)	26	57.23	224.13
<b>Total current liabilities</b>		<b>51,332.85</b>	<b>47,921.89</b>
<b>Total equity and liabilities</b>		<b>125,230.70</b>	<b>110,153.34</b>

Summary of Significant Accounting Policies

3

The accompanying notes form an integral part of these consolidated financial statements

As per our Report of even date attached

**For B.R. Gupta & Co.**  
Chartered Accountants  
Firm's Registration Number 008352N

**(Deepak Agarwal)**  
Partner  
Membership Number 073696

Place of Signature: New Delhi  
Date: July 28, 2020

**For & on behalf of Board of Directors of Pearl Global Industries Limited**

**(Pulkit Seth)**  
Managing Director  
DIN 00003044

**(Kashmir Singh Rathour)**  
Chief Financial Officer

Place of Signature: Gurugram  
Date: July 28, 2020

**(Deepak Seth)**  
Chairman  
DIN 00003021

**(Sandeep Sabharwal)**  
Company Secretary  
M. No. ACS - 8370

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>I Income</b>			
Revenue from operations	27	168,512.58	175,749.78
Other income	28	4,905.49	3,392.82
<b>Total income (I+II)</b>		<b>173,418.07</b>	<b>179,142.60</b>
<b>II Expenses</b>			
(a) Cost of materials consumed	29	76,203.44	76,220.57
(b) Purchases of stock-in-trade	30	5,210.29	12,954.77
(c) Changes in inventories of finished goods, work in progress and stock in trade	31	(582.80)	(1,841.00)
(d) Employee benefits expense	32	39,325.57	36,000.15
(e) Finance costs	33	4,201.04	3,037.30
(f) Depreciation and amortization expense	34	4,204.40	2,589.48
(g) Other expenses	35	41,664.00	43,609.52
<b>Total expenses</b>		<b>170,225.94</b>	<b>172,570.78</b>
<b>III Profit/ (loss) before exceptional items and tax (III-IV)</b>		<b>3,192.13</b>	<b>6,571.82</b>
<b>IV Exceptional Items</b>	36	68.72	(1,722.12)
<b>V Profit/ (loss) before tax (V-VI)</b>		<b>3,123.41</b>	<b>8,293.94</b>
<b>VI Tax expense:</b>	12		
(a) Current tax		774.67	1,278.10
(b) Deferred tax		144.15	111.90
(c) Adjustment of tax relating to earlier years		31.76	193.01
<b>VII Profit/(loss) for the year (VII-VIII)</b>		<b>2,172.83</b>	<b>6,710.93</b>
<b>VIII Other comprehensive income</b>	37		
<b>(A)</b> (i) Items that will not be reclassified to profit and loss			
(a) Re-measurement gains/ (losses) on defined benefit plans		340.22	222.67
(ii) Income tax on items that will not be reclassified to profit and loss		(69.11)	(71.93)
<b>(B)</b> (i) Items that will be reclassified to profit and loss			
(a) Foreign Exchange Translation Reserve		2,586.30	1,334.88
(b) Fair Valuation of Investment in Mutual fund		(38.29)	(12.67)
(c) Net movement in effective portion of cash flow hedge reserve		(991.80)	-
(ii) Income tax on items that will be reclassified to profit and loss		346.57	-
<b>Other comprehensive income for the year, net of tax</b>		<b>2,173.90</b>	<b>1,472.95</b>
<b>IX Total comprehensive income for the year, net of tax</b>		<b>4,346.73</b>	<b>8,183.88</b>
<b>Profit Attributable to:</b>			
Equity shareholders		2,156.44	6,728.02
Non-controlling interests		16.39	(17.10)
<b>Other comprehensive income attributable to:</b>			
Equity shareholders		2,047.10	1,372.02
Non-controlling interests		126.80	100.94
<b>Total comprehensive income attributable to:</b>			
Equity shareholders		<b>4,203.55</b>	<b>8,100.04</b>
Non-controlling interests		<b>143.18</b>	<b>83.84</b>
<b>X Earnings per share: (Face value ₹ 10 per share)</b>	38		
1) Basic (amount in ₹)		9.95	31.06
2) Diluted (amount in ₹)		9.95	31.06
Summary of Significant Accounting Policies	3		

The accompanying notes form an integral part of these consolidated financial statements

As per our Report of even date attached

**For B.R. Gupta & Co.**

**Chartered Accountants**

Firm's Registration Number 008352N

**(Deepak Agarwal)**

Partner

Membership Number 073696

Place of Signature: New Delhi

Date: July 28, 2020

**For & on behalf of Board of Directors of Pearl Global Industries Limited**

**(Pulkit Seth)**

Managing Director

DIN 00003044

**(Kashmir Singh Rathour)**

Chief Financial Officer

Place of Signature: Gurugram

Date: July 28, 2020

**(Deepak Seth)**

Chairman

DIN 00003021

**(Sandeep Sabharwal)**

Company Secretary

M. No. ACS - 8370

# Consolidated Statement of changes in equity

for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

A. Equity Share Capital	
As at April 01, 2018	2,166.39
Changes during the year	-
As at March 31, 2019	2,166.39
Changes during the year	-
As at March 31, 2020	2,166.39

Particulars	Reserve & Surplus				Items of other of comprehensive income				Total Other Equity	Non-controlling interest	Total Equity
	General Reserve	Security Premium	Capital Redemption Reserve	Amalgamation Reserve	Retained Earnings	Change in investment through other comprehensive income	Effective Portion of Cash Flow Hedge	Currency Translation Reserve			
<b>Balance as at March 31, 2018</b>	4,204.36	17,103.90	95.00	625.95	14,570.12	(54.38)	-	802.04	37,346.97	965.10	38,312.08
Capital injection by a non-controlling interest	-	-	-	-	(104.32)	-	-	-	(104.32)	104.32	-
Profit / (loss) for the year	-	-	-	-	6,728.02	-	-	-	6,728.02	(17.10)	6,710.92
Remeasurement of the benefit plan, net of tax effect	-	-	-	-	149.76	-	-	-	149.76	-	149.76
Other Comprehensive Income	-	-	-	-	-	(12.67)	-	1,234.93	1,222.26	100.94	1,323.20
<b>Total Comprehensive Income for the year</b>	-	-	-	-	6,773.46	(12.67)	-	1,234.93	7,995.72	188.16	8,183.88
Dividend	-	-	-	-	(433.28)	-	-	-	(433.28)	-	(433.28)
Dividend Distribution Tax	-	-	-	-	(89.06)	-	-	-	(89.06)	-	(89.06)
<b>Balance as at March 31, 2019</b>	4,204.36	17,103.90	95.00	625.95	20,821.23	(67.05)	-	2,036.96	44,820.35	1,153.26	45,973.61
Profit / (loss) for the year	-	-	-	-	2,156.44	-	-	-	2,156.44	16.39	2,172.82
Implementation of Ind AS 116: Leases	-	-	-	-	(349.36)	-	-	-	(349.36)	-	(349.36)
Remeasurement of the benefit plan, net of tax effect	-	-	-	-	144.31	-	-	-	144.31	-	144.31
Other Comprehensive Income	-	-	-	-	-	(38.29)	(645.23)	2,586.31	1,902.79	126.80	2,029.59
<b>Total Comprehensive Income for the year</b>	-	-	-	-	1,951.39	(38.29)	(645.23)	2,586.31	3,854.18	143.18	3,997.37
Dividend	-	-	-	-	(649.92)	-	-	-	(649.92)	-	(649.92)
Dividend Distribution Tax	-	-	-	-	(133.59)	-	-	-	(133.59)	-	(133.59)
<b>Balance as at March 31, 2020</b>	4,204.36	17,103.90	95.00	625.95	21,989.10	(105.34)	(645.23)	4,623.28	47,891.01	1,296.44	49,187.47

## Summary of Significant Accounting Policies

The accompanying notes form an integral part of these consolidated financial statements

As per our Report of even date attached

**For B.R. Gupta & Co.**

Chartered Accountants

Firm's Registration Number 008352N

(Deepak Agarwal)

Partner

Membership Number 073696

Place of Signature: New Delhi

Date: July 28, 2020

**For & on behalf of Board of Directors of Pearl Global Industries Limited**

(Pulkit Seth)

Managing Director

DIN 00003044

(Kashmir Singh Rathour)

Chief Financial Officer

Place of Signature: Gurugram

Date: July 28, 2020

(Deepak Seth)

Chairman

DIN 00003021

(Sandeeep Sabharwal)

Company Secretary

M. No. ACS - 8370

# Consolidated Statement of Cash Flow

for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Cash Flows From Operating Activities</b>		
<b>Profit before exceptional items and tax</b>	3,123.41	8,293.93
<b>Adjustments for:</b>		
Depreciation and amortization	4,204.40	2,589.48
Interest Paid and other borrowing cost	2,727.05	2,845.56
Unwinding of discount on security deposit	30.32	26.39
Sundry balances Written back	(37.34)	(55.17)
Grant Amortised during the year	(1.00)	(1.00)
Provision for Doubtful Debt Written Back	-	(37.87)
Amortisation of deferred Rental Income	(32.08)	(31.67)
Unwinding of discount on security deposits	157.32	(39.87)
Profit on sale of current investment - Mutual Fund	(73.79)	(218.20)
Rental Income	(980.53)	(814.53)
Interest Income	(1,142.49)	(907.06)
Fair value loss (gain) on financial assets measured at fair value through profit and loss	(29.41)	133.64
Amortisation of deferred asset - security deposit paid	(154.15)	42.22
Fair value loss (gain) on financial assets measured at fair value through OCI	38.29	(12.67)
Re-measurement gains/ (losses) on defined benefit plans	340.22	222.67
Foreign exchange translation reserve	3,740.59	1,160.80
Loss / (Profit) on mark to market forward contracts	462.80	(247.24)
Allowance for bad and doubtful debts	47.92	391.92
Bad debts written off	26.31	103.78
	<b>12,447.84</b>	<b>13,445.12</b>
<b>Operating Profit Before Working Capital Changes</b>		
<b>Movement In Working Capital:</b>		
(Increase)/Decrease in Trade Receivables	61.16	(8,439.11)
(Increase)/Decrease in other non-current financial assets	(278.63)	876.74
(Increase)/Decrease in other current financial assets	332.68	(384.94)
(Increase)/Decrease in other non-current assets	786.53	1,210.31
(Increase)/Decrease in other current assets	(2,594.06)	683.72
(Increase)/Decrease in Inventories	(2,755.16)	(2,628.26)
Increase/(Decrease) in Trade Payables	37.54	7,236.34
Increase/(Decrease) in other non-current financial liabilities	57.05	37.07
Increase/(Decrease) in other current financial liabilities	268.62	(49.27)
Increase/(Decrease) in non-current provisions	(32.87)	232.85
Increase/(Decrease) in current provisions	(13.27)	20.58
Increase/(Decrease) in other non-current liabilities	(310.72)	(275.54)
Increase/(Decrease) in other current liabilities	3.94	103.46
	<b>8,010.64</b>	<b>12,069.06</b>
<b>Cash Generated From Operations</b>		
Tax paid on dividend	(133.59)	(89.06)
Direct Tax paid (Net of Refunds)	(1,574.14)	(2,779.47)
	<b>6,302.92</b>	<b>9,200.53</b>
<b>Cash flow before exceptional items</b>		
Exceptional items	68.72	(1,722.12)
<b>Net Cash Inflow From/(Used In) Operating Activities</b>	<b>6,371.64</b>	<b>7,478.41</b>

( A )

# Consolidated Statement of Cash Flow

for the year ended March 31, 2020 (Contd.)

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment(including ROU, net of Lease Liabilities)	(7,013.59)	(8,930.08)
Sale proceeds of property, plant and equipment	341.33	1,916.16
(Increase)/Decrease in Capital work in progress	(2,831.68)	61.80
Purchase of Investment Properties	(49.12)	(1.29)
Purchase of Intangible assets	(17.57)	(27.65)
Purchase of goodwill	-	(79.82)
(Increase)/decrease in capital advances	(50.76)	(21.20)
Increase/(decrease) in capital creditor	(819.04)	800.73
(Increase)/Decrease in non-current Investments	191.79	(166.39)
(Increase)/Decrease in current Investments	(589.48)	717.18
(Increase)/Decrease in non-current Loans	(151.65)	(189.57)
(Increase)/Decrease in current Loans	(66.52)	(1,329.73)
(Increase)/Decrease in bank deposit	492.53	(346.99)
Interest Income	1,130.72	923.00
Rental Income	980.53	814.53
<b>Net Cash From/ (Used In) Investing Activities ( B )</b>	<b>(8,452.51)</b>	<b>(5,859.32)</b>
<b>Cash Flows From Financing Activities</b>		
Increase/ (Decrease) in Long Term Borrowings	2,965.24	(381.97)
Increase/ (Decrease) in Non Cash INDAS Impact Borrowings	(349.37)	(17.49)
Government grant received	-	144.61
Increase/ (Decrease) in Short Term Borrowings	2,229.26	2,131.64
Increase/ (Decrease) in unpaid dividend account	(30.32)	-
Dividend Paid	(644.90)	(430.97)
Interest paid (net)	(2,714.25)	(2,856.62)
<b>Net cash inflow from/(used in) Financing Activities ( C )</b>	<b>1,455.64</b>	<b>(1,410.79)</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents (A+B+C)</b>	<b>(625.23)</b>	<b>208.28</b>
Opening Balance of Cash and Cash Equivalents	9,434.12	9,225.83
<b>Total Cash And Cash Equivalent (Note No. 17)</b>	<b>8,808.89</b>	<b>9,434.13</b>
<b>Components Of Cash And Cash Equivalents</b>		
Cash on hand	606.60	1,327.67
With banks - on current account and deposits with banks	8,062.59	7,156.93
- on unpaid dividend account	139.70	949.52
<b>Total Cash and Cash equivalent (Note No. 17)</b>	<b>8,808.89</b>	<b>9,434.13</b>
Summary of Significant Accounting Policies	3	

The accompanying notes form an integral part of these consolidated financial statements

As per our Report of even date attached

**For B.R. Gupta & Co.**  
**Chartered Accountants**  
Firm's Registration Number 008352N

**(Deepak Agarwal)**  
Partner  
Membership Number 073696

Place of Signature: New Delhi  
Date: July 28, 2020

**For & on behalf of Board of Directors of Pearl Global Industries Limited**

**(Pulkit Seth)**  
Managing Director  
DIN 00003044

**(Kashmir Singh Rathour)**  
Chief Financial Officer

Place of Signature: Gurugram  
Date: July 28, 2020

**(Deepak Seth)**  
Chairman  
DIN 00003021

**(Sandeep Sabharwal)**  
Company Secretary  
M. No. ACS - 8370

# Notes

to consolidated financial statements for the year ended March 31, 2020

## NOTE 1: CORPORATE INFORMATION

Pearl Global Industries Limited is a public limited Group domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Group along with its subsidiaries (collectively referred to as “the Group”), is primarily engaged in manufacturing, sourcing, distribution and export of ready to wear apparels through its domestic and global facilities and

operations. The shares of the Group are listed on BSE Limited and National Stock Exchange of India Limited in India.

The Consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on July 28, 2020.

The Group, its subsidiaries (jointly referred to as the ‘Group’ herein under) considered in these consolidated financial statements are:

Name of Group	Country of incorporation	Principal activities	Porportion (%) of equity interest	
			As At March 31, 2020	As At March 31, 2019
<b>Subsidiaries</b>				
Pearl Apparel Fashions Limited	India	Trading of garments	100.00	100.00
Pearl Global Kausal Vikas Limited (Formally known as Pixel Industries Ltd)	India	Skill development	100.00	100.00
SBUYS E-Commerce Limited	India	Online Trading of garments	100.00	-
Pearl Global Far East Limited	Hong Kong	Trading of garments	100.00	100.00
Pearl Global (HK) Limited	Hong Kong	Trading of garments	100.00	100.00
Norp Knit Industries Limited	Bangladesh	Manufacturing and trading of garments	99.99	99.99

## NOTE 2: BASIS OF PREPARATION AND MEASUREMENT

**Statement of Compliance:** The Financial Statements are prepared on an accrual basis under historical cost Convention except for certain financial instruments which are measured at fair value. These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013, as applicable. The accounting policies are applied consistently to all the periods presented in the financial statements.

**Basis of Preparation and presentation:** The financial statements are prepared under the historical cost convention except for certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value or amortised cost. All assets and liabilities have been classified as current or noncurrent according to the Group’s operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months

for the purpose of current non-current classification of assets and liabilities.

**Functional and Presentation Currency**

The financial statements are presented in ₹ and all values are rounded to the nearest lakh upto two decimal places except otherwise stated.

**Going Concern**

The board of directors have considered the financial position of the Group at 31st March 2020 and the projected cash flows and financial performance of the Group for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Group’s operations.

**Basis of Consolidation:-** The Consolidated Financial Statements have been prepared on the following basis:-

- The consolidation financial statements of the Group and its subsidiary companies have been prepared in accordance with the Ind AS 110 “Consolidated financial statements”,

## Notes

to consolidated financial statements for the year ended March 31, 2020

on a line-by-line basis by adding together the book values of like items of assets, liabilities, income, and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. (including considering the materiality impact)

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date when control ceases.

- ii) The difference of the cost to the Group of its investment in subsidiaries over its share in the equity of the investee Group as at the date of acquisition of stake is recognized in financial statements as Goodwill or Capital Reserve, as the case may be.
- iii) Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity of the Group's shareholders.

Non-controlling interests in the net assets of consolidated subsidiaries consists of:

- The amount of equity attributable to Non-controlling interests at the date on which investment in a subsidiary is made; and
- The Non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence. The profit and other comprehensive income attributable to Non-controlling interests of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively
- iv) The Consolidated Financial Statements are presented, to the extent possible, in the same format as adopted by the parent Group for its individual financial statements.

### The effect of Changes in Foreign Exchange Rates

#### i) Translation of Financial Statements of Foreign Operations

- In view of Ind As-“21” ‘The effects of Changes in

Foreign Exchange Rates’, the operations of all the foreign subsidiaries are identified as non integral operations of the Group in the current year and translated into Indian Rupee.

- The Assets and Liabilities of Foreign operations, including Goodwill/Capital Reserve arising on consolidation, are translated in Indian Rupee (INR) at foreign exchange rate at closing rate ruling as at the balance sheet date and the revenue and expenses of foreign operations are translated in Indian Rupee (INR) at yearly average currency exchange rate, of the respective years.
- Foreign exchange differences arising on translation of “Non-integral Foreign Operations” are recognized as, ‘foreign exchange translation reserve’ in balance sheet under the head items of other comprehensive income as items that will be reclassified subsequently to statement of profit and loss.

#### ii) Foreign Currency Transactions

- Except in case of the parent Group, the sales made in foreign currencies are translated on exchange rate prevailing on the date of transaction. In case of the parent Group, the sales made in foreign currency are translated at an average monthly exchange rate which approximates the transaction date rate.
- Gain/Loss arising out of fluctuation in the exchange rate on settlement of the transaction is recognized in the Statement of Profit and Loss.
- Other transactions in foreign currency are recognized on initial recognition at the exchange rate prevailing at the time of transaction.
- Foreign Currency monetary items are reported using the closing rate as on balance sheet date. The resultant exchange gain/loss is dealt with in the Statement of Profit & Loss.

### Recent accounting pronouncements dated July 24, 2020 notified by Ministry of Corporate Affairs are as under:-

#### a) Ind AS 1 Presentation of Financial Statements

The term “Material” has been defined as: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether

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to consolidated financial statements for the year ended March 31, 2020

information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

**b) Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors**

The term "Material", used in this Standard shall have the same meaning as assigned to it in paragraph 7 of Ind AS 1.

**c) Ind AS 10 – Events after the Reporting Period**

If non-adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Accordingly, an entity shall disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made for each material category of non-adjusting event after the reporting period.

**d) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets**

A management or board decision to restructure taken before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period. If an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, disclosure is required under Ind AS 10 Events after the Reporting Period, if the restructuring is material and non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

**e) Ind AS 116 – Leases**

Practical Expedient has been issued which permits lessees not to account for COVID related concessions as a lease modification. The practical expedient has been made applicable from accounting period starting from April 1, 2020.

**f) Ind AS 103 – Business Combinations**

An entity shall determine whether a transaction or other event is a business combination by applying the definition

in this Ind AS, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. Paragraphs B5–B12D provide guidance on identifying a business combination and the definition of a business. Certain other changes include definition of Business and three elements of business such as Input, Process, Output and changes in the Appendix to the IND AS 103.

**g) Certain other changes in IND AS 107 & 109 with respect to Hedge Accounting Disclosures, temporary exceptions from applying specific hedge accounting requirements and Transition for hedge accounting.**

Application of New Accounting Pronouncements

The following Ind As pronouncements were applied by the Group during the year:

- a) Ind AS 116 Leases w.e.f April 1, 2019.
- b) Ind AS 12 Appendix C - Uncertainty over Income tax treatments
- c) Amendments to Ind AS 19 - Plan Amendment curtailment & settlement w.e.f April 1, 2019.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

**a) Significant accounting judgements, estimates and assumptions**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

### Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements as given below:

- In respect of lease payments, determination whether arrangements contain a lease and determination of cancellable and non-cancellable tenure of leases (IND AS 116)



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to consolidated financial statements for the year ended March 31, 2020

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding
- Useful lives of Property, plant and equipment and Intangible Assets
- Employee benefit plans
- Amortization of Government Grant
- Determination of Provision of income taxes vis-à-vis anticipated tax issues and final tax outcomes of pending matters.

## Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment included in the following notes:

- measurement of defined benefit obligations and planned assets: key actuarial assumptions.
- recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.
- impairment of financial assets.
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- impairment test of non-financial assets: key assumptions used in estimating recoverable cash flows.
- fair value measurement of financial instruments.

## b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

### Assets:

An asset is treated as current when it is:

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

All other assets are classified as non-current.

### Liabilities:

A liability is current when:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Operating cycle: The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.**

## c) Property, Plant and Equipment (PPE) and Depreciation

Property, plant and equipment and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct services, any other costs directly attributable to bringing the assets to its working condition for their intended use and cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When parts of an item of PPE having significant costs have different useful lives, then they are accounted for as separate items (major components) of property, plant & equipment.

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

**Transition to Ind AS:** On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

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**Subsequent costs:** The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment are recognised in statement of profit and loss as and when incurred.

**Decommissioning Costs :** The present value of the expected cost for the decommissioning of an asset, if any, after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. (as applicable)

**Capital work in progress:** Capital work in progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date.

Cost comprises of purchase cost, related acquisition expenses, borrowing costs and other direct expenditure.

Depreciation is provided on a pro-rata basis on the straight-line basis on the estimated useful life prescribed under Schedule II to Companies Act , 2013 with the following exception :

- Fixed asset costing upto ₹ 5000 has been fully depreciated during the financial year
- Leasehold land has been amortised over the lease term.
- Freehold Land is not depreciated.

Useful life considered for calculation of depreciation for various assets class are as follows:-

<b>Asset Class</b>	<b>Useful Life</b>
Factory Building	30 Years
Non- Factory Building	60 Years
Plant and Equipment's	5 - 15 Years
Furniture and Fixtures	3 - 10 Years
Office Equipment	3 - 5 Years
Vehicles	5 - 8 Years
Computer Equipment	3 Years
Computer Software	5 Years

Depreciation Method, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

## d) **Investment Properties**

Property that is held for rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any.

The Group, based on technical assessment made by management, depreciates the building over estimated useful life of 60 years. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**Transition to Ind AS:** On transition to Ind AS, the Group has elected to continue with the carrying value of all its investment properties as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such investment properties.

## e) **Other Intangible assets**

### **Recognition and measurement**

Intangible assets that are acquired by the Group are measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. All expenditures, qualifying as Intangible Assets are amortized over estimated useful life. Specialized softwares are amortized over a period of 3 years or license period whichever is earlier.

### **Transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognized as at April 01, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

**Subsequent Expenditure:** Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Statement of Profit and Loss as incurred.

Amortisation and useful lives: Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each

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reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. The amortisation method, residual value and the useful lives of intangible assets are reviewed annually and adjusted as necessary.

## f) **Borrowing costs**

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use.

## g) **Foreign Currency Transactions and Translations**

### **Functional and presentational currency**

The Consolidated financial statements are presented in Indian Rupees (₹). Items included in the Consolidated Financial statements of the Group are recorded using the currency of the primary economic environment in which the Group operates (the 'functional currency'). All the financial information presented in 'except where otherwise stated.

### **Transactions and balances**

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the date the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign

currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currencies are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Advances received or paid in foreign currency are recognised at exchange rate on the date of transaction and not retranslated.

### **Group Companies**

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), On Consolidation, all resulting exchange differences on translation are recognised in other comprehensive income, that will be reclassified subsequently to statement of profit and loss.

## h) **Revenue Recognition**

The Group derives revenue primarily from export of manufactured and traded goods.

Effective 01 April 2018, the Group has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers' The effect on adoption of Ind-AS 115 was insignificant.

### **Revenue from contract with customers**

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for

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transferring distinct goods or services to a customer as specified in the contract, excluding the amount collected on behalf of third parties (for example, taxes and duties collected on behalf of government) and net of returns & discounts. The Group has concluded that it is acting as principal in its revenue arrangements.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Group considers the effect of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer (if any).

The Group assesses its revenue arrangements against specific recognition criterion like exposure to significant risks & rewards associated with the sale of goods or services. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Group and its Customers are reviewed to determine each party's respective role in the transaction.

## Specific revenue recognition criteria:

### (i) Sale of products

Revenue from sale of products is recognised at the point in time when control of product is transferred to the customer. In case of Export sale it is on the basis of date of airway bill/bill of lading.

### (ii) Job work income

Revenue from job work on the product is recognised at the point in time when control of services is transferred to the customer, generally on the delivery of the product after completion of job work.

### (iii) Export Incentives

Export Incentives under various schemes are accounted in the year of export.

### (iv) Other Incomes

- a) Sale of software/ SAP income is recognized at the delivery of complete module & patches (through reimbursement from group companies).
- b) Rental Income is recognized on accrual basis as per the terms of agreement.
- c) In respect of interest income, revenue is

recognised on the time proportion basis, taking into account the amount outstanding and the rate of interest applicable.

- d) Dividend Income is recognized when the right to receive is established.

## Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

## Significant Financing Component

Generally, the Group does not receive short term or long term advances from its customers except in certain scenarios. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of promised good or service to the customer and when the customer pays for good or service will be one year or less. The Group does not expect to have any contracts where the period between the transfer of promised goods and services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

## Contract balances

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments – initial recognition and subsequent measurement.

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## **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

## **Cost to obtain a contract**

The Group does not capitalise costs to obtain a contract because majorly the contracts have terms that do not extend beyond one year.

## **i) Inventories**

- i) Inventories of finished goods manufactured by the Group are valued style-wise and at lower of cost and estimated net realizable value. Cost includes material cost on weighted average basis and appropriate share of overheads incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.
- ii) Inventories of finished goods (traded) are valued at lower of procurement cost (FIFO method) or estimated net realizable value.
- iii) Inventories of raw material, work in progress, accessories & consumables are valued at cost (weighted average method) or at estimated net realizable value whichever is lower. WIP cost includes appropriate portion of allocable overheads. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.
- iv) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on a item by item basis. Obsolete or slow moving inventories are identified from time to time and a provision is made for such inventories as appropriate on periodic basis.

## **j) Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **Group as a lessee**

The Group lease asset classes primarily comprise of lease for land and building. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets as below:

### **i) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets (i.e. 30 and 60 years) If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

### **ii) Lease Liabilities**

At the commencement date of the lease, the Group

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recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in other current and non-current financial liabilities.

### (iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. "Lease liability" and "Right of Use" asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### Group as a lessor

Leases for which the Group is a lessor is classified as finance or operating lease. Leases in which the Group

does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### k) **Employee's benefits**

**Short term employee benefits:** All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Group during an accounting period, the Group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in statement of profit and loss in the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid after deducting any amount already paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. If the amount already paid exceeds the undiscounted amount of the benefits, the Group recognises that excess as an asset / prepaid expense to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

#### **Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts.

Retirement benefits in the form of Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund Scheme are defined contribution plans. The contributions paid/payable to government administered respective funds are recognised as an expense in the Statement of Profit and loss during the period in which the employee renders the related service.

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to consolidated financial statements for the year ended March 31, 2020

## Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Group accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

The obligations are measured at the present value of the estimated future cash flows. The discount rate is generally based upon the market yields available on Government bonds at the reporting date with a term that matches that of the liabilities.

Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest and if applicable), is reflected immediately in Other Comprehensive Income in the statement of profit and loss. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Re-measurements recognised in Other Comprehensive Income will not be reclassified to statement of profit and loss hence it is treated as part of retained earnings in the statement of changes in equity. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

## Other long term employee benefits

As per the Group's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of

independent actuarial valuation using the projected unit credit method.

## l) Provisions

### General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The unwinding of discount is recognised in the statement of profit and loss as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

## m) Financial instruments

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

## (i) Financial assets

### Initial recognition and measurement

A financial asset is initially recognised at fair value. In case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

### Subsequent measurement

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

- Financial Asset carried at amortised cost

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- Financial Asset at fair value through other comprehensive income (FVTOCI)
- Financial Asset at fair value through profit and loss (FVTPL)

## Financial asset carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Financial asset at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Financial asset at fair value through profit and loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

## De-recognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Consolidated Balance Sheet) when:

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

## (ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition,

as financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group financial liabilities include borrowings, trade and other payables, security deposits received etc.

## Subsequent measurement

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

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit and loss (FVTPL)

A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such as initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Statement of Profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the Statement of Profit and loss.

## De-recognition

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

## (iii) Offsetting of financial instruments

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

## (iv) Derivative financial instruments

Till March 31, 2019, the Group uses derivative



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financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

### (v) Hedge Accounting

With effect from April 2019, the Group adopted Hedge Accounting. The derivatives that are designated as hedging instrument under Ind AS 109 to mitigate risk arising out of foreign currency transactions are accounted for as cash flow hedges. The Group enters into hedging instruments in accordance with policies as approved by the Board of Directors with written principles which is consistent with the risk management strategy of the Group.

The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments is assessed and measured at inception and on an ongoing basis.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI, e.g., cash flow hedging reserve and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of profit and loss. The amount accumulated is retained in cash flow hedge reserve and reclassified to profit or loss in the same period or periods during which the hedged item affects the statement of profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument is terminated or exercised prior to its maturity/contractual term, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve

is reclassified to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified immediately in the statement of profit and loss.

### n) Impairment of financial assets

The Group measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increases in credit risk. Expected credit loss is the weighted average of the difference between all contractual cash flows that are due to the Group in accordance with the contracts and all the cash flows that the Group expects to receive, discounted at original effective interest rate with the respective risk of defaults occurring as the weights.

### o) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

An impairment loss is recognized, if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount and is recognised in statement of profit and loss.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying

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to consolidated financial statements for the year ended March 31, 2020

amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**p) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

**q) Taxes**

**Current income tax**

Current income tax assets and liabilities are measured at

the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Deferred tax**

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity/other comprehensive income is recognized in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate

# Notes

to consolidated financial statements for the year ended March 31, 2020

to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

## Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Group reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period. In accordance with Ind AS 12 Group is grouping MAT credit entitlement with Deferred Tax Assets/Liabilities (Net).

## Investment in subsidiaries

Investment in subsidiaries

There is an option to measure investments in subsidiaries at cost in accordance with Ind AS 27 at either:

- (a) Fair value on date of transition; or
- (b) Previous GAAP carrying values

The Group has decided to use the previous GAAP carrying values to value its investments in its subsidiaries as on the date of transition, April 01, 2016.

## r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash balance on hand, cash balance at banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## s) Earnings per share (EPS)

In determining earnings per share, the Group considers

the net profit after tax and includes the post tax effect of any extraordinary items.

Basic EPS amounts are calculated by dividing the profit for the year attributable to the shareholders of the Group by the weighted average number of equity shares outstanding as at the end of reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to the shareholders of the Group by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increase the earnings.

## t) Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected lives of related assets and presented within other income.

## u) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## v) Research & development costs

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is

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charged to the statement of profit and loss in the year in which it is incurred.

**w) Exceptional items**

When items of income and expense within statement of

profit and loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 4 : PROPERTY, PLANT AND EQUIPMENT</b>	<b>Land-freehold</b>	<b>Land-leasehold</b>	<b>Buildings</b>	<b>Leasehold improvements</b>	<b>Plant and Equipment</b>	<b>Furniture and Fixtures</b>	<b>Vehicles</b>	<b>Total</b>
<b>Gross carrying amount</b>								
<b>(At Deemed cost)</b>								
<b>As at April 1, 2018</b>	<b>1,647.34</b>	<b>94.45</b>	<b>5,022.63</b>	<b>469.84</b>	<b>12,903.37</b>	<b>1,029.83</b>	<b>1,129.38</b>	<b>22,296.84</b>
Add: Additions made during the year	41.43	2,764.85	1,647.76	252.20	3,796.54	206.91	220.39	8,930.08
Less: Disposals/adjustments during the year	76.47	-	-	-	155.76	4.33	26.80	263.36
Reclassification to other assets	-	-	-	(95.04)	95.04	-	-	-
Add: Exchange realignment	-	(0.98)	-	(18.14)	(28.78)	-	(1.94)	(49.84)
Add: Currency translation reserve	-	(65.99)	32.84	(1.41)	316.74	18.04	17.52	317.74
<b>As at March 31, 2019</b>	<b>1,612.30</b>	<b>2,792.31</b>	<b>6,703.23</b>	<b>607.45</b>	<b>16,927.14</b>	<b>1,250.46</b>	<b>1,338.54</b>	<b>31,231.46</b>
Add: Additions made during the year	221.95	-	38.17	191.20	1,700.23	345.54	304.50	2,801.59
Less: Reclassification on account of adoption of INDAS 116	-	(2,812.42)	-	-	(91.56)	-	-	(2,903.98)
Less: Disposals/adjustments during the year	4.53	-	26.95	-	125.99	0.02	184.11	341.60
Reclassification to other assets	-	-	-	-	-	-	-	-
Add: Exchange realignment	-	-	-	(8.53)	(13.32)	-	(0.84)	(22.69)
Add: Currency translation reserve	-	67.85	250.60	18.95	823.03	48.01	32.84	1,241.28
<b>As at March 31, 2020</b>	<b>1,829.72</b>	<b>47.74</b>	<b>6,965.06</b>	<b>809.06</b>	<b>19,219.53</b>	<b>1,644.00</b>	<b>1,490.92</b>	<b>32,006.06</b>
<b>Accumulated depreciation</b>								
<b>As at April 1, 2018</b>	<b>-</b>	<b>18.21</b>	<b>649.03</b>	<b>80.94</b>	<b>3,109.09</b>	<b>281.19</b>	<b>256.44</b>	<b>4,394.90</b>
Add: Depreciation charge for the year	-	19.67	217.62	135.71	1,739.10	152.94	191.16	2,456.19
Less: Disposals/adjustments during the year	-	-	-	-	50.03	1.75	17.56	69.33
Reclassification to other assets	-	-	-	(19.87)	19.87	-	-	-
Add: Exchange realignment	-	(0.49)	-	(8.20)	(17.63)	-	(0.42)	(26.74)
Add: Currency translation reserve	-	0.64	23.55	0.62	89.67	4.81	1.27	120.56
<b>As at March 31, 2019</b>	<b>-</b>	<b>38.03</b>	<b>890.20</b>	<b>189.20</b>	<b>4,890.06</b>	<b>437.19</b>	<b>430.89</b>	<b>6,875.58</b>
Add: Depreciation charge for the year	-	0.34	272.23	152.36	1,962.45	182.60	197.51	2,767.50
Less: Reclassification on account of adoption of Ind AS 116	-	(37.92)	-	-	(31.77)	-	-	(69.68)
Less: Disposals/adjustments during the year	-	-	-	-	73.71	-	95.26	168.96
Reclassification to other assets	-	-	-	-	-	-	-	-
Add: Exchange realignment	-	-	-	(4.03)	(7.93)	-	(0.27)	(12.24)
Add: Currency translation reserve	-	0.91	51.18	11.31	328.45	20.37	12.57	424.80
<b>As at March 31, 2020</b>	<b>-</b>	<b>1.37</b>	<b>1,213.61</b>	<b>348.85</b>	<b>7,067.56</b>	<b>640.16</b>	<b>545.45</b>	<b>9,817.00</b>
<b>Net Carrying Amount</b>								
<b>As at March 31, 2020</b>	<b>1,829.72</b>	<b>46.37</b>	<b>5,751.44</b>	<b>460.21</b>	<b>12,151.98</b>	<b>1,003.84</b>	<b>945.47</b>	<b>22,189.06</b>
<b>As at March 31, 2019</b>	<b>1,612.30</b>	<b>2,754.28</b>	<b>5,813.04</b>	<b>418.26</b>	<b>12,037.08</b>	<b>813.26</b>	<b>907.66</b>	<b>24,355.89</b>

- a) The above assets includes Gross block of land of ₹ 78.55 lakh (March 31, 2019: ₹ 83.08 lakh) situated at Narshingpur, Tehsil District Gurgaon(Haryana). Out of this Gross block of land of ₹ 42.50 lakh (March 31, 2019: ₹ 47.03 lakh) represents the amount for which the Holding Company has executed a construction project agreement with DLF Retail Developers Limited on November 30, 2007. However, as certified by the Management, the work has not started during the financial year 2019-20 due to pending receipt of license from the concerned authority.

## Notes

to consolidated financial statements for the year ended March 31, 2020

- b) In case of, Pearl Global (HK)Limited, as at March 31, 2020, Land titles represent building usage rights of Taman Pasadena Apartment at Jakarta (“Hak Milik atas Satuan Rumah Susun”) for a maximum period of 20 years and could be extended.
- c) For Information on property, plant and equipment pledged as security by the Group refer Note 21.
- d) The above property, plant and equipment includes assets given on lease, the details of which are as under:

	Plant and Equipment	Furniture and Fixures	Total
<b>As at March 31, 2020</b>			
Gross carrying amount	27.77	21.22	48.99
Accumulated depreciation	16.59	12.21	28.80
<b>Net carrying amount</b>	<b>11.18</b>	<b>9.01</b>	<b>20.19</b>
<b>As at March 31, 2019</b>			
Gross carrying amount	27.77	21.22	48.99
Accumulated depreciation	13.59	9.16	22.75
<b>Net carrying amount</b>	<b>14.17</b>	<b>12.06</b>	<b>26.23</b>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 5 : CAPITAL WORK IN PROGRESS

	As At March 31, 2020	As At March 31, 2019
Capital work in progress	3,610.29	778.62
	<b>3,610.29</b>	<b>778.62</b>

(Amount in ₹ Lakh, unless otherwise stated)

- a) Breakup of capital work in progress is as follows:

	As At March 31, 2020	As At March 31, 2019
Building	2,542.43	632.56
Plant and Machinery	1,011.41	38.38
Furniture and Fittings	-	46.59
Lease Hold Improvement	-	54.98
Other Expenses	56.45	6.11
	<b>3,610.29</b>	<b>778.62</b>

## Notes

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(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 6 : INVESTMENT PROPERTIES

	Land freehold	Land leasehold	Building	Total
<b>Gross carrying amount (At Deemed Cost)</b>				
<b>As at April 01, 2018</b>	3,085.50	10.36	4,580.71	<b>7,676.57</b>
Add: Additions made during the year	1.29	-	-	<b>1.29</b>
Less: Disposals/adjustments during the year	-	-	-	-
<b>As at March 31, 2019</b>	<u>3,086.79</u>	<u>10.36</u>	<u>4,580.71</u>	<u><b>7,677.86</b></u>
Add: Additions made during the year	49.14	-	-	<b>49.14</b>
Less: Disposals/adjustments during the year	-	-	-	-
<b>As at March 31, 2020</b>	<u>3,135.93</u>	<u>10.36</u>	<u>4,580.71</u>	<u><b>7,727.00</b></u>
<b>Accumulated depreciation</b>				
<b>As at April 01, 2018</b>	-	-	<b>162.22</b>	<b>162.22</b>
Add: Depreciation charge for the year	-	-	85.76	<b>85.76</b>
Less: Disposals/adjustments during the year	-	-	-	-
<b>As at March 31, 2019</b>	-	-	<u><b>247.98</b></u>	<u><b>247.98</b></u>
Add: Depreciation charge for the year	-	-	85.76	<b>85.76</b>
Less: Disposals/adjustments during the year	-	-	-	-
<b>As at March 31, 2020</b>	-	-	<u><b>333.74</b></u>	<u><b>333.74</b></u>
<b>Net Carrying Amount</b>				
<b>As at March 31, 2020</b>	3,135.93	10.36	4,246.97	7,393.26
<b>As at March 31, 2019</b>	3,086.79	10.36	4,332.73	7,429.89

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(a) Amounts recognized in statement of profit and loss for investment properties</b>		
Rental Income	980.53	814.53
Direct operating expenses of property that generated rental income	65.88	53.62
Direct operating expenses of property that did not generated rental income	14.23	77.46
<b>Income arising from Investment properties before charging depreciation</b>	<b>900.42</b>	<b>683.45</b>
Depreciation	85.76	85.76
<b>Income from Investment properties (net)</b>	<u><b>814.66</b></u>	<u><b>597.69</b></u>
<b>(b) Fair value of investment properties</b>	<u><b>10,793.94</b></u>	<u><b>11,378.15</b></u>

#### Estimation of fair value

The fair valuation is based on current prices in the active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent. This valuation is based

## Notes

to consolidated financial statements for the year ended March 31, 2020

on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method. The fair value measurement is categorised in level 2 fair value hierarchy.

- (c) In the earlier years, the Group had initiated the process of converting its leasehold land (situated at Plot A-3, Naraina, New Delhi) into freehold land. However, the deed is yet to be transferred in the name of the Company as at March 31, 2020.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 7 : GOODWILL

	As At March 31, 2020	As At March 31, 2019
Goodwill on acquisition of subsidiaries	1,897.56	1,897.56
Add: Foreign Exchange Fluctuation	120.22	-
Less: Impairment of Goodwill	(225.12)	-
	<u>1,792.66</u>	<u>1,897.56</u>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 8 : OTHER INTANGIBLE ASSETS

	Computer Software	Total
<b>Gross carrying amount (At Deemed Cost)</b>		
<b>As at April 1, 2018</b>	<b>219.88</b>	<b>219.88</b>
Add: Additions during the year	27.65	27.65
Less: Disposals / adjustments during the year	-	-
<b>As at March 31, 2019</b>	<b>247.53</b>	<b>247.53</b>
Add: Additions during the year	17.58	17.58
Less: Disposals / adjustments during the year	-	-
<b>As at March 31, 2020</b>	<b>265.11</b>	<b>265.11</b>
<b>Amortisation and impairment</b>		
<b>As at April 1, 2018</b>	<b>85.06</b>	<b>85.06</b>
Add: Amortisation charge for the year	47.54	47.54
Less: On disposals / adjustments during the year	-	-
<b>As at March 31, 2019</b>	<b>132.60</b>	<b>132.60</b>
Add: Amortisation charge for the year	47.75	47.75
Less: On disposals / adjustments during the year	-	-
<b>As at March 31, 2020</b>	<b>180.35</b>	<b>180.35</b>
<b>Net Carrying Amount</b>		
<b>As at March 31, 2020</b>	<b>84.76</b>	<b>84.76</b>
<b>As at March 31, 2019</b>	<b>114.94</b>	<b>114.94</b>



# Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 9 : INVESTMENTS

	As At March 31, 2020	As At March 31, 2019
<b>(I) Non Current</b>		
<b>A. Equity Instruments</b>		
<b><u>Fair value through profit and loss</u></b>		
<b>(Quoted)</b>		
PDS Multinational fashions Limited, India 50,000 (March 31, 2019: 50,000) Equity Shares of ₹ 10 each fully paid up	141.00	133.50
	<b>141.00</b>	<b>133.50</b>
<b>B. Investments in mutual funds - (Unquoted)</b>		
<b><u>Fair value through other comprehensive income</u></b>		
Investments in mutual funds	948.97	1,312.68
	<b>948.97</b>	<b>1,312.68</b>
<b>C. Investments in Government securities - (Unquoted)</b>		
<b><u>At amortised cost</u></b>		
Investments in key man insurance policy (Refer 'b' below)	1,992.77	1,828.35
Investments in Government securities		
- Gold Sovereign Bond- 37 units of 2 gram each issued by Reserve Bank of India	1.63	1.63
	<b>1,994.40</b>	<b>1,829.98</b>
<b>Total (A + B + C)</b>	<b>3,084.37</b>	<b>3,276.16</b>
<b>(II) Current</b>		
<b>A. Investments in mutual funds - (Quoted)</b>		
<b><u>Fair value through profit and loss</u></b>		
ICICI Prudential Short Term Fund DP Growth 536,068.057 units of Face Value of ₹ 10 per unit(March 31, 2019: Nil units)	237.83	-
L&T Banking and PSU debt fund direct plan - growth 1,223,214.385 units of Face Value of ₹ 10 per unit(March 31, 2019: Nil units)	227.10	-
IDFC Banking and PSU debt fund direct plan - growth 1,267,806.925 units of Face Value of ₹ 10 per unit(March 31, 2019: Nil units)	227.75	-
	<b>692.68</b>	<b>-</b>
a) Aggregate book value of quoted investments	833.68	133.50
Aggregate market value of quoted investments	833.68	133.50
Aggregate value of unquoted investments	2,943.37	3,142.66
Aggregate amount of impairment in value of unquoted investments	-	-
Aggregate value of unquoted investments (net of impairment)	2,943.37	3,142.66
b) The amount invested in key man insurance policy by Pearl Global (HK) Limited has been pledged to bank to secure banking facilities by the said subsidiary.		

# Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE10 : LOANS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Unsecured, considered good unless otherwise stated)				
Loans to employees	7.63	18.10	25.78	49.63
Loans to related parties (Refer note no. 47)	-	-	300.00	300.00
Loans to others	2,437.62	2,275.50	1,405.46	1,315.09
	<u>2,445.25</u>	<u>2,293.60</u>	<u>1,731.24</u>	<u>1,664.72</u>

- a) Loans to others bear interest rate of 2%-2.5% per annum, and are receivable on or before December 31, 2022 and March 31, 2023.
- b) The Group has no loans which have significant increase in credit risk and loans which are credit impaired. (Refer Note No. 44)

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 11 : OTHER FINANCIAL ASSETS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Unsecured, considered good unless otherwise stated)				
Security deposits (Refer 'a' below)	1,069.32	948.10	78.38	176.71
Interest accrued but not due on				
- Term deposits	28.27	0.80	28.16	40.17
- Loan to related parties	-	-	8.45	12.14
Deposits with original maturity of more than 12 months (Refer note 18)	265.11	452.48	-	761.27
Mark to market forward contracts	-	-	-	462.80
Other receivable	1.16	1.07	-	234.34
<b>Total (A)</b>	<u>1,363.86</u>	<u>1,402.45</u>	<u>114.99</u>	<u>1,687.43</u>

- a) Security deposits are not in the nature of loans hence classified as part of other financial assets.

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 12 : INCOME TAX

	As At March 31, 2020	As At March 31, 2019
--	-------------------------	-------------------------

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

### Statement of profit and loss:

#### Profit or loss section

#### Tax Expense:

a) Current tax	774.67	1,278.10
b) Adjustments in respect of current income tax of previous year	31.76	193.01
c) Deferred tax	144.15	111.90
<b>Income tax expense reported in the statement of profit or loss</b>	<u>950.58</u>	<u>1,583.01</u>

## Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

### OCI section

#### Deferred tax related to items recognised in OCI during the year:

	As At March 31, 2020	As At March 31, 2019
Net loss/(gain) on remeasurements of defined benefit plans	(69.11)	(71.93)
Income tax on items that will be reclassified subsequently to statement of profit and loss	346.57	-
<b>Income tax charged to OCI</b>	<b>277.46</b>	<b>(71.93)</b>

### Other Equity Section

#### Deferred tax related to items recognised in Retained Earnings:

	As At March 31, 2020	As At March 31, 2019
Implementation of Ind AS 116: Leases	102.38	-
<b>Net amount charged to Other Equity</b>	<b>102.38</b>	<b>-</b>

#### (a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019.

(Amount in ₹ Lakh, unless otherwise stated)

	As At March 31, 2020	As At March 31, 2019
Accounting profit before tax from continuing operations	3,123.41	8,293.94
<b>Accounting profit before income tax</b>		
At India's statutory income tax rate of 34.944% (March 31, 2019: 34.944%)	1,091.44	2,898.24
Adjustments in respect of current income tax of previous years	31.76	193.01
<b>Tax effect of the amounts which are Non-deductible/(taxable) for tax purposes:</b>		
Expenses not deducted for tax purposes	284.07	591.58
Income exempted from Income taxes	(143.83)	(684.86)
Impact of tax at different tax rate and Others	(312.85)	(1,414.78)
At the income tax rate of 34.944% (March 31, 2019: 34.944 %)	950.58	1,583.19
Income tax expense reported in the statement of profit and loss	950.58	1,583.01
Variance	-	-

# Notes

to consolidated financial statements for the year ended March 31, 2020

## b) Deferred tax:

(Amount in ₹ Lakh, unless otherwise stated)

		<b>Balance sheet</b>	
		<b>As At</b>	<b>As At</b>
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Deferred tax assets relates to the following:</b>			
Provision for employee benefits		535.44	489.60
Expenses allowed in the year of payment		197.90	134.25
Unabsorbed Losses		17.07	543.17
Lease Liability		1,065.71	-
Mark to Market Forward Contract		346.57	-
Others		137.91	79.02
	(A)	<u>2,300.60</u>	<u>1,246.04</u>
<b>Deferred tax liability relates to the following:</b>			
Property, plant and equipment		1,439.94	1,424.05
Right to use assets		913.56	-
Fair valuation of mutual fund		7.93	-
Borrowing (EIR)		8.46	9.23
Others		197.55	315.29
	(B)	<u>2,567.44</u>	<u>1,748.57</u>
MAT Credit Entitlement	(C)	106.14	266.07
<b>Total deferred tax assets/(liabilities) (Net)</b>	<b>(A-B+C)</b>	<u><b>(160.70)</b></u>	<u><b>(236.46)</b></u>
Recognised Net Deferred Tax Assets		<b>87.61</b>	<b>104.00</b>
Recognised Net Deferred Tax Liabilities		<b>(248.31)</b>	<b>(340.46)</b>

## Deferred tax expense/income:

(Amount in ₹ Lakh, unless otherwise stated)

		<b>Statement of profit and loss</b>	
		<b>As At</b>	<b>As At</b>
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Deferred tax assets relates to the following :</b>			
Provision for employee benefits		45.84	14.44
Expenses allowed in the year of payment		63.65	119.34
Unabsorbed Losses		(526.10)	(199.40)
Lease Liability		1,065.71	-
Mark to Market Forward Contract		346.57	-
Others		58.89	113.21
		<u>1,054.56</u>	<u>47.59</u>

## Notes

to consolidated financial statements for the year ended March 31, 2020

### Deferred tax expense/income: (Contd.)

(Amount in ₹ Lakh, unless otherwise stated)

	Statement of profit and loss	
	As At March 31, 2020	As At March 31, 2019
<b>Deferred tax liability relates to the following :</b>		
Property, plant and equipment	15.89	64.09
Right of use assets	913.56	-
Fair valuation of mutual fund	7.93	(33.84)
Fair valuation of investment in ES	(0.77)	(2.57)
Borrowing (EIR)	(117.74)	203.74
	<b>818.87</b>	<b>231.42</b>
<b>Net deferred tax charge</b>	<b>(235.69)</b>	<b>183.83</b>
Recognised in statement of profit and loss	144.15	111.90
Recognised in other comprehensive income	(277.46)	71.93
Recognised in Retained Earning - Implementation of Ind AS 116: Leases	(102.38)	-

c) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

d) MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 13 : NON CURRENT TAX ASSET

	As At March 31, 2020	As At March 31, 2019
Advance income tax	763.99	452.22
(Net of provision of ₹ 1,288.03 lakh (March 31, 2019 : ₹ 1,032.42 lakh)		
	<b>763.99</b>	<b>452.22</b>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 14 : OTHER ASSETS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Unsecured, considered good, unless otherwise stated)				
Capital advances(Refer note no. 46(b) for capital commitments)	255.20	204.44	-	-
Balance with government authorities	91.80	128.86	1,736.80	1,593.89
Balance with government authorities - considered doubtful	22.74	22.74	-	-
Less: Loss allowance	(22.74)	(22.74)	-	-
Prepaid expenses	425.82	985.26	903.92	767.10
Export incentive receivable	-	-	2,413.44	1,817.61
Advances to related parties (Refer note no. 47)	-	-	-	4.29
Advances to suppliers	-	-	1,423.09	1,109.86
Other receivables	-	35.89	2,493.12	1,096.80
<b>Total (A)</b>	<b>772.82</b>	<b>1,354.45</b>	<b>8,970.37</b>	<b>6,389.55</b>

# Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 15 : INVENTORIES

	As At March 31, 2020	As At March 31, 2019
Raw materials	12,245.71	10,669.98
Good in transit- raw material	54.44	39.91
Work in progress	12,212.16	10,652.01
Finished goods	1,635.43	2,124.30
Scrap Stock	33.21	111.08
Stores spares & others	230.72	34.89
	<b>26,411.67</b>	<b>23,632.17</b>
Less: Writedown of inventories	(24.34)	-
	<b>26,387.33</b>	<b>23,632.17</b>

(a) For information on inventories pledged as security by the group (refer note 21).

(b) Inventories amounting to ₹ 1,507.80 (March 2019: ₹ 1,391.00) are used as collateral for part of the bank facilities. - In case of Pearl Global HK Limited.

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 16 : TRADE RECEIVABLES

	As At March 31, 2020	As At March 31, 2019
Considered good - secured	-	-
Considered good - unsecured	22,042.47	22,177.86
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	377.33	374.33
Less: Loss allowance	(377.33)	(374.33)
<b>Total</b>	<b>22,042.47</b>	<b>22,177.86</b>

a) The movement in allowance for bad and doubtful debts is as follows:

<b>Balance as at beginning of the year</b>	374.33	5.15
Loss Allowance during the year	2.99	369.18
Trade receivables written off / written back during the year	-	-
<b>Balance as at the end of the year</b>	<b>377.33</b>	<b>374.33</b>

b) Trade receivables are non-interest bearing and are generally on terms of 45 - 60 days.

c) The Group exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 44.

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 17 : CASH AND CASH EQUIVALENTS

	As At March 31, 2020	As At March 31, 2019
Balances with banks:		
- Current account	8,062.59	7,156.93
- Deposits with original maturity of less than 3 months (refer note (a))	139.70	949.52
Cash on hand	47.04	85.39
Cheque/drafts on hand	559.56	1,242.28
	<b>8,808.89</b>	<b>9,434.12</b>

a) For the purpose of the statement of cash flow, the cash and cash equivalent are same given above.

## Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 18 : OTHER BANK BALANCES

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Earmarked balances with banks				
Unpaid dividend account	-	-	31.85	26.83
Deposits with original maturity of more than 3 months but less than 12 months	-	-	2,136.98	1,680.88
Deposits with original maturity of more than 12 months	265.11	452.48	-	761.27
Balance with bank (Considered doubtful)	-	-	0.03	0.03
Less: Loss allowance	-	-	(0.03)	(0.03)
	<b>265.11</b>	<b>452.48</b>	<b>2,168.83</b>	<b>2,468.98</b>
Less: Amount disclosed under "other financial assets" (Refer Note No. 11)	265.11	452.48	-	761.27
	<b>-</b>	<b>-</b>	<b>2,168.83</b>	<b>1,707.71</b>

- a) Out of the total Fixed Deposits, the fixed deposit with carrying value of ₹ 1,041.21 lakh (March 31, 2019 ₹ 2,994.13 lakh) are pledged as security with various banks.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 19 : SHARE CAPITAL

	As At March 31, 2020	As At March 31, 2019
<b>Authorised</b>		
51,440,000* (March 31, 2019: 51,440,000) equity shares of ₹ 10 each	5,144.00	5,144.00
10,000* (March 31, 2019: 10,000) 4% Non Cumulative Redeemable Preference Shares of ₹ 10 each	1.00	1.00
3,256,000* (March 31, 2019: 3,256,000) 10.5% Non Cumulative Redeemable Preference Shares of ₹ 100 each	3,256.00	3,256.00
	<b>8,401.00</b>	<b>8,401.00</b>
<b>Issued, subscribed and paid up</b>		
21,663,937* (March 31, 2019: 21,663,937) Equity Shares of ₹ 10 each fully paid up	2,166.39	2,166.39
	<b>2,166.39</b>	<b>2,166.39</b>

\* Number of Shares are given in absolute numbers.

a) Reconciliation of issued and subscribed share capital as at year end :	No. of shares (in 'lakh')	Amount (₹ in lakh)
<b>Equity Share of ₹ 10 each issued, Subscribed and fully paid</b>		
<b>Balance as at April 1, 2018</b>	216.639	2,166.39
Changes during the year	-	-
<b>Balance as at March 31, 2019</b>	<b>216.639</b>	<b>2,166.39</b>
Changes during the year	-	-
<b>Balance as at March 31, 2020</b>	<b>216.639</b>	<b>2,166.39</b>

## Notes

to consolidated financial statements for the year ended March 31, 2020

### b) Terms/ rights attached to equity shares:

The Group has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. For the year ended March 31, 2020, the Board of Directors has not proposed any dividend for distribution to shareholders. For the year ended March 31, 2019, the amount of per share dividend proposed as distribution to equity shareholders was ₹ 3.00 per share.

### c) Details of shareholders holding more than 5% shares

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Holding %	No. of shares	Holding %
Mrs. Payel Seth	4,413,635	20.37	4,413,635	20.37
Mr. Deepak Seth	2,862,145	13.21	2,862,145	13.21
Mr. Pulkit Seth	6,947,621	32.07	6,947,621	32.07
Mr. Sanjiv Dhiresbhai shah	1,553,274	7.17	-	-
<b>Total</b>	<b>15,776,675</b>	<b>72.82</b>	<b>14,223,401</b>	<b>65.65</b>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 20 : OTHER EQUITY

	As At March 31, 2020	As At March 31, 2019
General Reserve	4,204.36	4,204.36
Securities Premium	17,103.90	17,103.90
Capital Redemption Reserve	95.00	95.00
Amalgamation Reserve	625.95	625.95
Foreign Currency Translation Reserve	4,623.26	2,036.96
Change in investment through other comprehensive income	(105.34)	(67.05)
Retained Earnings	21,989.10	20,821.23
Cash Flow Hedge Reserve	(645.23)	-
	<b>47,891.00</b>	<b>44,820.35</b>

I. For Movement during the period in Other Equity, refer "Statement of Changes in Equity".

### II. Nature and purpose of reserves

#### a) General reserve

The Group has transferred a portion of the net profit of the Group before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

#### b) Securities premium

The amount received in excess of face value of the equity shares is recognised in securities premium. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

#### c) Capital redemption reserve

This Reserve has been created at the time of merger of other companies in earlier years in accordance with the provisions of the Companies Act, 2013.

#### d) Amalgamation reserve

This Reserve has been created at the time of merger of other companies in earlier years in accordance with the provisions of the Companies Act, 2013.



## Notes

to consolidated financial statements for the year ended March 31, 2020

### e) Foreign currency translation reserve

Foreign currency translation reserve is created on translation of financial statements of non integral foreign operation at the reporting date.

### f) Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Out of the above, reserve on account of revaluation of assets of ₹ 398.64 lakh (March 31, 2019 ₹ 396.76 lakh) is not available for distribution.

### g) Cash Flow Hedge Reserve

This reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. This reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 21 : LONG TERM BORROWINGS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
From Banks (Secured)				
- Corporate Loan [Refer Note a(i), a(ii), a(iii), a(iv) & a(v)]	9,695.14	7,819.91	2,639.35	1,560.70
- Vehicle Loans [Refer Note a(vi)]	93.22	48.93	91.00	81.29
From Financials Institutional (Secured)				
- Vehicle Loans [Refer Note a(vi)]	112.39	106.50	38.85	38.90
From others - unsecured	82.93	131.42	-	-
	<b>9,983.68</b>	<b>8,106.76</b>	<b>2,769.20</b>	<b>1,680.89</b>
Less: Amount disclosed under other financial liabilities as 'Current maturities of long-term borrowings' (refer note 22)	-	-	2,769.20	1,680.89
	<b>9,983.68</b>	<b>8,106.76</b>	-	-

### a) The nature of Security for Secured Loans are :

- Corporate Term Loan (Kotak Bank) is secured by charge first and exclusive charge over fixed assets and plant and machinery.
- Corporate Term Loan (Andhra Bank) is secured by first and exclusive charge on the entire fixed assets including machineries, land and building at Chennai and Bangalore Plant of the Company. In addition, Equitable Mortgage of Land & Building located at Survey No- 262A in Aryapakkam Village at Kancheepuram measuring 4.8053 acre in Company's name.
- Corporate Term Loan (HDFC Bank) is secured by exclusive charge over movable fixed assets of the Company, both present and future. The loan is also secured by personal guarantee of one of the Promoter Director of the Company and exclusive charge by way of equitable mortgage on industrial plot no.446, Udyog Vihar, Phase- V, Gurugram, Haryana.
- Corporate Term Loan (IndusInd Bank) is secured by exclusive charge over movable fixed assets of the Company, both present and future. The loan is secured by exclusive charge by way of equitable mortgage on industrial Plot no.51, Sector-32, Gurugram, Haryana.
- Corporate Term Loan (RBL Bank) is secured by exclusive charge over movable fixed assets of the Company, both present and future. The loan is secured by exclusive charge by way of equitable mortgage on Industrial Plot no.751, Pace City, Sector-37, Gurugram, Haryana.
- BDT Term Loan from HSBC in case of Norp Knit Industries Limited) are secured by first charge over Company's plant & machinery, stocks of raw material, wip, finished goods, book debts & receivables, charge over deposits & stand by letter of credit from Holding Company.

# Notes

to consolidated financial statements for the year ended March 31, 2020

- vii) The loan facilities (in case Pearl Global (HK) Limited) are secured by the Group's leasehold land & buildings, machineries and equipment, inventories, trade receivables together with director's personal guarantee.
- viii) Vehicle loans are secured against hypothecation of respective vehicles.

## b) Maturity Profile

Particulars	2020-21	2021-22	2022-23	Beyond 2023-24
<b>Maturity profile of secured term loans is as set out below :</b>				
Term loan from Banks and Financial Institution are repayable in monthly/quarterly/yearly installments	2,639.35	2,965.91	2,364.78	4,364.45
Vehicle loans from banks and financial institutions are repayable in monthly installments	129.85	64.75	77.35	63.52

- c) The term loan(s) carries rate of interest ranging between 9.75% to 12.00% per annum.

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 21A : SHORT TERM BORROWINGS

	As At March 31, 2020	As At March 31, 2019
Working capital loan from banks(secured)		
- Rupee loan [refer note (a) above]	25,715.32	23,486.07
	<b>25,715.32</b>	<b>23,486.07</b>

- a) The nature of Security for short term borrowings are as under:

- First pari-passu charge on movable fixed assets and whole of current assets including stocks of raw material, semi finished goods, finished goods, book debts, consumable stores and spares.
- Mortgage of the properties situated at Plot No. H -597-603, RICCO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan and Plot No 16-17, Phase VI, Udyog Vihar,Gurgoan (Haryana).
- Fixed Deposit of ₹ 58 lakh (March 31, 2019: ₹ 58 lakh)
- Personal Guarantee by the promoter director of the Company.

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 22 : OTHER FINANCIAL LIABILITIES

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Security deposit	246.97	222.00	-	-
Book overdraft	-	-	26.87	150.48
Current maturities of long-term borrowings (refer no. 21)	-	-	2,769.20	1,680.89
Interest accrued but not due on borrowings	-	-	37.48	24.67
Unpaid dividends (Refer Note b)	-	-	31.85	26.83
Creditors for capital goods	-	-	30.21	849.25
Financial Liabilites at Fair Value through OCI-Cash Flow Hedge	-	-	991.80	-
Others	-	-	1,830.22	2,424.77
	<b>246.97</b>	<b>222.00</b>	<b>5,717.63</b>	<b>5,156.89</b>

## Notes

to consolidated financial statements for the year ended March 31, 2020

### Notes:

- The Group's exposure to market and liquidity risk related to other financial liabilities is disclosed in note 44.
- There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 23 : PROVISIONS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Provision for employee benefits</b>				
Provision for compensated absences (refer to note 39)	554.06	717.04	23.96	23.02
Provision for gratuity (refer to note 39)	1,456.54	1,345.94	44.44	58.65
Other employee benefits	69.12	49.62	-	-
	<b>2,079.72</b>	<b>2,112.60</b>	<b>68.40</b>	<b>81.67</b>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 24 : OTHER LIABILITIES

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Advance received against sale of land	2,963.62	3,010.49	-	-
Deferred government grant	8.58	9.58	145.61	145.61
Deferred rental income	25.71	56.89	31.92	32.57
Statutory dues	-	-	632.95	678.55
Others	-	232.67	46.87	9.93
	<b>2,997.91</b>	<b>3,309.63</b>	<b>857.35</b>	<b>866.66</b>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 25 : TRADE PAYABLE

	As At March 31, 2020	As At March 31, 2019
Total outstanding dues of micro and small enterprises	331.05	63.70
Total outstanding dues of creditors other than micro and small enterprises	17,775.62	18,042.77
	<b>18,106.67</b>	<b>18,106.47</b>

- Trade payable are generally on a credit of not more than 90 days except in case of Micro & Small Enterprises which are settled within 45 days.
- This amount includes amount due to related parties is ₹ 0.92 lakh (March 31, 2019: ₹ 16.85 lakh) (refer note 47)
- As per Schedule III of the Companies Act, 2013 and notification number GSR 719 (E) dated November 16, 2007 & as certified by the Management, the amount due to Micro & Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under :

## Notes

to consolidated financial statements for the year ended March 31, 2020

### Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006 are included in the trade payable at Group above:

- |       |  |        |       |
|-------|--|--------|-------|
| (i)   | The amount due thereon remaining unpaid to any supplier at the end of each accounting year   |        |       |
| -     | Principal  | 331.05 | 63.70 |
| -     | Interest   | -      | -     |
| (ii)  | The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.                     | -      | -     |
| (iii) | The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.                 | -      | -     |
| (iv)  | The amount of interest accrued and remaining unpaid at the end of each accounting year   | -      | -     |
| (v)   | The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | -      | -     |
- d) Disclosure of payable to vendors as defined under the “Micro, Small and Medium Enterprise Development Act, 2006” is based on the information available with the Group regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Group. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date except disclosed above.
- e) The Group’s exposure to market and liquidity risk related to trade payables is disclosed in note 44.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 26 : LIABILITIES FOR CURRENT TAX (NET)

	As At March 31, 2020	As At March 31, 2019
Provision for income tax (Net of advance tax ₹ 717.45 lakh (March 31, 2019 ₹ 1,053.97 lakh))	57.23	224.13
	<u>57.23</u>	<u>224.13</u>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 27 : REVENUE FROM OPERATIONS

	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of Product	163,325.79	170,770.02
Job Receipts	129.54	66.57
Other Operating Revenues	5,057.25	4,913.19
<b>Revenue from operations</b>	<u><b>168,512.58</b></u>	<u><b>175,749.78</b></u>

#### a) Performance obligation

Revenue is recognised upon transfer of control of products and customers.

During the year, The Group has not entered into long term contracts with Customers and accordingly disclosure of unsatisfied or remaining performance obligation (which is affected by several factors like changes in scope of Contracts, periodic revalidations, adjustment for revenue that has not been materialized, tax laws etc.) is not applicable to the Group.

## Notes

to consolidated financial statements for the year ended March 31, 2020

- b) Disaggregation of revenue: The table below presents disaggregated revenues from contracts with customers on the basis of geographical spread of the operations of the Group. The Group believes that this disaggregation best depicts how the nature, amount of revenues and cash flows are affected by market and other economic factors:

(Amount in ₹ Lakh, unless otherwise stated)

Revenue based on Geography	For the year ended March 31, 2020	For the year ended March 31, 2019
India	8,403.09	6,019.11
Outside India	160,109.49	169,730.67
<b>Revenue from operations</b>	<b><u>168,512.58</u></b>	<b><u>175,749.78</u></b>

- c) **Reconciliation of revenue from operations with contracted price** (Amount in ₹ Lakh, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Contracted Price	168,557.47	175,759.55
Less:		
Sales Returns	44.89	9.67
Rebates and discounts	-	0.10
	<b><u>168,512.58</u></b>	<b><u>175,749.78</u></b>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 28 : OTHER INCOME

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income		
- On Fixed deposits	967.85	750.51
- On loans and advances	174.64	156.55
- On income tax refund	0.16	-
Other non-operating income:		
Rental income	980.53	814.53
Foreign exchange fluctuation	1,700.72	715.64
Provision for doubtful debt & advances written back	-	37.87
Amortisation of deferred rental income	32.08	31.67
Profit on sale of current investment - mutual fund	73.79	218.20
Profit on mark to market forward contracts	-	247.24
Fair value gain on investments measured at fair value through profit and loss (net)	29.41	-
Miscellaneous income	946.31	420.61
	<b><u>4,905.49</u></b>	<b><u>3,392.82</u></b>

# Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 29 : COST OF RAW MATERIAL CONSUMED</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Raw Material</b>		
Balance at the beginning of the Year	10,669.98	10,189.10
Add:- Purchases during the year	77,404.20	76,378.27
Add: Impact of exchange fluctuation & re-instatement	374.97	323.18
	88,449.15	86,890.55
Less:- Balance at the end of the Year	12,245.71	10,669.98
<b>Total Raw Material Consumption</b>	<b>76,203.44</b>	<b>76,220.57</b>

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 30 : PURCHASE OF STOCK IN TRADE</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Purchases during the year	5,210.29	12,954.77
	<b>5,210.29</b>	<b>12,954.77</b>

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 31 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	10,652.01	6,299.74
Finished goods	2,124.30	4,002.41
Scrap Stock	111.08	286.67
Add: Impact of exchange fluctuation & re-instatement(Net)	386.27	457.57
<b>(A)</b>	<b>13,273.67</b>	<b>11,046.39</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	12,212.17	10,652.01
Finished goods	1,611.09	2,124.30
Scrap Stock	33.21	111.08
<b>(B)</b>	<b>13,856.47</b>	<b>12,887.39</b>
<b>(Increase) / decrease in inventory (A-B)</b>	<b>(582.80)</b>	<b>(1,841.00)</b>

## Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 32 : EMPLOYEE BENEFITS EXPENSE

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, Wages & Bonus	36,675.52	33,619.69
Contribution to Provident and Other fund	923.57	810.19
Gratuity expense (refer note 39)	420.86	552.14
Compensated absences (refer note 39)	557.32	661.36
Staff Training & Welfare Expenses	748.30	356.77
	<b><u>39,325.57</u></b>	<b><u>36,000.15</u></b>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 33 : FINANCE COST

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Expense		
- On Term loans,Cash Credit & Working Capital Facilities	2,709.71	2,279.95
- Delayed Payment of Taxes	1.74	15.09
- lease liabilities	810.19	-
- Others	17.34	118.79
Unwinding of discount on security deposit	30.32	26.39
Other borrowing cost	631.74	597.08
	<b><u>4,201.04</u></b>	<b><u>3,037.30</u></b>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 34 : DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of poroperty, plant and equipment (refer note no. 4)	2,767.44	2,456.18
Depreciation & amortisation of Investment Properties (refer note no. 6)	85.75	85.76
Amortisation of intangible assets (refer note no. 8)	47.75	47.53
Amortisation of Right-to-use assets (refer note no. 49)	1,303.46	-
	<b><u>4,204.40</u></b>	<b><u>2,589.48</u></b>

# Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 35 : OTHER EXPENSES

	For the year ended March 31, 2020	For the year ended March 31, 2019
Manufacturing Expense	16,679.11	18,571.61
Consumption of Stores & Spare Parts	1,243.96	1,013.26
Power & fuel	2,317.50	2,375.82
Rent	805.00	2,383.03
Rates & Taxes	117.26	193.18
Travelling & Conveyance	1,546.44	1,462.23
Freight & clearing Charges	3,925.85	4,715.33
Claim to Buyers	1,356.27	1,428.01
Repair & Maintenance		
Plant & Machinery	76.87	100.14
Buildings	9.07	14.77
Other	982.83	959.66
Commission	691.70	596.22
Legal & Professional Expenses	6,202.54	5,048.38
Security Charges	467.08	428.24
Bank charges	1,051.72	1,216.69
Insurance Expenses	362.56	290.26
Payment to the Auditors (Refer note 'a' below)	81.59	58.22
Bad debts and doubtful advances written off	26.31	103.78
Allowance for bad and doubtful debts	47.92	391.92
Corporate social responsibility	22.15	22.76
Loss on mark to market forward contracts	462.80	-
Fair value loss on financial assets measured at fair value through profit and loss	-	133.64
Miscellaneous Expenses	3,187.47	2,102.37
<b>Total</b>	<b>41,664.00</b>	<b>43,609.52</b>

a) **Details of payment made to auditors is as follows:**

(Amount in ₹ Lakh, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Payment to auditors</b>		
<b>As auditor:</b>		
- Statutory audit fee	64.04	43.66
- Other Services	10.00	7.44
- Reimbursement of expenses	7.55	7.12
	<b>81.59</b>	<b>58.22</b>

b) Miscellaneous expenses includes expense towards purchase of Electoral Bonds amounting to ₹ 160.00 Lakh ( March 31, 2019: Nil ) from State Bank of India under the Scheme - 'The Electoral Bond Scheme, 2018' notified by the Central Government vide Gazette Notification No. 20 dated January 2, 2018 by the Holding Company.



## Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 36 : EXCEPTIONAL ITEMS</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Profit on Sale of Fixed Assets (Net)	(156.63)	(1,722.12)
Property, plant and equipment written off	0.23	
Impairment of Goodwill	225.12	-
	<b>68.72</b>	<b>(1,722.12)</b>

- a) For March 31, 2020, (Profit)/loss on sale of fixed assets includes loss on sale of tangible assets of ₹ 41.19 lakh (March 31, 2019: ₹ 36.97 lakh), profit on sale of tangible assets of ₹ 13.35 lakh and profit on account of compulsory acquisition of land by the Central Government under National Highway Act, 1956 of ₹ 184.47 lakh (March 31, 2019: ₹ 1756.25 lakh).

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 37 : COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>A (i) Items that will not be reclassified to profit and loss</b>		
Re-measurement gains/ (losses) on defined benefit plans	(340.22)	222.67
Income tax expense	69.11	(71.92)
<b>B (i) Items that will be reclassified to profit and loss</b>		
Foreign exchange translation reserve	(2,586.30)	1,334.88
Fair valuation of investment in mutual fund	38.29	(12.67)
Hedging Reserve through OCI	991.80	-
Income tax expense	(346.57)	-
	<b>(2,173.90)</b>	<b>1,472.96</b>

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 38 : EARNINGS PER SHARE (EPS)</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Profit attributable to the equity shareholders (A)	2,156.44	6,728.02
Number/Weighted average number of equity shares outstanding at the end of the year (B)	21,663,937	21,663,937
Nominal value of equity shares	₹ 10	₹ 10
Basic/Diluted earning per share (A/B) (in ₹)	9.95	31.06

### NOTE 39 : GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

#### a) Defined contribution plans

The Group makes contribution towards Employees Provident Fund and Employee's State Insurance scheme. Under the rules of these schemes, the Group is required to contribute a specified percentage of payroll costs. The Group during the year recognised the following amount in the Statement of profit and loss account under company's contribution to defined contribution plan.

## Notes

to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's Contribution to Provident Fund/ Pension Fund	638.39	483.69
Employer's Contribution to Employee State Insurance	241.31	268.79
Employer's Contribution to Employees Deposit Linked Insurance Scheme	15.00	29.53
Employer's Contribution to Welfare Fund	28.87	28.18
<b>Total</b>	<b>923.57</b>	<b>810.19</b>

The contribution payable to these schemes by the Group are at the rates specified in the rules of the schemes.

### b) Employee Benefit Obligation:-

#### Policy for the Group's operation in the Republic of Indonesia

The Group determines its post-employment benefits obligation under the Labor Law of the Republic of Indonesia No. 13/2003. The cost of providing post-employment benefits is determined using "Projected Unit Credit" method. Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded the higher of 10% of the defined benefit obligation and 10% of the fair value of plan assets at that date. These gains or losses are recognised on a straight-line basis method over the expected average remaining working lives of the employees. Past service cost arising from the introduction of a defined benefit plan or changes in the benefits obligation of an existing plan are required to be amortized over the period until the benefits concerned become vested.

#### Policy for the Group's operation in the Socialist Republic of Vietnam

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Group for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the statement of profit or loss or other comprehensive income.

#### Policy for the Group's operation in the Hong Kong Special Administrative Region of the People's Republic of China

The Group participates in Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, each of the employer and employees are required to make contributions to the scheme at rates specified in the rules. The MPF Scheme is a defined contribution plan and the Group is only obliged to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years. The retirement benefit cost arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contribution payable to the funds by the Group in accordance with the rules of the MPF Scheme.

### c) Defined benefit plans

In accordance with Ind AS 19 "Employee benefits", an actuarial valuation on the basis of "Projected Unit Credit Method" was carried out, through which the Group is able to determine the present value of obligations. "Projected Unit Credit Method" recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to built up the final obligation.

## Notes

to consolidated financial statements for the year ended March 31, 2020

### i) Gratuity scheme

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

- a) Gratuity in case of Gurgaon Division (Funded & maintained by Life Insurance Corporation of India)
- b) Gratuity in case of Chennai & Bangalore Division (Unfunded)

### ii) Other long term employee benefits

As per the Group policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest and if applicable), is reflected immediately in Other Comprehensive Income in the statement of profit and loss. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Re-measurements recognised in Other Comprehensive Income will not be reclassified to statement of profit and loss hence it is treated as part of retained earnings in the statement of changes in equity. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

- d) The following tables summarize the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the defined benefit plan (viz. gratuity and compensated absences). Leave encashment include earned leaves and sick leaves. These have been provided on accrual basis, based on year end actuarial valuation.

Change in benefit obligation	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
<b>Opening defined benefit obligation</b>	617.55	1,175.43	740.07	672.77	877.11	448.27
Interest cost	48.11	95.66	24.11	51.87	77.36	13.92
Service cost	111.96	287.12	286.93	125.98	305.04	180.16
Past Service cost	-	(7.89)	-	-	-	-
Benefits paid	(47.38)	(74.11)	(743.71)	(90.48)	(50.69)	(377.73)
Foreign currency translation reserve	-	8.90	24.33	-	33.09	8.17
Actuarial (gain) / loss on obligations	(75.64)	(275.51)	246.28	(142.59)	(66.48)	467.28
<b>Present value of obligation as at the end of the year</b>	<b>654.60</b>	<b>1,209.60</b>	<b>578.01</b>	<b>617.55</b>	<b>1,175.43</b>	<b>740.07</b>

## Notes

to consolidated financial statements for the year ended March 31, 2020

- e) The following tables summarise the components of net benefit expense recognised in the Statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Cost for the year included under employee benefit	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Current service cost	111.96	287.12	286.93	125.98	305.04	180.16
Past service cost	-	(7.89)	-	-	-	-
Interest cost	48.11	95.66	24.11	51.87	77.36	13.92
Expected return on plan assets	(26.56)	-	-	(8.11)	-	-
Actuarial (gain) / loss	-	(87.54)	246.28	-	-	467.28
<b>Net cost</b>	<b>133.51</b>	<b>287.35</b>	<b>557.32</b>	<b>169.74</b>	<b>382.40</b>	<b>661.36</b>

- f) Changes in the fair value of the plan assets are as follows:

	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Fair value of plan assets at the beginning	388.39	-	-	105.16	-	-
Expected return on plan assets	26.26	-	-	8.11	-	-
Contributions	6.88	-	-	352.00	-	-
Benefits paid	(47.38)	-	-	(90.48)	-	-
Actuarial gains / (losses) on the plan assets	(10.93)	-	-	13.60	-	-
<b>Fair value of plan assets at the end</b>	<b>363.22</b>	<b>-</b>	<b>-</b>	<b>388.39</b>	<b>-</b>	<b>-</b>

- g) Detail of actuarial gain/loss recognised in OCI is as follows:

	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Actuarial gain / (loss) for the year – obligation	(75.64)	(275.51)	-	142.59	66.48	-
Actuarial gain / (loss) for the year - plan assets	10.93	-	-	13.60	-	-
<b>Total gain / (loss) for the year</b>	<b>(64.71)</b>	<b>(275.51)</b>	<b>-</b>	<b>156.19</b>	<b>66.48</b>	<b>-</b>

## Notes

to consolidated financial statements for the year ended March 31, 2020

### h) Principal actuarial assumptions at the balance sheet date are as follows:

	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
<b>Economic assumptions</b>						
1. Discount rate	6.76%	6.72% to 8.70%	6.73% to 8.47%	8.00%	7.60% to 8.70%	7.60% to 8.00%
2. Rate of increase in compensation levels	5.00%	3.00% to 6.00%	5.00% to 6.00%	6.00%	3.00% to 6.00%	6.00%
<b>Demographic assumptions</b>						
1. Expected average remaining working lives of employees(years)	20.41	28.12	26.16	20.19	26.02	24.29
2. Retirement Age (years)	58.00	55-60	58-60	58.00	55-60	58-60
3. Mortality Rate	Indian Assured Lives Mortality (2012-14) (modified) ultimate			Indian Assured Lives Mortality (2006-08) (modified) ultimate		
<b>Withdrawal Rate(Average in case of unfunded)</b>						
1. Ages up to 30 Years	0.03	0.06	0.05	0.03	0.04	0.04
2. Ages from 30-44	0.02	0.06	0.04	0.02	0.04	0.03
3. Above 44 years	0.01	0.06	0.04	0.01	0.03	0.03

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

### i) Net (assets) / liabilities recognized in the Balance Sheet and experience adjustments on actuarial gain / (loss) for benefit obligation and plan assets.

Particulars	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Present value of obligation	654.60	1,209.60	578.01	617.55	1,175.43	740.07
Less: Fair value of plan assets	363.22	-	-	388.39	-	-
<b>Net assets / ( liability)</b>	<b>(291.38)</b>	<b>(1,209.60)</b>	<b>(578.01)</b>	<b>(229.16)</b>	<b>(1,175.43)</b>	<b>(740.07)</b>

### j) A quantitative sensitivity analysis for significant assumptions is as shown below:

	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
<b>A. Discount rate</b>						
Effect on DBO due to 0.5% increase in Discount Rate	(61.88)	590.80	157.65	(59.83)	(510.28)	(425.20)
Effect on DBO due to 0.5% decrease in Discount Rate	72.58	786.16	282.94	70.24	490.18	431.66
<b>B. Salary escalation rate</b>						
Effect on DBO due to 0.5% increase in Salary Escalation Rate	73.15	787.35	283.57	70.80	619.47	523.59
Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(63.40)	588.74	156.36	(61.30)	(510.52)	(425.58)
Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.						
<b>C. Sensitivities due to mortality &amp; withdrawals are not material &amp; hence impact of change due to these not calculated for group as a whole.</b>						

# Notes

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## k) Risk

Discount Rate	Reduction in discount rate in subsequent valuations can increase the liability.
Salary Increases	Actual salary increases will increase the defined benefit liability. Increase in salary increase rate assumption in future valuations which in turn also increase the liability.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact defined benefit liability.
Morality and disability	Actual details and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

## l) Maturity profile of defined benefit obligation is as follows:

	As at March 31, 2020		As at March 31, 2019	
	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
0 to 1 years	55.88	33.40	50.20	9.60
1 to 2 years	45.58	28.07	29.80	12.00
2 to 3 years	50.45	60.96	52.70	18.30
3 to 4 years	36.42	82.29	58.90	30.00
4 to 5 years	59.87	154.55	52.40	52.80
from 5 years onwards	771.60	4,148.36	822.30	3,534.90

## NOTE 40 : CAPITAL MANAGEMENT

For the purpose of capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing borrowings, trade and other payables, less cash and cash equivalents.

(Amount in ₹ Lakh, unless otherwise stated)

	As At March 31, 2020	As At March 31, 2019
Borrowings (Refer to note 21 and 21A)	35,699.01	31,592.83
Current maturity of long term loans (Refer to note 22)	2,769.20	1,680.89
Trade payables (Refer to note 25)	18,106.67	18,106.47
Other payables	7,050.65	7,874.29
Less: cash and cash equivalents (Refer to note 17)	(8,808.89)	(9,434.12)
<b>Net debt (A)</b>	<b>54,816.65</b>	<b>49,820.36</b>
Equity share capital (Refer to note 19)	2,166.39	2,166.39
Other equity (Refer to note 20)	47,891.00	44,820.35
<b>Total Capital (B)</b>	<b>50,057.40</b>	<b>46,986.74</b>
<b>Capital and net debt (A+B=C)</b>	<b>104,874.04</b>	<b>96,807.11</b>
<b>Gearing ratio (A/C)</b>	<b>52.27%</b>	<b>51.46%</b>

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No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

In order to achieve this overall objective, the capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

### NOTE 41 : DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

#### 1) Hedge Accounting

##### Derivatives not designated as hedging instruments

The Group uses forward currency contracts to hedge its foreign currency risks. Derivative contracts not designated by management as hedging instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value on each reporting date. Such contracts are entered into for periods consistent with exposure of the underlying transactions.

##### Derivatives designated as hedging instruments

The Group enters into hedging instruments in accordance with policies as approved by the Board of Directors with written principles which is consistent with the risk management strategy of the Group. The Group has decided to apply hedge accounting for certain derivative contracts that meets the qualifying criteria of hedging relationship entered post April 01, 2019. Hedging strategies are decided and monitored periodically by the Risk Management Committee of the Board.

##### Cash Flow Hedges

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecasted hedged items in US dollar. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

##### The fair value of derivative financial instruments is as follows:

Particulars	Liabilities March 31, 2020	Assets March 31, 2020
Fair value of foreign currency forward exchange contract designated as hedging instruments	991.80	-

The critical terms of the foreign currency forward contracts match the terms of the expected highly probable forecast sale transactions. As a result, no hedge effectiveness arises requiring recognition through profit or loss.

The cash flow hedges of the forecasted sale transactions for the year ended March 31, 2020 were assessed to be highly effective and unrealised loss of ₹ 991.80 lakh, with a deferred tax assets of ₹ 346.57 lakh relating to the hedging instruments, is included in OCI.

The following table includes the maturity profile of the foreign exchange forward contracts:

Particulars	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
As at March 31, 2020 (INR)	3,118.99	5,617.99	6,316.02	4,313.64	4,625.57	23,992.21
Foreign exchange forward contracts (highly probable forecast sales) USD	70.00	120.00	180.00	190.00	240.00	800.00
Notional amount (in USD)	43.00	77.00	85.92	58.00	61.00	324.92
Average forward rate(USD/INR)	72.53	72.96	73.51	74.37	75.83	73.84

# Notes

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The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional amount (USD)	Carrying amount (INR in lakh)	Line item in BST where Hedge instrument is disclosed	Changes in Fair value used for measuring ineffectiveness for the year
Foreign currency risk forward contract- As at March 31, 2020	324.92	(991.80)	Other financial Liabilities	(991.80)

The impact of hedged items on the statement of financial position is, as follows:

Particulars	As at March 31, 2020	
	Change in fair value used for measuring ineffectiveness	Cash flow Hedge Reserve
Highly probable forecast sales	(991.80)	(991.80)

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

### Disclosure of effects of hedge accounting on Financial Position (Statement of Profit and Loss)

Particulars	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in Statement of profit and loss	Amount reclassified from OCI to profit or loss	Line item in Statement of profit and loss
As at March 31, 2020					
Highly probable forecast sales	(1,030.22)	-	-	(38.42)	Revenue from Operations

### Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

Particulars	Cash Flow Hedge Reserve
As at March 31, 2020	(991.80)
Effective Portion of Changes in fair Value arising from Foreign Exchange Forward Contracts	(1,030.22)
Amount reclassified to profit & loss	38.42
Tax effect	346.57

### Valuation Technique

The Group enters into derivative financial instruments which are valued using valuation techniques which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. Where quoted market prices are not available, fair values are based on Management best estimates, which are arrived at by the reference to market prices.



## Notes

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### II) Particulars of Unhedged foreign currency exposures:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Foreign Currency in lakh	(₹ in lakh)	Foreign Currency in lakh	(₹ in lakh)
Foreign currency receivable	HKD 5.63	54.75	HKD 25.37	223.51
	IDR 56,295.50	259.93	IDR 36,333.72	176.79
	EUR 0.00	0.04	EUR 4.25	330.46
	GBP 0.16	15.31	GBP 0.00	0.10
	SGD 0.00	0.01	SGD 0.00	0.01
	VND 50,120.31	161.30	VND 25,430.25	75.83
	CNY 0.15	1.54	CNY 0.54	5.52
	USD 77.12	5,813.75	USD -	-
Foreign currency payable	HKD 22.40	1,688.69	HKD 181.63	1,600.42
	IDR 2.40	180.71	IDR -	-
	VND 7.28	546.85	VND 122,327.45	364.74
	USD 27.31	2,058.88	USD 68.75	4,755.72

III) In respect of the derivative contracts entered into by the Group. The Management assesses no material foreseeable losses as at the reporting date.

### NOTE 42 : FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

a) **Fair value of financial assets:** (Amount in ₹ Lakh, unless otherwise stated)

	Carrying values		Fair values	
	As At March 31, 2020	As At March 31, 2019	As At March 31, 2020	As At March 31, 2019
<b>Financial assets measured at fair value through profit or loss</b>				
Investment in equity instruments	141.00	133.50	141.00	133.50
Investment in mutual fund	692.68	-	692.68	-
Mark to market forward contracts	-	462.80	-	462.80
<b>(A)</b>	<b>833.68</b>	<b>596.30</b>	<b>833.68</b>	<b>596.30</b>
<b>Financial assets measured at fair value through other comprehensive income</b>				
Investment in mutual fund	948.97	1,312.68	948.97	1,312.68
<b>(B)</b>	<b>948.97</b>	<b>1,312.68</b>	<b>948.97</b>	<b>1,312.68</b>

# Notes

to consolidated financial statements for the year ended March 31, 2020

a) **Fair value of financial assets: (Contd.)**

(Amount in ₹ Lakh, unless otherwise stated)

	Carrying values		Fair values	
	As At March 31, 2020	As At March 31, 2019	As At March 31, 2020	As At March 31, 2019
<b>Financial assets measured at amortised cost</b>				
Investment in government securities	1,994.40	1,829.98	1,994.40	1,829.98
Security deposits	1,147.70	1,124.81	1,147.70	1,124.81
Interest accrued on fixed deposits	56.42	40.97	56.42	40.97
Deposits with original maturity of more than 12 months	265.11	1,213.74	265.11	1,213.74
Loans from related parties	300.00	300.00	300.00	300.00
Loans from others parties	3,876.49	3,658.32	3,876.49	3,658.32
Interest accrued on loan to related parties	8.45	12.14	8.45	12.14
Others	1.16	235.41	1.16	235.41
Trade receivable	22,042.47	22,177.86	22,042.47	22,177.86
Cash and cash equivalents	8,808.89	9,434.12	8,808.89	9,434.12
Other bank balances	2,168.83	1,707.71	2,168.83	1,707.71
<b>(C)</b>	<b>40,669.92</b>	<b>41,735.06</b>	<b>40,669.92</b>	<b>41,735.06</b>
<b>Total (A+B+C)</b>	<b>42,452.57</b>	<b>43,644.04</b>	<b>42,452.57</b>	<b>43,644.04</b>

b) **Fair value of financial liabilities:**

(Amount in ₹ Lakh, unless otherwise stated)

	Carrying values		Fair values	
	As At March 31, 2020	As At March 31, 2019	As At March 31, 2020	As At March 31, 2019
<b>Financial assets measured at fair value through other comprehensive income</b>				
Derivative Financial Instruments	991.8	-	991.8	-
<b>(A)</b>	<b>991.8</b>	<b>-</b>	<b>991.8</b>	<b>-</b>
<b>Financial liabilities measured at amortised cost</b>				
Borrowings	35,699.01	31,592.83	35,723.90	31,601.74
Lease Liabilities	7,797.67	-	7,797.67	-
Security Deposit	246.97	222.00	246.97	222.00
Book Overdraft	26.87	150.48	26.87	150.48
Unpaid Dividend	31.85	26.83	31.85	26.83
Current Maturity of long term loans	2,769.20	1,680.89	2,769.20	1,680.89
Trade payables	18,106.67	18,106.47	18,106.67	18,106.47
Interest accrued but not due on borrowings	37.48	24.67	37.48	24.67
Creditors for capital expenditure	30.21	849.25	30.21	849.25
Others	1,830.22	2,424.77	1,830.22	2,424.77
<b>(B)</b>	<b>66,576.15</b>	<b>55,078.19</b>	<b>66,601.04</b>	<b>55,087.10</b>
<b>Total (A+B)</b>	<b>67,567.95</b>	<b>55,078.19</b>	<b>67,592.83</b>	<b>55,087.10</b>

## Notes

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Management has assessed that trade receivables, cash and cash equivalents, other bank balances, trade payables, Interest accrued on borrowings and current maturities of long term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term borrowing includes vehicle loan and corporate loans obtained from banks and Financial institutions . Management determines vehicle loan and corporate loan to be at the market rate of interest as at the reporting date, accordingly, the carrying value of such long-term borrowing approximates fair value.

### c) Discount rate used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of borrower which in case of financial liabilities is average market cost of borrowings and in case of financial asset is the average market rate of similar credit rated instrument. The Group maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

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

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

- i) Fair values of the interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the rate as at the end of the reporting period.
- ii) Fair value for security deposits paid & received (other than perpetual security deposits) has been presented based on the discounting factor as at the reporting date.
- iii) Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.
- iv) For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.
- v) Specific valuation techniques used to value financial instruments include:
  - The fair values of investments In mutual fund units is based on The net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which The issuer will issue further units of mutual fund and The price at which issuers will redeem such units from the investors.
  - Investment in quoted equity instruments of entities other than subsidiaries has been determined on the basis of quoted rates available from securities markets in India.
  - The fair value of derivative financial instruments (forward exchange contract) has been determined on the basis of mark to market valuation.

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### NOTE 43 : FAIR HIERARCHY

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All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

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

Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the assets and liabilities

# Notes

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## a) Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:

	As At March 31, 2020	Amortised Cost	Fair Value			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial assets measured at fair value through profit or loss</b>						
Investment in equity instruments	141.00	-	141.00	-	-	141.00
Investment in mutual fund	692.68	-	692.68	-	-	692.68
<b>Total A</b>	<b>833.68</b>		<b>833.68</b>	-	-	<b>833.68</b>
<b>Financial assets measured at fair value through other comprehensive income</b>						
Investment in mutual fund	948.97	-	948.97	-	-	948.97
<b>Total B</b>	<b>948.97</b>	-	<b>948.97</b>	-	-	<b>948.97</b>
<b>Financial assets measured at amortised cost</b>						
Investment in government securities	1,994.40	1,994.40	-	-	-	1,994.40
Security deposits	1,147.70	1,147.70	-	-	-	1,147.70
Interest accrued on fixed deposits	56.42	56.42	-	-	-	56.42
Deposits with original maturity of more than 12 months	265.11	265.11	-	-	-	265.11
Loans from related parties	300.00	300.00	-	-	-	300.00
Loans from others parties	3,876.49	3,876.49	-	-	-	3,876.49
Interest accrued on loan to related parties	8.45	8.45	-	-	-	8.45
Other	1.16	1.16	-	-	-	1.16
Trade receivable*	22,042.47	22,042.47	-	-	-	22,042.47
Cash and cash equivalents*	8,808.89	8,808.89	-	-	-	8,808.89
Other bank balances*	2,168.83	2,168.83	-	-	-	2,168.83
<b>Total C</b>	<b>40,669.92</b>	<b>40,669.92</b>	-	-	-	<b>40,669.92</b>
<b>Total (A+B+C)</b>	<b>42,452.57</b>	<b>40,669.92</b>	<b>1,782.65</b>	-	-	<b>42,452.57</b>

## b) Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2020:

	As At March 31, 2020	Amortised Cost	Fair Value			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial assets measured at fair value through other comprehensive income</b>						
Derivative Financial Instruments	991.80	-	-	991.80	-	991.80
<b>(A)</b>	<b>991.80</b>	-	-	<b>991.80</b>	-	<b>991.80</b>
<b>Financial liabilities measured at amortised cost</b>						
Borrowings	35,699.01	-	-	-	35,723.90	35,723.90
Lease Liabilities	7,797.67	7,797.67	-	-	-	7,797.67
Security deposit	246.97	246.97	-	-	-	246.97
Book overdraft	26.87	26.87	-	-	-	26.87
Unpaid dividend	31.85	31.85	-	-	-	31.85
Trade payables*	18,106.67	18,106.67	-	-	-	18,106.67
Interest accrued but not due on borrowings*	37.48	37.48	-	-	-	37.48
Creditors for capital expenditure*	30.21	30.21	-	-	-	30.21
Others	1,830.22	1,830.22	-	-	-	1,830.22
<b>(B)</b>	<b>63,806.95</b>	<b>28,107.94</b>	-	-	<b>35,723.90</b>	<b>63,831.84</b>
<b>Total(A+B)</b>	<b>64,798.74</b>	<b>28,107.94</b>	-	<b>991.80</b>	<b>35,723.90</b>	<b>64,823.64</b>

## Notes

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### c) Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

	As At March 31, 2019	Amortised Cost	Fair Value			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at fair value through profit or loss</b>						
Investment in equity instruments	133.50	-	133.50	-	-	133.50
Mark to market forward contracts	462.80	-	-	462.80	-	462.80
<b>(A)</b>	<b>596.30</b>	<b>-</b>	<b>133.50</b>	<b>462.80</b>	<b>-</b>	<b>596.30</b>
<b>Financial assets measured at fair value through other comprehensive income</b>						
Investment in mutual fund	1,312.68	-	1,312.68	-	-	1,312.68
<b>(B)</b>	<b>1,312.68</b>	<b>-</b>	<b>1,312.68</b>	<b>-</b>	<b>-</b>	<b>1,312.68</b>
<b>Financial assets measured at amortised cost</b>						
Investment in government securities	1,829.98	1,829.98	-	-	-	1,829.98
Security deposits	1,124.81	1,124.81	-	-	-	1,124.81
Interest accrued on fixed deposits	40.97	40.97	-	-	-	40.97
Deposits with original maturity of more than 12 months	1,213.74	1,213.74	-	-	-	1,213.74
Loans from related parties	300.00	300.00	-	-	-	300.00
Loans from others parties	3,658.32	3,658.32	-	-	-	3,658.32
Interest accrued on loan to related parties	12.14	12.14	-	-	-	12.14
Others	235.41	235.41	-	-	-	235.41
Trade receivable*	22,177.86	22,177.86	-	-	-	22,177.86
Cash and cash equivalents*	9,434.12	9,434.12	-	-	-	9,434.12
Other bank balances*	1,707.71	1,707.71	-	-	-	1,707.71
<b>(C)</b>	<b>41,735.06</b>	<b>41,735.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,735.06</b>
<b>Total (A+B+C)</b>	<b>43,644.04</b>	<b>41,735.06</b>	<b>1,446.18</b>	<b>462.80</b>	<b>-</b>	<b>43,644.04</b>

### d) Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2019:

	As At March 31, 2019	Amortised Cost	Fair Value			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial liabilities measured at amortised cost</b>						
Borrowings	31,592.83	-	-	-	31,601.74	31,601.74
Security deposit	222.00	222.00	-	-	-	222.00
Book overdraft	150.48	150.48	-	-	-	150.48
Unpaid dividend	26.83	26.83	-	-	-	26.83
Trade payables*	18,106.47	18,106.47	-	-	-	18,106.47
Interest accrued but not due on borrowings*	24.67	24.67	-	-	-	24.67
Creditors for capital expenditure*	849.25	849.25	-	-	-	849.25
Others	2,424.77	2,424.77	-	-	-	2,424.77
	<b>53,397.30</b>	<b>21,804.47</b>	<b>-</b>	<b>-</b>	<b>31,601.74</b>	<b>53,406.21</b>

# Notes

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\* Management has assessed that trade receivables, cash and cash equivalents, other bank balances, trade payables, Interest accrued on borrowings and current maturities of long term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

There have been no transfers between Level 1 and Level 2 during the period.

Specific valuation techniques used to value financial instruments. (refer note 42)

## NOTE 44 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks & adherence to limits. Risk management policies and systems are reviewed by the Risk management Committee annually to reflect changes in market condition and operations of Companies included in the Group. The Group principal financial liabilities comprises of trade and other payables, borrowings, current maturity of borrowings, interest accrued and capital creditors. The main purpose of these financial liabilities is to finance the operations and to provide guarantees to support its operations.

The Group principal financial assets includes Investment in mutual funds, loans to related parties, security deposits, trade receivables, cash and cash equivalents, deposits with bank, interest accrued in deposits, receivables from related and other parties and interest accrued thereon.

The Group is exposed to credit risk, liquidity risk and market risk. The senior level management oversees the management of these risks and is supported by Treasury department that advises on the appropriate financial risk governance framework.

### A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk are borrowings, short term deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

#### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates.

The Group main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to interest rate risk. The Group manages its net exposure to interest rate risk related to borrowings, by balancing a proportion of fixed rate and floating rate borrowing in its total borrowing portfolio. Currently, the Group's borrowings are within acceptable risk levels, as determined by the management, hence the Group has not taken any swaps to hedge the interest rate risk.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of borrowings affected. With all other variables held constant, the Group profit before tax is affected through the impact on floating rate borrowings, as follows:

	<b>Increase or decrease in basis points</b>	<b>Decrease/(increase) in profit</b>
<b>March 31, 2020</b>	+50	5.64
	-50	(5.64)
<b>March 31, 2019</b>	+50	16.20
	-50	(16.20)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

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### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the profit before tax is due to changes in the fair value of monetary assets and liabilities on unhedged exposures. The following tables demonstrate the sensitivity to a reasonably possible change in applicable currency exchange rates, with all other variables held constant.

Particulars	Changes in exchange rate	Decrease/(increase) in profit before tax
March 31, 2020	+5%	(91.57)
	-5%	91.57
March 31, 2019	+5%	295.00
	-5%	(295.00)

### B. Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. Credit risk arise from Cash and cash equivalents, deposit with banks, trade receivables and other financial assets measure at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control. The carrying amount of financial assets represents the maximum credit exposure.

#### i) Trade receivables

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired	Less than 30 days	30 to 90 days	90 to 180 days	More than 180 days	Total
Trade receivables as of March 31, 2020	17,559.04	2,680.10	1,567.65	201.07	34.61	22,042.47
Trade receivables as of March 31, 2019	6,865.15	7,576.27	7,571.51	13.97	150.96	22,177.86

ii) Exposure to Risk, in respect of the guarantees given by the Group: The disclosure in respect of credit risk exposures which are not credit impaired or where there has not been a significant increase in credit risk since initial recognition are as under:

#### - Quantitative data about exposure and maturity profile

Guarantee Given to	Details of Subsidiary	Purpose of Guarantee	Amount as at March 31, 2020	Guarantee Valid Upto
Standard Chartered Bank, Hongkong Branch	Pearl Global (HK) Limited	Securing Credit Facilities	USD 120.00 lakh equivalent to ₹ 9,046.80 lakh	February 05, 2021
Standard Chartered Bank, Hongkong Branch	Pearl Global (HK) Limited	Securing Credit Facilities	USD 200.00 lakh equivalent to ₹ 15,078.00 lakh	November 10, 2021
Standard Chartered Bank, Bangladesh Branch	Norp Knit Industries Limited	Securing Credit Facilities	BDT 9,000.00 lakh equivalent to ₹ 7,967.43 lakh	October 11, 2021

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- **Policy of managing risk:** The Group considers the probability of default upon initial recognition and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers reasonable and supportive forward-looking information such as significant changes in the value of guarantee or in the quality of exposure or credit enhancements.

### iii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the treasury department in accordance with the policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the finance committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

### C. Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The objective is to, maintain optimum levels of liquidity to meet its cash and collateral requirements both under normal & stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of fund through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

These facilities and limits vary at Company level (forming part of Group) and takes into account, future cash flows and the liquidity in which the entity operates.

**The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments.**

As at March 31, 2020	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	25,715.32	97.39	9,886.29	-	35,699.00
Lease Liabilities	188.20	621.99	2,901.45	4,086.02	7,797.66
Current Maturities of long term borrowings	692.30	2,076.90	-	-	2,769.20
Trade payables	18,106.67	-	-	-	18,106.67
Other financial liabilities	1,956.63	991.80	179.90	67.07	3,195.40
<b>Total</b>	<b>46,659.12</b>	<b>3,788.08</b>	<b>12,967.64</b>	<b>4,153.09</b>	<b>67,567.93</b>

  

As at March 31, 2019	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	23,486.07	-	8,106.76	-	31,592.83
Current Maturities of long term borrowings	420.22	1,260.67	-	-	1,680.89
Trade payables	18,106.47	-	-	-	18,106.47
Other financial liabilities	3,476.00	-	154.93	67.07	3,698.00
<b>Total</b>	<b>45,488.76</b>	<b>1,260.67</b>	<b>8,261.69</b>	<b>67.07</b>	<b>55,078.19</b>



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to consolidated financial statements for the year ended March 31, 2020

## NOTE 45 : SEGMENT INFORMATION

- a) The operating segments are established on the basis of those components of the group that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. The Group has presented segment information on geographical basis in the consolidated financial statements.

Summary of segment Information as at and for the year ended March 31, 2020 and March 31, 2019 is as follows:

Particulars	Bangladesh	Hong Kong	India	Others	Un-allocable	Total	Elimination	Total
Segment Sales	9,094.54	71,554.08	70,365.19	17,498.77	-	168,512.58	-	168,512.58
	(9,853.87)	(70,457.38)	(79,676.26)	(15,762.27)	-	(175,749.78)	-	(175,749.78)
Inter Segment Sales	45,567.81	20,266.87	12,168.14	-	-	78,002.82	78,002.82	-
	(49,897.16)	(17,748.70)	(4,401.20)	-	-	(72,047.06)	(72,047.06)	-
<b>Total Segment Sales</b>	<b>54,662.35</b>	<b>91,820.95</b>	<b>82,533.33</b>	<b>17,498.77</b>	-	<b>246,515.40</b>	<b>78,002.82</b>	<b>168,512.58</b>
	<b>(59,751.02)</b>	<b>(88,206.09)</b>	<b>(84,077.46)</b>	<b>(15,762.27)</b>	-	<b>(247,796.84)</b>	<b>(72,047.06)</b>	<b>(175,749.78)</b>
Other Income	764.38	1,177.23	3,353.73	-	-	5,295.34	389.85	4,905.49
	(560.74)	(462.16)	(2,683.87)	-	-	(3,706.77)	(313.95)	(3,392.82)
<b>Total Segment Revenue</b>	<b>55,426.73</b>	<b>92,998.18</b>	<b>85,887.06</b>	<b>17,498.77</b>	-	<b>251,810.74</b>	<b>78,392.67</b>	<b>173,418.07</b>
	<b>(60,311.77)</b>	<b>(88,668.24)</b>	<b>(86,761.33)</b>	<b>(15,762.27)</b>	-	<b>(251,503.61)</b>	<b>(72,361.00)</b>	<b>(179,142.61)</b>
Total Revenue of each segment as a percentage of total revenue of all segment	22.01	36.93	34.11	6.95	-	100.00	-	-
	(23.98)	(35.26)	(34.50)	(6.26)	-	(100.00)	-	-
Total Segment Operative Profit	3,369.98	1,937.98	5,308.26	913.63	-	11,529.85	-	11,529.85
	(3,524.76)	(1,286.83)	(7,905.74)	(1,038.03)	-	(13,755.36)	-	(13,755.36)
Depreciation	1,506.88	590.53	1,761.66	345.33	-	4,204.40	-	4,204.40
	(896.66)	(114.56)	(1,290.15)	(288.12)	-	(2,589.48)	-	(2,589.48)
Total Segment Result before Interest & Taxes	1,863.10	1,347.44	3,546.59	568.31	-	7,325.45	-	7,325.45
	(2,628.10)	(1,172.27)	(6,615.59)	(749.91)	-	(11,165.87)	-	(11,165.87)
Total EBIT of each segment as a percentage of total EBIT of all segment	25.43	18.39	48.41	7.77	-	100.00	-	-
	(23.54)	(10.50)	(59.26)	(6.72)	-	(100.00)	-	-
Net Financing Cost	-	-	-	-	-	-	-	4,201.04
	-	-	-	-	-	-	-	(2,871.95)
Income Tax Expenses	-	-	-	-	-	-	-	950.58
	-	-	-	-	-	-	-	(1,583.01)
<b>Profit for the Year</b>	-	-	-	-	-	-	-	<b>2,172.83</b>
	-	-	-	-	-	-	-	<b>(6,710.92)</b>
<b>Segment Assets</b>	22,027.81	35,508.37	55,691.95	5,504.42	6,498.15	125,230.70	-	125,230.70
	(17,903.18)	(23,791.26)	(54,032.10)	(8,933.31)	(5,480.25)	(110,140.10)	-	(110,140.10)
Segment Assets as a percentage of Total assets of all segments	17.59	28.35	44.47	4.40	5.19	100.00	-	-
	(16.25)	(21.60)	(49.06)	(8.11)	(4.98)	(100.00)	-	-

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Particulars	Bangladesh	Hong Kong	India	Others	Un-allocable	Total	Elimination	Total
<b>Segment Liabilities</b>	12,479.10	3,973.85	17,536.66	1,449.43	38,437.83	73,876.87	-	73,876.87
	(11,120.43)	(1,707.93)	(13,762.46)	(1,584.21)	(33,734.30)	(61,909.33)	-	(61,909.33)
Segment Liabilities as a percentage of Total Liabilities of all segments	16.89	5.38	23.74	1.96	52.03	100.00	-	-
	(17.96)	(2.76)	(22.23)	(2.56)	(54.49)	(100.00)	-	-
<b>Segment Capital Employed</b>	9,548.71	31,534.52	38,155.29	4,054.99	(31,939.68)	51,353.83	-	51,353.83
	(6,782.75)	(22,083.33)	(40,269.65)	(7,349.11)	28,344.84	(48,140.00)	-	(48,140.00)
Segment Capital Employed as a percentage of Total capital employed of all segments	18.59	61.41	74.30	7.90	(62.20)	100.00	-	-
	(14.09)	(45.87)	(83.65)	(15.27)	58.88	(100.00)	-	-
<b>Capital Expenditure</b>	1,896.23	1,970.88	1,564.37	248.53	-	5,680.01	-	5,680.01
	(1,244.68)	(4,694.66)	(2,042.59)	(915.28)	-	(8,897.21)	-	(8,897.21)
Segment Capital Expenditure as a percentage of Total capital expenditure of all segments	33.38	34.70	27.54	4.38	-	100.00	-	-
	(13.99)	(52.77)	(22.96)	(10.28)	-	(100.00)	-	-
<b>Depreciation</b>	1,506.88	590.53	1,761.66	345.33	-	4,204.40	-	4,204.40
	(896.66)	(114.56)	(1,290.15)	(288.13)	-	(2,589.50)	-	(2,589.50)

b) The Group revenue from sale of garments to external customer are as follows:

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	As At March 31, 2020	As At March 31, 2019
Local Customers	8,403.09	6,019.11
Foreign Customers	154,922.70	164,750.91

c) Non- current assets are located within India and outside India:

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	As At March 31, 2020	As At March 31, 2019
<b>Non Current Assets</b>		
- within India	24,818.27	22,484.64
- outside India	29,495.63	20,975.14

d) Revenue from major customer: During the year the Group generates 90% of its external revenues from thirteen customers.

## NOTE 46 : CONTINGENT LIABILITIES AND COMMITMENTS

### a) Contingent liabilities (To the extent not provided for)

I The Group has reviewed all its pending claims, litigations and other proceedings and has adequately provided for wherever required. However, wherever it is difficult to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities, the Group has disclosed the same as Contingent Liabilities (pending resolution of the respective proceedings). The Group does not expect the outcome of these proceedings to have a material or adverse effect on financial position of the Group. Also, the Group does not expect any reimbursements in respect of the below contingent liabilities.

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(Amount in ₹ Lakh, unless otherwise stated)

	As At March 31, 2020	As At March 31, 2019
(i) Claims against the Group not acknowledged as debts corresponding to :		
- Tax Demand as per Sec 143(1) of Income Tax Act , 1961 (with respect to Assessment Year 2014-15)	-	1.25
- Tax Demand as per Sec 143(1) of Income Tax Act , 1961 (with respect to Assessment Year 2015-16)	8.30	98.01
- Tax Demand as per Sec 143(3) of Income Tax Act , 1961 (with respect to Assessment Year 2016-17) - Rectification application has been filled with A.O	38.83	38.83
- Tax Demand as per Sec 143(3) of Income Tax Act , 1961 (with respect to Assessment Year 2017-18)	16.61	-
- Demand as per TDS (TRACES) portal - CPC	16.52	18.43
(ii) Several Legal Cases of labour pending at labour Court, Civil Court and High Court. The Group has asessed and believe that none of these cases, either individually or in aggregate, are expected to have any material adverse effect on its financial statements. However, Since it is difficult to estimate the timings of the cash outflows, if any, no further provision or seperate disclosure is made in books of accounts.		
(iii) As per the order dated July 13, 2016 issued by Hon'ble Madras High Court, minimum wages shall be paid to the employees retrospectively from December 2014 to June 2016. However, the management is of the view that the wages have to be paid only to the employees working presently in the Group and also no PF & ESI is required to be deducted. Accordingly, the minimum wages, ESI and PF of past employees of ₹ 288.51 lakh, ₹ 8.06 lakh and ₹ 69.25 lakh respectively has not been recorded in books of account. Further, Holding Company has also not accounted for the PF contribution of ₹ 65.33 lakh and ESI contribution of ₹ 12.88 lakh due on the wage arrears paid to the present employees during the year ended March 31, 2017. The status of this contingent liability remain unchanged as at reporting date i.e. March 31, 2020.		
II Irrevocable letter of credit (net of margin) outstanding with banks	5,862.96	11,569.88
III Bank Guarantee given to government authorities	224.29	147.06
IV Counter Guarantees given by the Group to the Sales Tax Department over which Key Managerial Personnel have Significant influence		
- For enterprise	1.00	1.00
- For others	0.50	0.50
V The Group has given the corporate guarantees to banks on behalf of its foreign subsidiaries (Refer Note No. 44)		
VI The Group is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952.		

Since there are numerous interpretative issues relating to the judgement, the management has concluded to update provision in books of accounts on receiving further clarity on the subject.

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**b) Commitments**

(Amount in ₹ Lakh, unless otherwise stated)

	<b>As At March 31, 2020</b>	<b>As At March 31, 2019</b>
Capital Commitment: Estimated amount of contracts remaining to be executed on the capital account (net of capital advances)	198.72	99.44

The Group does not have any other long term Commitments or material non cancellable contractual commitments, which may have a material impact on the standalone financial statement.

## NOTE 47 : RELATED PARTY TRANSACTIONS

**A. List of related parties**

Nature of Relationship	Name of the Related Party
<b>Enterprise over which Key Managerial Personnel exercise Significant influence</b>	<b>Domestic</b>
	Creative Arts Education Society
	Little People Education Society
	Nim International Commerce LLP
	PDS Multinational Fashions Limited
	Pearl Wears
	PS Arts Private Limited
	PSS Estates LLP
	Vau Apparels LLP
	<b>Overseas</b>
	360 Notch Ltd (Formerly known as Poeticgem Australia Ltd)
	Blueprint Design Limited
	Casa Forma Limited
	Clover Collection Limited Formerly DS Manufacturing Limited; Designed and Sourced Limited)
	Clover Collections FZCO (w.e.f. 20.02.2020)
	Design Arc Asia Limited [(Formerly Design Arc. Limited) ( Design Arc. Limited Formerly Nor France Manufacturing Company Ltd)]
	Design Arc Europe Limited (Formerly Nor Europe Manufacturing Limited
	Design Arc FZCO (W.e.f 17.01.2019)
	Design Arc UK Limited
	Digital Ecom Techno Private Limited
	Digital Internet Technologies Limited
	Fabric & Trims Limited
	Fareast Vogue Limited
	Funky Brands Company Limited (Formerly Fullhouse Manufacturing Limited; Nor Delhi Manufacturing Limited
	FX Import Company Limited
	FX Import Hongkong Limited
	Global Textiles Group Limited

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Green Apparel Industries Ltd
Green Smart Shirts Limited
Grupo Extremo SUR S.A
Grupo Sourcing Limited (Bangladesh)
Grupo Sourcing Limited (Hongkong)
Jcraft Array Limited (w.e.f. 12.04.2018)
JJ Star Industrial Limited
JSM Trading (FZE.)
KIK Service Unit Limited (w.e.f. 22.10.2019)
Kindred Brands Ltd (Formerly NW Far-east Limited)
Kindred Fashion Limited (w.e.f. 23.10.2018)
Kleider Sourcing FZCO (w.e.f 17.01.2019)
Kleider Sourcing Hongkong Limited
Kleider Sourcing Limited
Krayon Sourcing Limited (Formerly Souring Solutions HK Limited)
Lilly and Sid Ltd (w.e.f. 10.03.2020)
Multinational OSG Services Bangladesh Limited
Multinational Textile Group Limited
MultiTech Venture Ltd(Mauritius)
Nor Europe SPA
Nor India Manufacturing Company Limited
Nor Lanka Manufacturing Colombo Limited
Nor Lanka Manufacturing Limited
Norlanka Progress Pvt.Ltd
Norwest Industries Limited
Pacific Logistics Limited
Parc Designs Pvt. Limited (Closed on 30.09.2019)
PDS Far-east Limited
PDS Asia Star Corporation Limited
PDS Far East USA Inc.
PDS Global Investments Limited
PDS Trading (Shanghai) Company Limited
PDS Ventures Limited (w.e.f. 03.07.2018)
PG Group Limited
PG Home Group Limited
PG Home Group SPA (Formerly Pearl GES Home Group SPA)
PG Shanghai Mfg Company Limited
Poetic Brands Limited
Poetic Knitwear Limited
Poeticgem International Limited
Poeticgem Limited

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	<p>Progress Apparels(Bangladesh) Ltd                  Progress Manufacturing Group Ltd                  Razamtazz Limited                  Recovered Clothing Limited (w.e.f 24.07.2018)                  Redwood Internet Ventures Limited                  Rising Asia Star Hongkong Limited (Formerly Techno Manufacturing Limited)                  SACB Holdings Limited                  Simple Approach (Canada) Limited                  Simple Approach Limited                  Smart Notch Industrial Limited                  Smart Notch Limited (w.e.f. 20.04.2018)                  Sourcing East West Limited                  Sourcing Solutions Limited                  Sourcing Solutions Limited                  Spring Near East FZCO (w.e.f. 17.01.2019)                  Spring Near East Manufacturing Company Limited                  Styleberry Limited                  Superb Mind Holdings Limited                  Techno Design Gmbh                  Techno Design HK Limited (Formerly DPOD Manufacturing Limited)                  Technocian Fashion Private Limited (w.e.f. 20.03.2019)                  Transnational Textile Group Limited                  Twin Asia FZCO (w.e.f. 17.01.2019)                  Twin Asia Limited                  Zamira Denim Lab Limited                  Zamira Fashion Limited                  Zamira Fashion Limited Zhongshan</p>	
<b>Key Management Personnel (KMP) &amp; their relative</b>	<p>Mr. Deepak Seth                  Mr. Pulkit Seth                  Mrs. Shifalli Seth                  Mr. Vinod Vaish (till 30.04.2020)                  Mr. Kashmir Singh Rathour(from 28.07.2020)                  Mr. Raghav Garg (till 30.06.2020)                  Mr. Sandeep Sabharwal                  Mr. Chittranjan Dua                  Mr. Rajendra Kumar Aneja                  Mr. Anil Nayar                  Mr. Abhishek Goyal                  Mrs. Madhulika Bhupatkar (from 18-03-2020)</p>	<p>Chariman                  Vice Chairman &amp; Managing Director                  Whole-Time Director                  Whole-Time Director                  Chief Financial Officer                  Chief Financial Officer                  Company Secretary                  Independent Director                  Independent Director                  Independent Director                  Independent Director</p>

## Notes

to consolidated financial statements for the year ended March 31, 2020

### B. Disclosure of Related Parties Transactions:

(i) **Enterprise over which KMP has Significant Influence** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Expenses paid by the Group on their behalf	-	0.61
Expenses paid by them on behalf of the Group	3.00	4.37
Interest income	30.00	30.00

**Closing Balance** (Amount in ₹ Lakh, unless otherwise stated)

	As At March 31, 2020	As At March 31, 2019
Amount receivable	-	4.29
Loan & advances receivable (inc. interest)	306.71	306.66

(ii) **Key Management Personnel (KMP)** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Remuneration paid	301.51	277.89
EPF paid	1.06	1.11
Expenses incurred by him on behalf of the Group	30.09	69.78
Directors sitting fees	1.60	1.50

**Closing Balance** (Amount in ₹ Lakh, unless otherwise stated)

	As At March 31, 2020	As At March 31, 2019
Trade Payable - Payable to KMP	0.92	16.85

C. Disclosure of Material Transactions: Related Parties having more than 10% interest in each transaction in the ordinary course of business

(i) **Enterprise over which KMP has significant influence** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Expenses paid by the Group on their behalf</b>		
Norwest Industries Limited	-	0.61
<b>Expenses paid by them on behalf of the Group</b>		
PDS Multinational Fashion Limited	3.00	4.37
<b>Interest income</b>		
PDS Multinational Fashion Limited	30.00	30.00

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(ii) **Key Management Personnel** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Remuneration paid</b>		
Mr. Pulkit Seth	165.00	120.00
Mrs. Shifalli Seth	68.75	75.00
Mr. Rajkumar Chawla	-	44.88
Mr. Vinod Vaish	16.44	16.44
Mr. Sandeep Sabharwal	16.04	15.63
Mr. Raghav Garg	35.28	5.94
<b>EPF paid</b>		
Mr. Pulkit Seth	0.20	0.22
Mrs. Shifalli Seth	0.20	0.22
Mr. Rajkumar Chawla	-	0.18
Mr. Vinod Vaish	0.22	0.22
Mr. Sandeep Sabharwal	0.22	0.22
Mr. Raghav Garg	0.22	0.05
<b>Expenses incurred by him on behalf of the Group</b>		
Mr. Raj Kumar Chawla	-	50.07
Mr. Vinod Vaish	16.38	12.34
Mr. Sandeep Sabharwal	4.46	6.35
Mr. Raghav Garg	9.25	1.02
<b>Directors sitting Fees:</b>		
Mr. Deepak Seth	0.20	0.10
Mr. Anil Nayar	0.50	0.40
Mr. Chitranjan Dua	0.30	0.40
Mr. Abhishek Goyal	0.50	0.50
Mr. Rajendra Aneja	0.10	0.10

(iii) **Terms and conditions of transactions with related parties**

All the transaction with the related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free except the interest bearing loan and settlement occurs in cash.

(iv) The remuneration of Key managerial Personnel does not include amount in respect of gratuity and leave encashment payable as the same are not determinable as individual basis for the KMP. The liabilities of gratuity and leave encashment are provided for Group as whole on the basis of actuarial valuation.

(v) Corporate Guarantee given by the Holding Company

- To Standard Chartered Bank, Hongkong Branch for securing credit facilities to its wholly owned subsidiary Pearl Global (HK) Limited, Hong Kong for USD 120.00 lakh equivalent to ₹ 9,046.80 lakh (March 31, 2019 USD 120.00 lakh equivalent to ₹ 7,800.04 lakh)
- To Standard Chartered Bank, Hongkong Branch for securing credit facilities to its wholly owned subsidiary Pearl Global (HK) Limited, Hong Kong for USD 200.00 lakh equivalent to ₹ 15,078.00 lakh (March 31, 2019: Nil)



## Notes

to consolidated financial statements for the year ended March 31, 2020

- To Standard Chartered Bank, Bangladesh Branch for securing credit facilities to its subsidiary Norp Knit Industries Limited, Bangladesh for BDT 9,000.00 lakh equivalent to ₹ 7,967.43 lakh (March 31, 2019 : BDT 9,000 lakh equivalent to ₹ 7,389.08 lakh).

Above Corporate Guarantees have been given for business purpose.

### NOTE 48 : FOR DISCLOSURES MANDATED BY SCHEDULE III OF COMPANIES ACT 2013, BY WAY OF ADDITIONAL INFORMATION, REFER BELOW:

(Amount in ₹ Lakh, unless otherwise stated)

Name of the Entities	F.Y. 2018-19							
	Net Assets i.e. total assets minus total liabilities		Share in profit/(loss)		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount
<b>Parent:</b>								
Pearl Global Industries Limited	67.29	31,618.47	32.04	2,150.19	8.95	131.87	27.88	2,282.06
<b>Subsidiary:</b>								
- Indian								
Pearl Global Kausal Vikas Limited	0.00	1.32	(0.01)	(0.68)	-	-	(0.01)	(0.68)
Pearl Apparel Fashions Limited	0.06	27.64	(4.61)	(309.34)	-	-	(3.78)	(309.34)
- Foreign								
Norp Knit Industries Limited	24.66	11,587.79	27.85	1,868.69	36.96	544.43	29.49	2,413.12
Pearl Global Far East Limited	12.97	6,095.14	14.49	972.68	19.22	283.03	15.34	1,255.71
Pearl Global (HK) Limited	18.15	8,528.04	5.83	391.03	34.87	513.62	11.05	904.65
<b>Subtotal</b>		<b>57,858.40</b>		<b>5,072.57</b>		<b>1,472.95</b>		<b>6,545.52</b>
Intercompany Elimination & Consolidation Adjustments	(23.14)	(10,871.66)	24.41	1,638.35	-	-	20.02	1,638.35
<b>Total</b>		<b>46,986.74</b>		<b>6,710.92</b>		<b>1,472.95</b>		<b>8,183.87</b>
Non Controlling Interest in subsidiaries		1,153.26		17.10		(100.94)		(83.84)
<b>Grand Total</b>		<b>48,140.00</b>		<b>6,728.02</b>		<b>1,372.01</b>		<b>8,100.03</b>

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to consolidated financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

Name of the Entities	F.Y. 2019-20							
	Net Assets i.e. total assets minus total liabilities		Share in profit/(loss)		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount
<b>Parent:</b>								
Pearl Global Industries Limited	61.11	30,587.92	23.05	500.89	(25.64)	(557.30)	(1.30)	(56.43)
<b>Subsidiary:</b>								
- Indian								
Pearl Global Kausal Vikas Limited	0.00	0.75	(0.03)	(0.57)	-	-	(0.01)	(0.57)
Pearl Apparel Fashions Limited	0.01	3.91	(1.09)	(23.73)	-	-	(0.55)	(23.73)
SBUYS E-Commerce Limited	0.00	0.76	(0.01)	(0.24)	-	-	(0.01)	(0.24)
- Foreign								
Norp Knit Industries Limited	26.99	13,509.45	40.17	872.73	52.43	1,139.83	46.30	2,012.56
Pearl Global Far East Limited	14.38	7,200.70	24.12	524.12	26.75	581.44	25.43	1,105.56
Pearl Global (HK) Limited	21.68	10,851.98	22.96	498.80	46.46	1,009.92	34.71	1,508.72
<b>Subtotal</b>		<b>62,155.47</b>		<b>2,371.97</b>		<b>2,173.89</b>		<b>4,545.87</b>
Intercompany Elimination & Consolidation Adjustments	(24.17)	(12,098.07)	(9.16)	(199.14)	-	-	(4.58)	(199.14)
<b>Total</b>		<b>50,057.40</b>		<b>2,172.83</b>		<b>2,173.89</b>		<b>4,346.73</b>
Non Controlling Interest in subsidiaries		1,296.44		(16.39)		(126.80)		(143.19)
<b>Grand Total</b>		<b>51,353.84</b>		<b>2,156.44</b>		<b>2,047.09</b>		<b>4,203.54</b>

## NOTE 49 : LEASES

Until March 31, 2019, the Group recognized leases in accordance with Ind AS 17. A lease was defined as an agreement whereby the lessor conveys to the lessee in return for a series of payments the right to use an asset for an agreed period of time. The lessor and lessee accounted for the lease on the basis of the distribution of the risks and rewards associated with the leased asset.

Insofar as all the substantial risks and rewards were transferred to the Group as lessee, the respective leased assets were capitalized at fair value or the lower present value of the minimum lease payments and depreciated using the straight-line method on the basis of the useful life of the underlying asset or the lease term, if this was shorter. The payment obligations resulting from future lease payments were discounted and recognized as a liability.

Where the Group was the lessee in operating leases, in other words, if not all material risks and rewards were transferred, the lease or rental payments were recognized directly as expenses in the statement of Profit and Loss.

Since April 1, 2019, the Group has recognized leases in accordance with Ind AS 116. This defines a lease as a contract, or part of a contract, whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in exchange for consideration.

### Transition approach and use of practical expedients

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing

## Notes

to consolidated financial statements for the year ended March 31, 2020

lease standard, Ind AS 17 Leases, and other interpretations. 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 lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

### Group as a lessee

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 8,275.87 lakh and a corresponding lease liability of ₹ 7,877.03 lakh has been recognized. The cumulative effect on transition in retained earnings is ₹ 349.36 lakh (net of deferred tax of ₹ 102.38 lakh, Lease equilisation reserve of ₹ 242.61 lakh, Prepaid Rent of ₹ 1,093.20 lakh) (for detail please refer note below). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate vary from Company to Company in the Group and has been applied accordingly to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

Some practical expedients permitted by the standard are used, notably:

- To not reassess upon transition whether an existing contract contains a lease. The definition of a lease under Ind AS 116 has been applied only to contracts entered into or changed on or after April 01, 2019.
- For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset
- The recognition exemptions for short-term leases and leases of low-value assets.
- To apply Ind AS 37 for onerous leases instead of performing an impairment review.

Presentational changes: As a result of implementing Ind AS 116, the Group has made a some presentational changes in 2019-2020, notably to present 'Right-of-use assets' as a separate line item in the balance sheet and to include lease liabilities in other current and non-current liabilities.

### Transition impact of Ind AS 116 on Group's balance sheet

Particulars	As at March 31, 2019	Application of Ind AS 116	Revised As At April 01, 2019
Right-of-use assets	-	8,275.88	8,275.88
Other Non Current Assets	43,459.78	(784.98)	42,674.80
Current Assets	66,693.56	(308.22)	66,385.34
<b>Total Assets</b>	<b>110,153.34</b>	<b>7,182.68</b>	<b>117,336.02</b>
Equity Share Capital	2,166.39	-	2,166.39
Other Equity	44,820.35	(349.36)	44,470.99
NCI	1,153.26	-	1,153.26
Deferred Tax Liabilities (Net)	340.46	(102.38)	238.08
Lease Liabilities	-	7,877.03	7,877.03
Other Non Current Liabilities	13,750.99	(242.61)	13,508.38
Other Current Liabilities	47,921.89	-	47,921.89
<b>Total Equity and Liabilities</b>	<b>110,153.34</b>	<b>7,182.68</b>	<b>117,336.02</b>

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to consolidated financial statements for the year ended March 31, 2020

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

Right-of-use assets: movements in carrying value of assets	Leasehold Assets
<b>Gross Block as at March 31, 2019</b>	-
Cumulative catch-up for previously reported operating leases on implementation of IND AS 116	8,275.88
<b>Gross Block as at April 01, 2019</b>	8,275.88
Add: Additions during the year	352.96
Add: Reclassified from PPE on account of adoption of Ind AS 116	2,903.98
Less: Disposals / adjustments during the year	(51.44)
Add: Exchange Realignment	(0.42)
Add: Currency Translation Reserve	678.56
<b>Gross Block As at March 31, 2020</b>	<b>12,159.53</b>
<b>Accumulated Depreciation :</b>	
<b>As at April 01, 2019</b>	-
Add: Depreciation charge for the year	1,303.46
Add: Reclassified from PPE on account of adoption of Ind AS 116	69.68
Less: Disposals/adjustments during the year	-
Add: Exchange Realignment	(0.22)
Add: Currency Translation Reserve	60.61
<b>As at March 31, 2020</b>	<b>1,433.53</b>
<b>Net Block :</b>	
<b>As at March 31, 2020</b>	<b>10,725.98</b>

In 2019-20, there were no impairment charges recorded for right-of-use assets.

Leases: movements in carrying value of recognised liabilities	As At March 31,2020
As At April 01, 2019	-
Cumulative catch-up for previously reported operating leases on implementation of Ind AS 116	7,877.03
<b>As At April 01, 2019 (Revised)</b>	<b>7,877.03</b>
Add: Additions during the year	<b>313.78</b>
Add: Interest expense on lease liabilities	810.19
Less: Repayment of lease liabilities	(1,603.40)
Add: Currency Translation Reserve	400.08
<b>As At March 31, 2020</b>	<b>7,797.68</b>
Non-current lease liabilities	6,987.43
Current lease liabilities	810.25
<b>Total lease liabilities</b>	<b>7,797.68</b>

The maturity analysis of lease liabilities is given in Note 44 in the 'Liquidity risk' section.

### Leases: Cash Flows

Cash flows from operating activities include cash flows from short-term lease and leases of low-value assets. Cash flows from financing activities include the payment of interest and the principal portion of lease liabilities .

## Notes

to consolidated financial statements for the year ended March 31, 2020

Leases committed and not yet commenced: There are no leases committed which have not yet commenced as on reporting date.

### Group as a Lessor

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Group does not have any significant impact on account of sub-lease on the application of this standard.

The Group has given its building space, lying under property, plant and equipments, on operating lease through operating lease arrangements. Income from operating leases is recognised as revenue on a straight-line basis over the lease term.

Lease income of ₹ 980.53 lakh (March 31, 2019: ₹ 814.53 lakh) has been recognised and included under other Income (Refer Note No. 28)

### NOTE 50 : EVENT OCCURRING AFTER BALANCE SHEET DATE

a) **Dividend paid and proposed:** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
<b>i. Declared and paid during the year:</b>		
Final dividend for the financial year 2018-19: ₹ 3.00 per share (2017-18: ₹ 2.00 per share) Including dividend distribution tax of ₹ 133.68 lakh for the financial year 2018-19 (₹ 89.06 lakh for the financial year 2017-18)	783.56	522.34
<b>ii. Proposed for approval at the Annual General Meeting (not recognised as a liability)</b>		
Final Dividend for financial year 2019-20: Nil per share (2018-19: ₹ 3.00 per share)	-	649.88
Dividend distribution tax	-	133.68

b) In March 2020, the World Health Organisation declared COVID 19 to be a pandemic. Consequent to this, Government of India declared a national lockdown on 25 March 2020, which has impacted the business activities of the Industry and accordingly the Group has also assessed the impact that may result from this pandemic on its liquidity position, carrying amounts of receivables, tangible and intangible assets and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group has considered internal and external information available till the date of approval of these financial statements and has assessed its situation.

In that context and based on the current estimates, the Group believes that COVID 19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID 19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at the date of approval of these financial statements. The Group would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant periods.

c) No other material events have occurred between the balance sheet date to the date of issue of these financial statements that could affect the values stated in the financial statements.

### NOTE 51 :

Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Group is required to use specified methods for computing arm's length price in relation to specified international transactions with its associated enterprises. Further, the Group is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and

# Notes

to consolidated financial statements for the year ended March 31, 2020

other factors, which have been prescribed. The Group is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

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**NOTE 52 :**

The balances of trade receivables, trade payables, financial assets and other assets given are subject to reconciliation and confirmation as on March 31, 2020 and have realisation in ordinary course of business atleast equal to amount at which they are stated in the financial statements.

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**NOTE 53 :**

Figures have been rounded off to the nearest lakh upto two decimal places except otherwise stated.

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**For & on behalf of Board of Directors of Pearl Global Industries Limited**

**(Pulkit Seth)**

Managing Director  
DIN 00003044

**(Deepak Seth)**

Chairman  
DIN 00003021

**(Kashmir Singh Rathour)**

Chief Financial Officer

**(Sandeep Sabharwal)**

Company Secretary  
M. No. ACS - 8370

Place of Signature: Gurugram

Date: July 28, 2020

# Independent Auditor's Report

To The Members of Pearl Global Industries Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Pearl Global Industries Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the Loss (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone 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 of 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 w.r.t the Company:

S. No.	Key Audit Matters	How our audit addressed the key audit matter
1.	<p>Adequacy and completeness of disclosures of Related Party Transactions (Refer Note 47 to the accompanying standalone financial statements as at March 31, 2020, forming integral part of the standalone financial statements)</p> <p>The Company has related party transactions which include among others, sale/purchase of goods to its subsidiaries and other related parties.</p> <p>This area was significant to our audit because of:</p> <ul style="list-style-type: none"> <li>- the significance of transactions with related parties during the year ended March 31, 2020, and</li> </ul>	<p><b>Our procedures included, but were not limited to the following:</b></p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Company's policies and procedures in respect of identification of related parties and transactions with them, performed a walkthrough and evaluated the designs of control. We also traced the related parties from declaration given by directors, wherever applicable.</li> <li>• Read the minutes of the meetings of Shareholders, Board of Directors and Audit Committee.</li> <li>• Read relevant agreements on sample basis and approval process by audit committee and board of directors.</li> </ul>

# Independent Auditor’s Report (contd...)

To The Members of Pearl Global Industries Limited

S. No.	Key Audit Matters	How our audit addressed the key audit matter
	<p>- Related party transactions are subject to compliance requirement under the Companies Act, 2013 and SEBI (Listing and Obligation Disclosure Requirements) 2015.</p>	<ul style="list-style-type: none"> <li>• Tested material trade payables, trade receivables, loans outstanding (to evaluate existence of related party relationship and transactions) with the underlying contracts, confirmation letters and other supporting documents.</li> <li>• Assessed whether the transactions were recorded appropriately and ensured adequacy of the disclosures in the standalone Ind AS financial statements (including assessment of Management evaluation of compliance with Companies Act, 2013 and SEBI (LODR), 2015).</li> <li>• Wherever appropriate, our substantive work was supplemented by controls testing work which encompassed understanding, evaluating and testing key controls in respect of Related Party Transactions.</li> </ul> <p>Our procedures as mentioned above did not identify any findings that are significant for the financial statements as whole in respect of accounting, presentation and disclosure of Related Party Transactions.</p>
2	<p><b>Evaluation of uncertain tax positions, litigations and recoverability of amount outstanding with tax authorities</b>                      (Refer Note 13, Note 26 &amp; Note 46 to the accompanying standalone financial statements as at March 31, 2020, forming integral part of the standalone financial statements)</p> <p>The Company has certain direct and indirect tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes and the status of amount recoverable.</p> <p>The eventual outcome of litigations is uncertain, and the positions taken by the Management of the Company are based on the application of significant judgement and estimation. The review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements.</p> <p>Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.</p>	<p><b>Our procedures included, but were not limited to the following:</b></p> <ul style="list-style-type: none"> <li>• Obtained details of tax assessments of earlier years and demands as on March 31, 2020 from Management of the Company.</li> <li>• Conducted assessment of the Managements underlying assumptions in estimating the tax position, likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations.</li> <li>• Conducted discussions with in-house tax/ legal counsel. Evaluated the independent confirmations taken by the Management from the consultants representing the Company before the various authorities.</li> <li>• Verifying demand notices received from various tax forums and evaluating the Company’s written responses to those matters (including follow up for the amounts recoverable); and</li> <li>• Assessing the adequacy of the Company’s disclosures.</li> </ul>



# Independent Auditor's Report (contd...)

To The Members of Pearl Global Industries Limited

S. No.	Key Audit Matters	How our audit addressed the key audit matter
	<p>This area was significant to our audit because of:</p> <ul style="list-style-type: none"> <li>- the significance of transactions with related parties during the year ended March 31, 2020, and</li> <li>- Related party transactions are subject to compliance requirement under the Companies Act, 2013 and SEBI (Listing and Obligation Disclosure Requirements) 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding and evaluating process and controls designed and implemented by the Management including for identification and monitoring of significant developments in relation to the litigations thereof.</li> <li>• Read the minutes of the meetings of Shareholders, Board of Directors and Audit Committee.</li> <li>• Read relevant agreements on sample basis and approval process by audit committee and board of directors.</li> <li>• Tested material trade payables, trade receivables, loans outstanding (to evaluate existence of related party relationship and transactions) with the underlying contracts, confirmation letters and other supporting documents.</li> <li>• Assessed whether the transactions were recorded appropriately and ensured adequacy of the disclosures in the standalone Ind AS financial statements (including assessment of Management evaluation of compliance with Companies Act, 2013 and SEBI (LODR), 2015).</li> <li>• Wherever appropriate, our substantive work was supplemented by controls testing work which encompassed understanding, evaluating and testing key controls in respect of Related Party Transactions.</li> </ul> <p>Our procedures as mentioned above did not identify any findings that are significant for the financial statements as whole in respect of accounting, presentation and disclosure of Related Party Transactions.</p>
		<p>Our procedures as mentioned above did not identify any findings that are significant for the financial statements as whole in respect of accounting, presentation and disclosure of uncertain tax positions, litigations and recoverability of amount outstanding with tax authorities.</p>

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

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

# Independent Auditor's Report (contd...)

To The Members of Pearl Global Industries Limited

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## **Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

# Independent Auditor's Report (contd...)

To The Members of Pearl Global Industries Limited

- 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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.

## Other Matter

Due to the outbreak of COVID-19 pandemic, the consequent nationwide lockdown commencing from March 23, 2020 onwards, we could not visit and carry out the audit processes physically at the Company's premises. Further, the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI, give guidelines for the statutory audit via making arrangements to provide requisite documents/information through electronic medium and minimal physical movement. The entire audit has been carried considering these guidelines and alternative audit procedures as per SAs prescribed by the ICAI. Moreover, our attendance at the physical verification of inventory done by the management was impracticable under these lockdown restrictions imposed by the government and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end. 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 Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit 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.

# Independent Auditor's Report (contd...)

To The Members of Pearl Global Industries Limited

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Change in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. – Refer Note No. 46 to the standalone financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. - Refer Note No. 41 to the standalone financial statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. With respect to the matter to be included in the Auditors' report under Section 197(16):
- In our opinion and according to the information and explanation given to us, the Company has paid remuneration to its directors during the year is in accordance with the provisions of and limit laid down under section 197 read with Schedule V of the Act.

**For B.R. Gupta & Co.**

*Chartered Accountants,*

Firm Registration Number 008352N

**(Deepak Agarwal)**

*Partner*

Membership Number 073696

**UDIN:20073696AAAABL6574**

Place of Signature: New Delhi

Date: July 28, 2020

## Annexure 'A' to the Independent Auditors' Report

### Annexure 'A' to the Independent Auditors' Report of even date on the standalone financial statements of Pearl Global Industries Limited

The Annexure referred to in independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2020; we report that:

- i) In respect of fixed assets comprising property, plant and equipment:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and the records examined by us, the title deeds of immovable properties (which are included under the head 'property, plant and equipment') held in the name of the Company are mortgaged with the banks for securing the long term and short term borrowings raised by the Company.
- ii) The inventories, except goods in transit, has been physically verified by the Management during the year. In our opinion, the frequency of physical verification followed by the Management is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii) a) According to the information and explanation given to us during the year, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii) (a) of the Order are not applicable.  
b) & c) In respect of loans granted in earlier financial years, the schedule of repayment of principal and interest is stipulated and there is no overdue amount as at year end. The terms and conditions of grant of such loans are not prejudicial to the interest of the Company
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of the loans, investments, guarantees provided by it. However, the Company has not granted any security to the parties covered under Section 185 and 186 of the Act.
- v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- vi) On the basis of available information and explanation provided to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2016 dated July 14, 2016 to the current operations carried out by the Company. Accordingly, the provisions of paragraph 3(vi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- vii) In respect of Statutory Dues:
  - a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and any other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
  - b) According to the records of the Company examined by us and the information and explanations given to us, there were no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

## Annexure 'A' to the Independent Auditors' Report

S. No.	Name of the Statute	Nature of Dues	Amount in ₹ lakh	Period to which amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax Demand	8.26	A.Y 2015-16	Rectification U/s 154 - Assessing Officer
2	Income Tax Act, 1961	Income Tax Demand	0.036	A.Y 2015-16	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Income Tax Demand	38.83	A.Y 2016-17	Commissioner of Income Tax (Appeals)
4	Income Tax Act, 1961	Income Tax Demand	16.61	A.Y 2017-18	Demand U/s 143(1)(a) - Assessing Officer
5	Income Tax Act, 1961	Income Tax Demand	16.52	Upto A.Y. 2019-20	Demand as per traces Portal.

- viii) On the basis of information and explanation provided to us, the Company has not defaulted in repayment of loans and borrowings to financial institution and bank. The Company has not taken any loan from Government or has not issued any debentures.
- ix) During the year, the Company did not raise any money by the way of initial public or further public offer (including debt instruments). The term loan taken during the year were applied for the purpose for which the same has been taken.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) The Company has paid/provided managerial remuneration in accordance with provisions of Section 197 read with Schedule V to the Companies Act, 2013 as applicable to the Company.
- xii) The Company is not a Nidhi Company and hence, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of paragraph 3(xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable. Accordingly, provisions of clause 3 (xv) of the order are not applicable.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

### For B.R. Gupta & Co.

Chartered Accountants,

Firm Registration Number 008352N

### (Deepak Agarwal)

Partner

Membership Number 073696

**UDIN:20073696AAAABL6574**

Place of Signature: New Delhi

Date: July 28, 2020

# Annexure 'B' to the Independent Auditors' Report

## Annexure 'B' to the Independent Auditors' Report of even date on the Standalone Financial Statements of Pearl Global Industries Limited

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

We have audited the internal financial controls with reference to financial statements of Pearl Global Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls with reference to financial statements

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

## Annexure 'B' to the Independent Auditors' Report (contd...)

or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements 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.R. Gupta & Co.**

*Chartered Accountants,*

Firm Registration Number 008352N

### **(Deepak Agarwal)**

*Partner*

Membership Number 073696

**UDIN:20073696AAAABL6574**

Place of Signature: New Delhi

Date: July 28, 2020



# Balance Sheet

as at March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	Note No.	As At March 31, 2020	As At March 31, 2019
<b>Assets</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	4	13,173.38	13,146.90
(b) Capital work in progress	5	232.50	159.72
(c) Right to use assets	50	2,614.35	-
(d) Investment properties	6	7,393.26	7,429.89
(e) Other Intangible assets	7	84.76	114.94
(f) Financial assets			
(i) Investment in subsidiaries	8	11,728.05	11,726.14
(ii) Investment - others	9	142.63	135.13
(iii) Loans	10	505.20	474.62
(iv) Other financial assets	11	936.66	844.06
(g) Non current tax assets (net)	13	469.39	303.15
(h) Other non current assets	14	499.40	385.80
<b>Total Non-current assets</b>		<b>37,779.57</b>	<b>34,720.35</b>
<b>Current assets</b>			
(a) Inventories	15	14,792.54	13,513.04
(b) Financial assets			
(i) Investments	9	692.68	-
(ii) Trade receivables	16	9,740.45	11,134.77
(iii) Cash and cash equivalents	17	2,059.77	2,234.64
(iv) Bank balances other than cash and cash equivalents	18	931.61	1,454.01
(v) Loans	10	325.78	349.63
(vi) Other financial assets	11	87.17	1,566.59
(c) Other current assets	14	4,989.11	3,912.78
<b>Total current assets</b>		<b>33,619.11</b>	<b>34,165.46</b>
<b>Total assets</b>		<b>71,398.68</b>	<b>68,885.81</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	19	2,166.39	2,166.39
(b) Other equity	20	28,421.53	29,452.08
<b>Total equity</b>		<b>30,587.92</b>	<b>31,618.47</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	5,384.23	3,185.15
(ii) Lease Liabilities	50	2,813.35	-
(iii) Others financial liabilities	22	246.97	222.00
(b) Provisions	23	881.14	710.08
(c) Deferred tax liabilities (net)	12	248.31	340.46
(d) Other non current liabilities	24	2,997.91	3,076.96
<b>Total non-current liabilities</b>		<b>12,571.91</b>	<b>7,534.65</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21A	15,251.01	16,182.41
(ii) Lease Liabilities	50	236.41	-
(iii) Trade payables	25		
- Total outstanding due of micro enterprises and small enterprises		331.05	63.70
- Total outstanding due of creditors other than micro enterprises and small enterprises		8,800.36	10,450.22
(iv) Other financial liabilities	22	2,747.50	1,938.27
(b) Other current liabilities	24	815.18	837.89
(c) Provisions	23	57.35	70.04
(d) Current tax liabilities (net)	26	-	190.16
<b>Total current liabilities</b>		<b>28,238.85</b>	<b>29,732.69</b>
<b>Total equity and liabilities</b>		<b>71,398.68</b>	<b>68,885.81</b>
Summary of Significant Accounting Policies	3		

The accompanying notes form an integral part of these financial statements

As per our Report of even date attached

**For B.R. Gupta & Co.**  
Chartered Accountants

Firm's Registration Number 008352N

**(Deepak Agarwal)**

Partner  
Membership Number 073696

Place of Signature: New Delhi  
Date: July 28, 2020

**For & on behalf of Board of Directors of Pearl Global Industries Limited**

**(Pulkit Seth)**

Managing Director  
DIN 00003044

**(Kashmir Singh Rathour)**  
Chief Financial Officer

Place of Signature: Gurugram  
Date: July 28, 2020

**(Deepak Seth)**

Chairman  
DIN 00003021

**(Sandeep Sabharwal)**  
Company Secretary  
M. No. ACS - 8370

# Statement of Profit and Loss

for year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I Revenue from operations	27	82,533.33	84,025.72
II Other income	28	3,338.77	2,630.62
<b>III Total income (I+II)</b>		<b>85,872.10</b>	<b>86,656.34</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	29	28,543.04	26,069.98
(b) Purchases of stock-in-trade	30	11,981.44	16,506.39
(c) Changes in inventories of finished goods, work in progress and stock in trade	31	(562.59)	(867.40)
(d) Employee benefits expense	32	15,017.30	13,190.64
(e) Finance costs	33	2,448.45	2,154.44
(f) Depreciation and amortisation expense	34	1,761.66	1,289.07
(g) Other expenses	35	25,708.34	25,408.48
<b>Total expenses</b>		<b>84,897.64</b>	<b>83,751.61</b>
<b>V Profit/ (loss) before exceptional items and tax (III-IV)</b>		<b>974.46</b>	<b>2,904.73</b>
VI Exceptional Items	36	(116.05)	(280.92)
<b>VII Profit/ (loss) before tax (V-VI)</b>		<b>1,090.51</b>	<b>3,185.65</b>
VIII Tax expense:	12		
(a) Current tax		421.00	825.78
(b) Deferred tax		141.83	16.67
(c) Adjustment of tax relating to earlier years		26.79	193.01
<b>IX Profit/(loss) for the year (VII-VIII)</b>		<b>500.89</b>	<b>2,150.19</b>
<b>X Other comprehensive income</b>	37		
(A) (i) Items that will not be reclassified to profit and loss			
(a) Re-measurement gains/ (losses) on defined benefit plans		135.15	202.70
(ii) Income tax on items that will not be reclassified to profit and loss		(47.23)	(70.83)
(B) (i) Items that will be reclassified to of profit and loss			
(a) Net movement in effective portion of cash flow hedge reserve		(991.80)	-
(ii) Income tax on items that will be reclassified to profit and loss		346.57	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(557.31)</b>	<b>131.87</b>
<b>XI Total comprehensive income for the year, net of tax</b>		<b>(56.42)</b>	<b>2,282.06</b>
XII Earnings per share: (face value ₹ 10 per share)	38		
1) Basic (amount in ₹)		2.31	9.93
2) Diluted (amount in ₹)		2.31	9.93

## Summary of Significant Accounting Policies

3

The accompanying notes form an integral part of these financial statements

As per our Report of even date attached

**For B.R. Gupta & Co.**

**Chartered Accountants**

Firm's Registration Number 008352N

**(Deepak Agarwal)**

Partner

Membership Number 073696

Place of Signature: New Delhi

Date: July 28, 2020

**For & on behalf of Board of Directors of Pearl Global Industries Limited**

**(Pulkit Seth)**

Managing Director

DIN 00003044

**(Kashmir Singh Rathour)**

Chief Financial Officer

Place of Signature: Gurugram

Date: July 28, 2020

**(Deepak Seth)**

Chairman

DIN 00003021

**(Sandeep Sabharwal)**

Company Secretary

M. No. ACS - 8370

# Statement of changes in equity

for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## A. Equity Share Capital

As at April 01, 2018	2,166.39
Changes during the year	-
As at March 31, 2019	2,166.39
Changes during the year	-
As at March 31, 2020	2,166.39

## B. Other Equity

Particulars	Reserves and Surplus					Other Comprehensive Income	Total Other Equity
	General Reserve	Security Premium	Capital Redemption Reserve	Amalgamation Reserve	Retained Earnings	Effective Portion of Cash Flow Hedge	
Balance as at April 01, 2018	4,204.36	17,103.90	95.00	625.95	5,663.16	-	27,692.37
Profit/(loss) for the year	-	-	-	-	2,150.19	-	2,150.19
Remeasurement of the benefit plan, net of tax effect	-	-	-	-	131.87	-	131.87
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>2,282.06</b>	-	<b>2,282.06</b>
Dividend paid on Equity Shares	-	-	-	-	(433.28)	-	(433.28)
Dividend Distribution Tax on Equity Shares	-	-	-	-	(89.06)	-	(89.06)
Balance as at March 31, 2019	4,204.36	17,103.90	95.00	625.95	7,422.88	-	29,452.09
Implementation of Ind AS 116: Leases (Refer Note No. 50)	-	-	-	-	(190.61)	-	(190.61)
Profit/(loss) for the year	-	-	-	-	500.89	-	500.89
Net movement in effective portion of cash flow hedge reserve, net of tax effect	-	-	-	-	-	(645.22)	(645.22)
Remeasurement of the benefit plan, net of tax effect	-	-	-	-	87.92	-	87.92
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>588.81</b>	<b>(645.22)</b>	<b>(56.41)</b>
Dividend paid on Equity Shares	-	-	-	-	(649.88)	-	(649.88)
Dividend Distribution Tax on Equity Shares	-	-	-	-	(133.68)	-	(133.68)
Balance as at March 31, 2020	4,204.36	17,103.90	95.00	625.95	7,037.53	(645.22)	28,421.53

### Summary of Significant Accounting Policies (Note No. 3)

The accompanying notes form an integral part of these financial statements

As per our Report of even date attached

**For B.R. Gupta & Co.**  
Chartered Accountants

Firm's Registration Number 008352N

(Deepak Agarwal)

Partner  
Membership Number 073696

Place of Signature: New Delhi  
Date: July 28, 2020

For & on behalf of Board of Directors of Pearl Global Industries Limited

(Pulkit Seth)

Managing Director  
DIN 00003044

(Kashmir Singh Rathour)  
Chief Financial Officer

Place of Signature: Gurugram  
Date: July 28, 2020

(Deepak Seth)

Chairman  
DIN 00003021

(Sandeeep Sabharwal)  
Company Secretary

M. No. ACS - 8370

# Statement of Cash Flow

for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Cash flows from operating activities</b>		
<b>Profit before and tax</b>	1,090.51	3,185.65
<b>Adjustments for:</b>		
Depreciation and amortization	1,761.66	1,289.07
Interest paid and other borrowing cost	2,448.45	1,961.06
Sundry balances written back	37.34	(55.16)
Grant amortised during the year	(1.00)	(1.00)
Amortisation of investment in preference shares	-	(12.98)
Amortisation of deferred rental income	(32.08)	(31.67)
Unwinding of discount on security deposits	157.41	(13.48)
Profit on sale of current investment - mutual Fund	(73.79)	(218.20)
Rental income	(980.53)	(814.53)
Interest income	(249.62)	(211.93)
Fair value loss (gain) on financial assets measured at fair value through profit and loss	(29.42)	133.64
Income on corporate guarantee	(138.40)	(161.31)
Mark to market (gain) / loss on forward contract	462.80	(247.24)
Amortisation of deferred asset - security deposit paid	(154.26)	42.22
Loss Allowance for doubtful debts	47.92	391.92
Bad debts written off	-	1.41
Others	116.91	-
<b>Operating profit before working capital changes</b>	<b>4,463.90</b>	<b>5,237.47</b>
<b>Movement in working capital:</b>		
(Increase)/decrease in trade receivables	1,346.40	(2,779.71)
(Increase)/decrease in other non-current financial assets	(208.67)	(325.54)
(Increase)/decrease in other current financial assets	(289.34)	(266.41)
(Increase)/decrease in other non-current assets	(74.80)	(88.95)
(Increase)/decrease in other current assets	(1,091.78)	(46.43)
(Increase)/decrease in inventories	(1,279.50)	(1,514.18)
Increase/(decrease) in trade payables	(1,380.19)	3,472.93
Increase/(decrease) in other non-current financial liabilities	(4.35)	68.74
Increase/(decrease) in other current financial liabilities	453.58	131.24
Increase/(decrease) in non-current provisions	306.21	53.63
Increase/(decrease) in current provisions	(12.70)	15.15
Increase/(decrease) in other non-current liabilities	(46.98)	(529.15)
Increase/(decrease) in other current liabilities	(9.46)	258.64
<b>Cash generated from operations</b>	<b>2,172.36</b>	<b>3,687.43</b>
Tax paid on dividend	(133.59)	(89.06)
Direct tax paid (net of refunds)	(738.87)	(650.10)
<b>Cash flow before exceptional items</b>	<b>1,299.90</b>	<b>2,948.27</b>
<b>Exceptional items:</b>		
(Profit)/loss on sale of fixed assets	(143.29)	(1,719.28)
Impairment of investment in subsidiaries	27.24	1,438.36
<b>Net cash inflow from/(used in) operating activities</b>	<b>1,183.86</b>	<b>2,667.35</b>

( A )

# Statement of Cash Flow

for the year ended March 31, 2020 (Contd.)

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment(Including ROU, net with lease liabilities)	(4,564.85)	(1,908.09)
Sale proceeds of property, plant and equipment	264.20	1,884.63
(Increase)/decrease in capital work in progress	(72.78)	(105.55)
Sale/(Purchase) of investment properties	36.61	(1.29)
Purchase of Intangible assets	(17.57)	(27.65)
(Increase)/decrease in capital advances	(38.80)	(14.54)
Increase/(decrease) in capital creditor	(819.17)	800.73
(Increase)/decrease in Investment in subsidiaries	109.25	-
(Increase)/decrease in non-current investment - Others	(7.50)	9.54
(Increase)/decrease in current investment - Others	(589.47)	717.18
(Increase)/decrease in non-current Loans	(30.58)	(22.93)
(Increase)/decrease in current Loans	23.85	(14.64)
(Increase)/decrease in bank deposit	1,288.69	(53.43)
Interest received	223.99	184.02
Rent received	980.53	814.53
<b>Net Cash From/ (Used In) Investing Activities (B)</b>	<b>(3,213.61)</b>	<b>2,262.51</b>
<b>Cash flows from financing activities</b>		
Increase/ (decrease) in long term borrowings	2,763.29	(747.59)
Government grant received	-	144.61
Increase/ (decrease) in short term borrowings	(801.55)	(2,104.14)
Increase in Lease Liabilities	2,948.32	-
Dividend paid (Net of Tax)	(649.88)	(430.98)
Other borrowing cost	(256.88)	350.72
Interest paid	(2,148.44)	(1,966.57)
<b>Net cash inflow from/(used in) financing activities (C)</b>	<b>1,854.86</b>	<b>(4,753.96)</b>
<b>Net Increase (decrease) In cash and cash equivalents (A+B+C)</b>	<b>(174.89)</b>	<b>175.90</b>
Opening balance of cash and cash equivalents	2,234.64	2,058.74
<b>Total cash and cash equivalent (Note no. 17)</b>	<b>2,059.77</b>	<b>2,234.64</b>
<b>Components of cash and cash equivalents</b>		
Cash, Cheque/drafts on hand	148.92	247.51
With banks - Current account	1,806.62	1,987.13
With banks - Deposit account	104.23	-
<b>Total cash and cash equivalent (Note no. 17)</b>	<b>2,059.77</b>	<b>2,234.64</b>
Summary of Significant Accounting Policies	3	

The accompanying notes form an integral part of these financial statements

As per our Report of even date attached

**For B.R. Gupta & Co.**  
Chartered Accountants  
Firm's Registration Number 008352N

**(Deepak Agarwal)**  
Partner  
Membership Number 073696

Place of Signature: New Delhi  
Date: July 28, 2020

**For & on behalf of Board of Directors of Pearl Global Industries Limited**

**(Pulkit Seth)**  
Managing Director  
DIN 00003044

**(Kashmir Singh Rathour)**  
Chief Financial Officer

Place of Signature: Gurugram  
Date: July 28, 2020

**(Deepak Seth)**  
Chairman  
DIN 00003021

**(Sandeep Sabharwal)**  
Company Secretary  
M. No. ACS - 8370

# Notes

to standalone financial statements for the year ended March 31, 2020

## NOTE 1: CORPORATE INFORMATION

Pearl Global Industries Limited is a public limited Company domiciled in India and has its registered office at A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028. The company is primarily engaged in manufacturing, sourcing and export of ready to wear apparels through its facilities and operations in India and overseas. The Company has its primary listings on Bombay Stock Exchange and National Stock Exchange in India.

The financial statements were authorised for issue in accordance with a resolution of the board of directors on July 28, 2020.

## NOTE 2: BASIS OF PREPARATION AND MEASUREMENT

**Statement of Compliance:** The Financial Statements are prepared on an accrual basis under historical cost Convention except for certain financial instruments which are measured at fair value. These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013, as applicable.

The accounting policies are applied consistently to all the periods presented in the financial statements.

**Basis of Preparation and presentation:** The financial statements are prepared under the historical cost convention except for certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value or amortised cost.

All assets and liabilities have been classified as current or noncurrent according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current non-current classification of assets and liabilities.

### Functional and Presentation Currency

The financial statements are presented in ₹ and all values are rounded to the nearest lakhs upto two decimal places except otherwise stated.

### Going Concern

The Board of Directors have considered the financial position of the Company at 31st March 2020 and the projected cash

flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The Board of Directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

**Recent accounting pronouncements dated July 24, 2020 notified by Ministry of Corporate Affairs are as under:-**

#### a) Ind AS 1 Presentation of Financial Statements

The term "Material" has been defined as: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances

#### b) Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The term-Material, used in this Standard shall have the same meaning as assigned to it in paragraph 7 of Ind AS 1

#### c) Ind AS 10 – Events after the Reporting Period

If non-adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Accordingly, an entity shall disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made for each material category of non-adjusting event after the reporting period

#### d) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

A management or Board decision to restructure taken

# Notes

to standalone financial statements for the year ended March 31, 2020

before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period. If an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, disclosure is required under Ind AS 10 Events after the Reporting Period, if the restructuring is material and non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity

## e) Ind AS 116 – Leases

Practical Expedient has been issued which permits lessees not to account for COVID related concessions as a lease modification. The practical expedient has been made applicable from accounting period starting from April 1, 2020.

## f) Ind AS 103 – Business Combinations

An entity shall determine whether a transaction or other event is a business combination by applying the definition in this Ind AS, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. Paragraphs B5–B12D provide guidance on identifying a business combination and the definition of a business. Certain other changes include definition of Business and three elements of business such as Input, Process, Output and changes in the Appendix to the IND AS 103.

## g) Certain other changes in IND AS 107 & 109 with respect to Hedge Accounting Disclosures, temporary exceptions from applying specific hedge accounting requirements and Transition for hedge accounting

The Company is evaluating the requirements of these pronouncements and its affects on the financial statement.

### Application of New Accounting Pronouncements

The following Ind As pronouncements were applied by the Company during the year:

- a) Ind AS 116 Leases w.e.f April 1, 2019.
- b) Ind AS 12 Appendix C - Uncertainty over Income tax treatments
- c) Amendments to Ind AS 19 - Plan Amendment curtailment & settlement w.e.f April 1, 2019.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

### a) Significant accounting judgements, estimates and assumptions

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

### Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements as given below:

- In respect of lease payments, determination whether arrangements contain a lease and determination of cancellable and non-cancellable tenure of leases (IND AS 116)
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding
- Useful lives of Property, plant and equipment and Intangible Assets
- Employee benefit plans
- Amortization of Government Grant
- Determination of Provision of income taxes vis-à-vis anticipated tax issues and final tax outcomes of pending matters.

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment included in the following notes:

- measurement of defined benefit obligations and planned assets: key actuarial assumptions.
- recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.
- impairment of financial assets.

# Notes

to standalone financial statements for the year ended March 31, 2020

- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- impairment test of non-financial assets: key assumptions used in estimating recoverable cash flows.
- fair value measurement of financial instruments.

## b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

### **Assets:**

An asset is treated as current when it is:

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

All other assets are classified as non-current.

### **Liabilities:**

A liability is current when:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Operating cycle:** The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## c) Property, Plant and Equipment (PPE) and Depreciation

Property, plant and equipment and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition

of the asset. The cost of self-constructed assets includes the cost of materials and direct services, any other costs directly attributable to bringing the assets to its working condition for their intended use and cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When parts of an item of PPE having significant costs have different useful lives, then they are accounted for as separate items (major components) of property, plant & equipment.

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

**Transition to Ind AS:** On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**Subsequent costs:** The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment are recognised in statement of profit and loss as and when incurred.

**Decommissioning Costs :** The present value of the expected cost for the decommissioning of an asset, if any, after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. (as applicable)

**Capital work in progress:** Capital work in progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date.

Cost comprises of purchase cost, related acquisition expenses, borrowing costs and other direct expenditure.

Depreciation is provided on a pro-rata basis on the straight-line basis on the estimated useful life prescribed under Schedule II to Companies Act , 2013 with the following exception :



## Notes

to standalone financial statements for the year ended March 31, 2020

- Fixed asset costing upto ₹ 5000 has been fully depreciated during the financial year
- Leasehold land has been amortised over the lease term.
- Freehold Land is not depreciated.

Depreciation Method, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

### d) Investment Properties

Property that is held for rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any.

The Company, based on technical assessment made by management, depreciates the building over estimated useful life of 60 years. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**Transition to Ind AS:** On transition to Ind AS, the Company has elected to continue with the carrying value of all its investment properties as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such investment properties.

### e) Other Intangible assets

#### **Recognition and measurement**

Intangible assets that are acquired by the Company are measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. All expenditures, qualifying as Intangible Assets are amortized over estimated useful life. Specialized softwares are amortized over a period of 3 years or license period whichever is earlier.

#### **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as at April 01, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

**Subsequent Expenditure:** Subsequent expenditure is capitalised only when it increases the future economic

benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Statement of Profit and Loss as incurred.

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

### f) Borrowing costs

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use.

### g) Foreign Currency Transactions and Translations

#### **Functional and presentational currency**

The Company's financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the

# Notes

to standalone financial statements for the year ended March 31, 2020

Company primarily generates and expends cash. All the financial information presented in 'except where otherwise stated.

## Transactions and balances

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the date the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currencies are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Advances received or paid in foreign currency are recognised at exchange rate on the date of transaction and not retranslated.

## h) Revenue Recognition

The Company derives revenue primarily from export of manufactured and traded goods.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers'. The effect on adoption of Ind-AS 115 was insignificant.

### Revenue from contract with customers

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding the amount collected on behalf of third parties (for example, taxes and duties collected on behalf of government) and net of returns & discounts. The company has concluded that it is acting as principal in its revenue arrangements.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Company considers the effect of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer (if any).

The Company assesses its revenue arrangements against specific recognition criterion like exposure to significant risks & rewards associated with the sale of goods or services. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its Customers are reviewed to determine each party's respective role in the transaction.

### Specific revenue recognition criteria:

#### (i) Sale of products

Revenue from sale of products is recognised at the point in time when control of product is transferred to the customer. In case of Export sale it is on the basis of date of airway bill/bill of lading

#### (ii) Job work income

Revenue from job work on the product is recognised at the point in time when control of services is transferred to the customer, generally on the delivery of the product after completion of job work.

#### (iii) Export Incentives

Export Incentives under various schemes are accounted in the year of export.

#### (iv) Other Incomes

- a) Sale of software/ SAP income is recognized at the delivery of complete module & patches (through reimbursement from group companies).
- b) Rental Income is recognized on accrual basis as per the terms of agreement.
- c) In respect of interest income, revenue is recognised on the time proportion basis, taking into account the amount outstanding and the rate of interest applicable.
- d) Dividend Income is recognized when the right to receive is established.

# Notes

to standalone financial statements for the year ended March 31, 2020

## Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

## Significant Financing Component

Generally, the Company does not receive short term or long term advances from its customers except in certain scenarios. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of promised good or service to the customer and when the customer pays for good or service will be one year or less. The company does not expect to have any contracts where the period between the transfer of promised goods and services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

## Contract balances

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments – initial recognition and subsequent measurement.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the

Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### Cost to obtain a contract

The Company does not capitalise costs to obtain a contract because majorly the contracts have terms that do not extend beyond one year. The Company does not have a significant amount of capitalized costs related to fulfilment.

## i) Inventories

- i) Inventories of finished goods manufactured by the company are valued style-wise and at lower of cost and estimated net realizable value. Cost includes material cost on weighted average basis and appropriate share of overheads incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity..
- ii) Inventories of finished goods (traded) are valued at lower of procurement cost (FIFO method) or estimated net realizable value.
- iii) Inventories of raw material, work in progress, accessories & consumables are valued at cost (weighted average method) or at estimated net realizable value whichever is lower. WIP cost includes appropriate portion of allocable overheads. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.
- iv) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on a item by item basis. Obsolete or slow moving inventories are identified from time to time and a provision is made for such inventories as appropriate on periodic basis.

## j) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract

# Notes

to standalone financial statements for the year ended March 31, 2020

conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## Company as a lessee

The Company's lease asset classes primarily comprise of lease for land and building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets as below:

### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets (i.e. 30 and 60 years) If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

### ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in other current and non-current financial liabilities.

### (iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. "Lease liability" and "Right of Use" asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## Company as a lessor

Leases for which the Company is a lessor is classified as finance or operating lease. Leases in which the Company

## Notes

to standalone financial statements for the year ended March 31, 2020

does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### k) **Employee's benefits**

**Short term employee benefits:** All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in statement of profit and loss in the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid after deducting any amount already paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. If the amount already paid exceeds the undiscounted amount of the benefits, the Company recognises that excess as an asset / prepaid expense to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

#### **Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts.

Retirement benefits in the form of Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund Scheme are defined contribution plans. The contributions paid/payable to government administered respective funds are recognised as an expense in the Statement of Profit and loss during the period in which the employee renders the related service.

#### **Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

The obligations are measured at the present value of the estimated future cash flows.

The discount rate is generally based upon the market yields available on Government bonds at the reporting date with a term that matches that of the liabilities.

Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest and if applicable), is reflected immediately in Other Comprehensive Income in the statement of profit and loss. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Re-measurements recognised in Other Comprehensive Income will not be reclassified to statement of profit and loss hence it is treated as part of retained earnings in the statement of changes in equity. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

#### **Other long term employee benefits**

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of

# Notes

to standalone financial statements for the year ended March 31, 2020

independent actuarial valuation using the projected unit credit method.

## l) **Provisions**

### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The unwinding of discount is recognised in the statement of profit and loss as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

## m) **Financial instruments**

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

### (i) **Financial assets**

#### **Initial recognition and measurement**

A financial asset is initially recognised at fair value. In case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

#### **Subsequent measurement**

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

- Financial Asset carried at amortised cost
- Financial Asset at fair value through other comprehensive income (FVTOCI)

- Financial Asset at fair value through profit and loss (FVTPL)

### **Financial asset carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **Financial asset at fair value through other comprehensive income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **Financial asset at fair value through profit and loss (FVTPL)**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

### **De-recognition**

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

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

### (ii) **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition,

## Notes

to standalone financial statements for the year ended March 31, 2020

as financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings, trade and other payables, security deposits received etc.

### Subsequent measurement

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

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit and loss (FVTPL)

A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such as initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Statement of Profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the Statement of Profit and loss.

### De-recognition

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

### (iii) Offsetting of financial instruments

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

### (iv) Derivative financial instruments

Till March 31, 2019, the Company used derivative

financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments were initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

### (v) Hedge Accounting

With effect from April 2019, the Company adopted Hedge Accounting.

The derivatives that are designated as hedging instrument under Ind AS 109 to mitigate risk arising out of foreign currency transactions are accounted for as cash flow hedges. The Company enters into hedging instruments in accordance with policies as approved by the Board of Directors with written principles which is consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments is assessed and measured at inception and on an ongoing basis.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI, e.g., cash flow hedging reserve and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of profit and loss. The amount accumulated is retained in cash flow hedge reserve and reclassified to profit or loss in the same period or periods during which the hedged item affects the statement of profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument is terminated or exercised prior to its maturity/ contractual term, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss

## Notes

to standalone financial statements for the year ended March 31, 2020

previously recognized in the cash flow hedging reserve is reclassified to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified immediately in the statement of profit and loss.

### n) **Impairment of financial assets**

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit loss is the weighted average of the difference between all contractual cash flows that are due to the Company in accordance with the contracts and all the cash flows that the Company expects to receive, discounted at original effective interest rate with the respective risk of defaults occurring as the weights.

### o) **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

An impairment loss is recognized, if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount and is recognised in statement of profit and loss.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment

loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### p) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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



# Notes

to standalone financial statements for the year ended March 31, 2020

## q) Taxes

### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **Deferred tax**

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity/other comprehensive income is recognized in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

### **Minimum Alternate Tax**

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

In accordance with Ind AS 12 Company is grouping MAT credit entitlement with Deferred Tax Assets/Liabilities (Net).

## r) Investment in subsidiaries

Investment in subsidiaries

There is an option to measure investments in subsidiaries at cost in accordance with Ind AS 27 at either:

- (a) Fair value on date of transition; or
- (b) Previous GAAP carrying values

The Company had decided to use the previous GAAP carrying values to value its investments in its subsidiaries as on the date of transition, April 01, 2016.

## s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash balance on hand, cash

# Notes

to standalone financial statements for the year ended March 31, 2020

balance at banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**t) Earnings per share (EPS)**

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary items.

Basic EPS amounts are calculated by dividing the profit for the year attributable to the shareholders of the Company by the weighted average number of equity shares outstanding as at the end of reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increase the earnings.

**u) Government grants**

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities

as deferred income and are credited to Profit and Loss on a straight - line basis over the expected lives of related assets and presented within other income.

**v) Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**w) Research & development costs**

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

**x) Exceptional items**

When items of income and expense within statement of profit and loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 4 : PROPERTY, PLANT AND EQUIPMENT</b>	<b>Land-freehold</b>	<b>Land-leasehold</b>	<b>Buildings</b>	<b>Leasehold improvements</b>	<b>Plant and Equipment</b>	<b>Furniture and Fixtures</b>	<b>Vehicles</b>	<b>Total</b>
<b>Gross carrying amount</b>								
<b>(At Deemed cost)</b>								
<b>As at April 01, 2018</b>	1,647.34	47.74	3,872.82	440.58	7,015.29	703.12	836.57	14,563.46
Add: Additions made during the year	41.43	-	37.62	7.99	1,550.57	101.96	168.52	1,908.09
Less: Disposals/adjustments during the year	76.47	-	-	-	108.56	2.95	20.04	208.02
<b>As at March 31, 2019</b>	<b>1,612.30</b>	<b>47.74</b>	<b>3,910.44</b>	<b>448.57</b>	<b>8,457.30</b>	<b>802.13</b>	<b>985.05</b>	<b>16,263.53</b>
Add: Additions made during the year	221.95	-	19.61	109.41	587.01	224.53	262.39	1,424.90
Less: Disposals/adjustments during the year	4.53	-	-	-	82.67	-	159.38	246.58
<b>As at March 31, 2020</b>	<b>1,829.72</b>	<b>47.74</b>	<b>3,930.05</b>	<b>557.98</b>	<b>8,961.64</b>	<b>1,026.66</b>	<b>1,088.06</b>	<b>17,441.85</b>
<b>Accumulated depreciation/amortization</b>								
<b>As at April 01, 2018</b>	-	0.68	252.24	53.26	1,305.73	180.04	211.58	2,003.53
Add: Depreciation/amortization for the year	-	0.34	151.64	62.02	731.46	89.58	120.73	1,155.77
Less: Disposals/adjustments during the year	-	-	-	-	31.00	0.77	10.90	42.67
<b>As at March 31, 2019</b>	<b>-</b>	<b>1.02</b>	<b>403.88</b>	<b>115.28</b>	<b>2,006.19</b>	<b>268.85</b>	<b>321.41</b>	<b>3,116.63</b>
Add: Depreciation charge for the year	-	0.34	155.11	75.07	816.93	100.10	129.96	1,277.51
Less: Disposals/adjustments during the year	-	-	-	-	54.45	-	71.21	125.66
<b>As at March 31, 2020</b>	<b>-</b>	<b>1.36</b>	<b>558.99</b>	<b>190.35</b>	<b>2,768.67</b>	<b>368.95</b>	<b>380.16</b>	<b>4,268.48</b>
<b>Net carrying amount</b>								
<b>As at March 31, 2020</b>	1,829.72	46.38	3,371.06	367.63	6,192.97	657.71	707.90	13,173.38
<b>As at March 31, 2019</b>	1,612.30	46.71	3,506.57	333.29	6,451.10	533.28	663.64	13,146.90

- a) The above assets includes Gross block of land of ₹ 78.55 lakh (March 31, 2019: ₹ 83.08 lakh) situated at Narshingpur, Tehsil District Gurgaon(Haryana). Out of this Gross block of land of ₹ 42.50 lakh (March 31, 2019: ₹ 47.03 lakh) represents the amount for which the company has executed a construction project agreement with DLF Retail Developers Limited on November 30, 2007. However, as certified by the Management, the work has not started during the financial year 2019-20 due to pending receipt of license from the concerned authority.
- b) For Information on Property, plant and equipment pledged as security by the company refer Note 21
- c) The above property, plant and equipment includes assets given on lease given in the below table:

	<b>Land-freehold</b>	<b>Land-leasehold</b>	<b>Buildings</b>	<b>Leasehold improvements</b>	<b>Plant and Equipment</b>	<b>Furniture and Fixtures</b>	<b>Vehicles</b>	<b>Total</b>
<b>As at March 31, 2020</b>								
Gross carrying amount	-	-	-	-	27.77	21.22	-	48.99
Accumulated depreciation	-	-	-	-	16.59	12.21	-	28.80
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.18</b>	<b>9.01</b>	<b>-</b>	<b>20.19</b>
<b>As at March 31, 2019</b>								
Gross carrying amount	-	-	-	-	27.77	21.22	-	48.99
Accumulated depreciation	-	-	-	-	13.59	9.16	-	22.75
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.18</b>	<b>12.06</b>	<b>-</b>	<b>26.24</b>

# Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 5 : CAPITAL WORK IN PROGRESS

	As At March 31, 2020	As At March 31, 2019
Capital work in progress	232.50	159.72
	<u>232.50</u>	<u>159.72</u>

(Amount in ₹ Lakh, unless otherwise stated)

a) Breakup of capital work in progress is as follows:

	As At March 31, 2020	As At March 31, 2019
Building	176.05	109.02
Plant and machinery	-	8.60
Furniture and fittings	-	28.05
Other expenses	56.45	14.05
	<u>232.50</u>	<u>159.72</u>

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 6 : INVESTMENT PROPERTIES

	Land freehold	Land leasehold	Building	Total
<b>Gross carrying amount (At Deemed cost)</b>				
<b>As at April 01, 2018</b>	3,085.51	10.36	4,580.71	<b>7,676.58</b>
Add: Additions made during the year	1.29	-	-	<b>1.29</b>
Less: Disposals/adjustments during the year	-	-	-	-
<b>As at March 31, 2019</b>	<b>3,086.80</b>	<b>10.36</b>	<b>4,580.71</b>	<b>7,677.87</b>
Add: Additions made during the year	49.12	-	-	<b>49.12</b>
Less: Disposals/adjustments during the year	-	-	-	-
<b>As at March 31, 2020</b>	<b>3,135.92</b>	<b>10.36</b>	<b>4,580.71</b>	<b>7,726.99</b>
<b>Accumulated depreciation and amortisation</b>				
<b>As at April 01, 2018</b>	-	-	162.22	<b>162.22</b>
Add: Depreciation & amortisation charge for the year	-	-	85.76	<b>85.76</b>
Less: Disposals/adjustments during the year	-	-	-	-
<b>As at March 31, 2019</b>	-	-	<b>247.98</b>	<b>247.98</b>
Add: Depreciation & amortisation charge for the year	-	-	85.75	<b>85.75</b>
Less: Disposals/adjustments during the year	-	-	-	-
<b>As at March 31, 2020</b>	-	-	<b>333.73</b>	<b>333.73</b>
<b>Net carrying amount</b>				
<b>As at March 31, 2020</b>	3,135.92	10.36	4,246.99	<b>7,393.26</b>
<b>As at March 31, 2019</b>	3,086.80	10.36	4,332.74	<b>7,429.89</b>

## Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(a) Amounts recognized in Statement of Profit and Loss for investment properties</b>		
Rental Income	980.53	814.53
Direct operating expenses of property that generated rental income	65.88	53.62
Direct operating expenses of property that did not generated rental income	14.23	77.46
<b>Income arising from Investment properties before charging depreciation</b>	<b>900.42</b>	<b>683.45</b>
Depreciation & amortisation	85.75	85.76
<b>Income from Investment properties (net)</b>	<b>814.67</b>	<b>597.69</b>
<b>(b) Fair value of investment properties</b>	<b>10,793.94</b>	<b>11,378.15</b>

### Estimation of fair value

The fair valuation is based on current prices in the active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent. This valuation is based on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method. The fair value measurement is categorised in level 2 fair value hierarchy.

- (c) In the earlier years, the Company had initiated the process of converting its leasehold land (situated at Plot A-3, Naraina, New Delhi) into freehold land. However, the deed is yet to be transferred in the name of the Company as at March 31, 2020.

(Amount in ₹ Lakh, unless otherwise stated)

NOTE 7 : OTHER INTANGIBLE ASSETS	Computer Software	Total
<b>At Deemed cost</b>		
<b>Gross carrying amount</b>		
<b>As at April 01, 2018</b>	219.89	219.89
Add: Additions during the year	27.65	27.65
Less: Disposals / adjustments during the year	-	-
<b>As at March 31, 2019</b>	<b>247.54</b>	<b>247.54</b>
Add: Additions during the year	17.57	17.57
Less: Disposals / adjustments during the year	-	-
<b>As at March 31, 2020</b>	<b>265.11</b>	<b>265.11</b>
<b>Accumulated amortisation</b>		
<b>As at April 01, 2018</b>	85.06	85.06
Add: Amortisation charge for the year	47.54	47.54
Less: On disposals/adjustments during the year	-	-
<b>As at March 31, 2019</b>	<b>132.60</b>	<b>132.60</b>
Add: Amortisation charge for the year	47.75	47.75
Less: On disposals / adjustments during the year	-	-
<b>As at March 31, 2020</b>	<b>180.35</b>	<b>180.35</b>
<b>Net carrying amount</b>		
<b>As at March 31, 2020</b>	<b>84.76</b>	<b>84.76</b>
<b>As at March 31, 2019</b>	<b>114.94</b>	<b>114.94</b>

# Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 8 : INVESTMENT IN SUBSIDIARIES

	As At March 31, 2020	As At March 31, 2019
<b>Non- Current</b>		
<b>Investments in equity shares of Subsidiaries - (unquoted) (At Cost)</b>		
Pearl Global Far East Limited, Hong Kong 535,000 (March 31, 2019: 5,35,000) Equity Shares of USD 1 Each fully paid up	2,797.29	2,797.29
Pearl Apparel Fashions Limited, India 27,639,145 (March 31, 2019: 27,639,145) Equity Shares of ₹ 10 each fully paid up	1,648.35	1,648.35
Less: Provision for diminution in value of Investments	<u>(1,644.44)</u>	<u>(1,617.20)</u>
Pearl Global (HK) Limited, Hong Kong 1,610,000 (March 31, 2019: 16,10,000) Equity Shares of USD 1 each fully paid up	6,152.32	6,173.19
Pearl Global Kausal Vikas Limited 50,000 (March 31, 2019: 50,000) Equity Shares of ₹ 10 each fully paid up	5.00	5.00
Norp Knit Industries Limited, Bangladesh 3,381,211 (March 31, 2019: 3,381,211) Equity Shares of Taka 100 Each fully paid up	2,468.53	2,419.51
SBUYS E-Commerce Limited 10,000 (March 31, 2019: Nil) Equity Shares of ₹ 10 Each fully paid up	1.00	-
<b>Investment in Preference Share of Subsidiary - (Unquoted) (At Amortised Cost)</b>		
Pearl Apparel Fashions Limited, India 3,000,000 (March 31, 2019: 3,000,000) Preference Shares of ₹ 10 each fully paid up	300.00	300.00
	<b><u>11,728.05</u></b>	<b><u>11,726.14</u></b>
a) Aggregate value of unquoted investments	13,372.49	13,343.34
b) Aggregate amount of impairment in value of unquoted investments	1,644.44	1,617.20
c) Aggregate value of unquoted investments (net of impairment)	11,728.05	11,726.14

## Notes

to standalone financial statements for the year ended March 31, 2020

(b) Information about subsidiaries

(Amount in ₹ Lakh, unless otherwise stated)

Name of Company	Country of incorporation	Principal activities	Porportion (%) of equity interest	
			As At March 31, 2020	As At March 31, 2019
<b>Subsidiaries</b>				
Pearl Apparel Fashions Limited	India	Trading of garments	100.00	100.00
Pearl Global Kaushal Vikas Limited (Formally known as Pixel Industries Limited)	India	Skill Development	100.00	100.00
Pearl Global Far East Limited	Hong Kong	Trading of garments	100.00	100.00
Pearl Global (HK) Limited	Hong Kong	Manufacturing and trading of garments	100.00	100.00
Norp Knit Industries Limited	Bangladesh	Manufacturing and trading of garments	99.99	99.99
SBUYS E-Commerce Limited	India	Online Trading of garments	100.00	-

c) Investment in equity shares of subsidiary includes Income from Corporate Guarantee for the following Companies:-

(Amount in ₹ Lakh, unless otherwise stated)

Name of the Company	As At	As At
	March 31, 2020	March 31, 2019
Pearl Global (HK) Limited, Hong Kong	220.12	240.98
Norp Knit Industries Limited, Bangladesh	266.89	217.87
<b>Total</b>	<b>487.01</b>	<b>458.85</b>

d) As at March 31, 2019, the net worth of the Pearl Apparel Fashions Limited, a subsidiary Company is substantially eroded. Management decision to cease its existing business and erosion of its net worth indicates a possible impairment in the carrying value of investment, Accordingly, the management with the help of a valuation specialist, has carried out an impairment assessment and estimated a provision of ₹ 1,617.20 lakh as a diminution in the carrying value of its investment. The management has estimated the recoverable amount of its investment in the subsidiary by adjusted net asset method using the pre-tax discount rate. Further, during the year ended March 31, 2020, the Management of the aforesaid subsidiary Company, by resolution dated March 20, 2020 has decided to apply for voluntary liquidation. In effect of above resolution, the Company further impaired its investments in such subsidiary by ₹ 27.24 lakh and recognised the same at its recoverable amount. Hence the total impairment as at March 31, 2020 in the value of investment in the said subsidiary is ₹ 1,644.44 lakh.

# Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 9 : INVESTMENTS OTHERS

	As At March 31, 2020	As At March 31, 2019
<b>Non- Current</b>		
<b>A. Equity Instruments- Quoted</b>		
<b>(At Fair value through profit and loss)</b>		
PDS Multinational fashions Limited, India 50,000		
(March 31, 2019: 50,000) Equity Shares of ₹ 10 each fully paid up	141.00	133.50
	<u>141.00</u>	<u>133.50</u>
<b>B. Investments in Government securities -Unquoted</b>		
<b>(At Amortised cost)</b>		
Investments in Government securities		
- Gold Sovereign Bond- 37 units of 2 gram each issued by Reserve Bank of India	1.63	1.63
	<u>1.63</u>	<u>1.63</u>
<b>Total (A + B)</b>	<u><u>142.63</u></u>	<u><u>135.13</u></u>
<b>Current</b>		
<b>C. Investments in mutual funds - (Quoted)</b>		
<b>Investments carried at fair value through profit and loss</b>		
ICICI Prudential Short Term Fund DP Growth	237.83	-
536,068.057 units of Face Value of ₹ 10 per unit (March 31, 2019: Nil units)		
L&T Banking and PSU debt fund direct plan - growth	227.10	-
1,223,214.3850 units of Face Value of ₹ 10 per unit (March 31, 2019: Nil units)		
IDFC Banking and PSU debt fund direct plan - growth	227.75	-
1,267,806.9250 units of Face Value of ₹ 10 per unit (March 31, 2019: Nil units)	<u>692.68</u>	<u>-</u>
a) Aggregate book value of quoted investments	833.68	133.50
Aggregate market value of quoted investments	833.68	133.50
Aggregate value of unquoted investments	1.63	1.63
Aggregate amount of impairment in value of unquoted investments	-	-
Aggregate value of unquoted investments (net of impairment)	1.63	1.63

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE10 : LOANS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Unsecured, considered good unless otherwise stated)				
Loans to employees	7.63	18.10	25.78	49.63
Loans to related parties (Refer Note No. 47)	497.57	456.52	300.00	300.00
	<u>505.20</u>	<u>474.62</u>	<u>325.78</u>	<u>349.63</u>

a) The Company has no loans which have significant increase in credit risk and loans which are credit impaired. (Refer Note No. 44)



## Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 11 : OTHER FINANCIAL ASSETS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Unsecured, considered good unless otherwise stated)				
Security deposits (Refer 'a' below)	750.21	744.64	50.57	55.86
Interest accrued but not due on				
- Term deposits and others	0.16	-	29.89	45.66
- Loan to related parties	140.75	99.42	6.71	6.66
Deposits with original maturity of more than 12 months (Refer note 18)	45.54	-	-	761.26
Mark to market forward contracts			-	462.80
Other receivable			-	234.35
	<u>936.66</u>	<u>844.06</u>	<u>87.17</u>	<u>1,566.59</u>

a) Security deposits are not in the nature of loans hence classified as part of other financial assets.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 12 : INCOME TAX

	As At March 31, 2020	As At March 31, 2019
The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:		
<b>Statement of profit and loss:</b>		
<b>Profit or loss section</b>		
<b>Tax Expense:</b>		
a) Current tax	421.00	825.78
b) Adjustments in respect of relating to earlier years	26.79	193.01
c) Deferred tax	141.83	16.66
<b>Income tax expense reported in the statement of profit or loss</b>	<u>589.62</u>	<u>1,035.45</u>

#### OCI section

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

	As At March 31, 2020	As At March 31, 2019
Net loss/(gain) on remeasurements of defined benefit plans	(47.23)	(70.83)
Income tax on items that will be reclassified subsequently to statement of profit and loss	346.57	-
<b>Income tax charged to OCI</b>	<u>299.34</u>	<u>(70.83)</u>

# Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## Other Equity Section

### Deferred tax related to items recognised in Retained Earnings:

	As At March 31, 2020	As At March 31, 2019
Implementation of Ind AS 116: Leases	102.38	-
<b>Net amount charged to Other Equity</b>	<b>102.38</b>	<b>-</b>

### a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019.

(Amount in ₹ Lakh, unless otherwise stated)

	As At March 31, 2020	As At March 31, 2019
Accounting profit before tax from continuing operations	1,090.51	3,185.65
<b>Accounting profit before income tax</b>		
At India's statutory income tax rate of 34.944% (March 31, 2019: 34.944%)	381.07	1,113.19
Adjustments in respect of current income tax of previous years	26.79	193.01
<b>Tax effect of the amounts which are Non-deductible/(taxable) for tax purposes:</b>		
Expenses not deducted for tax purposes	223.61	576.44
Income exempted from income tax	(137.34)	(676.97)
Impact of tax at different tax rate and Others	95.50	(170.21)
At the income tax rate of 34.944% (March 31, 2019: 34.944 %)	589.63	1,035.46
Income tax expense reported in the statement of profit and loss	589.62	1,035.45

### b) Deferred tax:

(Amount in ₹ Lakh, unless otherwise stated)

	<b>Balance sheet</b>	
	As At March 31, 2020	As At March 31, 2019
<b>Deferred tax assets relates to the following:</b>		
Provision for employee benefits	442.25	386.77
Expenses allowed in the year of payment	197.89	134.25
Unabsorbed Losses	17.07	543.17
Lease Liabilities	1,065.71	-
Mark to Mark Forward Contracts - Cash Flow Hedge	346.57	
Others	167.20	100.50
	<b>2,236.69</b>	<b>1,164.69</b>

(A)

## Notes

to standalone financial statements for the year ended March 31, 2020

### b) Deferred tax: (Contd.)

(Amount in ₹ Lakh, unless otherwise stated)

		<b>Balance sheet</b>	
		<b>As At</b>	<b>As At</b>
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Deferred tax liability relates to the following:</b>			
Property, plant and equipment		1,434.36	1,425.22
Right to use assets		913.56	-
Fair valuation of mutual fund		7.93	-
Borrowing (EIR)		8.46	9.23
Others		197.55	315.29
	(B)	<b>2,561.86</b>	<b>1,749.74</b>
MAT Credit Entitlement	(C)	76.85	244.59
<b>Total deferred tax assets/(liabilities) (Net)</b>	<b>(A-B+C)</b>	<b>(248.31)</b>	<b>(340.46)</b>

### Deferred tax expense/income:

(Amount in ₹ Lakh, unless otherwise stated)

		<b>Statement of profit and loss</b>	
		<b>As At</b>	<b>As At</b>
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Deferred tax assets relates to the following :</b>			
Provision for employee benefits		55.48	(12.33)
Expenses allowed in the year of payment		63.64	129.18
Unabsorbed losses		(526.10)	(56.29)
Lease Liabilities		1,065.71	-
Mark to Mark Forward Contracts - Cash Flow Hedge		346.57	-
Others		66.70	(30.84)
		<b>1,072.00</b>	<b>29.72</b>
<b>Deferred tax liability relates to the following :</b>			
Property, plant and equipment		9.14	52.96
Right to use assets		913.56	-
Fair valuation of mutual fund		7.93	(33.84)
Borrowing (EIR)		(0.77)	(2.57)
MAT Credit Entitlement		-	(103.08)
Others		(117.74)	203.75
		<b>812.12</b>	<b>117.22</b>
<b>Net deferred tax charge</b>		<b>(259.89)</b>	<b>87.50</b>

The above net deferred tax change is represented by amounts:

Recognised in statement of profit and loss	141.83	16.67
Recognised in other comprehensive income	(299.35)	70.83
Recognised in Retained Earning - Implementation of Ind AS 116: Leases	(102.38)	-

- c) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- d) MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

# Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 13 : NON CURRENT TAX ASSET

	As At March 31, 2020	As At March 31, 2019
Advance income tax	469.39	303.15
(Net of provision of ₹ 1,288.03 Lakh (March 31, 2019 : ₹ 1,032.42 Lakh))		
	<u>469.39</u>	<u>303.15</u>

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 14 : OTHER ASSETS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Unsecured, considered good, unless otherwise stated)				
Capital advances (Refer Note No. 46b)	95.46	56.66	-	-
Balance with government authorities	91.80	128.86	1,736.80	1,593.71
Balance with government authorities - considered doubtful	22.74	22.74	-	-
Less: Loss Allowance	(22.74)	(22.74)	-	-
Deferred Assets - Security Deposit	299.10	172.09	43.80	18.21
Prepaid expenses	13.04	28.19	338.02	140.16
Export incentive receivable	-	-	2,062.72	1,817.61
Advances to related parties (Refer note no. 47)	-	-	92.93	95.64
Advances to suppliers	-	-	692.35	180.52
Other receivables	-	-	22.49	66.93
	<u>499.40</u>	<u>385.80</u>	<u>4,989.11</u>	<u>3,912.78</u>

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 15 : INVENTORIES

	As At March 31, 2020	As At March 31, 2019
Raw materials	6,485.70	5,831.14
Good in transit- raw material	54.45	16.81
Work in progress	7,086.13	6,234.86
Finished goods	1,072.32	1,283.14
Scrap Stock	33.21	111.08
Stores spares & others	60.73	36.01
	<u>14,792.54</u>	<u>13,513.04</u>

## Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 16 : TRADE RECEIVABLES

	As At March 31, 2020	As At March 31, 2019
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	9,740.45	11,134.77
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	377.32	374.33
Less: Allowance for Expected Credit Loss	(377.32)	(374.33)
	<b>9,740.45</b>	<b>11,134.77</b>
<b>a) The movement in loss allowance is as follows:</b>		
<b>Balance as at beginning of the year</b>	<b>374.33</b>	<b>5.15</b>
Loss allowances during the year	2.99	369.18
Trade receivables written off / written back during the year	-	-
<b>Balance as at the end of the year</b>	<b>377.32</b>	<b>374.33</b>

b) Trade receivables are generally on terms of 45- 60 days.

c) The company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 44.

d) Due from related parties is ₹ 2,125.58 lakh (March 31, 2019: ₹ 2,673.53 lakh) (Refer note no. 47).

e) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other persons.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 17 : CASH AND CASH EQUIVALENTS

	As At March 31, 2020	As At March 31, 2019
Balances with banks:		
- Current account	1,806.62	1,937.13
- Deposits with original maturity of less than 3 months	104.23	50.00
Cash on hand	13.54	7.95
Cheque/drafts on hand	135.38	239.56
	<b>2,059.77</b>	<b>2,234.64</b>

a) For the purpose of the statement of cash flow, the cash and cash equivalent are same given above.

# Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 18 : OTHER BANK BALANCE

	As At March 31, 2020	As At March 31, 2019
Earmarked balances with banks		
Unpaid dividend account	31.85	26.83
Deposits with original maturity of more than 3 months but less than 12 months	899.76	1,427.18
Deposits with original maturity of more than 12 months	45.54	761.26
Balance with bank (Considered doubtful)	0.03	0.03
Less: Loss Allowance	(0.03)	(0.03)
	<u>977.15</u>	<u>2,215.28</u>
Less: Amount disclosed under "Other Financial Assets" (Refer Note No.11)	<u>45.54</u>	<u>761.26</u>
	<u><u>931.61</u></u>	<u><u>1,454.01</u></u>

- a) Out of the total Fixed Deposits, the deposit with carrying value of ₹134.03 lakh (March 31, 2019 ₹ 1,853.28 lakh) are pledged as security with various banks.

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 19 : SHARE CAPITAL

	As At March 31, 2020	As At March 31, 2019
<b>Authorised</b>		
51,440,000* (March 31, 2019: 51,440,000) equity shares of ₹ 10 each	5,144.00	5,144.00
10,000* (March 31, 2019: 10,000) 4% Non Cumulative Redeemable Preference Shares of ₹ 10 each	1.00	1.00
3,256,000* (March 31, 2019: 3,256,000) 10.5% Non Cumulative Redeemable Preference Shares of ₹ 100 each	3,256.00	3,256.00
	<u>8,401.00</u>	<u>8,401.00</u>
<b>Issued, subscribed and paid up</b>		
21,663,937* (March 31, 2019: 21,663,937) Equity Shares of ₹ 10 each fully paid up	2,166.39	2,166.39
	<u>2,166.39</u>	<u>2,166.39</u>

\* Number of Shares are given in absolute numbers.

### a) Reconciliation of issued and subscribed share capital:

#### Equity Share of ₹ 10 each

	No. of shares (in 'Lakh')	Amount
<b>Balance as at April 1, 2018</b>	216.639	2,166.39
Changes during the year	-	-
<b>Balance as at March 31, 2019</b>	<u>216.639</u>	<u>2,166.39</u>
Changes during the year	-	-
<b>Balance as at March 31, 2020</b>	<u>216.639</u>	<u>2,166.39</u>

## Notes

to standalone financial statements for the year ended March 31, 2020

### b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. For the year ended March 31, 2020, the Board of Directors has not proposed any dividend for distribution to shareholders. For the year ended March 31, 2019, the amount of per share dividend proposed as distribution to equity shareholders was ₹ 3.00 per share.

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

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Holding %	No. of shares	Holding %
Mrs. Payel Seth	4,413,635	20.37	4,413,635	20.37
Mr. Deepak Seth	2,862,145	13.21	2,862,145	13.21
Mr. Pulkit Seth	6,947,621	32.07	6,947,621	32.07
Mr. Sanjiv Dhiresbhai Shah	1,553,274	7.17	-	-
<b>Total</b>	<b>15,776,675</b>	<b>72.82</b>	<b>14,223,401</b>	<b>65.65</b>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 20 : OTHER EQUITY

	As At March 31, 2020	As At March 31, 2019
General reserve	4,204.36	4,204.36
Securities premium	17,103.90	17,103.90
Capital redemption reserve	95.00	95.00
Amalgamation reserve	625.95	625.95
Retained earnings	7,037.53	7,422.88
Other Comprehensive Income - Cash Flow Hedge Reserve (net of tax)	(645.22)	-
	<b>28,421.53</b>	<b>29,452.08</b>

I. For Movement during the period in Other Equity, refer "Statement of Changes in Equity".

### II. Nature and purpose of reserves

#### a) General reserve

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

#### b) Securities Premium

The amount received in excess of face value of the equity shares is recognised in securities premium. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

#### c) Capital Redemption Reserve

This Reserve has been created at the time of merger of other companies in earlier years in accordance with the provisions of the Companies Act, 2013.

# Notes

to standalone financial statements for the year ended March 31, 2020

## d) Amalgamation Reserve

This Reserve has been created at the time of amalgamation of other companies in earlier years in accordance with the provisions of the Companies Act, 2013.

## e) Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Out of the above, reserve on account of revaluation of assets of ₹ 398.64 lakh (March 31, 2019 396.76 lakh) is not available for distribution.

## f) Cash Flow Hedge Reserve

This reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. This reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 21 : LONG TERM BORROWINGS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
From banks (secured)				
- Corporate loan [refer note a(i), a(ii) & a(iii) below]	5,178.62	3,029.72	1,451.25	766.84
- Vehicle loans [refer note a(iv) below]	93.22	48.93	91.00	81.29
From financials institutional (secured)				
- Vehicle loans [refer note a(iv) below]	112.39	106.50	38.85	38.91
	<b>5,384.23</b>	<b>3,185.15</b>	<b>1,581.10</b>	<b>887.04</b>
Less: Amount disclosed under other financial liabilities as 'Current maturities of long-term borrowings' (refer note 22)	-	-	1,581.10	887.04
	<b>5,384.23</b>	<b>3,185.15</b>	<b>-</b>	<b>-</b>

#### a) The nature of security for secured loans are :

- (i) Corporate Term Loan (Kotak Bank) is secured by charge first and exclusive charge over fixed assets and plant and machinery.
- (ii) Corporate Term Loan (Andhra Bank) is secured by first and exclusive charge on the entire fixed assets including machineries, land and building at Chennai and Bangalore Plant of the Company. In addition, Equitable Mortgage of Land & Building located at Survey No- 262A in Aryapakkam Village at Kancheepuram measuring 4.8053 acre in Company's name.
- (iii) Corporate Term Loan (HDFC Bank) is secured by exclusive charge over movable fixed assets of the Company, both present and future. The loan is also secured by personal guarantee of one of the Promoter Director of the Company and exclusive charge by way of equitable mortgage on Industrial Plot no.446, Udyog Vihar, Phase- V, Gurugram, Haryana.
- (iv) Corporate Term Loan (IndusInd Bank) is secured by exclusive charge over movable fixed assets of the Company, both present and future. The loan is secured by exclusive charge by way of equitable mortgage on Industrial Plot no.51, Sector-32, Gurugram, Haryana.
- (v) Corporate Term Loan (RBL Bank) is secured by exclusive charge over movable fixed assets of the Company, both present and future. The loan is secured by exclusive charge by way of equitable mortgage on Industrial Plot no.751, Pace City, Sector-37, Gurugram, Haryana.
- (vi) Vehicle loans are secured against hypothecation of respective vehicles.



## Notes

to standalone financial statements for the year ended March 31, 2020

### b) Maturity profile- secured loans

Maturity profile of secured term loans is as set out below :	2020-21	2021-22	2022-23	Beyond 2023-24
Term loan from banks are repayable in monthly/quarterly/yearly installments	1,451.25	1,424.16	1,577.20	2,177.25
Vehicle loans from banks and financial institutions are repayable in monthly installments	129.85	64.75	77.35	63.51

c) The term loan(s) carries rate of interest ranging between 9.75% to 12.00% per annum.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 21A : SHORT TERM BORROWINGS

	As At March 31, 2020	As At March 31, 2019
Working capital loan from banks(secured)		
- Rupee loan [refer note (a) below]	15,251.01	16,182.41
	<b>15,251.01</b>	<b>16,182.41</b>

a) The nature of Security for short term borrowings are as under:

- First pari-passu charge on movable fixed assets and whole of current assets including stocks of raw material, semi finished goods, finished goods, book debts, consumable stores and spares.
- Mortgage of the properties situated at Plot No. H -597-603, RICCO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan and Plot No 16-17, Phase VI, Udyog Vihar,Gurgoan (Haryana).
- Fixed Deposit of ₹ 58 lakhs (March 31, 2019: ₹ 58 lakhs)
- Personal Guarantee by the promoter director of the Company

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 22 : OTHER FINANCIAL LIABILITIES

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Security deposit	246.97	222.00	-	-
Book overdraft	-	-	26.87	150.48
Current maturities of long-term borrowings (refer no. 21)	-	-	1,581.10	887.04
Interest accrued but not due on borrowings	-	-	37.48	24.67
Unpaid dividends	-	-	31.85	26.83
Financial Liabilites at Fair Value through OCI-Cash Flow Hedge	-	-	991.80	-
Creditors for capital goods	-	-	30.21	849.25
Others	-	-	48.19	-
	<b>246.97</b>	<b>222.00</b>	<b>2,747.50</b>	<b>1,938.27</b>

#### Notes:

- a) The company's exposure to currency and liquidity risk related to trade payables is disclosed in note 44.
- b) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.
- c) Refer Note No. 21 for the terms and conditions, nature of security and maturity profile of the current maturities of long-term borrowings (forming part of long term borrowings of the Company).

# Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 23 : PROVISIONS

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Provision for employee benefits</b>				
Provision for compensated absences (Refer note 39)	324.96	292.34	23.96	17.59
Provision for gratuity (Refer note 39)	556.18	417.74	33.39	52.45
	<b>881.14</b>	<b>710.08</b>	<b>57.35</b>	<b>70.04</b>

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 24 : OTHER LIABILITIES

	Non - Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Advance received against sale of land	2,963.62	3,010.49	-	-
Deferred government grant	8.58	9.58	145.61	145.61
Deferred rental income	25.71	56.89	31.91	32.56
Statutory dues	-	-	590.78	659.72
Others	-	-	46.88	-
	<b>2,997.91</b>	<b>3,076.96</b>	<b>815.18</b>	<b>837.89</b>

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 25 : TRADE PAYABLE

	As At March 31, 2020	As At March 31, 2019
Total Outstanding dues of Micro and Small enterprises	331.05	63.70
Total Outstanding dues of Creditors other than Micro and Small enterprises	8,800.36	10,450.22
	<b>9,131.41</b>	<b>10,513.92</b>

- Trade payable are generally on a credit period of not more than 90 days except in case of Micro & Small Enterprises which are settled within 45 days.
- This amount includes amount due to related parties amounting to ₹ 1,038.81 lakh (March 31, 2019: ₹ 2,736.01 lakh) (Refer Note No. 47)
- As per Schedule III of the Companies Act, 2013 and notification number GSR 719 (E) dated November 16, 2007 & as certified by the Management, the amount due to Micro & Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under :

### Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006

- The amount due thereon remaining unpaid to any supplier at the end of each accounting year
 

- Principal	331.05	63.70
- Interest	-	-
- The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.
 

	-	-
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- The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.
 

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## Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

	As At March 31, 2020	As At March 31, 2019
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-
d) 'Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date except disclosed above.		
e) The Company's exposure to market and liquidity risk related to trade payables are disclosed in Note no. 44.		

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 26 : CURRENT TAX LIABILITIES (NET)

	As At March 31, 2020	As At March 31, 2019
Provision for income tax (Net of advance tax Nil (March 31, 2019 ₹ 649.73 Lakh))	-	190.16
	<u>-</u>	<u>190.16</u>

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 27 : REVENUE FROM OPERATIONS

	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of product	76,327.18	79,045.96
Job receipts	129.54	66.57
Other operating revenues	6,076.61	4,913.19
<b>Revenue from operations</b>	<b><u>82,533.33</u></b>	<b><u>84,025.72</u></b>

#### a) Performance obligation

Revenue is recognised upon transfer of control of products.

During the year, the Company has not entered into long term contracts with Customers and accordingly disclosure of unsatisfied or remaining performance obligation (which is affected by several factors like changes in scope of Contracts, periodic revaluations, adjustment for revenue that has not been materialized, tax laws etc.) is not applicable to the Company.

b) **Disaggregation of revenue:** The table below presents disaggregated revenues from contracts with customers on the basis of geographical spread of the operations of the Company. The Company believes that this disaggregation best depicts how the nature, amount of revenues and cash flows are affected by market and other economic factors:

(Amount in ₹ Lakh, unless otherwise stated)

Revenue based on Geography	For the year ended March 31, 2020	For the year ended March 31, 2019
India	8,403.09	6,019.12
Outside India	74,130.24	78,006.61
<b>Revenue from operations</b>	<b><u>82,533.33</u></b>	<b><u>84,025.73</u></b>

# Notes

to standalone financial statements for the year ended March 31, 2020

c) <b>Reconciliation of revenue from operations with contracted price</b>	(Amount in ₹ Lakh, unless otherwise stated)	
	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Contracted Price	82,578.22	84,035.49
Less:		
Sales Returns	44.89	9.67
Rebate and Discounts	-	0.10
	<b>82,533.33</b>	<b>84,025.72</b>

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 28 : OTHER INCOME

	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Interest Income		
- On fixed deposits	169.53	149.14
- On loans and advances	80.09	62.79
- On amortisation of investment in preference shares	-	12.98
Other non-operating income:		
IT/ SAP income	98.11	92.02
Rental income	980.53	814.53
Foreign exchange fluctuation	1,847.44	989.52
Profit on sale of current investment - mutual fund	73.79	218.20
Fair value gain on investments measured at fair value through profit and loss (net)	29.42	-
Miscellaneous income	59.86	291.44
	<b>3,338.77</b>	<b>2,630.62</b>

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 29 : COST OF RAW MATERIAL CONSUMED

	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Raw Material</b>		
Balance at the beginning of the Year	5,831.14	5,193.32
Add:- Purchases during the year	29,197.60	26,707.81
	35,028.74	31,901.13
Less:- Balance at the end of the Year	6,485.70	5,831.15
<b>Total raw material consumption</b>	<b>28,543.04</b>	<b>26,069.98</b>

(Amount in ₹ Lakh, unless otherwise stated)

## NOTE 30 : PURCHASE OF STOCK IN TRADE

	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Purchases during the year	11,981.44	16,506.39
	<b>11,981.44</b>	<b>16,506.39</b>

## Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 31 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	6,234.86	3,178.48
Finished goods	1,283.14	3,296.54
Scrap Stock	111.08	286.66
<b>(A)</b>	<b>7,629.08</b>	<b>6,761.68</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	7,086.14	6,234.86
Finished goods	1,072.32	1,283.14
Scrap Stock	33.21	111.08
<b>(B)</b>	<b>8,191.67</b>	<b>7,629.08</b>
<b>(Increase) / decrease in inventory (A-B)</b>	<b>(562.59)</b>	<b>(867.40)</b>

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 32 : EMPLOYEE BENEFITS EXPENSE</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Salaries, wages & bonus	13,312.81	11,605.86
Contribution to provident and other fund	904.96	789.32
Gratuity expense (refer note 39)	286.05	307.19
Compensated absences (refer note 39)	221.61	279.91
Staff training & welfare expenses	291.87	208.36
	<b>15,017.30</b>	<b>13,190.64</b>

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 33 : FINANCE COST</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Interest expense		
- on term loans, cash credit & working capital facilities	1,859.50	1,762.85
- delayed payment of taxes	1.74	14.48
- lease liabilities	300.01	-
Unwinding of discount on security deposit	30.32	26.39
Other borrowing cost	256.88	350.72
	<b>2,448.45</b>	<b>2,154.44</b>

# Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 34 : DEPRECIATION AND AMORTISATION EXPENSE</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Depreciation of property, plant and equipment (refer note no. 4)	1,277.51	1,155.77
Depreciation & amortisation of Investment Properties (refer note no. 6)	85.75	85.76
Amortisation of intangible assets (refer note no. 7)	47.70	47.54
Amortisation of Right-of-use assets (refer note no. 50)	350.70	-
	<b>1,761.66</b>	<b>1,289.07</b>

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 35 : OTHER EXPENSES</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Manufacturing expense	15,421.92	14,673.60
Consumption of stores & spare parts	363.05	305.36
Power & fuel	1,237.27	1,272.60
Rent	526.23	922.24
Rates & taxes	110.11	189.92
Travelling & conveyance	1,284.84	1,270.82
Freight & clearing charges	2,059.74	2,244.25
Claim to buyers	1,356.27	1,428.01
Repair & maintenance		
Plant & machinery	76.87	100.14
Buildings	9.07	14.77
Others	337.00	298.94
Commission	59.54	28.56
Legal & professional expenses	666.77	458.88
Security charges	304.43	283.72
Bank charges	354.08	416.68
Insurance Expenses	89.70	85.18
Payment to the auditors (refer note 'a' below)	28.53	21.05
Bad debts and doubtful advances written off	-	1.41
Loss Allowance for doubtful debts and advances	47.92	391.92
Corporate social responsibility (refer note 'b' below)	22.15	22.76
Loss on mark to market forward contracts	462.80	-
Fair value loss on financial assets measured at fair value through profit and loss	-	133.64
Miscellaneous expenses	890.06	844.03
<b>Total</b>	<b>25,708.34</b>	<b>25,408.48</b>

## Notes

to standalone financial statements for the year ended March 31, 2020

a) **Details of payment made to auditors is as follows:** (Amount in ₹ Lakh, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>i) Payment to Auditor</b>		
- Statutory audit fee	15.50	12.40
- Other Services	10.00	6.00
- Reimbursement of Expenses	3.03	2.65
	<u>28.53</u>	<u>21.05</u>

b) **Details of Corporate Social Responsibility (CSR) expenditure is as follows:**

	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Gross amount required to be spent by the Company during the year (i.e. 2% of Average Net profits of last three years)	22.14	16.39
ii) Amount spent during the year		
- Construction/acquisitions of any asset	-	-
- For purpose other than above	22.15	22.76

c) Miscellaneous expenses includes expense towards purchase of Electoral Bonds amounting to ₹ 160.00 Lakh (March 31, 2019: Nil) from State bank of India under the Scheme - 'The Electoral Bond Scheme, 2018' notified by the Central Government vide Gazette Notification No. 20 dated January 2, 2018.

(Amount in ₹ Lakh, unless otherwise stated)

### NOTE 36 : EXCEPTIONAL ITEMS

	For the year ended March 31, 2020	For the year ended March 31, 2019
(Profit)/loss on sale of fixed assets (Refer Note 'a' below)	(143.29)	(1,719.28)
Impairment of investment in subsidiaries (Refer Note 'b' below)	27.24	1,438.36
	<u>(116.05)</u>	<u>(280.92)</u>

a) For March 31, 2020, (Profit)/loss on sale of fixed assets includes loss on sale of tangible assets of ₹ 41.19 lakh (March 31, 2019: ₹ 36.97 lakh) and profit on account of compulsory acquisition of land by the Central Government under National Highway Act, 1956 of ₹ 184.47 lakh (March 31, 2019: ₹ 1756.25 lakh).

b) On March 31, 2019, the management of a domestic subsidiary company Pearl Apparel Fashion Limited has decided to cease its existing business operations. Thus the Company has impaired its investments in such subsidiary and recognised the same at its recoverable amount as at March 31, 2019 resulting in a net loss of ₹ 1,438.36 lakh. (Diminution in value of equity shares: ₹ 1,617.20 lakh and escalation in value of investment in preference shares: ₹ 178.84 lakh). Further, during the year ended March 31, 2020, the management of the aforesaid subsidiary Company, by resolution dated March 20, 2020 has decided to apply for voluntary liquidation & in effect of above resolution, the Company further impaired its investments by ₹ 27.24 lakh in such subsidiary and recognised the same at its recoverable amount as at March 31, 2020.

# Notes

to standalone financial statements for the year ended March 31, 2020

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 37 : COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>A (i) Items that will not be reclassified to profit and loss</b>		
Re-measurement gains/ (losses) on defined benefit plans	135.15	202.70
Income tax expense	(47.23)	(70.83)
<b>B (i) Items that will be reclassified to profit and loss</b>		
Cash Flow Hedging reserve on forward contract	(991.80)	-
Income tax expense	346.57	-
	<b><u>(557.31)</u></b>	<b><u>131.87</u></b>

(Amount in ₹ Lakh, unless otherwise stated)

<b>NOTE 38 : EARNINGS PER SHARE (EPS)</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Profit attributable to the equity shareholders <b>(A)</b>	500.89	2,150.19
Number/Weighted average number of equity shares outstanding at the end of the year <b>(B)</b>	21,663,937	21,663,937
Nominal value of Equity shares	₹ 10	₹ 10
Basic/Diluted Earning per share <b>(A/B) (in ₹)</b>	<u>2.31</u>	<u>9.93</u>
	<u>2.31</u>	<u>9.93</u>

## NOTE 39 : GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

### a) Defined contribution plans

The Company makes contribution towards Employees Provident Fund, Employee's State Insurance scheme and other welfare schemes. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The company during the year recognised the following amount in the Statement of profit and loss under company's contribution to defined contribution plan.

(Amount in ₹ Lakh, unless otherwise stated)

	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Employer's Contribution to Provident Fund/ Pension Fund	634.78	492.36
Employer's Contribution to Employee State Insurance	241.31	268.79
Employer's Contribution to Welfare Fund	28.88	28.17
<b>Total</b>	<b><u>904.97</u></b>	<b><u>789.32</u></b>

The contribution payable to these schemes by the Company are at the rates specified in the rules of the schemes.

### b) Defined benefit plans

In accordance with Ind AS 19 "Employee benefits", an actuarial valuation on the basis of "Projected Unit Credit Method" was carried out, through which the Company is able to determine the present value of obligations. "Projected Unit Credit Method" recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to built up the final obligation.

#### i) Gratuity scheme

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five



## Notes

to standalone financial statements for the year ended March 31, 2020

years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

- a) Gratuity in case of Gurgaon Division (Funded & maintained by Life Insurance Corporation of India)
- b) Gratuity in case of Chennai & Bangalore Division (Unfunded)

### ii) Other long term employee benefits

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest and if applicable), is reflected immediately in Other Comprehensive Income in the statement of profit and loss in case of Gratuity. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Re-measurements recognised in Other Comprehensive Income will not be reclassified to statement of profit and loss hence it is treated as part of retained earnings in the statement of changes in equity. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

- c) The following tables summarize the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the defined benefit plan and other long term benefits. These have been provided on accrual basis, based on year end actuarial valuation.

Change in benefit obligation	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
<b>Opening defined benefit obligation</b>	<b>617.55</b>	<b>241.04</b>	<b>309.93</b>	<b>672.77</b>	<b>165.96</b>	<b>180.48</b>
Interest cost	48.11	18.78	24.11	51.87	12.80	13.92
Service cost	111.96	133.46	143.13	125.98	124.65	72.86
Past Service cost	-	-	-	-	-	-
Benefits paid	(47.38)	(24.66)	(182.62)	(90.48)	(15.86)	(150.46)
Actuarial (gain) / loss on obligations	(75.64)	(70.45)	54.37	(142.59)	(46.51)	193.13
<b>Present value of obligation as at the end of the year</b>	<b>654.60</b>	<b>298.17</b>	<b>348.92</b>	<b>617.55</b>	<b>241.04</b>	<b>309.93</b>

- d) The following tables summarise the components of net benefit expense recognised in the Statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Cost for the year included under employee benefit	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Current service cost	111.96	133.46	143.13	125.98	124.65	72.86
Past service cost	-	-	-	-	-	-
Interest cost	48.11	18.78	24.11	51.87	12.80	13.92
Expected return on plan assets	(26.26)	-	-	(8.11)	-	-
Actuarial (gain) / loss	-	-	54.37	-	-	193.13
<b>Net cost</b>	<b>133.81</b>	<b>152.24</b>	<b>221.61</b>	<b>169.74</b>	<b>137.45</b>	<b>279.91</b>

## Notes

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**e) Changes in the fair value of the plan assets are as follows:**

	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Fair value of plan assets at the beginning	388.39	-	-	105.16	-	-
Expected return on plan assets	26.26	-	-	8.11	-	-
Contributions	6.88	-	-	352.00	-	-
Benefits paid	(47.38)	-	-	(90.48)	-	-
Actuarial gains / (losses) on the plan assets	(10.93)	-	-	13.60	-	-
<b>Fair value of plan assets at the end</b>	<b>363.22</b>	<b>-</b>	<b>-</b>	<b>388.39</b>	<b>-</b>	<b>-</b>

**f) Detail of actuarial gain/loss recognised in OCI is as follows:**

	As at March 31, 2020		As at March 31, 2019	
	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
Actuarial gain / (loss) for the year – obligation	75.64	70.45	142.59	46.51
Actuarial gain / (loss) for the year - plan assets	(10.93)	-	13.60	-
<b>Unrecognised actuarial gains/(losses) at the end of year</b>	<b>64.71</b>	<b>70.45</b>	<b>156.19</b>	<b>46.51</b>

**g) Principal actuarial assumptions at the balance sheet date are as follows:**

	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
<b>Economic assumptions</b>						
1. Discount rate	0.07	0.07	0.07	0.08	0.08	0.08
2. Rate of increase in compensation levels	0.05	0.05	0.05	0.06	0.06	0.06
<b>Demographic assumptions</b>						
1. Expected average remaining working lives of employees(years)	20.41	26.28	24.32	20.19	26.02	24.29
2. Retirement Age (years)	58	58	58	58	58	58
3. Mortality Rate	Indian Assured Lives Mortality (2012-14) (modified) ultimate			Indian Assured Lives Mortality (2006-08) (modified) ultimate		
<b>Withdrawal Rate (Average in case of unfunded amounts)</b>						
1. Ages from 18 to 30 Years	0.03	0.06	0.05	0.03	0.04	0.04
2. Ages from 30 to 45 Years	0.02	0.06	0.04	0.02	0.04	0.03
3. Ages Above 45 years	0.01	0.06	0.04	0.01	0.03	0.03

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

## Notes

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### h) Net (assets) / liabilities recognized in the Balance Sheet and experience adjustments on actuarial gain / (loss) for benefit obligation and plan assets.

Particulars	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
Present value of obligation	654.60	298.17	348.92	617.55	241.04	309.93
Less: Fair value of plan assets	363.22	-	-	388.39	-	-
<b>Net assets / (liability)</b>	<b>(291.38)</b>	<b>(298.17)</b>	<b>(348.92)</b>	<b>(229.16)</b>	<b>(241.04)</b>	<b>(309.93)</b>

i) Expected contribution for the next year is ₹ 417.54 Lakh (March 31, 2019: ₹ 352.13 Lakh) in respect of Gratuity.

### j) A quantitative sensitivity analysis for significant assumptions is as shown below:

Particulars	As at March 31, 2020			As at March 31, 2019		
	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Earned leave (Unfunded)
<b>A. Discount rate</b>						
Effect on DBO due to 1%/0.5% increase in Discount Rate	(61.88)	(33.60)	(37.00)	(59.83)	(31.94)	(35.10)
Effect on DBO due to 1%/0.5% decrease in Discount Rate	72.58	40.04	43.98	70.24	38.86	42.08
<b>B. Salary escalation rate</b>						
Effect on DBO due to 1%/0.5% increase in Salary Escalation Rate	73.15	40.33	44.31	70.80	39.38	42.50
Effect on DBO due to 1%/0.5% decrease in Salary Escalation Rate	(63.40)	(34.40)	(37.90)	(61.30)	(32.80)	36.00

**C. Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.**

### k) Risk

Discount Rate	Reduction in discount rate in subsequent valuations can increase the liability.
Salary Increases	Actual salary increases will increase the defined benefit liability. Increase in salary increase rate assumption in future valuations which in turn also increase the liability.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact defined benefit liability.
Mortality and disability	Actual details and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

### l) Maturity profile of defined benefit obligation is as follows:

	As at March 31, 2020		As at March 31, 2019	
	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
0 to 1 years	55.88	9.02	50.15	3.06
1 to 2 years	45.58	10.49	29.75	5.18
2 to 3 years	50.45	20.93	52.65	11.52
3 to 4 years	36.42	38.66	58.90	22.56
4 to 5 years	59.87	69.66	52.38	43.20
from 5 years onwards	771.60	599.68	822.27	518.11

## Notes

to standalone financial statements for the year ended March 31, 2020

### NOTE 40 : CAPITAL MANAGEMENT

For the purpose of Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade and other payables, less cash and cash equivalents.

(Amount in ₹ Lakh, unless otherwise stated)

	As At March 31, 2020	As At March 31, 2019
Borrowings (Refer to note 21 and 21A)	20,635.24	19,367.56
Current maturity of long term loans (Refer to note 22)	1,581.10	887.04
Trade payables (Refer to note 25)	9,131.41	10,513.92
Other payables (Refer to note 22 and 24)	5,226.45	5,188.08
Less: cash and cash equivalents (Refer to note 17)	(2,059.77)	(2,234.64)
<b>Net debt (A)</b>	<b>34,514.43</b>	<b>33,721.96</b>
Equity share capital (Refer to note 19)	2,166.39	2,166.39
Other equity (Refer to note 20)	28,421.53	29,452.08
<b>Total Capital (B)</b>	<b>30,587.92</b>	<b>31,618.48</b>
<b>Capital and net debt (A+B=C)</b>	<b>65,102.35</b>	<b>65,340.44</b>
<b>Gearing ratio (A/C)</b>	<b>53.02%</b>	<b>51.61%</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

In order to achieve overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

### NOTE 41 : DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

#### I) Hedge Accounting

##### Derivatives not designated as hedging instruments

The Company uses forward currency contracts to hedge its foreign currency risks. Derivative contracts not designated by management as hedging instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value on each reporting date. Such contracts are entered into for periods consistent with exposure of the underlying transactions.

##### Derivatives designated as hedging instruments

The Company enters into hedging instruments in accordance with policies as approved by the Board of Directors with written principles which is consistent with the risk management strategy of the Company. The Company has decided to apply hedge accounting for certain derivative contracts that meets the qualifying criteria of hedging relationship entered post April 01, 2019. Hedging strategies are decided and monitored periodically by the Risk Management Committee of the Board.

## Notes

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### Cash Flow Hedges

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecasted hedged items in US dollar. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The fair value of derivative financial instruments is as follows:

Particulars	Liabilities March 31, 2020	Assets March 31, 2020
Fair value of foreign currency forward exchange contract designated as hedging instruments	991.80	-

The critical terms of the foreign currency forward contracts match the terms of the expected highly probable forecast sale transactions. As a result, no hedge effectiveness arises requiring recognition through profit or loss.

The cash flow hedges of the forecasted sale transactions for the year ended March 31, 2020 were assessed to be highly effective and unrealised loss of ₹ 991.80 lakh, with a deferred tax assets of ₹ 346.57 lakh relating to the hedging instruments, is included in OCI.

The following table includes the maturity profile of the foreign exchange forward contracts:

Particulars	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
As at March 31, 2020 (INR)	3,118.99	5,617.99	6,316.02	4,313.64	4,625.57	23,992.21
Foreign exchange forward contracts (highly probable forecast sales) USD	70.00	120.00	180.00	190.00	240.00	800.00
Notional amount (in USD)	43.00	77.00	85.92	58.00	61.00	324.92
Average forward rate(USD/INR)	72.53	72.96	73.51	74.37	75.83	73.84

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional amount (USD)	Carrying amount (INR in lakh)	Line item in BST where Hedge instrument is disclosed	Changes in Fair value used for measuring ineffectiveness for the year
Foreign currency risk forward contract- As at March 31, 2020	324.92	(991.80)	Other financial Liabilities	(991.80)

The impact of hedged items on the statement of financial position is, as follows:

Particulars	As at March 31, 2020	
	Change in fair value used for measuring ineffectiveness	Cash flow Hedge Reserve
Highly probable forecast sales	-	-

# Notes

to standalone financial statements for the year ended March 31, 2020

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

## Disclosure of effects of hedge accounting on Financial Position (Statement of Profit and Loss)

Particulars	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in Statement of profit and loss	Amount reclassified from OCI to profit or loss	Line item in Statement of profit and loss
As at March 31, 2020					
Highly probable forecast sales	(38.42)	-	-	(38.42)	Revenue from Operations

## Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

Particulars	Cash Flow Hedge Reserve
As at March 31, 2020	(991.80)
Effective Portion of Changes in fair Value arising from Foreign Exchange Forward Contracts	(38.42)
Amount reclassified to profit & loss	38.42
Tax effect	346.57

## Valuation Technique

The Company enters into derivative financial instruments which are valued using valuation techniques which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. Where quoted market prices are not available, fair values are based on Management best estimates, which are arrived at by the reference to market prices.

## II) Particulars of Unhedged foreign currency exposures:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Foreign Currency	Document Currency (Amount ₹ in lakh)	Foreign Currency	Document Currency (Amount ₹ in lakh)
Foreign currency receivable	\$7,711,568	5,813.75	-	-
Foreign currency payable	\$2,730,970	2,058.88	\$6,875,405	4,755.72
Foreign currency loan receivable	\$846,699	638.32	\$803,799	555.99

III) In respect of the derivative contracts entered into by the Company, the Management assesses no material foreseeable losses as at the reporting date.

## NOTE 42 : FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

# Notes

to standalone financial statements for the year ended March 31, 2020

a) **Fair value of financial assets:**

(Amount in ₹ Lakh, unless otherwise stated)

	Carrying values		Fair values	
	As At March 31, 2020	As At March 31, 2019	As At March 31, 2020	As At March 31, 2019
<b>Financial assets measured at fair value through profit or loss</b>				
Investment in equity instruments	141.00	133.50	141.00	133.50
Investment in mutual fund	692.68	-	692.68	-
Mark to Market Forward Contracts	-	462.80	-	462.80
<b>(A)</b>	<b>833.68</b>	<b>596.30</b>	<b>833.68</b>	<b>596.30</b>
<b>Financial assets measured at amortised cost</b>				
Investment in equity & preference instruments	11,728.05	11,726.14	11,728.05	11,726.14
Investment in Government Securities	1.63	1.63	1.63	1.63
Security deposits	800.77	800.52	800.77	800.52
Interest accrued on fixed deposits	30.05	45.64	30.05	45.64
Deposits with original maturity of more than 12 months	45.54	761.27	45.54	761.27
Loans to related parties	797.57	756.52	797.57	756.52
Loans to others parties	33.40	67.73	33.40	67.73
Interest accrued on loan to related parties	147.47	106.07	147.47	106.07
Other receivables	-	234.35	-	234.35
Trade receivable	9,740.45	11,134.77	9,740.45	11,134.77
Cash and cash equivalents	2,059.77	2,234.64	2,059.77	2,234.64
Other bank balances	931.61	1,454.01	931.61	1,454.01
<b>(B)</b>	<b>26,316.31</b>	<b>29,323.29</b>	<b>26,316.31</b>	<b>29,323.29</b>
<b>Total (A+B)</b>	<b>27,149.99</b>	<b>29,919.59</b>	<b>27,149.99</b>	<b>29,919.59</b>

b) **Fair value of financial liabilities:**

(Amount in ₹ Lakh, unless otherwise stated)

	Carrying values		Fair values	
	As At March 31, 2020	As At March 31, 2019	As At March 31, 2020	As At March 31, 2019
<b>Financial liabilities measured at fair value through Other Comprehensive Income</b>				
Derivative Financial Instruments	991.80	-	991.80	-
<b>(A)</b>	<b>991.80</b>	<b>-</b>	<b>991.80</b>	<b>-</b>
<b>Financial liabilities measured at amortised cost</b>				
Borrowings	22,216.34	20,254.60	22,225.25	20,266.02
Lease Liabilities	3,049.77	-	3,049.77	-
Security Deposit	246.97	222.00	246.97	222.00
Book Overdraft	26.87	150.48	26.87	150.48
Unpaid Dividend	31.85	26.83	31.85	26.83
Trade payables	9,131.41	10,513.92	9,131.41	10,513.92
Interest accrued but not due on borrowings	37.48	24.67	37.48	24.67
Creditors for capital expenditure	30.21	849.25	30.21	849.25
Others	48.19	-	48.19	-
<b>(B)</b>	<b>34,819.09</b>	<b>32,041.75</b>	<b>34,828.00</b>	<b>32,053.17</b>
<b>Total (A+B)</b>	<b>35,810.89</b>	<b>32,041.75</b>	<b>35,819.80</b>	<b>32,053.17</b>

# Notes

to standalone financial statements for the year ended March 31, 2020

Management has assessed that trade receivables, cash and cash equivalents, other bank balances, trade payables, Interest accrued on borrowings and current maturities of long term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term borrowing includes vehicle loan and corporate loans obtained from banks and Financial institutions. Management determines vehicle loan and corporate loan to be at the market rate of interest as at the reporting date, accordingly, the carrying value of such long-term borrowing approximates fair value.

## c) Discount rate used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of borrower which in case of financial liabilities is average market cost of borrowings of the Company and in case of financial asset is the average market rate of similar credit rated instrument. The company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

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

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

- i) Fair values of the Company's interest-bearing borrowings, loans and investment in preference shares in subsidiary are determined by using DCF method using discount rate that reflects the rate as at the end of the reporting period.
- ii) Fair value for security deposits paid & received (other than perpetual security deposits) has been presented based on the discounting factor as at the reporting date.
- iii) Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.
- iv) For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.
- v) Specific valuation techniques used to value financial instruments include:
  - The fair values of investments In mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
  - Investment in quoted equity instruments of entities other than subsidiaries has been determined on the basis of quoted rates available from securities markets in India.
  - The fair value of derivative financial instruments (forward exchange contract) has been determined on the basis of mark to market valuation.

## NOTE 43 : FAIR HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

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

Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities



# Notes

to standalone financial statements for the year ended March 31, 2020

a) **Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:**

	As At March 31, 2020	Amortised Cost	Fair Value			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at fair value through profit or loss</b>						
Investment in equity instruments	141.00	-	141.00	-	-	141.00
Investment in mutual fund	692.68	-	692.68	-	-	692.68
<b>Total A</b>	<b>833.68</b>	<b>-</b>	<b>833.68</b>	<b>-</b>	<b>-</b>	<b>833.68</b>
<b>Financial assets measured at amortised cost</b>						
Investment in equity & preference instruments	11,728.05	11,728.05	-	-	-	11,728.05
Investment in Government Securities	1.63	1.63	-	-	-	1.63
Security deposits	800.77	800.77	-	-	-	800.77
Interest accrued on fixed deposits	30.05	30.05	-	-	-	30.05
Deposits with original maturity of more than 12 months	45.54	45.54	-	-	-	45.54
Loans to related parties	797.57	797.57	-	-	-	797.57
Loans to others parties	33.40	33.40	-	-	-	33.40
Interest accrued on loan to related parties	147.47	147.47	-	-	-	147.47
Trade receivable*	9,740.45	9,740.45	-	-	-	9,740.45
Cash and cash equivalents*	2,059.77	2,059.77	-	-	-	2,059.77
Other bank balances*	931.61	931.61	-	-	-	931.61
<b>Total A</b>	<b>26,316.31</b>	<b>26,316.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,316.31</b>
<b>Total (A+B)</b>	<b>27,150.00</b>	<b>26,316.31</b>	<b>833.68</b>	<b>-</b>	<b>-</b>	<b>27,150.00</b>

b) **Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2020:**

	As At March 31, 2020	Amortised Cost	Fair Value			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial liabilities measured at Fair value through Other Comprehensive Income</b>						
Derivative Financial Instruments	991.80	-	-	991.80	-	991.80
<b>(A)</b>	<b>991.80</b>	<b>-</b>	<b>-</b>	<b>991.80</b>	<b>-</b>	<b>991.80</b>
<b>Financial liabilities measured at amortised cost</b>						
Borrowings	22,216.34	-	-	-	22,225.25	22,225.25
Lease Liabilities	3,049.77	3,049.77	-	-	-	3,049.77
Security Deposit	246.97	246.97	-	-	-	246.97
Book Overdraft	26.87	26.87	-	-	-	26.87
Unpaid Dividend	31.85	31.85	-	-	-	31.85
Trade payables*	9,131.41	9,131.41	-	-	-	9,131.41
Interest accrued but not due on borrowings*	37.48	37.48	-	-	-	37.48
Creditors for capital expenditure*	30.21	30.21	-	-	-	30.21
Others	48.19	48.19	-	-	-	48.19
<b>(B)</b>	<b>34,819.09</b>	<b>12,602.75</b>	<b>-</b>	<b>-</b>	<b>22,225.25</b>	<b>34,828.00</b>
<b>Total (A+B)</b>	<b>35,810.88</b>	<b>12,602.75</b>	<b>-</b>	<b>991.80</b>	<b>22,225.25</b>	<b>35,819.79</b>

# Notes

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c) **Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:**

	As At March 31, 2019	Amortised Cost	Fair Value			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at fair value through profit or loss</b>						
Investment in equity instruments	133.50	-	133.50	-	-	133.50
Mark to Market Forward Contracts	462.80	-	-	462.80	-	462.80
<b>Total A</b>	<b>596.30</b>	<b>-</b>	<b>133.50</b>	<b>462.80</b>	<b>-</b>	<b>596.30</b>
<b>Financial assets measured at amortised cost</b>						
Investment in equity & preference instruments	11,726.14	11,726.14	-	-	-	11,726.14
Investment in Government Securities	1.63	1.63	-	-	-	1.63
Security deposits	800.52	800.52	-	-	-	800.52
Interest accrued on fixed deposits	45.64	45.64	-	-	-	45.64
Deposits with original maturity of more than 12 months	761.27	761.27	-	-	-	761.27
Loans to related parties	756.52	756.52	-	-	-	756.52
Loans to others parties	67.73	67.73	-	-	-	67.73
Interest accrued on loan to related parties	106.07	106.07	-	-	-	106.07
Other receivables	234.35	234.35	-	-	-	234.35
Trade receivable*	11,134.77	11,134.77	-	-	-	11,134.77
Cash and cash equivalents*	2,234.64	2,234.64	-	-	-	2,234.64
Other bank balances*	1,454.01	1,454.01	-	-	-	1,454.01
<b>Total A</b>	<b>29,323.29</b>	<b>29,323.29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,323.29</b>
<b>Total (A+B)</b>	<b>29,919.59</b>	<b>29,323.29</b>	<b>133.50</b>	<b>462.80</b>	<b>-</b>	<b>29,919.59</b>

d) **Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2019:**

	As At March 31, 2019	Amortised Cost	Fair Value			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial liabilities measured at amortised cost</b>						
Borrowings	20,254.60	-	-	-	20,266.02	20,266.02
Security Deposit	222.00	222.00	-	-	-	222.00
Book Overdraft	150.48	150.48	-	-	-	150.48
Unpaid Dividend	26.83	26.83	-	-	-	26.83
Trade payables*	10,513.92	10,513.92	-	-	-	10,513.92
Interest accrued but not due on borrowings*	24.67	24.67	-	-	-	24.67
Creditors for capital expenditure*	849.25	849.25	-	-	-	849.25
	<b>32,041.75</b>	<b>11,787.15</b>	<b>-</b>	<b>-</b>	<b>20,266.02</b>	<b>32,053.17</b>

## Notes

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\* Management has assessed that trade receivables, cash and cash equivalents, other bank balances, trade payables, Interest accrued on borrowings and current maturities of long term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

There have been no transfers between Level 1 and Level 2 during the period.

Specific valuation techniques used to value financial instruments. (refer note 42)

### NOTE 44 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprises of trade and other payables, borrowings, current maturity of borrowings, interest accrued and capital creditors. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations.

The Company's principal financial assets includes Investment in mutual funds, loans to related parties, security deposits, trade receivables, cash and cash equivalents, deposits with bank, interest accrued in deposits, receivables from related and other parties and interest accrued thereon.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior level management oversees the management of these risks and is supported by finance department that advises on the appropriate financial risk governance framework.

#### A. **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk borrowings, short term deposits and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

##### i) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to interest rate risk. The Company manages its net exposure to interest rate risk related to borrowings, by balancing a proportion of fixed rate and floating rate borrowing in its total borrowing portfolio.

##### **Interest rate sensitivity**

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

Particulars	Increase or decrease in basis points	Decrease/(increase) in profit before tax
March 31, 2020	+50	10.62
	-50	(10.62)
March 31, 2019	+50	10.84
	-50	(10.84)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

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## ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities on unhedged exposures. The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

Particulars	Changes in exchange rate	Decrease/(increase) in profit before tax
March 31, 2020	+5%	(71.03)
	-5%	71.03
March 31, 2019	+5%	209.99
	-5%	(209.99)

## B. Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. Credit risk arise from Cash and cash equivalents, deposit with banks, trade receivables and other financial assets measure at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control.

The Company also uses expected credit loss model to assess the impairment loss in Trade Receivables and makes an allowance of doubtful trade receivables using this model.

1) The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired	Less than 30 days	30 to 90 days	90 to 180 days	More than 180 days	Total
Trade Receivables as of March 31, 2020	5,787.82	1,705.85	748.31	249.66	1,248.81	9,740.45
Trade Receivables as of March 31, 2019	3,712.62	3,250.65	2,324.81	423.30	1,423.39	11,134.77

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

2) Exposure to Risk, in respect of the guarantees given by the Company: The disclosure in respect of credit risk exposures which are not credit impaired or where there has not been a significant increase in credit risk since initial recognition are as under:

### - Quantitative data about exposure and maturity profile

Guarantee Given to	Details of Subsidiary	Purpose of Guarantee	Amount as at March 31, 2020	Guarantee Valid Upto
Standard Chartered Bank, Hongkong Branch	Pearl Global (HK) Limited	Securing Credit Facilities	USD 120.00 lakh equivalent to ₹ 9,046.80 lakh	February 05, 2021
HSBC Bank, Hongkong Branch	Pearl Global (HK) Limited	Securing Credit Facilities	USD 200.00 lakh equivalent to ₹ 15,078.00 lakh	November 10, 2021
Standard Chartered Bank, Bangladesh Branch	Norp Knit Industries Limited	Securing Credit Facilities	BDT 9,000.00 lakh equivalent to ₹ 7,967.43 lakh	October 11, 2021

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- **Policy of managing risk:** The Company considers the probability of default upon initial recognition and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default as at the reporting date with the risk of default as at the date of initial recognition. The Company considers reasonable and supportive forward-looking information such as significant changes in the value of guarantee or in the quality of exposure or credit enhancements.

### 3) Financial instruments and cash deposits

Credit risk from balances with banks, investment in mutual funds and loan to related parties is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's finance committee.

### C. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company's objective is to, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans from banks at an optimised cost.

**The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.**

As at March 31, 2020	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	15,283.48	97.39	4,708.37	546.00	20,635.24
Lease Liabilities	56.90	179.46	1,208.45	1,604.97	3,049.78
Current maturities of long-term borrowings	349.69	1,231.41	-	-	1,581.10
Trade payables	9,131.41	-	-	-	9,131.41
Other financial liabilities	1,375.88	-	37.48	-	1,413.36
<b>Total</b>	<b>26,197.36</b>	<b>1,508.25</b>	<b>5,954.30</b>	<b>2,150.97</b>	<b>35,810.89</b>

As at March 31, 2019	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	16,182.41	-	3,185.15	-	19,367.56
Current maturities of long-term borrowings	230.90	656.14	-	-	887.04
Trade payables	10,513.92	-	-	-	10,513.92
Other financial liabilities	1,051.23	-	154.93	67.07	1,273.23
<b>Total</b>	<b>27,978.46</b>	<b>656.14</b>	<b>3,340.08</b>	<b>67.07</b>	<b>32,041.75</b>

### NOTE 45 : SEGMENT INFORMATION

- The Company's operating segments are established on the basis of those components that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'). In light of Para 4 of Ind AS 108- Operating Segments, the Company has presented segment information on geographical basis in its consolidated financial statements.
- Revenue from major customer: During the year, the Company generates 90% of its external revenues from eight (8) customers.

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## NOTE 46 : CONTINGENT LIABILITIES AND COMMITMENTS

### a) Contingent liabilities (To the extent not provided for)

I The Company has reviewed all its pending claims, litigations and other proceedings and has adequately provided for wherever required. However, wherever it is difficult for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities, the Company has disclosed the same as Contingent Liabilities (pending resolution of the respective proceedings).

The Company does not expect the outcome of these proceedings to have a material or adverse effect on financial position of the Company. Also, the Company does not expect any reimbursements in respect of the below contingent liabilities.

(Amount in ₹ Lakh, unless otherwise stated)

	As At March 31, 2020	As At March 31, 2019
(i) Claims against the Company not acknowledged as debts corresponding to :		
- Tax Demand as per Sec 143(1) of Income Tax Act , 1961 (with respect to Assessment Year 2014-15)	-	1.25
- Tax Demand as per Sec 143(1) of Income Tax Act , 1961 (with respect to Assessment Year 2015-16)	8.30	98.01
- Tax Demand as per Sec 143(3) of Income Tax Act , 1961 (with respect to Assessment Year 2016-17) - Rectification application has been filled with A.O	38.83	38.83
- Tax Demand as per Sec 143(3) of Income Tax Act , 1961 (with respect to Assessment Year 2017-18)	16.61	-
- Demand as per TDS (TRACES) portal - CPC	16.52	18.43
(ii) Several Legal Cases of labour pending at labour Court, Civil Court and High Court. The Company has assessed and believe that none of these cases, either individually or in aggregate, are expected to have any material adverse effect on its financial statements. However, Since it is difficult for the Company to estimate the timings of the cash outflows, if any, no further provision or separate disclosure is made in books of accounts.		
(iii) As per the order dated July 13, 2016 issued by Hon'ble Madras High Court, minimum wages shall be paid to the employees retrospectively from December 2014 to June 2016. However, the management is of the view that the wages have to be paid only to the employees working presently in the company and also no PF & ESI is required to be deducted . Accordingly, the minimum wages, ESI and PF of past employees of ₹ 288.51 lakh, ₹ 8.06 lakh and ₹ 69.25 lakh respectively has not been recorded in books of account. Further, Company has also not accounted for the PF contribution of ₹ 65.33 lakh and ESI contribution of ₹ 12.88 lakh due on the wage arrears paid to the present employees during the year ended March 31, 2017. The status of this contingent liability remain unchanged as at reporting date i.e. March 31, 2020.		
II Irrevocable letter of credit (net of margin) outstanding with banks	953.56	5,701.06
III Bank Guarantee given to government authorities	38.08	34.20
IV Counter Guarantees given by the Company to the Sales Tax Department over which Key Managerial Personnel have Significant influence		
- For enterprise	1.00	1.00
- For others	0.50	0.50
V The Company has given the corporate guarantees to banks on behalf of its foreign subsidiaries (Refer Note No. 44 & 47)		
VI The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular		

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No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. Since there are numerous interpretative issues relating to the judgement, the management has concluded to update provision in books of accounts on receiving further clarity on the subject.

**b) Commitments** (Amount in ₹ Lakh, unless otherwise stated)

	<b>As At March 31, 2020</b>	<b>As At March 31, 2019</b>
Capital Commitment: Estimated amount of contracts remaining to be executed on the capital account (net of capital advances)	198.72	99.44

The Company does not have any other long term Commitments or material non cancellable contractual commitments, which may have a material impact on the standalone financial statement.

### NOTE 47 : RELATED PARTY TRANSACTIONS

**a) List of related parties**

<b>Nature of Relationship</b>	<b>Name of the Related Party</b>
<b>Subsidiary (Direct / Indirect)</b>	<p><b>Domestic (Direct)</b></p> <p>Pearl Apparel Fashions Limited (Formerly known as Lerros Fashions India Limited)</p> <p>Pearl Global Kaushal Vikas Limited (Formerly known as Pixel Industries Limited)</p> <p>SBUYS E-Commerce Limited (w.e.f. 20.09.2019)</p> <p><b>Overseas (Direct)</b></p> <p>Pearl Global Fareast Limited</p> <p>Pearl Global (HK) Limited</p> <p>Norp Knit Industries Limited</p> <p><b>Overseas (Indirect)</b></p> <p>A &amp; B Investment Limited</p> <p>Pearl Global F.Z.E.</p> <p>DSSP Global Limited</p> <p>Pearl Global Vietnam Company Limited</p> <p>Pearl Global(Chang Zhou) Textile Technology Company Limited</p> <p>Pearl Grass Creations Limited (Formerly known as Pearl Tiger HK Limited)</p> <p>PGIC Investment Limited</p> <p>Prudent Fashions Limited</p> <p>PT Pinnacle Apparels (Formerly known as PT Norwest Industry)</p> <p>Vin Pearl Global Vietnam Limited</p>
<b>Enterprise over which Key Managerial Personnel exercise Significant influence</b>	<p><b>Domestic</b></p> <p>Creative Arts Education Society</p> <p>Little People Education Society</p> <p>Nim International Commerce LLP</p> <p>PDS Multinational Fashions Limited</p>

# Notes

to standalone financial statements for the year ended March 31, 2020

<p>Pearl Wears  PS Arts Private Limited  PSS Estates LLP  Vau Apparels LLP</p> <p><b>Overseas</b>  360 Notch Ltd (Formerly known as Poeticgem Australia Ltd)  Blueprint Design Limited  Casa Forma Limited  Clover Collection Limited Formerly DS Manufacturing Limited;  Designed and Sourced Limited)  Clover Collections FZCO (w.e.f. 20.02.2020)  Design Arc Asia Limited [(Formerly Design Arc. Limited)  (Design Arc. Limited Formerly Nor France Manufacturing Company Ltd)]  Design Arc Europe Limited (Formerly Nor Europe Manufacturing Limited  Design Arc FZCO (W.e.f 17.01.2019)  Design Arc UK Limited  Digital Ecom Techno Private Limited  Digital Internet Technologies Limited  Fabric &amp; Trims Limited  Fareast Vogue Limited  Funky Brands Company Limited (Formerly Fullhouse Manufacturing Limited;  Nor Delhi Manufacturing Limited  FX Import Company Limited  FX Import Hongkong Limited  Global Textiles Group Limited  Green Apparel Industries Ltd  Green Smart Shirts Limited  Grupo Extremo SUR S.A  Grupo Sourcing Limited (Bangladesh)  Grupo Sourcing Limited (Hongkong)  Jcraft Array Limited (w.e.f. 12.04.2018)  JJ Star Industrial Limited  JSM Trading (FZE.)  KIK Service Unit Limited (w.e.f. 22.10.2019)  Kindred Brands Ltd (Formerly NW Far-east Limited)  Kindred Fashion Limited (w.e.f. 23.10.2018)  Kleider Sourcing FZCO (w.e.f 17.01.2019)  Kleider Sourcing Hongkong Limited  Kleider Sourcing Limited  Krayon Sourcing Limited (Formerly Souring Solutions HK Limited)  Lilly and Sid Ltd (w.e.f. 10.03.2020)</p>
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	<p>Multinational OSG Services Bangladesh Limited  Multinational Textile Group Limited  MultiTech Venture Ltd(Mauritius)  Nor Europe SPA  Nor India Manufacturing Company Limited  Nor Lanka Manufacturing Colombo Limited  Nor Lanka Manufacturing Limited  Norlanka Progress Pvt.Ltd  Norwest Industries Limited  Pacific Logistics Limited  Parc Designs Pvt. Limited (Closed on 30.09.2019)  PDS Far-east Limited  PDS Asia Star Corporation Limited  PDS Far East USA Inc.  PDS Global Investments Limited  PDS Trading (Shanghai) Company Limited  PDS Ventures Limited (w.e.f. 03.07.2018)  PG Group Limited  PG Home Group Limited  PG Home Group SPA (Formerly Pearl GES Home Group SPA)  PG Shanghai Mfg Company Limited  Poetic Brands Limited  Poetic Knitwear Limited  Poeticgem International Limited  Poeticgem Limited  Progress Apparels(Bangladesh) Ltd  Progress Manufacturing Group Ltd  Razamtazz Limited  Recovered Clothing Limited (w.e.f 24.07.2018)  Redwood Internet Ventures Limited  Rising Asia Star Hongkong Limited (Formerly Techno Manufacturing Limited)  SACB Holdings Limited  Simple Approach (Canada) Limited  Simple Approach Limited  Smart Notch Industrial Limited  Smart Notch Limited (w.e.f. 20.04.2018)  Sourcing East West Limited  Sourcing Solutions Limited  Sourcing Solutions Limited  Spring Near East FZCO (w.e.f. 17.01.2019)  Spring Near East Manufacturing Company Limited</p>
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	Styleberry Limited Superb Mind Holdings Limited Techno Design Gmbh Techno Design HK Limited (Formerly DPOD Manufacturing Limited Technocian Fashion Private Limited (w.e.f. 20.03.2019) Transnational Textile Group Limited Twin Asia FZCO (w.e.f. 17.01.2019) Twin Asia Limited Zamira Denim Lab Limited Zamira Fashion Limited Zamira Fashion Limited Zhongshan	
<b>Key Management Personnel (KMP) &amp; their relative</b>	Mr. Deepak Seth Mr. Pulkit Seth Mrs. Shifalli Seth Mr. Vinod Vaish (till 30.04.2020) Mr. Kashmir Singh Rathour (from 28.07.2020) Mr. Raghav Garg (till 30.06.2020) Mr. Sandeep Sabharwal Mr. Chittranjan Dua Mr. Rajendra Kumar Aneja Mr. Anil Nayar Mr. Abhishek Goyal Mrs. Madhulika Bhupatkar (from 18-03-2020)	Chariman Vice Chairman & Managing Director Whole-Time Director Whole-Time Director Chief Financial Officer Chief Financial Officer Company Secretary Independent Director Independent Director Independent Director Independent Director Independent Director

## B. Disclosure of Related Parties Transactions:

### (i) Subsidiary Companies

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of goods	11,879.70	14,606.50
Sale of goods - raw material	644.47	249.19
Sale of goods – readymade garments	10,504.32	4,199.04
Source support income	1,019.36	-
Income on corporate guarantee	138.40	161.31
Expenses paid on behalf of the Company	52.39	1,273.99
Expenses paid by the Company on other's behalf	47.90	1,298.37
SAP income	98.11	92.02
Investment in equity shares	1.00	-
Interest income	30.11	29.68
Impairment of investment in subsidiaries	27.24	1,438.36

Corporate Guarantee given by the Company (as per Section 186(4) of the Companies Act 2013)

- To Standard Chartered Bank, Hongkong Branch for securing credit facilities to its wholly owned subsidiary

## Notes

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Pearl Global (HK) Limited, Hong Kong for USD 120.00 lakh equivalent to ₹ 9,046.80 lakh (March 31, 2019 USD 120.00 lakh equivalent to ₹ 7,800.04 lakh)

- To HSBC Bank, Hongkong Branch for securing credit facilities to its wholly owned subsidiary Pearl Global (HK) Limited, Hong Kong for USD 200.00 lakh equivalent to ₹15,078.00 lakh (March 31, 2019: Nil)
- To Standard Chartered Bank, Bangladesh Branch for securing credit facilities to its subsidiary Norp Knit Industries Limited, Bangladesh for BDT 9,000.00 lakh equivalent to ₹ 7,967.43 lakh (March 31, 2019 : BDT 9,000 lakh equivalent to ₹ 7,389.08 lakh).

Above Corporate Guarantees have been given for business purpose.

**Closing Balance** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	As At	As At
	March 31, 2020	March 31, 2019
Loan given to subsidiary (inclusive of interest)	638.33	555.94
Trade Receivable	2,125.58	2,669.24
Trade Payable	1,037.89	2,719.16
Advance Receivable	92.93	95.64

(ii) **Enterprise over which KMP has Significant Influence** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Expenses paid by the company on their behalf	-	0.61
Expenses paid by them on behalf of the Company	3.00	4.37
Interest income	30.00	30.00

(Amount in ₹ Lakh, unless otherwise stated)

**Closing Balance** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	As At	As At
	March 31, 2020	March 31, 2019
Amount receivable	-	4.29
Loan receivable (including interest)	306.71	306.66

(iii) **Key Management Personnel (KMP)** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Remuneration paid	301.51	277.89
EPF paid	1.06	1.11
Expenses incurred on behalf of the Company	30.09	42.31
Directors sitting fees	1.60	1.50

(Amount in ₹ Lakh, unless otherwise stated)

**Closing Balance** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	As At	As At
	March 31, 2020	March 31, 2019
Trade Payable - Payable to KMP	0.92	16.85

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C. Disclosure of Material Transactions: Related Parties having more than 10% interest in each transaction in the ordinary course of business

(i) **Subsidiary Companies**

(Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Purchase of goods</b>		
Norp Knit Industries Limited	10,156.16	14,023.75
Pearl Global Vietnam Co Ltd	1,569.98	-
<b>Sale of goods - raw material</b>		
Norp Knit Industries Limited	430.75	202.16
Pearl Global Vietnam Co Ltd	213.71	-
Pearl Apparel Fashions Limited	-	47.03
<b>Sale of goods - readymate garments</b>		
Pearl Global Far East Limited	-	608.67
Pearl Global (HK) Limited	10,108.19	2,328.32
DSSP Global Limited	395.28	1,262.05
<b>Source support income</b>		
Pearl Global (HK) Limited	1,019.36	-
<b>Income on corporate guarantee</b>		
Norp Knit Industries Limited	49.02	76.18
Pearl Global (HK) Limited	89.38	85.13
<b>Expenses paid by them on behalf of the Company</b>		
Norp Knit Industries Limited	14.22	820.44
Pearl Global (HK) Limited	37.84	453.55
<b>Expenses paid by the Company on their behalf</b>		
Norp Knit Industries Limited	15.84	27.35
Pearl Global (HK) Limited	0.14	1,184.86
Pearl Grass Creations Ltd	29.06	52.08
<b>Investment in equity shares</b>		
SBUYS E-Commerce Limited	1.00	-
<b>SAP income</b>		
Pearl Global Far East Limited	36.33	33.10
Pearl Global (HK) Limited	50.81	48.58
Pearl Grass Creations Ltd	10.98	1.77
Vin Pearl Global Vietnam Limited	-	8.57
<b>Interest income</b>		
Pearl Global Far East Limited	30.11	29.68
<b>Impairment of investment in subsidiaries</b>		
Pearl Apparel Fashions Limited	27.24	1,438.36

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(ii) **Enterprise over which KMP has significant influence** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Expenses paid by the company on their behalf</b>		
Norwest Industries Limited	-	0.61
<b>Expenses paid on behalf of the Company</b>		
PDS Multinational Fashion Limited	3.00	4.37
<b>Interest income</b>		
PDS Multinational Fashion Limited	30.00	30.00

(iii) **Key Management Personnel** (Amount in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Remuneration paid</b>		
Mr. Pulkit Seth	165.00	120.00
Mrs. Shifalli Seth	68.75	75.00
Mr. Rajkumar Chawla	-	44.88
Mr. Vinod Vaish	16.44	16.44
Mr. Sandeep Sabharwal	16.04	15.63
Mr. Raghav Garg	35.28	5.94
<b>EPF paid</b>		
Mr. Pulkit Seth	0.20	0.22
Mrs. Shifalli Seth	0.20	0.22
Mr. Rajkumar Chawla	-	0.18
Mr. Vinod Vaish	0.22	0.22
Mr. Sandeep Sabharwal	0.22	0.22
Mr. Raghav Garg	0.22	0.05
<b>Expenses incurred on behalf of the Company</b>		
Mr. Raj Kumar Chawla	-	22.60
Mr. Vinod Vaish	16.38	12.34
Mr. Sandeep Sabharwal	4.46	6.35
Mr. Raghav Garg	9.25	1.02
<b>Directors sitting Fees:</b>		
Mr. Deepak Seth	0.20	0.10
Mr. Anil Nayar	0.50	0.40
Mr. Chitranjan Dua	0.30	0.40
Mr. Abhishek Goyal	0.50	0.50
Mr. Rajendra Aneja	0.10	0.10

VI) **Terms and conditions of transactions with related parties**

All the transaction with the related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free except the interest bearing loan and settlement occurs in cash.

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VII) The remuneration of Key managerial Personnel does not include amount in respect of gratuity and leave encashment payable as the same are not determinable as individual basis for the KMP. The liabilities of gratuity and leave encashment are provided for Company as whole on the basis of actuarial valuation.

## NOTE 48 : DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013.

(a) Loans to subsidiaries	(Amount in ₹ Lakh, unless otherwise stated)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Loan to wholly owned subsidiary: Pearl Global Fareast Limited</b>		
Principal Balance as at the year end	497.57	456.52
Maximum amount outstanding at any time during the year (Pearl Global Fareast Limited has utilised the loan for meeting operating and working capital requirements. It is repayable after March 31, 2020 and carries an average rate of interest at 6.5% (2018-19: 6.5%))	497.57	456.52
(b) Investments made are given under the respective heads (Refer Note No. 8)	11,728.05	11,726.14
(c) Corporate guarantees given are disclosed in Note 47.	32,092.23	15,189.12

## NOTE 49 : EVENT OCCURRING AFTER BALANCE SHEET DATE

(a) Dividend paid and Proposed:	(Amount in ₹ Lakh, unless otherwise stated)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(i) Declared and paid during the year:</b>		
Final dividend for the year 2018-19: ₹ 3.00 per share (2017-18: ₹ 2.00 per share) including dividend distribution tax of ₹ 133.68 lakh for the financial year 2018-19 (₹ 89.06 lakh for the financial year 2017-18)	783.56	522.34
<b>(ii) Proposed for approval at the Annual General Meeting (not recognised as a liability)</b>		
Final dividend for the year 2019-20: Nil per share (2018-19: ₹ 3.00 per share)	-	649.88
Dividend Distribution Tax	-	133.68
<b>(b) In March 2020, the World Health Organisation declared COVID 19 to be a pandemic. Consequent to this, Government of India declared a national lockdown on 25 March 2020, which has impacted the business activities of the Industry and accordingly the Company has also assessed the impact that may result from this pandemic on its liquidity position, carrying amounts of receivables, tangible and intangible assets and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has considered internal and external information available till the date of approval of these financial statements and has assessed its situation.</b>		

In that context and based on the current estimates, the Company believes that COVID 19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID 19, may affect the underlying assumptions and estimates in future, which may

## Notes

to standalone financial statements for the year ended March 31, 2020

differ from those considered as at the date of approval of these financial statements. The Company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant periods.

- (c) No other material events have occurred between the balance sheet date to the date of issue of these financial statements that could affect the values stated in the financial statements.

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### NOTE 50 : LEASES

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Until March 31, 2019, the Company recognized leases in accordance with Ind AS 17. A lease was defined as an agreement whereby the lessor conveys to the lessee in return for a series of payments the right to use an asset for an agreed period of time. The lessor and lessee accounted for the lease on the basis of the distribution of the risks and rewards associated with the leased asset.

Insofar as all the substantial risks and rewards were transferred to the Company as lessee, the respective leased assets were capitalized at fair value or the lower present value of the minimum lease payments and depreciated using the straight-line method on the basis of the useful life of the underlying asset or the lease term, if this was shorter. The payment obligations resulting from future lease payments were discounted and recognized as a liability.

Where the Company was the lessee in operating leases, in other words, if not all material risks and rewards were transferred, the lease or rental payments were recognized directly as expenses in the statement of Profit and Loss.

Since April 1, 2019, the Company has recognized leases in accordance with Ind AS 116. This defines a lease as a contract, or part of a contract, whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in exchange for consideration.

#### **Transition approach and use of practical expedients**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. 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 lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

#### **Company as a lessee**

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 2,908.47 lakh and a corresponding lease liability of ₹ 3,201.46 lakh has been recognized. The cumulative effect on transition in retained earnings is ₹190.61 lakh (net of deferred tax of ₹102.38 lakh) (for detail please refer note below). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

Some practical expedients permitted by the standard are used, notably:

- To not reassess upon transition whether an existing contract contains a lease. The definition of a lease under Ind AS 116 has been applied only to contracts entered into or changed on or after April 01, 2019.

## Notes

to standalone financial statements for the year ended March 31, 2020

- For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset
- The recognition exemptions for short-term leases and leases of low-value assets.
- To apply Ind AS 37 for onerous leases instead of performing an impairment review.

Presentational changes: As a result of implementing Ind AS 116, the Company has made some presentational changes in 2019-2020, notably to present 'Right-of-use assets' as a separate line item in the balance sheet and to include lease liabilities in other current and non-current liabilities.

### Transition impact of Ind AS 116 on company's balance sheet

Particulars	As at March 31, 2019	Application of Ind AS 116	Revised As At April 01, 2019
Right-of-use assets	-	2,908.47	2,908.47
Non Current Assets	34,720.35	-	34,720.35
Current Assets	34,165.46	-	34,165.46
<b>Total Assets</b>	<b>68,885.81</b>	<b>2,908.47</b>	<b>71,794.28</b>
Equity Share Capital	2,166.39	-	2,166.39
Other Equity	29,452.08	(190.61)	29,261.47
Deferred Tax Liabilities (Net)	340.46	(102.38)	238.08
Lease Liabilities	-	3,201.46	3,201.46
Non Current Liabilities	7,194.19	-	7,194.19
Current Liabilities	29,732.69	-	29,732.69
<b>Total Equity and Liabilities</b>	<b>68,885.81</b>	<b>2,908.47</b>	<b>71,794.28</b>

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

<b>Right-of-use assets: movements in carrying value of assets</b>	<b>Buildings</b>
<b>Gross Block as at March 31, 2019</b>	-
Cumulative catch-up for previously reported operating leases on implementation of IND AS 116	2,908.47
<b>Gross Block as at April 01, 2019</b>	2,908.47
Add: Additions during the year	56.58
Less: Disposals / adjustments during the year	-
<b>Gross Block As at March 31, 2020</b>	<b>2,965.05</b>
<b>Accumulated Depreciation :</b>	
<b>As at April 01, 2019</b>	-
Add: Depreciation charge for the year	350.70
Less: Disposals/adjustments during the year	-
<b>As at March 31, 2020</b>	<b>350.70</b>
<b>Net Block :</b>	
<b>As at March 31, 2020</b>	<b>2,614.35</b>

In 2019-20, there were no impairment charges recorded for right-of-use assets.



## Notes

to standalone financial statements for the year ended March 31, 2020

### Leases: movements in carrying value of recognised liabilities

As At April 01, 2019	-
Cumulative catch-up for previously reported operating leases on implementation of Ind AS 116	3,201.46
<b>As At April 01, 2019 (Revised)</b>	<b>3,201.46</b>
Add: Additions during the year	56.59
Interest expense on lease liabilities	300.01
Repayment of lease liabilities	508.28
<b>As At March 31, 2020</b>	<b>3,049.77</b>
Non-current lease liabilities	2,813.37
Current lease liabilities	236.41
<b>Total lease liabilities</b>	<b>3,049.77</b>

The maturity analysis of lease liabilities is given in Note 44 in the 'Liquidity risk' section.

Cash flows from operating activities includes cash flow from short term lease & leases of low value. Cash flow from financing activities includes the payment of interest and the principal portion of lease liabilities.

Leases committed and not yet commenced: There are no leases committed which have not yet commenced as on reporting date.

### Company as a Lessor

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Company does not have any significant impact on account of sub-lease on the application of this standard.

The Company has given its building space, lying under property, plant and equipments, on operating lease through operating lease arrangements. Income from operating leases is recognised as revenue on a straight-line basis over the lease term. Lease income of ₹ 980.53 Lakh (March 31, 2019: ₹ 814.53 Lakh) has been recognised and included under Other Income. (Refer Note No. 28)

### NOTE 51 :

Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Company is required to use specified methods for computing arm's length price in relation to specified international transactions with its associated enterprises. Further, the Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

### NOTE 52 :

The balances of trade receivables, trade payables, financials assets and other assets given are subject to reconciliation and confirmation as on March 31, 2020 and have realisation in ordinary course of business atleast equal to amount at which they are stated in the financial statements.

### NOTE 53 :

Figures have been rounded off to the nearest lakhs upto two decimal places except otherwise stated.

For & on behalf of Board of Directors of Pearl Global Industries Limited

(Pulkit Seth)  
Managing Director  
DIN 00003044

(Deepak Seth)  
Chairman  
DIN 00003021

(Kashmir Singh Rathour)  
Chief Financial Officer

(Sandeep Sabharwal)  
Company Secretary  
M. No. ACS - 8370

Place of Signature: Gurugram  
Date: July 28, 2020









**PearlGlobal**  
Industries Limited

## **Pearl Global Industries Limited**

### **Registered Office**

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New Delhi - 110028  
CIN: L74899DL1989PLC036849

### **Corporate Office**

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Gurugram-122001  
(Haryana)