

INDEPENDENT AUDITOR'S REPORT

To the Members of OBAN FASHIONS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **OBAN FASHIONS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss and including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("The Act" or "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 other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its Loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

3. Attention is drawn to Note No.15 (1) to the financial statements regarding carry forward of Deferred tax Assets amounting to Rs.11,55,11,772 as at 31st March, 2020. For the reasons stated therein and considering the future profitability projections, the management is hopeful of realizing the carry over Deferred Tax Asset amounting to Rs.11,55,11,772 as at 31st March, 2020. Our opinion is not modified in respect of the above matter.

Information Other than the Financial Statements and Auditor's Report Thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises of the Board's Report including its Annexures, and other report placed by the management before the members, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

5. 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

6. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
7. 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating



effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

8. 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.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors and 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 internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in Annexure B to this report.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that no remuneration has been paid by the Company to its directors during the year to which the provisions of section 197 of the Act apply.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i). The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 31 to the financial statements;
 - (ii). The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (iii). There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Singhi & Co.,
Chartered Accountants
Firm's Registration No.: 302049E



Sudesh Choraria
Partner
Membership no: 204936
UDIN: 20204936AAAACQ3214

Place: Mumbai

Date: June 25, 2020



ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Oban Fashions Private Limited on the financial Statements as of and for the year ended March 31, 2020)

We report that:

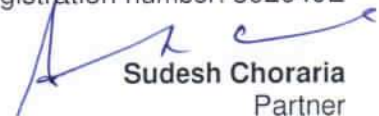
- i. In respect of its fixed assets:
 - a) According to information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a specified period which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Due to the Covid -19 Pandemic the company was unable to carry out the physical verification as per the planned programme. However, the management has confirmed that there has been no disposal or discard of fixed assets which has not been recorded during the current year.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties are held in the name of the Company.
- ii. As explained to us, physical verification has been conducted by the management at reasonable intervals during the year in respect of inventory of raw materials, work in progress, finished goods and by products. No discrepancies were noticed on physical verification of inventories as compared to book records.
- iii. As informed to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act. Therefore, the provision of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the company.
- iv. As informed to us, the company has not granted any loans or made any investment, or provided any guarantees or security to the parties covered under section 185 and 186. Therefore the provision of clause 3(iv) of the said Order are not applicable to the company.
- v. According to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the rules framed there under.
- vi. To the best of our knowledge and according to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act 2013 for any of the products of the company.
- vii. According to the information and explanations given to us and the records of the Company examined by us:
 - a) The Company is generally regular in depositing undisputed statutory dues in respect of Provident fund, Employees' state insurance, Income Tax, Sales tax, Service Tax, Goods and Service tax, Customs Duty, Cess and other material statutory dues, as applicable.
 - b) According to the records and information and explanations given to us no undisputed amount payable in respect of Provident fund, Employees' state insurance, Income Tax, Sales Tax, Service Tax, Goods and Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues is outstanding as at March 31, 2020, for a period of more than six months from the date they became payable.



- c) There are no dues of Income tax, Sales tax, Service tax, Goods and Service tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank or Government . The Company had neither any outstanding debentures at the beginning of the year nor has it issued any debenture during the year.
- ix. According to the information and explanation given to us by the management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Compulsory Convertible Preference Shares (CCPS) issued by the Company during the year were applied for the purposes for which those are raised. Further, according to the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The Company has not paid any managerial remuneration during the year to which the provisions of Section 197 read with Schedule V to the Act apply.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3(xii) of the Order are not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under the Indian Accounting Standards (Ind AS) 24, Related Party Disclosures specified under section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of the clause 3(xiv) of the Order are not applicable to the company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of the clause 3(xv) of the Order are not applicable to the company.
- 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 the clause 3(xvi) of the Order are not applicable to the company.

Place: Mumbai
Dated: June 25, 2020

For Singhi & Co.
Chartered Accountants
Firm's registration number: 302049E


Sudesh Choraria
Partner

Membership Number: 204936
UDIN: 20204936AAAACQ3214



ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 10(f) of the Independent Auditor's Report of even date to the members of Oban Fashions Private Limited on the financial Statements as of and for the year ended March 31, 2020)

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

1. We have audited the internal financial controls over financial reporting of **OBAN FASHIONS PRIVATE LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:
- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - 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
 - Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

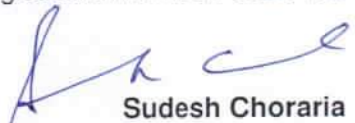
7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

OPINION

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Singhi & Co.
Chartered Accountants

Firm's registration number: 302049E


Sudesh Choraria

Partner

Membership Number: 204936
UDIN: 20204936AAAACQ3214

Place: Mumbai
Dated: June 25, 2020



OBAN FASHIONS PRIVATE LIMITED

CIN: U18204MH2015PTC271385

Balance Sheet as at March 31, 2020

(Amount In Rs)

| Particulars | Note No. | March 31,2020 | March 31, 2019 |
|--|----------|--------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, Plant and Equipment | 4(a) | 192,64,284 | 251,57,663 |
| (b) Right to Use Assets | 4(b) | 124,22,401 | - |
| (c) Intangibles assets | 5(a) | 606,66,084 | 710,25,440 |
| (d) Intangible assets under development | 5(b) | 2,74,200 | 2,74,200 |
| (e) Financial assets | | | |
| (i) Loans | 6 | 58,000 | 58,000 |
| (f) Deferred tax assets/ (Liabilities) (Net) | 15 | 1155,11,772 | 1155,11,772 |
| (g) Other non- current assets | 7 | - | - |
| | | 2081,96,741 | 2120,27,075 |
| Current assets | | | |
| (a) Inventories | 8 | 2150,50,313 | 2698,68,868 |
| (b) Financial assets | | | |
| (i) Trade receivables | 9 | 2310,78,421 | 2728,05,262 |
| (ii) Cash and cash equivalents | 10 | 8,15,058 | 11,86,365 |
| (iii) Other Financial Assets | | | |
| Loans | 6 | 2,05,000 | 10,60,000 |
| (c) Other current assets | 7 | 538,47,473 | 441,18,570 |
| | | 5009,96,265 | 5890,39,065 |
| TOTAL ASSETS | | 7091,93,006 | 8010,66,140 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 11 | 991,00,000 | 991,00,000 |
| (b) Other equity | 12 | (271,20,196) | (3379,41,619) |
| | | 719,79,804 | (2388,41,619) |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 13 | - | 4400,00,000 |
| (b) Provisions | 14 | 67,98,981 | 57,52,632 |
| | | 67,98,981 | 4457,52,632 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 13 | 4131,61,225 | 3545,64,721 |
| (ii) Lease liability | 16 | 131,59,352 | - |
| (iii) Trade payables | 17 | 1585,34,681 | 1807,95,893 |
| (iv) Other financial liabilities | 18 | 419,16,826 | 524,87,659 |
| (b) Provisions | 14 | 3,19,572 | 3,06,770 |
| (c) Income tax liabilities (net) | 19 | - | - |
| (d) Other current liabilities | 20 | 33,22,565 | 60,00,084 |
| | | 6304,14,221 | 5941,55,127 |
| TOTAL EQUITY & LIABILITIES | | 7091,93,006 | 8010,66,140 |

Significant accounting policies

3

Other notes to Financial Statements

1-41

The notes referred to above form integral part of these financial statements

As per our Report of even date annexed.

For SINGHI & CO.

Chartered Accountants

Firm Registration No. 302049E

Sd/-

Sudesh Choraria

Partner

Membership No.204936

Mumbai

Date: 25th June, 2020

For and on behalf of the Board of Directors

Sd/-

Ramesh Agarwal

Director

DIN: 00230702

Sd/-

Siddhant Agarwal

Director

DIN: 06941695

Sd/-

Neelam Sharma

Chief Financial Officer

Sd/-

Neha Sarawagi

Company Secretary

Memb No.-A50344

OBAN FASHIONS PRIVATE LIMITED

CIN: U18204MH2015PTC271385

Statement of Profit and Loss for the year ended March 31, 2020

(Amount In Rs)

| Particulars | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|----------|--------------------------------------|--------------------------------------|
| I Revenue from operations | 21 | 3265,40,895 | 3963,87,392 |
| II Other income | 22 | 130,89,956 | 5,69,232 |
| III Total Income (I+II) | | 3396,30,851 | 3969,56,623 |
| IV Expenses | | | |
| Cost of material consumed | 23 | 312,79,317 | - |
| Purchase of traded goods | 24 | 1542,19,502 | 4308,19,402 |
| Changes in inventories of Work in Progress and Traded Finished Goods | 25 | 548,18,555 | (1000,36,019) |
| Employee benefits expense | 26 | 1003,82,821 | 1098,66,529 |
| Finance costs | 27 | 565,59,090 | 532,77,556 |
| Depreciation and amortisation expense | 28 | 277,60,748 | 177,84,070 |
| Other expenses | 29 | 993,96,003 | 1504,50,612 |
| Total Expenses (IV) | | 5244,16,035 | 6621,62,150 |
| V Profit before Exceptional items & tax (III-IV) | | (1847,85,184) | (2652,05,527) |
| VI Add/Less: Exceptional Items | | - | - |
| VII Profit/(Loss) Before Tax (V-VI) | | (1847,85,184) | (2652,05,527) |
| VIII Tax expense | | | |
| a) Current tax | | - | - |
| b) Deferred tax | | - | (688,65,275) |
| IX Profit/ (Loss) for the year (VII- VIII) | | (1847,85,184) | (1963,40,252) |
| X Other Comprehensive Income | | | |
| (i) Items that will not be reclassified to profit or loss | | | |
| -Remeasurements of defined benefit plans | | 6,06,607 | 3,60,273 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | (93,671) |
| XI Other Comprehensive Income for the year (i-ii) | | 6,06,607 | 2,66,602 |
| XII Total Comprehensive Income for the year (IX+XI) | | (1841,78,577) | (1960,73,650) |
| XIII Earnings per equity share | | | |
| Basic earnings per share (₹) | | (18.65) | (19.81) |
| Diluted earnings per share (₹) | | (18.65) | (19.81) |

Significant accounting policies

3

Other notes to Financial Statements

1-41

The notes referred to above form integral part of these financial statements

As per our Report of even date annexed.

For and on behalf of the Board of Directors**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

Sd/-

Sudesh Choraria

Partner

Membership No.204936

Mumbai

Date: 25th June, 2020

Sd/-

Ramesh Agarwal

Director

DIN: 00230702

Sd/-

Neelam Sharma

Chief Financial Officer

Sd/-

Siddhant Agarwal

Director

DIN: 06941695

Sd/-

Neha Sarawagi

Company Secretary

Memb No.-A50344

OBAN FASHIONS PRIVATE LIMITED
CIN: U18204MH2015PTC271385
Cash Flow Statement for the year ended 31st March, 2020

(Amount In Rs)

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|----------------|----------------------|----------------|----------------------|
| | | | | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit Before Tax | | (1847,85,184) | | (2652,05,526) |
| Adjustment for: | | | | |
| (a) Depreciation and Amortisation | 277,60,748 | | 177,84,070 | |
| (b) Finance Cost | 565,59,090 | | 532,77,556 | |
| (c) Unspent Liabilities written back | (124,54,428) | | - | |
| (d) Provision for doubtful trade receivables | 72,66,907 | | 2,66,250 | |
| (e) Interest Income | - | 791,32,317 | (21,189) | 713,06,687 |
| Operating Profit / (Loss) before Working Capital Changes | | (1056,52,868) | | (1938,98,839) |
| Changes in Working capital | | | | |
| (a) Increase/(Decrease) in Trade Payables | (98,06,785) | | 450,51,081 | |
| (b) Increase/(Decrease) in Other Current Liabilities | (57,69,948) | | 306,69,658 | |
| (c) Increase/(Decrease) in Short Term Provisions | 16,65,759 | | 25,92,898 | |
| (d) (Increase) / Decrease in Short-term Loans & Advances | 8,55,000 | | (1,33,028) | |
| (e) (Increase) / Decrease in Inventories | 548,18,555 | | (1000,36,020) | |
| (f) (Increase) / Decrease in Trade Receivables | 344,59,935 | | (561,55,092) | |
| (g) (Increase) / Decrease in Other Current Assets | (97,28,903) | 664,93,613 | (145,18,788) | (925,29,291) |
| Cash Generated from Operations | | (391,59,255) | | (2864,28,130) |
| Net Cash from Operating Activities | | (391,59,255) | | (2864,28,130) |
| B. CASH FLOW ARISING FROM INVESTING ACTIVITIES | | | | |
| (a) Purchase of Property, Plant and Equipment, other Intangible Assets and Intangible assets under development | | (32,26,412) | | (138,06,650) |
| (b) Interest Received | | - | | 21,189 |
| Net Cash used in Investing Activities | | (32,26,412) | | (137,85,461) |
| C. CASH FLOW ARISING FORM FINANCING ACTIVITIES | | | | |
| (a) Finance Cost | | (631,07,567) | | (532,77,556) |
| (b) Issue of Preference Shares | | 4950,00,000 | | - |
| (c) Loan from Holding Company | | (4362,14,827) | | 539,30,074 |
| (d) Proceed of Short Term Borrowings (Net) | | 548,11,330 | | 2987,41,577 |
| (e) Payment of lease liabilities | | (84,74,576) | | - |
| Net Cash from Financing Activities | | 420,14,361 | | 2993,94,095 |
| Net Increase/(Decrease) in Cash & Cash Equivalent (A+B+C) | | (3,71,306) | | (8,19,496) |
| Cash & Cash Equivalents at the beginning of the year | | 11,86,365 | | 20,05,860 |
| Cash & Cash Equivalents at the end of the year | | 8,15,059 | | 11,86,365 |

Note

- (1) The above statement of cash flows has been prepared under the "Indirect Method" as set out in IND AS - 7 "Statement of Cash Flows".
- (2) Closing Cash and Cash Equivalents represent balances of cash and cash equivalents as indicated in Note 10 to the financial statements
- (4) Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- (5) Previous years figures have been regrouped / reclassified wherever necessary

As per our Report of even date annexed.

For SINGHI & CO.

Chartered Accountants

Firm Registration No. 302049E

Sd/-

Sudesh Choraria

Partner

Membership No.204936

Mumbai

Date: 25th June, 2020

For and on behalf of the Board of Directors

Sd/-

Ramesh Agarwal

Director

DIN: 00230702

Sd/-

Neelam Sharma

Chief Financial Officer

Sd/-

Siddhant Agarwal

Director

DIN: 06941695

Sd/-

Neha Sarawagi

Company Secretary

Memb No.-A50344

OBAN FASHIONS PRIVATE LIMITED
CIN: U18204MH2015PTC271385
Statement of Change in Equity for the year ended March 31, 2020

(Amount in Rs)

| Particulars | Total |
|---|-----------|
| a) Equity Share Capital | |
| Balance as at April 01, 2018 | 40,10,000 |
| Add/(Less): Changes in Equity Share Capital during the year | 59,00,000 |
| Balance as at March 31, 2019 | 99,10,000 |
| Add/(Less): Changes in Equity Share Capital during the year | - |
| Balance as at March 31, 2020 | 99,10,000 |
| b) Preference Share Capital | |
| Balance as at April 01, 2018 | - |
| Add/(Less): Changes in Preference Share Capital during the year | - |
| Balance as at March 31, 2019 | - |
| Add/(Less): Changes in Preference Share Capital during the year | - |
| Balance as at March 31, 2020 | - |

(Amount In Rs)

| Particulars | Equity Component of Compounding Financial Instrument | Reserve & Surplus | | |
|---------------------------------------|--|-------------------|---|---------------|
| | | Retained Earnings | Remeasurements of Defined Benefit Plans | Total |
| Balance as at April 01, 2018 | - | (1420,11,884) | 1,43,915 | (1418,67,969) |
| Profit / (loss) for the Year | - | (1963,40,252) | - | (1963,40,252) |
| Remeasurements of Gain / (Loss) | - | - | 3,60,273 | 3,60,273 |
| Impact of Tax | - | - | (93,671) | (93,671) |
| Total Comprehensive Income | - | (3383,52,136) | 4,10,517 | (3379,41,619) |
| Balance as at 31st March, 2019 | - | (3383,52,136) | 4,10,517 | (3379,41,619) |

(Amount In Rs)

| Particulars | Equity Component of Compounding Financial Instrument | Reserve & Surplus | | |
|---|--|-------------------|---|---------------|
| | | Retained Earnings | Remeasurements of Defined Benefit Plans | Total |
| Balance as at April 01, 2019 | - | (3383,52,136) | 4,10,517 | (3379,41,619) |
| Profit / (loss) for the Year | - | (1847,85,184) | - | (1847,85,184) |
| Equity Component of CCPS allotted during the year | 4950,00,000 | - | - | 4950,00,000 |
| Remeasurements of Gain / (Loss) | - | - | 6,06,607 | 6,06,607 |
| Impact of Tax | - | - | - | - |
| Total Comprehensive Income | 4950,00,000 | (5231,37,320) | 10,17,124 | (271,20,196) |
| Balance as at 31st March 2020 | 4950,00,000 | (5231,37,320) | 10,17,124 | (271,20,196) |

The Notes are an integral part of the Standalone Financial Statements

As per our Report of even date annexed.

For SINGHI & CO.

Chartered Accountants
Firm Registration No. 302049E

Sd/-

Sudesh Choraria

Partner

Membership No.204936

Mumbai

Date: 25th June, 2020

For and on behalf of the Board of Directors

Sd/-

Ramesh Agarwal

Director

DIN: 00230702

Sd/-

Neelam Sharma

Chief Financial Officer

Sd/-

Siddhant Agarwal

Director

DIN: 06941695

Sd/-

Neha Sarawagi

Company Secretary

Memb No.-A50344

OBAN FASHIONS PRIVATE LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31stMarch 2020

1. CORPORATE AND GENERAL INFORMATION

Oban Fashions Private Limited (the Company) was incorporated in India in the year 2015 and has its registered office in Mumbai. The Company is a Private Limited Company domiciled in India and incorporated under the provision of the Companies Act applicable in India. The Company is a 100% Subsidiary of Rupa & Co. Ltd. under the Companies Act 2013. The Company as on date has acquired licenses of two international brands namely, "French Connection (FCUK)" & "Fruit of the Loom (FOTL)" and engage in trade, distribution & marketing of aforesaid brand.

2. BASIS OF ACCOUNTING

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), other relevant provisions of the Act and other accounting principles generally accepted in India.

The financial statements of the Company for the year ended 31st March, 2020 have been approved by the Board of Directors in their meeting held on June 25, 2020.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis, except for following:

- Financial assets and liabilities that is measured at Fair value/ Amortised cost;
- Non-current assets held for sale – measured at the lower of the carrying amounts and fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value.

2.3 Functional and Presentation Currency

The Financial Statements have been presented in Indian Rupees (INR), which is also the Company's functional currency.

2.4 Use of Estimates and Judgements

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.5 Current Vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 the other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

3.1 Inventories

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

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.

3.2 Cash and Cash Equivalents

Cash and cash equivalents 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 change in value.

3.3 Income Tax

Income Tax comprises current and deferred tax. It is recognized in The Statement of Profit and Loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

Current Tax

Current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates (and tax laws) that have been enacted or substantively enacted, at the end of the reporting period.

Deferred Tax

- Deferred Tax assets and liabilities shall be 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 by the end of the reporting period.

- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base). Deferred tax is also recognized for carry forward of unused tax losses and unused tax credits.
- Deferred tax assets are recognized 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 utilized.
- The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.
- Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.4 Property, Plant and Equipment

3.4.1. Recognition and Measurement:

- Property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any accumulated depreciation and accumulated impairment losses (if any).
- Cost of an item of property, plant and equipment acquired comprises its purchase price including import duties and non-refundable purchase taxes, after deducting any trade discounts and rebates, borrowing cost, if capitalization criteria is met, any directly attributable costs of bringing the assets to its working condition and location for its intended use and present value of any estimated cost of dismantling and removing the item and restoring the site on which it is located.
- Profit or loss arising on the disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

3.4.2. Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

3.4.3. Depreciation

- Depreciation on Property Plant & Equipment is provided under Straight Line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The company has used the following rates to provide depreciation on its Property Plant & Equipment.

| Class of Property Plant & Equipment | Useful Lives estimated by the management (Years) |
|--|---|
| Computer and Data Processing Equipments | 3 |
| Furniture and Fixtures | 4 to 10 |
| Office Equipments | 5 |

- The management has estimated, supported by independent assessment by professionals, the useful lives of the certain Furniture & Fixture as 4 years. These lives are lower than those indicates in the schedule II.
-
- Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.
- Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from (up to) the date on which asset is ready for use (disposed of).
- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.4.4. Capital Work in Progress

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other Non-Current Assets"

3.5 Leases

3.5.1. Determining whether an arrangement contains a lease

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

3.5.2. Company as Lessee

➤ Lease Liability

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
 - Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
 - The amount expected to be payable by the lessee under residual value guarantees;
 - The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
 - Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- The lease liability is presented as a separate line in the Balance Sheet.
 - The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
 - The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
 - The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
 - A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

➤ Right of Use (ROU) Assets:

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

The ROU assets are presented as a separate line in the consolidated Balance Sheet.

The Company applies Ind AS 36- Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per its accounting policy on 'property, plant and equipment'.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

➤ Critical Accounting judgement and key sources of estimation uncertainty

Extension and termination option:

Extension and termination options are included in many of the leases. In determining the lease term the Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company.

3.6 Revenue Recognition

Revenue is recognized upon transfer of control of promised products to customers in an amount that reflects the consideration the company expects to receive in exchange for those products or services, in accordance with Ind AS115 "Revenue from contract with customers". Amounts disclosed as revenue are net of value added taxes/ Goods and service tax.

Accordingly, the Company recognizes revenue when

- a) It has satisfied its performance obligation and the customer has obtained control of the goods.
- b) The amount of revenue can be reliably measured.
- c) It is probable that future economic benefits associated with the transaction will flow to the Company.

3.7 Employee Benefits

3.7.1. Short Term Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period.

The leave balances of the employees are only encashable at the time of leaving the Company.

3.7.2. Post -Employment Benefits

The Company operates the following post-employment schemes:

➤ **Defined Benefit Plans**

The liability or asset recognized in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognized for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognized in other comprehensive income. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

➤ **Defined Contribution Plan**

Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the statement of profit and loss of the period when the contributions to the respective funds are due. The Company has no obligation other than contributions to the respective funds. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the selected service."

3.8 Foreign Currency Transactions

- Foreign currency transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognized in profit or loss in the year 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 qualifying assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, the balance is presented in the Statement of Profit and Loss within finance costs.
- Non-monetary items are not retranslated at period end and are measured at historical cost (translated using the exchange rate at the transaction date).

3.9 Borrowing Cost

- Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- 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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. The Company considers a period of twelve months or more as a substantial period of time.
- Transaction costs in respect of long term borrowing are amortized over the tenure of respective loans using Effective Interest Rate (EIR) method. All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

3.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.10.1. Financial Assets

➤ **Recognition and Initial Measurement:**

All financial assets are initially recognized when the company becomes a party to the contractual provisions of the instruments. A financial asset is initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

➤ **Classification and Subsequent Measurement:**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Measured at Amortized Cost;
- Measured at Fair Value Through Other Comprehensive Income (FVTOCI);
- Measured at Fair Value Through Profit or Loss (FVTPL); and
- Equity Instruments measured at Fair Value through Other Comprehensive Income (FVTOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

- Measured at Amortized Cost: A debt instrument is measured at the amortized cost if both the following conditions are met:
 - The asset is held within a business model whose objective is achieved by both collecting 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 (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

- Measured at FVTOCI: A debt instrument is measured at the FVTOCI if both the following conditions are met:
 - The objective of the business model is achieved by both collecting contractual cash flows and selling the financial assets; and
 - The asset's contractual cash flows represent SPPI.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated using the effective interest method is recognized in the statement of profit and loss in investment income.

- Measured at FVTPL: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.
- Equity Instruments measured at FVTOCI: All equity investments in scope of Ind AS – 109 are measured at fair value. Equity instruments which are, held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. In case the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding

dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment.

➤ **Derecognition**

The Company derecognizes a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

➤ **Impairment of Financial Assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

3.10.2. Financial Liabilities

➤ **Recognition and Initial Measurement:**

Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, payables or as derivatives, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

➤ **Subsequent Measurement:**

Financial liabilities are measured subsequently at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

➤ **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

➤ **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

3.11 Impairment of Non-Financial Assets

- The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest

levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).

- An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

3.12 Provisions, Contingent Liabilities and Contingent Assets

3.12.1. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and 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. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.12.2. Contingent Liabilities

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

3.12.3. Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

3.13 Intangible Assets

Recognition and Measurement

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful economic lives.

Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. All other expenditure is recognized in the Statement of Profit & Loss.

Amortization

The useful lives over which intangible assets are amortized are as under:

| Assets | Useful Life (In Years) |
|-------------------|------------------------|
| Business Rights | 10 |
| Computer software | 5 |

Disposal

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit & Loss.

Intangible Assets under Development

Intangible Assets under development is stated at cost which includes expenses incurred in connection with development of Intangible Assets in so far as such expenses relate to the period prior to the getting the assets ready for use.

3.14 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.15 Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the 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 — Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 — Inputs which are unobservable inputs for the asset or liability.

External valuers are involved for valuation of significant assets & liabilities. Involvement of external valuers is decided by the management of the company considering the requirements of Ind As and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

3.16 Critical accounting judgements and key sources of estimation uncertainty:

Information about Significant judgements and Key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- **Recognition of Deferred Tax Assets:** The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.
- **Useful lives of depreciable/ amortisable assets (tangible and intangible):** Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.
- **Classification of Leases:** The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.
- **Defined Benefit Obligation (DBO):** Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.
- **Provisions and Contingencies:** The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.
- **Allowances for Doubtful Debts:** The Company makes allowances for doubtful debts through appropriate estimations of irrecoverable amount. The identification of doubtful debts requires use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.
- **Fair value measurement of financial Instruments:** When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The input to these models are taken from observable markets where possible, but where this not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

OBAN FASHIONS PRIVATE LIMITED

CIN: U18204MH2015PTC271385

Notes to the Financial Statements for the year ended March 31, 2020

4(a). Property, Plant and Equipment

(Amount In Rs)

| Particulars | Furniture and Fixtures | Computer | Office Equipment | Total |
|-----------------------------|------------------------|------------------|------------------|-------------------|
| As at April 1, 2018 | 183,03,647 | 30,04,370 | 11,68,873 | 224,76,890 |
| Additions | 136,40,725 | 99,276 | 6,649 | 137,46,650 |
| On Disposals/ Withdrawals | - | - | - | - |
| As at March 31, 2019 | 319,44,372 | 31,03,646 | 11,75,522 | 362,23,540 |
| Additions | 31,81,836 | 44,576 | - | 32,26,412 |
| On Disposals/ Withdrawals | - | - | - | - |
| As at March 31, 2020 | 351,26,208 | 31,48,222 | 11,75,522 | 394,49,952 |
| Depreciation | | | | |
| As at April 1, 2018 | 24,73,670 | 10,35,332 | 1,37,821 | 36,46,823 |
| Charge for the year | 62,66,185 | 9,32,816 | 2,20,053 | 74,19,053 |
| On Disposals/ Withdrawals | - | - | - | - |
| As at March 31, 2019 | 87,39,855 | 19,68,148 | 3,57,874 | 110,65,876 |
| Charge for the year | 81,26,325 | 7,70,117 | 2,23,349 | 91,19,791 |
| On Disposals/ Withdrawals | - | - | - | - |
| As at March 31, 2020 | 168,66,180 | 27,38,265 | 5,81,223 | 201,85,668 |
| Net Block | | | | |
| As at March 31, 2019 | 232,04,517 | 11,35,498 | 8,17,648 | 251,57,663 |
| As at March 31, 2020 | 182,60,028 | 4,09,957 | 5,94,299 | 192,64,284 |

| 4(b) Right to Use Assets | Building |
|-----------------------------|-------------------|
| As at April 1, 2019 | - |
| Additions | 207,04,002 |
| Charge for the Period | 82,81,601 |
| As at March 31, 2020 | 124,22,401 |

5(a) Intangible Assets:

(Amount In Rs)

| Particulars | Business Rights | Computer Software | Total |
|-------------------------------|--------------------|-------------------|--------------------|
| Cost | | | |
| As at 1st April , 2018 | 1000,00,000 | 17,97,690 | 1017,97,690 |
| Additions | | | |
| As at March 31, 2019 | 1000,00,000 | 17,97,690 | 1017,97,690 |
| Additions | - | - | - |
| As at March 31, 2020 | 1000,00,000 | 17,97,690 | 1017,97,690 |
| Amortisation | | | |
| As at 1st April , 2018 | 200,00,000 | 4,07,234 | 204,07,234 |
| Charge for the year | 100,00,000 | 3,65,017 | 103,65,017 |
| As at March 31, 2019 | 300,00,000 | 7,72,250 | 307,72,250 |
| Charge for the year | 100,00,000 | 3,59,356 | 103,59,356 |
| As at March 31, 2020 | 400,00,000 | 11,31,606 | 411,31,606 |
| Net Block | | | |
| As at March 31, 2019 | 700,00,000 | 10,25,440 | 710,25,440 |
| As at March 31, 2020 | 600,00,000 | 6,66,084 | 606,66,084 |

5(b) Intangible Assets Under Development

| Particulars | Building |
|----------------------|----------|
| As at March 31, 2019 | 2,74,200 |
| As at March 31, 2020 | 2,74,200 |

OBAN FASHIONS PRIVATE LIMITED

CIN: U18204MH2015PTC271385

Notes to the Financial Statements for the year ended March 31, 2020

| Particulars | Non Current Assets | | Current Assets | |
|---|--------------------|---------------|-----------------|------------------|
| | March 31,2020 | March 31,2019 | March 31,2020 | March 31,2019 |
| 6. Loans | | | | |
| (Unsecured, considered good unless otherwise stated) | | | | |
| Security deposits | 58,000 | 58,000 | 2,05,000 | 10,60,000 |
| | 58,000 | 58,000 | 2,05,000 | 10,60,000 |

| Particulars | Non Current Assets | | Current Assets | |
|--|--------------------|---------------|-------------------|-------------------|
| | March 31,2020 | March 31,2019 | March 31,2020 | March 31,2019 |
| 7. Other Assets | | | | |
| Advances Other than Capital Advances | | | | |
| Prepaid Expenses | - | - | 76,84,508 | 25,80,786 |
| Balances with Government Authorities | - | - | 416,74,881 | 340,14,422 |
| Advance against Supply of Goods and Services | - | - | 23,27,347 | 56,81,049 |
| Advance to Employees | - | - | 21,60,737 | 18,42,314 |
| | - | - | 538,47,473 | 441,18,571 |

| Particulars | Non Current Assets | | Current Assets | |
|--|--------------------|---------------|--------------------|--------------------|
| | March 31,2020 | March 31,2019 | March 31,2020 | March 31,2019 |
| 8. Inventories | | | | |
| (Valued at cost, unless otherwise stated) | | | | |
| Stock in Trade | | | | |
| Raw Materials | - | - | - | - |
| Finished Goods | - | - | 1994,43,691 | 2698,68,868 |
| Work in Progress | - | - | 156,06,622 | - |
| | - | - | 2150,50,313 | 2698,68,868 |

Inventories are hypothecated/ pledged against Cash Credit from Bank (Refer Note no. 13)

| Particulars | Non Current Assets | | Current Assets | |
|-----------------------------------|--------------------|---------------|--------------------|--------------------|
| | March 31,2020 | March 31,2019 | March 31,2020 | March 31,2019 |
| 9. Trade Receivables | | | | |
| Secured,considered good | - | - | 341,08,303 | 346,82,943 |
| Unsecured,considered good | - | - | 1969,70,117 | 2381,22,318 |
| Trade Receivables-Credit Impaired | - | - | 72,66,907 | 2,66,250 |
| | - | - | 2383,45,327 | 2730,71,511 |

Impairment Allowance(Allowance for Bad and Doubtful Debt)

| | | | | |
|---|----------|----------|--------------------|--------------------|
| Unsecured | - | - | - | - |
| Trade Receivables which has significant increase in Credit Risk | - | - | - | - |
| Trade Receivables-Credit Impaired | - | - | 72,66,907 | 2,66,250 |
| Trade Receivables | - | - | 2310,78,421 | 2728,05,261 |

| Particulars | Non Current Assets | | Current Assets | |
|--------------------------------------|--------------------|---------------|-----------------|------------------|
| | March 31,2020 | March 31,2019 | March 31,2020 | March 31,2019 |
| 10. Cash and cash equivalents | | | | |
| Cash in hand | - | - | 14,614 | 18,934 |
| Balances with banks : | - | - | - | - |
| Current accounts | - | - | 8,00,444 | 11,67,431 |
| | - | - | 8,15,058 | 11,86,365 |

OBAN FASHIONS PRIVATE LIMITED
CIN: U18204MH2015PTC271385
Notes to the Financial Statements for the year ended March 31, 2020

(Amount in Rs.)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| II. a) Equity share capital | | | | |
| Authorised capital | | | | |
| Equity shares of Rs 10 each | 100,00,000 | 1000,00,000 | 100,00,000 | 1000,00,000 |
| 0.1% Non Cumulative Compulsory Convertible Preference Shares of Rs.100 each. | 49,50,000 | 4950,00,000 | - | - |
| | | 5950,00,000 | | 1000,00,000 |
| Issued and subscribed capital & fully paid-up | | | | |
| Equity shares of Rs. 10 each fully paid up | 99,10,000 | 991,00,000 | 99,10,000 | 991,00,000 |
| 0.1% Non Cumulative Compulsory Convertible Preference Shares of Rs.100 each fully paid up | 49,50,000 | 4950,00,000 | - | - |
| | | 5941,00,000 | | 991,00,000 |
| Less : Preference Shares in the nature of Compounding Financial Instrument disclosed under Other equity (Refer Note 12) | | 4950,00,000 | | |
| | | 991,00,000 | | 991,00,000 |

b) Reconciliation of the number of shares at the beginning and at the end of the year

(i) Equity Shares

| Particulars | No. of shares | Amount |
|--|------------------|-------------------|
| Outstanding at 1st April,2018 | 99,10,000 | 991,00,000 |
| Add: Equity share issued during the year | - | - |
| Outstanding at 31st March,2019 | 99,10,000 | 991,00,000 |
| Add: Equity share issued during the year | - | - |
| Outstanding at 31st March,2020 | 99,10,000 | 991,00,000 |

(ii) Preference Shares

| Particulars | No. of shares | Amount |
|--|------------------|--------------------|
| Outstanding at 1st April,2018 | - | - |
| Add: Preference share issued during the year | - | - |
| Outstanding at 31st March,2019 | - | - |
| Add: Preference share issued during the year | 49,50,000 | 4950,00,000 |
| Outstanding at 31st March,2020 | 49,50,000 | 4950,00,000 |

c) (i) Terms/ Rights attached to Equity Shares :

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) (ii) Terms/ Rights attached to Compulsory Convertible Preference Shares (CCPS) :

The Company has issued 49,50,000, 0.1% Non Cumulative Compulsory Convertible Preference Shares(CCPS) on September 15, 2019 having face value of Rs. 100/- per share. The CCPS shall be convertible into ordinary equity shares of the Company not later than 20 years from the date of issue. The CCPS shall be converted into such number of equity shares of the Company at such rate, as shall be determined at the time of conversion. In the event of liquidation of the Company, the holders of CCPS shall have priority for distribution over the ordinary equity shares, but shall not participate in any surplus, on winding up, which may remain after the entire capital has been repaid.

d) Shares held by Holding or Ultimate Holding Company

Equity Shares

| Name | Nature of relationship | As at March 31, 2020 | | As at March 31, 2019 | |
|------------------------|------------------------|----------------------|------------|----------------------|------------|
| | | Numbers | Amount | Numbers | Amount |
| Rupa & Company Limited | Holding Company | 99,10,000 | 991,00,000 | 99,10,000 | 991,00,000 |

Preference Shares

| Name | Nature of relationship | As at March 31, 2020 | | As at March 31, 2019 | |
|------------------------|------------------------|----------------------|-------------|----------------------|--------|
| | | Numbers | Amount | Numbers | Amount |
| Rupa & Company Limited | Holding Company | 49,50,000 | 4950,00,000 | - | - |

e) Details of shareholders holding more than 5% shares in the Company

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-----------|----------------------|-----------|
| | No. of Shares | % Holding | No. of Shares | % Holding |
| Equity Shares of Rs.10/- each, fully paid up | | | | |
| Rupa & Company Limited | 99,10,000 | 100% | 99,10,000 | 100% |
| 0.1% CCPS of Rs.100/- each, fully paid up | | | | |
| Rupa & Company Limited | 49,50,000 | 100% | - | - |

f) The company has neither issued bonus shares nor has bought back any shares during last 5 years

g) No ordinary shares have been reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

h) No calls are unpaid by any Director or Officer of the Company during the year.

| Particulars | Ref. Note | March 31,2020 | March 31 2019 |
|---|-----------|----------------------|----------------------|
| 12. Other Equity | | | |
| Retained earnings | 12.1 | (5231,37,320) | (3383,52,136) |
| Other Comprehensive Income | 12.2 | 10,17,124 | 4,10,517 |
| | | (5221,20,196) | (3379,41,619) |
| Equity Component of Compounding Financial Instrument : | | | |
| 0.1% Compulsory Convertible Preference Shares of Rs.100 each, fully paid up (Refer Note 11) | | | |
| | | 4950,00,000 | - |
| | | (271,20,196) | (3379,41,619) |
| Changes in Other Equity | | | |
| 12.1 Retained earnings | | | |
| Opening balance | | (3383,52,136) | (1420,11,885) |
| Add: Profit / (Loss) for the year | | (1847,85,184) | (1963,40,251) |
| | | (5231,37,320) | (3383,52,136) |
| 12.2 Other Comprehensive Income | | | |
| Opening balance | | 4,10,517 | 1,43,915 |
| Remeasurement of Defined benefit plans (net of tax) | | 6,06,607 | 2,66,602 |
| | | 10,17,124 | 4,10,517 |

OBAN FASHIONS PRIVATE LIMITED

CIN: U18204MH2015PTC271385

Notes to the Financial Statements for the year ended March 31, 2020

(Amount in Rs)

| Particulars | Non Current | | Current | |
|---------------------------------|---------------|--------------------|--------------------|--------------------|
| | March 31,2020 | March 31, 2019 | March 31,2020 | March 31, 2019 |
| 13. Borrowings | | | | |
| Loan Repayable on demand | | | | |
| From banks: | | | | |
| Cash Credit | - | - | 4025,95,823 | 3477,84,493 |
| Other Financial Liabilities | - | - | - | - |
| Unsecured Loan -Holding Company | - | 4400,00,000 | 105,65,401 | 67,80,228 |
| | - | 4400,00,000 | 4131,61,225 | 3545,64,721 |

Terms & conditions :

a) Cash Credit are secured by hypothecation of inventories, book debts and other current assets of the Company and further by Corporate Guarantee given by Rupa & Co. Limited.

b) Cash Credit are repayable on demand and carries interest @ 8 to 9.5% p.a. (31st March 20)

d) There is no default as on the balance sheet date in the repayment of borrowings and interest thereon.

| Particulars | Non Current | | Current | |
|--------------------------------|------------------|------------------|-----------------|-----------------|
| | March 31,2020 | March 31, 2019 | March 31,2020 | March 31, 2019 |
| 14. Provisions | | | | |
| Provision for gratuity | 24,10,386 | 18,44,618 | 7,969 | 5,578 |
| Provision for Leave Encashment | 43,88,595 | 39,08,014 | 3,11,603 | 3,01,192 |
| | 67,98,981 | 57,52,632 | 3,19,572 | 3,06,770 |

| Particulars | Non Current | | | |
|---|--------------------|--------------------|--|--|
| | March 31,2020 | March 31, 2019 | | |
| 15 Deferred Tax Assets / (Liabilities) (net) | | | | |
| Deferred Tax Liabilities | | | | |
| Arising on account of : | | | | |
| Depreciation | 58,47,296 | 71,84,283 | | |
| | 58,47,296 | 71,84,283 | | |
| Less: Deferred Tax Assets | | | | |
| Arising on account of : | | | | |
| C/F Unabsorbed Depreciation | 209,07,529 | 171,79,937 | | |
| C/F Business Loss | 1451,12,744 | 1037,81,436 | | |
| Expenses related to Increase in Share Capital | 10,26,570 | 73,150 | | |
| Leave Encashment Provision | 14,35,749 | 12,37,694 | | |
| Provision for gratuity | 7,28,868 | 4,23,429 | | |
| Others -Lease Rent Adjustment as per Ind AS | 1,91,607 | - | | |
| Others -Preliminary Expenses | 149 | 409 | | |
| | 1694,03,216 | 1226,96,055 | | |
| Less: Deferred Tax not recognised* | 480,44,148 | | | |
| Deferred Tax Assets / (Liabilities) (net) | 1155,11,772 | 1155,11,772 | | |

Note:

1. Deferred tax Assets (Net) has not been recognized by the company for the current year.

| Particulars | Non Current | | Current | |
|---------------------------------|---------------|----------------|-------------------|----------------|
| | March 31,2020 | March 31, 2019 | March 31,2020 | March 31, 2019 |
| 16. Lease Liability | | | | |
| Maturities of Lease Obligations | - | - | 131,59,352 | - |
| | - | - | 131,59,352 | - |

| Particulars | Non Current | | Current | |
|---|---------------|----------------|--------------------|--------------------|
| | March 31,2020 | March 31, 2019 | March 31,2020 | March 31, 2019 |
| 17. Trade payables | | | | |
| Due to micro and small enterprises | - | - | 25,68,775 | 27,41,077 |
| Due to Creditors other than micro and small enterprises | - | - | 1559,65,906 | 1780,54,816 |
| | - | - | 1585,34,681 | 1807,95,893 |

| Particulars | Non Current | | Current | |
|--|---------------|----------------|-------------------|-------------------|
| | March 31,2020 | March 31, 2019 | March 31,2020 | March 31, 2019 |
| 18. Other Financial Liabilities | | | | |
| Security Deposits from customers | - | - | 341,08,303 | 346,82,943 |
| Interest Accrued but not due on borrowings | - | - | 4,58,566 | 79,36,969 |
| Capital Creditors | - | - | - | 1,43,811 |
| Payable to employees | - | - | 73,49,957 | 97,23,936 |
| | - | - | 419,16,826 | 524,87,659 |

| Particulars | Non Current | | Current | |
|---|---------------|----------------|---------------|----------------|
| | March 31,2020 | March 31, 2019 | March 31,2020 | March 31, 2019 |
| 19. Income Tax Liabilities (Net) | | | | |
| Provisions for Taxation (Net of Payments) | - | - | - | - |
| | - | - | - | - |

| Particulars | Non Current | | Current | |
|--------------------------------------|---------------|----------------|------------------|------------------|
| | March 31,2020 | March 31, 2019 | March 31,2020 | March 31, 2019 |
| 20. Other Current Liabilities | | | | |
| Statutory dues payable | - | - | 33,22,565 | 60,00,084 |
| | - | - | 33,22,565 | 60,00,084 |

OBAN FASHIONS PRIVATE LIMITED

CIN: U18204MH2015PTC271385

Notes to the Financial Statements for the year ended March 31, 2020

| Particulars | (Amounts in Rs) | |
|--|--------------------|--------------------|
| | March 31, 2020 | March 31, 2019 |
| 21. Revenue from operations | | |
| Sale of products (Net of Returns) : | | |
| Traded Finished Goods | 3776,11,251 | 4569,21,902 |
| Less: Discounts, Schemes & Incentives | 510,70,356 | 605,34,510 |
| | 3265,40,895 | 3963,87,392 |

A) Nature of goods and services

The following is a description of principal activities separated by reportable segments from which the Company generates its revenue

a) The Company is engaged in the trading of hosiery products and generates revenue from the sale of hosiery products and the same is only the reportable segment of the Company.

B) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products lines and timing of revenue recognition

| Particulars | March 31, 2020 | March 31, 2019 |
|--|--------------------|--------------------|
| i) Primary Geographical Markets | | |
| Within India | 3264,78,748 | 3959,60,679 |
| Outside India | 62,147 | 4,26,713 |
| Total | 3265,40,895 | 3963,87,392 |

| Particulars | March 31, 2020 | March 31, 2019 |
|---------------------------|--------------------|--------------------|
| ii) Major Products | | |
| Hosiery Products | 3265,40,895 | 3963,87,392 |
| Others | - | - |
| Total | 3265,40,895 | 3963,87,392 |

| Particulars | March 31, 2020 | March 31, 2019 |
|-------------------------------|--------------------|--------------------|
| iii) Timing of Revenue | | |
| At a point in time | 3265,40,895 | 3963,87,392 |
| Over time | - | - |
| Total | 3265,40,895 | 3963,87,392 |

| Particulars | March 31, 2020 | March 31, 2019 |
|------------------------------|--------------------|--------------------|
| iv) Contract Duration | | |
| Long Term | 3265,40,895 | 3963,87,392 |
| Short Term | - | - |
| Total | 3265,40,895 | 3963,87,392 |

| Particulars | March 31, 2020 | March 31, 2019 |
|-----------------------------------|-------------------|-----------------|
| 22. Other income | | |
| Interest income : | | |
| On Bank deposits | - | 21,189 |
| On receivable | - | - |
| | - | 21,189 |
| Other Non-operating income | | |
| Export Incentive | | 8,387 |
| Liability written back | 124,54,428 | - |
| Other Income | 6,35,528 | 5,39,656 |
| | 130,89,956 | 5,48,043 |
| | 130,89,956 | 5,69,232 |

OBAN FASHIONS PRIVATE LIMITED

CIN: U18204MH2015PTC271385

Notes to the Financial Statements for the year ended March 31, 2020

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-------------------|----------------|
| 23. Cost of material consumed | | |
| Opening Inventory | - | - |
| Add: Purchase | 312,79,317 | - |
| Less :Inventory at the end of the year | - | - |
| Cost of material consumed | 312,79,317 | - |

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------------------------------|--------------------|--------------------|
| 24. Trading Purchase of Goods | | |
| Purchase of goods | 1542,19,502 | 4308,19,402 |
| | 1542,19,502 | 4308,19,402 |

| Particulars | March 31, 2020 | March 31, 2019 |
|--|--------------------|----------------------|
| 25. Changes in Inventories of Traded Finished Goods | | |
| Opening stock | | |
| Finished Goods | 2698,68,868 | 1698,32,849 |
| Work in progress | - | - |
| | 2698,68,868 | 1698,32,849 |
| Closing stock | | |
| Finished Goods | 1994,43,691 | 2698,68,868 |
| Work in progress | 156,06,622 | - |
| | 2150,50,313 | 2698,68,868 |
| | 548,18,555 | (1000,36,019) |

| Particulars | March 31, 2020 | March 31, 2019 |
|---|--------------------|--------------------|
| 26. Employee benefit expense | | |
| Salaries, Wages and Bonus | 944,34,535 | 1005,95,146 |
| Contribution to Provident and Other Funds | 39,21,886 | 41,85,171 |
| Gratuity | 11,74,766 | 11,16,171 |
| Leave Encashment | 7,61,752 | 20,79,869 |
| Staff Welfare Expenses | 89,882 | 18,90,172 |
| | 1003,82,821 | 1098,66,529 |

* For descriptive notes on disclosure of defined benefit obligation refer note no. 33

OBAN FASHIONS PRIVATE LIMITED

CIN: U18204MH2015PTC271385

Notes to the Financial Statements for the year ended March 31, 2020

(Amount in Rs)

| Particulars | March 31,2020 | March 31, 2019 |
|---------------------------------|-------------------|-------------------|
| 27. Finance costs | | |
| Interest Expenses | | |
| Loan from Holding Company | 185,35,061 | 351,67,562 |
| On Deposits and Others | 370,94,103 | 181,09,994 |
| Others | | |
| Amortisation of Lease Liability | 9,29,926 | - |
| Other Financial Charges | - | - |
| | 565,59,090 | 532,77,556 |

| Particulars | March 31,2020 | March 31, 2019 |
|--|-------------------|-------------------|
| 28. Depreciation & Amortisation Expense | | |
| Depreciation of Tangible assets | 91,19,791 | 74,19,053 |
| Amortisation of Intangible assets | 103,59,356 | 103,65,017 |
| Charge for Right to Use Assets | 82,81,601 | - |
| | 277,60,748 | 177,84,070 |

| Particulars | March 31,2020 | March 31, 2019 |
|--|-------------------|--------------------|
| 29. Other expenses | | |
| Sub Contracting Expenses | 81,34,030 | - |
| Advertising Expenses | 151,73,975 | 694,43,135 |
| Sales Promotion Expenses | 25,25,583 | 2,97,356 |
| Commission* | 6,15,500 | 2,95,000 |
| Communication costs | 16,93,462 | 15,91,789 |
| Computer & Software Maintenance | 21,86,256 | 19,42,702 |
| Electricity Expenses | 3,79,212 | 3,81,360 |
| Freight outwards and Forwarding expenses | 100,69,054 | 152,70,130 |
| Inspection Expenses | 5,52,592 | 7,37,595 |
| Insurance | 3,45,876 | 3,53,074 |
| Legal and Professional fees | 11,98,781 | 15,59,716 |
| Miscellaneous expenses | 7,87,923 | 11,61,880 |
| Payment to auditor (refer note below) | 3,90,000 | 3,00,000 |
| Printing & Stationery Expenses | 4,54,822 | 7,79,858 |
| Rates and taxes | 9,092 | 3,10,125 |
| Rent | 120,18,154 | 217,53,704 |
| Royalty on Sales | 60,00,000 | 129,22,655 |
| ROC Filing Fees | 47,02,500 | - |
| Sample Expenses | 45,970 | 2,67,101 |
| Travelling ,Boarding and Conveyance | 248,46,315 | 208,17,182 |
| Provision for Doubtful Debts | 72,66,907 | 2,66,250 |
| | 993,96,003 | 1504,50,612 |

* includes Corporate Guarantee Commission to Holding Company Rs 592,500/- (March 31, 2019: Rs 2,95,000/-)

| Particulars | March 31,2020 | March 31, 2019 |
|---------------------------------|-----------------|-----------------|
| Remuneration to Auditors | | |
| Audit Fees | 3,90,000 | 2,40,000 |
| Tax Audit Fees | - | 60,000 |
| In other Services | - | - |
| Out of Pocket Expenses | - | - |
| | 3,90,000 | 3,00,000 |

30 Capital and other commitments

| Particulars | March 31,2020 | March 31, 2019 |
|---|---------------|----------------|
| Estimated amount of contracts remaining to be executed and not provided for (net of advances) | Nil | Nil |

31 Contingent Liabilities & Contingent Assets

| Particulars | March 31,2020 | March 31, 2019 |
|------------------------|---------------|----------------|
| Contingent Liabilities | Nil | Nil |
| Contingent Assets | Nil | Nil |

32 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 included in Trade payables*

Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent ascertained and as per notification number GSR 679 (E) dated 4th September, 2015

| Particulars | March 31,2020 | March 31, 2019 |
|--|---------------|----------------|
| i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year. | | |
| a. Principal | 25,68,775 | 27,41,077 |
| ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 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 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 years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

33 Employee Benefit (Defined Benefit Plan)

The Company has a defined benefit gratuity plan and has recognised gratuity of Rs. 11,74,766. (PY - Rs.11,16,171.) in its statement of Profit & Loss Account for the year ended 31st March 2020.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan.

| Particulars | March 31,2020 | March 31, 2019 |
|--|-------------------|-------------------|
| 33(a) Change in defined benefit obligations | | |
| Obligations at beginning of the year | 18,50,196 | 11,20,260 |
| Service cost | 10,32,301 | 10,30,911 |
| Interest Cost | 1,42,465 | 85,260 |
| Benefits settled | - | (25,962) |
| Actuarial (gain) / loss (through OCI) | (6,06,607) | (3,60,273) |
| Obligations at end of the year | 24,18,355 | 18,50,196 |
| 33(b) Change in plan assets | | |
| Plan assets at beginning of the year, at fair value | - | - |
| Interest income | - | - |
| Actuarial gain / (loss) (through OCI) | - | - |
| Contributions | - | 25,962 |
| Benefits settled | - | (25,962) |
| Plan assets at end of the year | - | - |
| 33(c) Net Defined Benefit liability / (asset) | | |
| Present value of defined benefit obligation at the end of the year | 24,18,355 | 18,50,196 |
| Fair value of plan assets at the end of the year | - | - |
| Net liability / (asset) recognised in the balance sheet | 24,18,355 | 18,50,196 |
| 33(d) Expenses recognised in statement of profit and loss | | |
| Service cost | 10,32,301 | 10,30,911 |
| Interest cost (net) | 1,42,465 | 85,260 |
| Net gratuity cost | 11,74,766 | 11,16,171 |
| 33(e) Re-measurement gains / (losses) in OCI | | |
| Actuarial (gain) / loss due to financial assumption changes | 3,81,259 | 2,28,940 |
| Actuarial (gain) / loss due to experience adjustments | (9,87,866) | (5,89,213) |
| Return on plan assets (greater)/less than discount rate | - | - |
| Total expenses routed through OCI | (6,06,607) | (3,60,273) |

33(f) The major categories of plan assets of the fair value of the total plan assets are as follows:

| Particulars | March 31,2020 | March 31, 2019 |
|--------------------------|---------------|----------------|
| Investments with insurer | - | - |

33(g) The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

| Particulars | March 31,2020 | March 31, 2019 |
|---|----------------------|----------------|
| Discount Rate | 7.00% | 7.70% |
| Future salary increases | 6.00% | 6.00% |
| Mortality | IALM (2006-08) Table | |
| Normal Age of Retirement | 60 Years | 60 Years |
| Estimated rate of return on Plan assets | 0.00% | 0.00% |

33(h) A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

| Particulars | Sensitivity Level | Defined benefit obligations | | | |
|-------------------------|----------------------|-----------------------------|-----------|----------------|-----------|
| | | March 31,2020 | | March 31, 2019 | |
| | | Increase | Decrease | Increase | Decrease |
| Discount Rate | 1% Increase/Decrease | 21,19,093 | 27,80,627 | 16,24,382 | 21,22,738 |
| Further salary increase | 1% Increase/Decrease | 27,93,756 | 21,03,939 | 21,34,697 | 16,11,412 |
| Withdrawal Rate | 1% Increase/Decrease | 23,90,630 | 24,42,056 | 18,27,545 | 18,67,294 |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

- 33(f) The average duration of the defined benefit plan obligation at the end of the reporting period is 6.34 years (PY 6.71 years). The distribution of the timing of benefits payment i.e., the maturity analysis of the benefit payments is as follows :

| Particulars | March 31,2020 |
|--|---------------|
| Expected benefits payment for the year ending on | |
| March 31, 2021 | 7,969 |
| March 31, 2022 | 64,098 |
| March 31, 2023 | 1,13,369 |
| March 31, 2024 | 1,56,882 |
| March 31, 2025 | 1,81,202 |
| March 31, 2026 to March 31, 2030 | 8,18,898 |

33(j) **Defined Contribution Plan**

| Particulars | March 31,2020 | March 31, 2019 |
|---|---------------|----------------|
| Contribution to provident/pension funds (refer note no. 26) | 11,74,766 | 11,16,171 |

34 **Earning per share**

| Particulars | March 31,2020 | March 31, 2019 |
|---|---------------|----------------|
| Profit / (Loss) as per Statement of Profit & Loss attributable to Equity Shareholders (a) | (1847,85,184) | (1963,40,252) |
| Weighted average number of Equity Shares (in number) (b) | 99,10,000 | 99,10,000 |
| Basic Earnings Per Share (a/b) (Nominal Value - ₹ 10 per share) | (18.65) | (19.81) |
| Diluted Earnings Per Share (a/b) (Nominal Value - ₹ 10 per share) | (18.65) | (19.81) |

35 **Segment reporting**

The management of the company assesses the financial performance and position of the Company and makes strategic decisions. The CODM primarily uses earnings before interest, tax, depreciation and amortisation (EBITDA) as performance measure to assess the performance of the operating segments. However, the CODM also receives information about the segment's revenues, segment assets and segment liabilities on regular basis.

A. **Description of segment**

The Company is principally engaged in a single business segment viz., Hosiery Products.

B. **Geographical Information**

| Particulars | March 31,2020 | March 31, 2019 |
|--|--------------------|--------------------|
| i) Segment Revenue from external Customer (Sale of Goods) | | |
| Within India | 3264,78,748 | 3959,60,679 |
| Outside India- Export Sales | 62,147 | 4,26,713 |
| Total | 3265,40,895 | 3963,87,392 |

36 **Leases**

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, 'Leases' as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from 1st April, 2019 (The initial accounting application date).

Ind AS 116 sets out principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For all leases except as noted above, a lessee is required to recognise a right-of-use asset (ROU Asset) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the balance sheet. Lessee will recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit and loss. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

Company's new accounting policy is described in Note 3.5.2 of Accounting Policy to the financial statements and the impact of change is described below.

The Company has applied Ind AS 116 'Leases' using modified retrospective approach under which the cumulative effect of initial application is recognised as at 01 April 2019. On adoption of Ind AS 116, the Company recognised 'Right-of-use' assets amounting to Rs.207,04,002. If the Company had continued to apply the previous accounting standard, following would have been the impact on current year financials statements :

Reconciliation for the above effect on statement of profit and loss for the year ended 31 March 2020 as follows:

| Nature of Expenses | Year ended 31 March 2020 comparable basis | Change due to Ind AS 116 increase / (decrease) | Year ended 31 March 2020 as reported |
|--|---|--|--------------------------------------|
| Other expenses | 204,92,730 | (84,74,576) | 120,18,154 |
| Finance expenses | - | 9,29,926 | 9,29,926 |
| Depreciation and amortisation expenses | - | 82,81,601 | 82,81,601 |
| Profit before tax | 204,92,730 | 7,36,951 | 212,29,681 |

37 **Capital Management**

The Company's objective to manage its capital is to ensure continuity of business while at the same time provide reasonable returns to its various stakeholders but keep associated costs under control. In order to achieve this, requirement of capital is reviewed periodically with reference to operating and business plans that take into account capital expenditure and strategic investments. Apart from internal accrual, sourcing of capital is done through judicious combination of equity and borrowing, both short term and long term.

38 **Disclosure on Financial Instrument**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 5 to the financial statements.

Financial Risk Management

The Group has a Risk Management Policy which covers risk associated with the financial assets and liabilities. The different types of risk impacting the fair value of financial instruments are as below:

a) **Credit Risk**

The credit risk is the risk of financial loss arising from counter party failing to discharge an obligation. The credit risk is controlled by analysing credit limits and credit worthiness of customers on continuous basis to whom the credit has been granted, obtaining necessary approvals for credit and taking security deposits from trade channels.

i) **Trade receivables:**

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and major customers are generally secured by obtaining security deposits/bank guarantee or other forms of credit insurance.

b) **Liquidity risk**

The Company determines its liquidity requirement in the short term and long term. The Company manage its liquidity risk in a manner so as to meet its financial obligations without any significant delay or stress. Such risk is managed through ensuring operational cash flow while at the same time maintaining adequate cash and cash equivalent position. The management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity monitoring future cash flow and liquidity on a regular basis. Besides, it generally has certain undrawn credit facilities which can be assessed as and when required; such credit facilities are reviewed at regular basis

(j) **Maturity Analysis for financial liabilities**

The following are the remaining contractual maturities of financial liabilities as at 31st March 2020

| Particulars | On Demand | 0 to 1 Year | More than 1 Year | Total |
|------------------------------------|-------------|--------------------|--------------------|--------------------|
| Non-derivative | | | | |
| Trade payables | | 1585,34,681 | | 1585,34,681 |
| Borrowings | 4131,61,225 | | - | 4131,61,225 |
| Other financial liabilities | | | | |
| Security Deposits from customers | | 341,08,303 | - | 341,08,303 |
| Capital Creditors | | - | - | - |
| Interest Payable | | 4,58,566 | - | 4,58,566 |
| Lease Liability | | 131,59,352 | - | 131,59,352 |
| Other Financial Liabilities | | - | - | - |
| Others | | 73,49,957 | - | 73,49,957 |
| Total | - | 4131,61,225 | 2136,10,859 | 6267,72,084 |

The following are the remaining contractual maturities of financial liabilities as at 31st March 2019.

| Particulars | On Demand | 0 to 1 Year | More than 1 Year | Total |
|--|--------------------|--------------------|--------------------|---------------------|
| Non-derivative | | | | - |
| Trade payables | | 1807,95,893 | | 1807,95,893 |
| Borrowings | 3545,64,721 | | 4400,00,000 | 7945,64,721 |
| Other financial liabilities | | | | - |
| Finance Lease Liability | | | | - |
| Interest Accrued but not due on borrowings | | | | - |
| Protection Fund as and when due | | | | - |
| Security Deposits from customers | | 346,82,943 | - | 346,82,943 |
| Capital Creditors | | 1,43,811 | | 1,43,811 |
| Interest Payable | | 79,36,969 | | 79,36,969 |
| Others | | 97,23,936 | | 97,23,936 |
| Total | 3545,64,721 | 2332,83,553 | 4400,00,000 | 10278,48,274 |

c) 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 two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include borrowings, trade receivable and trade payable.

(f) **Interest rate risk** is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to risk due to interest rate fluctuation on long term borrowings. Such borrowings are based on fixed as well as floating interest rate. Interest rate risk is determined by current market interest rates, projected debt servicing capability and view on future interest rate. Such interest rate risk is actively evaluated and is managed through portfolio diversification and exercise of prepayment/refinancing options where considered necessary.

a) Exposure to interest rate risk

| Particulars | March 31, 2020 | March 31, 2019 |
|----------------------------------|----------------|----------------|
| Fixed Rate Instruments | | |
| Financial Assets | | |
| Financial Liabilities | 105,65,401 | 4467,80,228 |
| Variable Rate Instruments | | |
| Financial Assets | | |
| Financial Liabilities | 4025,95,823 | 3477,84,493 |

(b) Interest rate Sensitivity

A Change in 50 bps in interest rate would have following impact

| Particulars | March 31, 2020 | | | March 31, 2019 | | |
|---------------------------|----------------------|-------------------|--------------|----------------------|-------------------|--------------|
| | Sensitivity Analysis | Impact on | | Sensitivity Analysis | Impact on | |
| | | Profit before Tax | Other Equity | | Profit before Tax | Other Equity |
| Interest Rate Increase by | 0.50% | (20,12,979) | (14,89,605) | 0.50% | (17,38,922) | (12,91,150) |
| Interest Rate Decrease by | 0.50% | 20,12,979 | 14,89,605 | 0.50% | 17,38,922 | 12,91,150 |

(c) **Foreign currency risk** is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company does not have material foreign currency exposure and hence, is not exposed to any significant foreign currency risk.

39 Related Party Disclosures:

i) List of related parties and relatives with whom transaction taken place: (As per IND AS 24)

| Key Management Personnel: | Name of Related Parties | Nature of Relationship |
|---|--------------------------------|------------------------|
| | Mr. Ramesh Agarwal | Director |
| | Mr. Mukesh Agarwal | Director |
| | Mr. Vikash Agarwal | Director |
| | Mr. Siddhant Agarwal | Director |
| Holding Company : | Rupa & Company Ltd | |
| Enterprises in which Key Managerial Personnel (KMP)/ their relatives have significant influence: | Imoogi Fashion Pvt Ltd | |
| | Rupa Dyeing & Printing Pvt Ltd | |

Related party transactions

| Particulars | Related party | Amount | |
|---|--------------------------------|-------------|------------|
| | | 2019-20 | 2018-19 |
| Loan Taken | Rupa & Company Ltd | 353,33,286 | 539,30,074 |
| Loan Refunded | Rupa & Company Ltd | 28,53,506 | - |
| Commission Paid | Rupa & Company Ltd | 5,92,500 | 2,95,000 |
| Interest Expense | Rupa & Company Ltd | 185,35,060 | 351,67,562 |
| Sale of Goods | Rupa & Company Ltd | 19,79,517 | - |
| Purchases | Rupa & Company Ltd | 165,33,639 | 59,27,616 |
| | Rupa Dyeing & Printing Pvt Ltd | 43,33,219 | - |
| | Imoogi Fashion Pvt Ltd | 11,48,576 | 6,89,675 |
| Conversion of Borrowing to Compulsory Convertible Preference Shares | Rupa & Company Ltd | 4950,00,000 | - |

Balance Outstanding at the year end

| Particulars | Related party | Amount | |
|---------------------------------------|--------------------------------|------------|-------------|
| | | 2019-20 | 2018-19 |
| Loan Payable | Rupa & Company Ltd | 105,65,401 | 4467,80,228 |
| Interest Accrued and Due on Borrowing | Rupa & Company Ltd | 4,58,566 | 79,36,969 |
| Commission Payable | Rupa & Company Ltd | 5,92,500 | 2,95,000 |
| Trade Payable | Rupa & Company Ltd | 191,62,064 | 31,79,399 |
| | Rupa Dyeing & Printing Pvt Ltd | 40,80,545 | - |
| | Imoogi Fashion Pvt Ltd | 16,28,878 | 7,24,159 |

40 Impact of COVID -19

The spread of COVID-19 has severely impacted businesses around the globe, including India. There has been severe disruption to regular business operations due to lockdown and other emergency measures. As a result the volumes for the month of March/20 has been impacted. The Company has since resumed operations in a phased manner taking into account the directives of the Government. The management has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, it does not expect any material impact due to COVID - 19 on the carrying amounts of Property, Plant and Equipment, Inventories, trade receivables and other current assets. However, the situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of COVID-19 which may be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

41 Previous years figures have been regrouped/ reclassified, wherever necessary to conform to current year's classification.

As per our Report of even date annexed.

For SINGHI & CO.

Chartered Accountants
Firm Registration No. 302049E

Sd/-

Sudesh Choraria

Partner
Membership No.204936
Mumbai
Date: 25th June, 2020

For and on behalf of the Board of Directors

Sd/-

Ramesh Agarwal

Director
DIN: 00230702

Sd/-

Neelam Sharma

Chief Financial Officer

Sd/-

Siddhant Agarwal

Director
DIN: 06941695

Sd/-

Neha Sarawagi

Company Secretary
Memb No.-A50344