

32nd
Annual Report

2019 - 2020



SHREE BHAVYA FABRICS LIMITED

[CIN: L17119GJ1988PLC011120]



CORPORATE INFORMATION

Board Of Directors

Mr. Purushottam R. Agarwal	- Chairman & Managing Director
Mr. Ramesh P. Agarwal	- Director (Independent Director)
Mr. Ramniwas K. Pandia	- Director (Independent Director)
Ms. Vaishali S. Soni	- Director (Independent Director)

Audit Committee

Mr. Ramniwas K. Pandia	- Chairman
Mr. Ramesh P. Agarwal	- Member
Ms. Vaishali S. Soni	- Member

Nomination and Remuneration Committee & Stakeholders Relationship Committee

Mr. Ramniwas K. Pandia	- Chairman
Mr. Ramesh P. Agarwal	- Member
Ms. Vaishali S. Soni	- Member

Company Secretary & CFO

Ms. Jyoti N Devnani	- Company Secretary & Compliance Officer
Mr. Kishan M. Yadav	- Chief Financial Officer

Statutory Auditors

ABHISHEK KUMAR & ASSOCIATES
Chartered Accountants
Ahmedabad

Internal Auditors

N.K. Shrishrimal & Co.
Chartered Accountants
Ahmedabad

Secretarial Auditors

Mukesh H. Shah & Co.
Company Secretaries
Ahmedabad

Cost Auditors

M/s. Kiran J. Mehta & Co.
Cost Auditors
Ahmedabad

Bankers

- BANK OF BARODA and BANK OF INDIA

Stock Exchange

- Bombay Stock Exchange

Registrar & Share Transfer Agent

BIGSHARE SERVICES PRIVATE LIMITED

1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Apartments (next to Keys Hotel),
Marol Maroshi Road, Andheri East, Mumbai 400059.
Email: bssahd@bigshareonline.com

REGISTERED OFFICE:

Survey No. 170,
Opp. Advance Petrochem Ltd.,
Pirana Road, Piplej,
Ahmedabad- 382405, Gujarat, INDIA
E-mail: csjd7bhavyafabrics@gmail.com
Website: www.shreebhavyafabrics.com

CORPORATE OFFICE:

252 New Cloth Market, O/S Raipur Gate,
Ahmedabad – 380002
Tel.: 079- 22133383, 22172949
Fax: 079- 25733663
E-mail: shreebhavyafabrics@gmail.com

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**NOTICE**

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of Shree Bhavya Fabrics Limited will be held on Tuesday, the 29th day of September, 2020 at 01:30 p.m. through Video conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:**Item No.1: Adoption of Financial Statements**

To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2020, the reports of the Board of Directors and the Auditors thereon.

Item No.2: Appointment of Director

To re-appoint Mr.Purshottam R Agarwal [DIN: 00396869] who retires by rotation and being eligible, offers him-self for re-appointment.

Item No.3: Statutory Auditors of the Company

M/s. Abhishek Kumar & Associates, Chartered Accountants of Ahmedabad who was appointed in 29th AGM for next five years. Therefore, M/s. Abhishek Kumar & Associates continue as Statutory Auditors of the Company.

SPECIAL BUSINESS:

Item No. 4: Re-appointment of Vaishali Soni (DIN: 07245825) as an Independent Director for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013.

To consider, and if thought fit, to pass, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Vaishali Soni (DIN: 07245825), Independent Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from the conclusion of 32nd AGM to the conclusion of 37th AGM and whose office shall not be liable to retire by rotation”.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.

Item No. 5: To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Cost Audit and Record) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Kiran J. Mehta & Co., Cost Accountants (Firm Registration No. 000025), on the recommendation of the Audit Committee and approval by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2020-21, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting be and is hereby approved and ratified.”

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

Item No. 6: To consider and, if thought fit to pass, with or without modification (s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provision of section 188(1) of the Companies act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modifications or re-enactment thereof, for the time being in force) and the consent of the Audit Committee and Board of Directors and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (including any Committee thereof) to ratify, approve and confirm the related party transactions for availing of advances/ loans, corporate guarantee, and security, whether material or not, hitherto entered or to be entered into by the Company from time to time as set out in the Explanatory Statement annexed to the Notice convening this Meeting.”



“**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to the aforesaid related party transaction(s) and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution.”

Item No. 7: APPOINTMENT OF DIRECTOR

“**Resolved that**, pursuant to provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) or any amendment thereto or modification thereof, **Mr. Kishan Madanlal Yadav (DIN: 02845697)**, be and is hereby appointed as Director (Executive & Non-Independent) of the Company, liable to retire by rotation. Mr. Kishan Madanlal Yadav (DIN: 02845697) will be designated as Director cum CFO (appointed as CFO w.e.f 12.08.2015)

“**RESOLVED FURTHER THAT** Mr. Purushottam Agarwal (DIN: 00396869), Director of the Company be and is hereby authorized to file Forms with Registrar of Companies, Gujarat intimating appointment of **Mr. Kishan Madanlal Yadav (DIN: 02845697)**, as Director (Executive & Non-Independent) of the Company and to do any other acts which may be incidental and ancillary for the attainment of the above mention resolution.”

**By Order of the Board
For, SHREE BHAVYA FABRICS LIMITED**

PLACE: AHMEDABAD.

DATE: 28.08.2020

**[PURSHOTTAM R. AGARWAL]
DIN: 00396869
CHAIRMAN & MD**

Registered Office:

Survey No. 170,
Opp. Advance Petrochem Ltd.,
Pirana Road, Piplej,
Ahmedabad- 382405, Gujarat, INDIA
CIN: L17119GJ1988PLC011120

NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 (“SEBI Circular”) has permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circular through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Body Corporates whose Authorized Representatives are intending to attend the Meeting through VC / OAVM are requested to send to the Company on the Email Id csjd7bhavyafabrics@gmail.com, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting and through e-voting.
4. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a pre-requisite and pursuant to General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 issued by the Ministry of Corporate Affairs followed by General Circular No. 20/2020 dated 5th May, 2020, physical attendance of the Members is not required. Hence, Members will have to attend and participate in the ensuing AGM through VC / OAVM.
5. Those Members whose Email Id are not registered can get their Email Id registered as follows:
 - a. Members holding shares in demat form can get their Email Id registered / updated by contacting their respective Depository Participant.



- b. Members holding shares in the physical form can get their Email Id registered by contacting our Registrar & Share Transfer Agent "Bigshare Service Private Limited" on their Email Id bssahd@bigshareonline.com.
6. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Instructions and other information for members for attending the AGM through VC / OAVM are given in this Notice under Note No.27.
7. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. As the AGM of the Company is held through VC / OAVM, we therefore request the Members to register themselves as speaker by sending their question / express their views from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at Email Id csjd7bhavyafabrics@gmail.com, 8 days prior to the Meeting. The Members who have registered themselves as speaker will only be allowed to ask queries / express their views during the AGM. The Company reserves the right to limit the number of Members asking questions depending on the availability of time at the AGM.
9. Relevant Explanatory Statement pursuant to provisions of Section 102 of the Companies Act, 2013 read with Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), in respect of Special Business i.e. item nos. 4 to 7, as set out above is annexed hereto.
10. Pursuant to the provisions of Section 91 of the Companies Act, 2013, read with Rule 10 of Companies (Management and Administration) Rules, 2014 and pursuant to Regulation 42 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Register of members and share transfer books of the Company will remain closed from Sunday, 20th September, 2020 to Tuesday, 29th September, 2020 (both the days inclusive).
11. Members who hold shares in physical form in multiple folios, in identical names or joint holding in the same order of names are requested to send share certificates to Registrar & Share Transfer Agent of the Company, for consolidation into a single folio.
12. To support the 'Green Initiative', we request the Members of the Company to register their Email Ids with their DP or with the Share Transfer Agent of the Company, to receive documents / notices electronically from the Company in lieu of physical copies. Please note that, in case you have already registered your Email Id, you are not required to re-register unless there is any change in your Email Id. Members holding shares in physical form are requested to send email at bssahd@bigshareonline.com to update their Email Ids.
13. As per Securities and Exchange Board of India (SEBI) Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30th November, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from 1st April, 2019 unless the securities are held in the dematerialized form with the depositories. With the said changes which came into effect from 1st April, 2019, Equity Shares of the Company shall be eligible for transfer only in dematerialized form. Therefore, the Members are requested to take action to dematerialize their physical Equity Shares of the Company promptly.
14. SEBI has mandated submission of Permanent Account Number (PAN) by every participant in securities market for transaction of transfer, transmission / transposition and deletion of name of deceased holder Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar & Share Transfer Agent of the Company i.e. Bigshare Service Private Limited.
15. The information regarding the Director(s) who is / are proposed to be re-appointed, as required to be provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued, is annexed hereto.
16. Members desiring any information as regards to Accounts are requested to send an email to csjd7bhavyafabrics@gmail.com, 14 days in advance before the date of the meeting to enable the Management to keep full information ready on the date of AGM.
17. Members who wish to inspect the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 and relevant documents referred to in this Notice of AGM and explanatory statement on the date of AGM in electronic mode can send an email to csjd7bhavyafabrics@gmail.com



18. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 26.
19. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote.
20. The Annual Report along with the Notice of AGM will be available on Company's website on www.shreebhavyafabrics.com.
21. Members of the Company holding shares either in physical form or in dematerialized form as on Benpos date i.e. 04th September, 2020 will receive Annual Report for the financial year 2019-2020 through electronic mode.
22. As per the MCA General Circular No. 20/2020 dated 5th May, 2020 and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, the Annual Report will be sent through electronic mode to only those Members whose Email Ids are registered with the Registrar & Share Transfer Agent of the Company / Depository Participant.
23. Members are requested to quote their Folio No. or DP ID / Client ID, in case shares are in physical / dematerialized form, as the case may be, in all correspondence with the Company / Registrar & Share Transfer Agent.
24. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
25. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.
26. **INFORMATION AND OTHER INSTRUCTIONS RELATING TO E-VOTING:**
 - a. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Secretarial Standard-2 issued by the Institute of Company Secretaries of India, as amended from time to time, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. The Company has engaged the services of Central Depository Services Limited ("CDSL") as the Agency to provide e-voting facility. The facility of casting votes by a Member using remote e-voting system as well as e-voting on the date of the AGM will be provided by CDSL.
 - b. The Board of Directors of the Company has appointed Mukesh H Shah & Co., Practicing Company Secretary, as the Scrutinizer, to scrutinize the e-voting and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
 - c. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 22nd September, 2020.
 - d. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 22nd September, 2020 only shall be entitled to cast their vote either through remote e-voting or through e-voting at the AGM.
 - e. The Scrutinizer shall after the conclusion of voting at the Meeting, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall provide, not later than forty eight (48) hours of the conclusion of the Meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing and declare the result of the voting forthwith.
 - f. The results shall be declared forthwith by the Chairman or a person so authorized by him in writing on receipt of consolidated report from the Scrutinizer. The Results declared along with Scrutinizer's Report shall be communicated to the BSE Limited. Members may contact at Email Id helpdesk.evoting@cdslindia.com for any grievances connected with voting by electronic means.
 - g. The resolutions shall be deemed to be passed on the date of the Meeting, subject to the same being passed with requisite majority.
 - h. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

Voting Process and other instructions regarding remote e-voting:

The remote e-voting period commences on Saturday, 26th September, 2020 at 9.00 a.m. and ends on Monday, 28th September, 2020 at 5:00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, 22nd September, 2020, may cast their votes electronically. The e-voting module shall be disabled by the CDSL for voting thereafter.



Section A: Voting Process

The Members should follow the following steps to cast their votes electronically:

Step 1: Open your web browser during the voting period and log on to the e-voting website: www.evotingindia.com.

Step 2: Click on "Shareholders" to cast your vote(s).

Step 3: Please enter User ID –

- a. For account holders in CDSL: Your 16 digits beneficiary ID.
- b. For account holders in NSDL: Your 8 Character DP ID followed by 8 digits Client ID.
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

Step 4: Enter the Image Verification as displayed and click on "LOGIN".

Step 5: If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you have forgotten the password, then enter the User ID and the image verification code and click on "FORGOT PASSWORD" and enter the details as prompted by the system.

e Institute of Company Secretaries of India, no gifts/coupons shall be distributed at the Meeting

Step 6: If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip / communicated by mail indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	OR Date of Birth (DOB) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

6.2 After entering these details appropriately, click on "SUBMIT" tab.

6.3 **For Demat holding:** Members holding shares in demat form will now reach "PASSWORD CREATION" menu wherein they are required to create their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**

For Physical holding:

Members holding shares in physical form will then directly reach the Company selection screen. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Step 7: Click on the EVSN of the Company i.e. 200905063 (SHREE BHAVYA FABRICS LIMITED) to vote.

Step 8: On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired for casting your vote. The option "YES" implies that you assent to the resolution and option "NO" implies that you dissent to the resolution.

Step 9: Click on "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.

Step 10: After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

Step 11: Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote. You can also take print-out of the voting done by you by clicking on "CLICK HERE TO PRINT" option on the voting page.



Step 12: If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- * Members can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

Section B: Other instructions regarding remote e-voting

- i. Non-Individual Members (i.e. Members other than Individuals, HUF, NRI, Custodian etc.) are additionally requested to note and follow the instructions mentioned below, if they are first time user:
 - Non-Individual Members and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, The Compliance User would be able to link the account(s) for which user wishes to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- ii. Non-Individual Members (i.e. Members other than Individuals, HUF, NRI, etc.) are required to upload the following in PDF format in the system for the scrutinizer to verify the same:
 - a. Copy of the Board Resolution (where institution itself is voting);
 - b. Power of Attorney (PoA) issued in favour of the Custodian (if PoA is not uploaded earlier) as well as Board Resolution of Custodian.
- iii. Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- iv. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or call on +91-22-23058542 or +91-22-23058543 during business hours or write an email to helpdesk.evoting@cdslindia.com.
- v. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22ndSeptember, 2020, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com or Share Transfer Agent's Email Id at bssahd@bigshareonline.com.
- vi. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on +91-22-23058542 or +91-22-23058543 during business hours.

Instructions for Members for e-voting on the day of the AGM:

1. The procedure for e-voting is same as the instructions mentioned above for remote e-voting.
2. Only those Members / Shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM and participate there at. However, they will not be eligible to vote at the AGM. In case any Member who had voted through remote e-voting, casts his vote again at the e-voting provided during the AGM, then the votes cast during the AGM through e-voting shall be considered as invalid.
4. Members are requested to follow the instructions, if any, provided during the AGM for e-voting.
5. The details of the person who may be contacted for any grievances connected with the facility for e-voting during the AGM shall be the same person mentioned for remote e-voting.

Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:



- (i) For Physical shareholders - Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to our RTA Bigshare Service Private Limited on their Email Id bssahd@bigshareonline.com.
- (ii) For Demat shareholders - Please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DP ID + Client ID), Name, Client master or Copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to our RTA, Bigshare Service Private Limited on their Email Id bssahd@bigshareonline.com.
- (iii) The RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

27. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM:

1. Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 8 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at csjd7bhavyafabrics@gmail.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 8 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at csjd7bhavyafabrics@gmail.com. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
28. In line with the Ministry of Corporate Affairs General Circular No. 17/2020 dated 13th April, 2020, the Notice calling AGM has been uploaded on the website of the Company at www.anjanisynthetics.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of CDSL (agency for providing the e-voting facility) i.e. www.evotingindia.com.
29. Investor Grievance Redressal: - The Company has designated an Email Id csjd7bhavyafabrics@gmail.com to enable investors to register their complaints, if any.

Contact Details:

Company	Shree Bhavya Fabrics Limited Survey No. 170, Pirana Road, Piplej, Ahmedabad – 382405 Email id: csjd7bhavyafabrics@gmail.com
RTA Details	Bigshare Services Private Limited A-802 Samudra Complex, Near Klassic Gold Hotel, Off. C G Road, Ahmedabad-380009, Gujarat Ph. No.: 079-40024135 Email: bssahd@bigshareonline.com Website: www.bigshareonline.com
E Voting Agency	Central Depository Services (India) Limited E-mail ID: helpdesk.evoting@cdslindia.com Phone : 022- 22723333/ 8588
Scrutinizer	CS MUKESH H. SHAH PRACTISING COMPANY SECRETARY Email id: mukeshshahcs@gmail.com



**EXPLANATORY STATEMENT
UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

The following Statement sets out all mentioned facts relating to the Special Business mentioned in the accompanying Notice:

Item No.: 4

Mrs. Vaishali Soni was appointed as an Independent Non Executive Director of the Company by the members at the 27thAGM of the Company held on 30th September, 2015 for a period of five consecutive years commencing from 1st April, 2015 upto 31st March, 2020. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company. Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Vaishali Soni, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 32nd AGM for the March, 2020 upto the Conclusion of 37thAGM for the March, 2025

Item No.: 5

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of Kiran J. Mehta & Co., Cost Accountants as the Cost Auditors of the Company to audit the cost accounts/ cost records of the Company for the financial year 2019-20 on a remuneration of Rs.50,000/- (apart from reimbursement of out of pocket expenses and applicable taxes).

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Audit and Record) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company. Accordingly, consent of the members is sought for approval and ratification of the remuneration payable to the Cost Auditors for the financial year 2020-2021.

The Board of Directors recommends the said resolution for your approval.

Item No.: 6

Pursuant to the first proviso of Section 188(1) of the Companies Act, 2013, as our paid up capital is near by Rs.10 Crore, no contract or arrangement can be entered in to with a related party for any item specified in sub section (1) except with the prior approval of the general meeting by special resolution. With the change in proviso under the New Companies Act, 2013, the approval is sought for the arrangement of job-work, purchase and sales of Textile goods on order to order basis with related parties as per the details given in table placed herein below for a period of three years.

Sr. No.	Name of the Party	Nature of Interest/ relationship	Nature of Transaction	Value estimate transaction per contract
1	Balhanuman Fabrics Pvt. Ltd.	Associate Company	Purchase Sales	Rs. 5 Cr. Rs. 5 Cr.
2	Anunay Fab Limited	Associate Company	Purchase Sales	Rs. 40 Cr. Rs. 40 Cr.

Item No.7:

The Board of Directors of the Company ('the Board') at the meeting held on **28.08.2020**, on the recommendation of the Nomination & Compensation Committee ('the Committee'), appointed in terms of Section 161 of the Companies Act, 2013 ('the Act'), Mr. Kishan Madanlal Yadav (DIN: 02845697) as an Additional Director of the Company

Mr. Kishan Madanlal Yadav (DIN: 02845697) will vacate office at this Annual General Meeting. The Board at the aforesaid meeting, on the recommendation of the Committee, recommended for the approval of the Members, the appointment of Mr. Kishan Madanlal Yadav (DIN: 02845697) as a Executive & Non- independent Director of the Company as set out in the Resolution relating to his appointment.

Requisite Notice under Section 160 of the Act proposing the appointment of Mr. Kishan Madanlal Yadav (DIN: 02845697) has been received by the Company, and consent has been filed by Mr. Kishan Madanlal Yadav (DIN: 02845697) pursuant to Section 152 of the Act



Additional information in respect of Mr. Kishan Madanlal Yadav (DIN: 02845697), pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is appearing herein below. Mr. Kishan Madanlal Yadav (DIN: 02845697) does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person.

None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution Mr. Kishan Madanlal Yadav (DIN: 02845697) is not related to any of the Directors or Key Managerial Personnel of the Company

The Board recommends this Resolution for your approval.

DETAILS OF DIRECTOR SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING [Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Director	Mr. PURSHOTTAM R. AGARWAL	MR. KISHAN MADANLAL YADAV
Directors Identification Number [DIN]	00396869	02845697
Date of Birth	18.05.1967	21.06.1963
Date of appointment on the Board	04.12.2009	28.08.2020
Qualifications	Graduate	Graduate
Directorship held in other Public Companies (excluding foreign, private and Section 8 companies)	2	1
Memberships/ Chairmanships of Committee of other public companies (includes only Audit Committee & Stakeholders' Relationship Committee)	Nil	Nil
Number of shares held in the Company	1807581	0
Expertise in Specific Area	Production and Accounts	Finance

**On behalf of the Board
For, SHREE BHAVYA FABRICS LIMITED**

**[PURSHOTTAM R. AGARWAL]
DIN: 00396869
CHAIRMAN & MD**

**PLACE : AHMEDABAD
DATE : 28.08.2020**



DIRECTORS' REPORT

To the Members,

Your Directors have great pleasure in presenting the Thirty Second Annual Report together with the Audited statements of Accounts of your Company for the financial year ended on 31st March, 2020.

FINANCIAL SUMMARY

The Highlights of the financial performance of the Company during the period ended March 31, 2020:

[Rupees in Lacs]

Particulars	Financial Year 2019-20	Financial Year 2018-19
Revenue from operations (Gross)	20251.89	23888.42
Less: Excise duty		
Revenue from operations (Net)	20251.89	23888.42
Other income	34.43	38.31
Total Revenue	20286.32	23926.73
Expenses		
(a) Cost of materials consumed	14042.05	15506.95
(b) Purchases of stock-in-trade	211.42	446.73
(c) Changes in inventories of FG, WIP & Stock-in-Trade	(1067.81)	(80.31)
(d) Employee benefits expense	526.60	539.79
(e) Finance costs	896.79	822.07
(f) Depreciation and amortization expense	184.07	213.28
(g) Other expenses	5372.77	6276.47
Total Expenses	20165.90	23724.98
Profit/ (Loss) before tax	120.42	201.74
Tax expense:		
(a) Current tax expense	24.50	45.40
(b) Deferred tax	6.72	19.95
(c) Prior Period Adjustment	2.06	(0.92)
Profit / (Loss) for the year	87.14	137.30
Earnings per share (face value Rs.10/-) Basic & Diluted	0.92	1.45

OPERATIONS REVIEW:

The Company's total revenue from operations during the financial year ended 31st March 2020 were Rs. 20286.32 Lacs as against Rs. 23926.73 Lacs of the previous year representing decrease of approximately about 15.21% over the corresponding period of the previous year with total expenses of Rs.20165.90lacs (previous year of Rs. 23724.98 lacs). The Company has made Net Profit of Rs.87.14 Lacs as against Rs. 137.30Lacs of the previous year after considering Depreciation and Provision for Tax and other adjustments representing a decrease of approximately about 36.45% over the corresponding period of the previous year.

The EPS of the Company for the year 2019-2020 is Rs. 0.92. The Company is looking forward to infuse additional working capital in the business of the Company in order to carry out the operation of the Company smoothly.

DIVIDEND:

No dividend has been recommended in respect of the financial year ended 31st March, 2020 and the entire surplus be ploughed back to the business to meet the needs for additional finance for capital expenditure.

EXPORTS

During the financial year, the Company has achieved export sales of Rs. 33620743Lacs (previous year of Rs. 23512752).

**FIXED DEPOSIT:**

The Company has neither accepted nor invited any deposit from public, falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

SHARE CAPITAL:

During the year under review there is no change in share capital of the Company.

- The Authorised Share Capital of the Company as at 31st March, 2020 stood at Rs.10,00,00,000/- and
- The Paid-up Equity Share Capital of the Company as at 31st March, 2020 stood at Rs.9,50,00,000/-. During the year under review, the Company has not issued any Share Capital.

REPORTING OF FRAUD:

During the year under review there was no instance of any fraud which has been reported by any auditor to the audit committee or the board

SUBSIDIARY, JOINT VENTURE (JV) AND ASSOCIATES COMPANIES

During the year under review, the Company does not have any Subsidiary, Joint Venture (JV) or Associates Company.

DIRECTORS:

In terms of the provision of Section 149 of the Companies Act, 2013 and Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Company shall have at least one Woman Director on the Board of the Company. Our Company has Mrs. Vaishali Soni as Director on the Board of the Company since 24.07.2015, who is presently the Non-Executive Independent Director of our Company.

As per the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Purshottam Agarwal being longest in the office shall retire at the ensuing Annual General Meeting and being eligible for re-appointment, offers himself for re-appointment.

Details of Director seeking re-appointment as required under the Listing Regulations are provided in the Notice forming part of this Annual Report. Their re-appointments are appropriate and in the best interest of the Company.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms and conditions of the Independent Directors are incorporated on the website of the Company www.shreebhavyafabrics.com

KEY MANAGERIAL PERSONNEL (KMP)

Mr. PURSHOTTAM R. AGARWAL, Chairman and Managing Director, Ms. Jyoti N. Devnani, Company Secretary and Mr. Kishan M. Yadav, Chief Financial Officer of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

Regular Board Meetings are held once in a quarter, inter-alia, to review the quarterly results of the Company.

During the year under review 4 (five) Board Meetings were convened and held on **30.05.2019, 14.08.2019, 13.11.2019 and 24.01.2020**. The intervening gap between the two meetings was within the period prescribed under the Companies Act, 2013. The details of the meetings are furnished in the Corporate Governance Report which forming part of this Annual Report.

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

Information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo, required under Section 134 (3) (m) of the Companies Act, 2013 forms part of this Annual Report as **Annexure-I**.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as on 31st March, 2020 in Form MGT-9 forms part of this Annual Report as **Annexure-II**.

CORPORATE GOVERNANCE REPORT:

The Company has taken adequate steps to adhere to all the stipulations laid down under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance included as a part of this Annual Report is given in **Annexure-III**.

A certificate from the Statutory Auditors of the company confirming the compliance with the conditions of Corporate Governance as stipulated under Reg. 27 & 34 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report for the financial year under review as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in the separate section forming part of this Annual Report.

**INSURANCE**

Assets of your Company are adequately insured against various policies.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of financial year as on 31st March, 2020 and the date of Director's Report i.e. 28.08.2020.

LISTING WITH STOCK EXCHANGE:

The Company confirms that it has paid the Annual Listing Fees for the year 2020-21 to BSE where the Company's Shares are listed.

COMMITTEES OF THE BOARD OF DIRECTORS

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

The Company has following Committees of the Board of Directors:

- ✓ Audit Committee
- ✓ Stakeholder's Grievances and Relationship Committee
- ✓ Nomination and Remuneration Committee

The details with respect to the compositions, powers, terms of reference and other information of relevant committees are given in details in the Corporate Governance Report which forms part of this Annual Report.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Company has a Nomination and Remuneration Committee. The Committee reviews and recommend to the Board of Directors about remuneration for Directors and Key Managerial Personnel and other employee up to one level below of Key Managerial Personnel. The Company does not pay any remuneration to the Non-Executive Directors of the Company. Sitting fee is paid as per the policy of the company for attending the Meetings of the Board of Directors and Committees of the Board. Remuneration to Executive Directors is governed under the relevant provisions of the Act and approvals.

The Company has devised the Nomination and Remuneration Policy for the appointment, re-appointment and remuneration of Directors, Key Managerial. All the appointment, re-appointment and remuneration of Directors and Key Managerial Personnel are as per the Nomination and Remuneration Policy of the Company.

VIGIL MECHANISM

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company www.shreebhavyafabrics.com.

RISK MANAGEMENT POLICY:

The Company has a structured risk management policy. The Risk management process is designed to safeguard the organization from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are inventoried and integrated with the management process such that they receive the necessary consideration during decision making. It is dealt with in greater details in the management discussion and analysis section.

SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the financial year 2019-2020, the Company has not received any complaints on sexual harassment.

BOARD DIVERSITY

None of the Directors of the Company is disqualified for being appointed as Director as specified in Section 164(2) of the Companies Act, 2013.

**BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, Composition of the Board and Committees, culture, execution and performance of specific duties, obligation and governance.

The performance evaluation of the Independent Directors was completed.

During the financial year under review, the Independent Directors met on 25th January, 2020 inter-alia, to discuss:

- ✓ Performance evaluation of Non Independent Directors and Board of Directors as a whole;
- ✓ Performance evaluation of the Chairman of the Company;
- ✓ Evaluation of the quality of flow of information between the Management and Board for effective performance by the Board.

The Board of Directors expressed their satisfaction with the evaluation process.

COMPLIANCE WITH THE SECRETARIAL STANDARDS:

The company has complied with all the provisions of Secretarial Standards on Board Meetings and General Meetings issued by the Institute of Company Secretaries of India

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The details of Loans, Guarantees or Investments covered under the provisions of section 186 of the Companies Act, 2013 made during the year under review are disclosed in the financial statements.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as follows:

Remuneration Ratio of Directors/ KMP/ Employees:

Name	Designation	Remuneration Paid		Increase in remuneration from previous year (Rs.)	Ratio/ Times per Median of employee remuneration
		FY 2019-20 (Rs.)	FY 2018-19 (Rs.)		
PURSHOTTAM R. AGARWAL	CMD	2502400	2502400	0	10.43
Jyoti N. Devnani	CS	341377	335340	0	1.40
Kishan M. Yadav	CFO	0	0	Nil	0

The particulars of the employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as follows:

- a) Employed throughout the year : Nil
- b) Employed for part of the year : Nil

The number of permanent employees on the rolls of Company: 114 as on 31 March, 2020.

The remuneration paid to all Key management Personnel was in accordance with remuneration policy adopted by the Company.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions that were entered during the financial year were in the Ordinary course of business of the Company and were on arm's length basis. There were no materially significant related party transactions entered by the Company with its Promoters, Directors, Key Managerial Personnel or other persons which may have potential conflict with the interest of the Company.

All Related Party transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval for normal business transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee. The details of Related Party Transactions are given in the notes to the financial statements.



The policy on Related Party Transactions as approved by the Board of Directors is uploaded on the website of the Company www.shreebhavyafabrics.com

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, as prescribed in **Form AOC-2. Annexure IV**

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has laid down the set of standards, processes and structure which enables to implement internal financial control across the Organization and ensure that the same are adequate and operating effectively. To maintain the objectivity and independence of Internal Audit, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with the operating systems, accounting procedures and policies of the Company. Based on the report of Internal Auditor, the process owners undertake the corrective action in their respective areas and thereby strengthen the Control. Significant audit observation and corrective actions thereon are presented to the Audit Committee of the Board.

AUDITORS

Statutory Auditor and their report

The observations made in their report and dealt with in the notes forming part of the Accounts at appropriate places are self-explanatory.

At 29th Annual General Meeting held on 29th September, 2017 the members approved appointment of M/s. ABISHEK KUMAR & ASSOCIATES., Chartered Accountants [FRN NO.: 130052W] to hold office from the conclusion of the 29th Annual General Meeting (subject to the ratification of the appointment by the members, at every Annual General Meeting held after 29th Annual General Meeting) on such remuneration as may be fixed by the Board, apart from reimbursement of out of pocket expenses as may be incurred by them for the purpose of audit.

The Ministry of Corporate Affairs vide its notification dated 07th May, 2018 has omitted Section 139(1) first proviso regarding ratification of appointment of auditors by members at every Annual General. Therefore the Resolution for the ratification of M/s. ABISHEK KUMAR & ASSOCIATES., Chartered Accountants [FRN NO.: 130052W] by members at 32nd Annual General Meeting was not taken for approval of Shareholders in Annual General Meeting.

As regards the confirmation for loans and advances the company is in process of getting the confirmation from the respective parties and as on date no parties has disputed the amount standing into the Book of accounts.

Internal Auditors:

M/s. N.K. Shrishrimal & Co., Chartered Accountants, Ahmedabad has been appointed as Internal Auditors of the Company. Internal Auditors are appointed by the Board of Directors of the Company on a yearly basis, based on the recommendation of the Audit Committee. The Internal Auditor reports their findings on the Internal Audit of the Company, to the Audit Committee on a quarterly basis. The scope of internal audits approved by the Audit Committee.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Mr. Mukesh H. Shah, Practicing Company Secretary of Ahmedabad to undertake the Secretarial Audit of the Company for the financial year 2019-2020. The Report of the Secretarial Audit is annexed to this Annual Report as **Annexure-V**.

Explanation to the Qualifications in Secretarial Audit Report.

Qualification/Adverse Remark	Explanation
As confirmed by the management that the company has accepted deposits by way of unsecured loan from promoters, their relatives and friends in pursuance of a stipulation of the Bank.	The company assures to repay the deposits at the earliest and will not accept it again.

Cost Auditors

Our Company has appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as Cost Auditor of the Company to audit the cost accounts for the financial year 2020-21.

As per Section 148 read with Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 the Board of Directors of the Company has appointed M/s. Kiran J. Mehta & Co., Cost Accountants as the Cost Auditor of the Company for the financial year 2020-21 on the recommendations made by the Audit Committee subject to the approval of the Central Government.



The remuneration proposed to be paid to the Cost Auditors, subject to the ratification by the members at the ensuing Annual General Meeting, would be Rs.50,000/- (apart from reimbursement of out of pocket expenses and applicable taxes, if any).

The Cost Audit report for the financial year 2018-2019 was filed within the due date. The due date for submission of the Cost Audit Report for the financial year 2019-2020 is within 180 days from 31st March, 2020.

Statutory Auditor's Report:

The Statutory Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2020 is self-explanatory and do not call for further explanations or comments that may be treated as adequate compliance of Section 134 of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:

As stipulated in Section 134(3)(c) read with sub section 5 of the Companies Act, 2013, Directors subscribe to the "Directors' Responsibility Statement", and confirm that:

- a) In preparation of annual accounts for the year ended 31st March, 2020, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts for the year ended 31st March, 2020 on going concern basis.
- e) The Directors had laid down the internal financial controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

General:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

**For and on behalf of the Board
For, SHREE BHAVYA FABRICS LIMITED**

**PLACE : AHMEDABAD
DATE : 28.08.2020**

**[PURSHOTTAM R. AGARWAL]
DIN: 00396869**



ANNEXURE- I

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo, required under Section 134(3)(m) of the Companies Act, 2013 are as under:

A. CONSERVATION OF ENERGY:

Energy Conservation Measures Taken

Conservation of Energy has always been an area of priority in the Company's operations. The Company is in the process of installation of energy efficient machinery. Further, details of power and fuel consumption have been mentioned in the Notes to the financial statements.

B. RESEARCH & DEVELOPMENT:

The Company has no specific Research & Development Department. However, the Company has Quality Control Department to check the quality of different product manufactured.

C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

The Company always keeps itself updated with all latest technological innovations by way of constant communications and consulting. Efforts are being made to reduce cost and to improve performance.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings and Outgo	2019-20	2018-19
a) Foreign exchange earnings	33620743	23512752
b) CIF Value of imports	-	8944964
c) Expenditure in foreign currency	-	9761457

On behalf of the Board of Directors
For, SHREE BHAVYA FABRICS LIMITED

PLACE : AHMEDABAD

DATE : 28.08.2020

[PURSHOTTAM R. AGARWAL]
DIN: 00396869
CHAIRMAN & MD



ANNEXURE- II
FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

- | | |
|--|---|
| i) CIN | L17119GJ1988PLC011120 |
| ii) Registration Date | 16/08/1988 |
| iii) Name of the Company | SHREE BHAVYA FABRICS LIMITED |
| iv) Category / Sub-Category of the Company | Company Limited by Shares Non Government Company |
| v) Address of the Registered Office and contact details | Survey No. 170, Opp. Advance Petrochem Limited,
Pirana Road, Piplej, Ahmedabad - 382405
Email id : csjd7bhavyafabrics@gmail.com |
| vi) Whether listed company Yes / No | YES |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | "BIGSHARE SERVICES PRIVATE LIMITED
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Apartments (next to Keys Hotel),
"Marol Maroshi Road, Andheri East, Mumbai 400059"
Saki -Vihar Road, Sakinaka, Andheri (E), "Mumbai-400 072
"Email: bssahd@bigshareonline.com" |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Fabric, Grey Fabrics (manufactures textiles, fabricated and home textiles)	1313	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NOT APPLICABLE

Sr. No.	Name And Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1					

IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity) :**i. Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (01-04-2019)				No. of Shares held at the end of the year (31-03-2020)				% Change
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	
A Promoters									
1 Indian									
a Individual/HUF	2294180	0	2294180	24.15	2294180	0	2294180	24.15	0.00
b Central Govt.									
c State Govt.(s)									
d Bodies Corp.	2196495	0	2196495	23.12	2196495	0	2196495	23.12	0.00
e Banks / FI									
f Any Other									
Sub-total (A) (1):-	4490675	0	4490675	47.27	4490675	0	4490675	47.27	0.00



i. Category-wise Shareholding (Contd.....)

Category of Shareholders	No. of Shares held at the beginning of the year (01-04-2019)				No. of Shares held at the end of the year (31-03-2020)				% Change
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	
2 Foreign									
a NRIs-Individuals									
b Other-Individuals									
c Bodies Corp.									
d Banks/ FI									
e Any Other									
Sub-total (A) (2):-									
Total SH of Promoter (A)=(A)(1)+(A)(2)	4490675	0	4490675	47.27	4490675	0	4490675	47.27	0.00
B Public Shareholding									
1 Institutions									
a Mutual Funds									
b Banks / FI									
c Central Govt									
d State Govt(s)									
e Venture Capital Funds									
f Ins. Companies									
g FIs									
h Venture Capital Funds									
i Others									
Sub-total (B) (1):-									
2 Non-Institutions									
a Bodies Corp.	279082	148900	427982	4.51	204625	148900	353525	3.72	0.79
i Indian									
ii Overseas									
b Individuals									
i holding shares upto Rs.2 lakh	1183477	633645	1817122	19.13	1083909	628245	1712154	18.02	1.11
ii holding shares above Rs.2 lakh	2639449	86000	2725449	28.69	2088003	86000	2174003	22.88	5.81
c Any Other (specify)									
c-i Non-Resident Repatriates	22294	0	22294	0.23	22294	0	22294	0.23	-0.00
c-ii Non Resident Non Repatriates	11022	0	11022	0.12	12522	0	12522	0.13	-0.01
c- iii NBFC registered with RBI					75000	0	75000	0.79	-0.79
c- iv HUF					621711	0	621711	6.54	-6.54
c-iv Clearing members					38116	0	38116	0.40	-0.40
d Others	5456	0	5456	0.02	0	0	0	0	0
Sub-total (B) (2):-	4140780	868545	5009325	52.73	4146180	863145	5009325	52.73	0.00
Total Public SH [(B)=(B)(1)+(B)(2)]	8631455	868545	9500000	100.00	8636855	863145	9500000	100.00	0.00
c Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	8618055	881945	9500000	100.00	8631455	868545	9500000	100.00	0.00



ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	Prurshottam R. Agarwal	1807581	19.03	19.03	1807581	19.03	19.03	0.00
2	Vaibhavlaxmi International Ltd.	1710895	18.01	0.00	1710895	18.01	0.00	0.00
3	Balhanuman Fabrics Pvt.Ltd.	485600	5.11	0.00	485600	5.11	0.00	0.00
4	Anurag R Agarwal	153900	1.62	0.00	153900	1.62	0.00	0.00
5	Purshottam R Agarwal HUF	141949	1.49	0.00	141949	1.49	0.00	0.00
6	Tilokchand And Sons	48649	0.51	0.00	48649	0.51	0.00	0.00
7	Somnadevi Purshottam Agarwal	141851	1.49	0.00	141851	1.49	0.00	0.00
8	Nirmaladevi R Agarwal	250	0.00	0.00	250	0.00	0.00	0.00
	TOTAL	4,490,675	47.27	19.03	4490675	47.27	19.03	0.00

iii. Change in Promoters' Shareholding (there was no change in promoters shareholding during the year)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares	No of Shares	% of Total Shares

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

Sr. No.	Particulars	Shareholding at the beginning of the year as on 01-04-2019		Change in Share holding during the year		Shareholding at the end of the year as on 31-03-2020	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	Vikas Agarwal	475000	5.00			475000	5.00
2.	Tanisha Gopalkrishna Goyal	344718	3.63			344718	3.63
3.	Ria Nimesh Shah	200847	2.11			200847	2.11
4.	Sachin Dhoot	163742	1.72	37000	0.39	200742	2.11
5.	Richi Manojkumar Jain	181863	1.91	0	0	181863	1.91
6.	Sangeetha S					171790	1.80
7.	Thota Bikshapathi	99999	1.05			100299	1.05
8.	Mukesh Agarwal					86626	0.91
9.	Manojkumar Jain	72017	0.76			72017	0.76
10.	Sneha Sanjeev Lunkad					69424	0.73



v. Shareholding of Directors and Key Managerial personnel

Sr. No.	Particulars	Shareholding at the beginning of the year as on 01-04-2019		Shareholding at the end of the year as on 31-03-2020	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	Purshottam R Agarwal				
	At the beginning of the year	1807581	19.03	1807581	19.03
	Date wise Increase/Decrease in Shareholding during the year.	0	0	0	0.00
	At the End of the year	1807581	19.03	1807581	19.03

Others Directos not holding shares of the Company.

V. Remuneration of Directors and Key Managerial Personnel :

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

SR. No.	Particulars of Remuneration	Name of the MD/WTD/Manager/Director			TOTAL Amount
		P.R. Agarwal (MD)			
1	Gross Salary				
	a Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	2502400			2502400
	b Value of perquisites u/s 17(2) Income tax Act, 1961				
	c Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as a % of profit				
	others (specify)				
5	Others, please specify: Retirement Benefits				
	Total (A)	2502400			2502400
	Ceiling as per the Act	As per Schedule-V of the Companies Act, 2013			

**B. Remuneration to other directors :**

SR.	Particulars of Remuneration			
1	Independent Directors	Ramniwas K Pandia	Vaishali Soni	TOTAL
	Fee for attending board / committee meetings	288400	24000	281400
	Commission			
	Others, please specify			
	Total 1	288400	24000	281400
2	Other Non Executive Directors			
	Fee for attending board / committee meetings			
	Commission			
	Others, please specify			
	Total 2	-	-	-
	Total (B)=(1+2)			
	Total Managerial Remuneration			
	Total Remuneration (A+B)	288400	24000	281400
	Overall Ceiling as per the Act			

C. Remuneration to key managerial personnel other than MD / Manager / WTD

SR. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Chief Executive Officer(CEO)	Company Secretary (CS)	
1	Gross Salary			
	a Salary as per provisions contained in section 17(1) of the Income tax Act, 1961		341377	341377
	b Value of perquisites u/s 17(2) Income tax Act, 1961			
	c Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as a % of profit others (specify)			
5	Others, please specify: Retirement Benefits			
	Total		341377	341377



VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : Not Applicable

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT /Court]	Appeal made. If any (give details)
A. Company					
- Penalty					
- Punishment					
- Compounding					
B. Directors					
- Penalty					
- Punishment					
- Compounding					
C. Other officer in default					
- Penalty					
- Punishment					
- Compounding					



ANNEXURE- III
REPORT ON CORPORATE GOVERNANCE
[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

“Corporate Governance refers to the set of systems, principles and processes by which Company is governed. They provide the guideline as to how the Company can be directed or controlled so as to fulfill its goals and objectives in a manner that adds to the value of the Company and benefit to all the stakeholders in the long term. Strong and improved Corporate Governance practices are indispensable in today’s competitive world and complex economy.”

1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company’s philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance even before they were mandated by the legislation. Transparency, integrity, professionalism and accountability- based values form the basis of the Company’s philosophy for Corporate Governance. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder’s expectations.

On September 2, 2015, The Securities and Exchange Board of India (SEBI) had notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 replacing the erstwhile Listing Agreement, effective from December 1, 2015. The new Listing Regulations is aimed at consolidating and streamlining the provisions of existing listing agreements for different segment of the capital markets.

The Company’s corporate governance practices emanate from its commitment towards discipline, accountability, transparency and fairness. The Company’s has been diligently developing best practices to ensure its responsibility to the stakeholders.

The Company believes that good corporate governance practices help to enhance performance and valuation of the Company. The Company also respects the right of its shareholders to information on the performance of the Company and considers itself as trustee of its shareholders

2. BOARD OF DIRECTORS:

(A) Composition of the Board:

The Board of Directors of the Company has been constituted in manners which ensure the optimum combination of Executive/ Non-Executive and Independent/ Non-Independent Directors to ensure proper governance and management. Your Company’s Board comprises of 4 (four) Directors of which 1 (one) is Executive and Non-Independent and 3 (Three) are Non-Executive and Independent Directors. The Chairman of the Board of Directors is Executive Director.

Mr. Purushottam R Agarwal, Promoter and Executive Director, is the Chairman and Managing Director of the Company, heading the Board.

Ms. Vaishali Soni serves as Non-Executive/ Independent- Women Director on the Board of Directors Thus, the Company complies with the requirement of appointment of Women Director under the Companies Act, 2013 and Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(B) Category of Directors, their attendance at the Board and AGM, etc.

The category of Directors, their attendance at the Board Meetings for the year 2019-20 and the last Annual General Meeting, the particulars of no. of other Directorships and Committee Memberships held are as follows: (See Table-I).

(C) Information on Board Directors and Board Meetings:

The Board Meetings are held at least once in every quarter inter-alia, to review the quarterly results of the Company. The gap between the two Board Meetings does not exceed 120 days. Every Director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board. The Board Meetings are generally held at the Registered Office of the Company. All the mandatory items as prescribed in Regulation 17(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are placed before the Board of Directors.

During the year under review the Board of Directors met 4 (Four) times on 30.05.2019, 14.08.2019, 13.11.2019 and 24.01.2020.

The Board of Directors periodically reviews Letter of Assurance to strengthening the legal framework step by step in order to ensure the compliance with all the applicable Laws pursuant to Regulation 17(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015



The Board of Directors has its own plan on orderly succession for appointment to the Board of Directors and Senior Management pursuant to Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Performance evaluation of Independent Directors has been evaluated by the Board of Directors in its Board Meeting held on 25.01.2020 for the financial year 2019-20 pursuant to Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A separate Meeting of Independent Directors was held on 25.01.2020 to review the performance of Non-Independent Directors and Board of Directors as whole pursuant to Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the terms and conditions of Independent Directors are incorporated on the website of the Company www.shreebhavyafabrics.com

Attendance record of Directors attending the Board meetings and Annual General Meetings during the year 2019-20:

Table-I

Name of the Director, their Designation & (DIN)	Category of Director	No. of Board Meetings		Last AGM Attendance	No. of other Directorship & Committee Member/Chairmanship in other Companies		
		Held	Attended		Directorship*	Committee** Membership	Committee Chairmanship**
Purushottam R Agarwal (00396869)	Executive Director	4	4	Yes	03	–	–
Ramniwas K Pandia (02875168)	Non-Executive & Independent Director	4	4	Yes	–	–	–
Vaishali Soni (07245825)	Non-Executive & Independent Director	4	4	Yes	–	–	–
Ramesh Agarwal (07706882)	Non-Executive & Independent Director	4	4	Yes	–	–	–

*Including Private Companies, **Committees include Audit Committee & Stakeholder's Grievance and Relationship Committee for the purpose of Regulation 26(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(D) Disclosure of relationships between Directors inter-se: None of the Directors are related to each other.

(E) Number of Shares held by Non-Executive Independent Directors

The details of Shares held by Non-Executive Directors of the Company pursuant to Regulation 26(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on 31st March, 2020 are as under:

No.	Name of Non-Executive Director	No. of Shares held	% Held
1.	Mr. Ramesh Agarwal	Nil	0.00
2.	Mr. Ramniwas Pandia	Nil	0.00
3.	Ms. Vaishali Soni	Nil	0.00

(F) Code of Conduct:

The Board has laid down a Code of Business Conduct and Ethics (the "Code") for all the Board Members and Senior Management of the Company. Reference of part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with in Compliance with Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has adopted a Code of Ethics for principal Executives and the Senior Management Personnel covering duties



of Independent Directors as laid down in the Companies Act 2013. All the Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct. The Code is available on the website of the Company. A declaration signed by the Chairman and Managing Director to this effect is attached at the end of this report.

(A) CEO/ CFO certification :

Pursuant to Regulation 17(8) and Regulation 33(2)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, CEO and CFO of the Company have certified to the Board of Directors the financial statement for the financial year ended 31st March, 2020.

(B) Risk Management

The Company has framed a formal Risk Management Framework for risk assessment and risk minimization which is periodically reviewed to ensure smooth operation and effective management control. The Audit Committee also reviews the adequacy of the risk management framework of the Company, the key risks associated with the business and measure and steps in place to minimize the same. The Board undertakes periodic review of various matters.

3. COMMITTEES OF THE BOARD:

The Board Committees play a vital role in ensuring sound Corporate Governance practices. The Committees are constituted to handle specific activities and ensure speedy resolution of diverse matters. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all the Committees are placed before the Board for review.

(A) AUDIT COMMITTEE:

Apart from all the matters provided in 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 177 of the Companies Act 2013, the Audit committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the company. The Chief Financial Officer, representatives of Statutory Auditors, Internal Auditor and Finance & Accounts department are invited to the meetings of the Audit Committee.

Composition and Attendance:

The Audit Committee comprises of three (3) Directors and all are Non-Executive and Independent Directors. The Chairman of the Audit Committee is a Non-Executive and Independent Director. The Constitution of the Committee meets the requirements of Section 177 of the Companies Act, 2013 as well as Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Statutory Auditors and Internal Auditors attend the meetings by invitation. Mr. Ramniwas K Panida, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

During the year the Audit Committee met 4 times on 30.05.2019, 14.08.2019, 13.11.2019 and 24.01.2020 attendance of the members as under:

Name of the Director	Designation	Category	No. of Meeting attended	
			Held	Attended
Ramniwas K Pandia	Chairman	Non-Executive & Independent Director	4	4
Vaishali Soni	Member	Non-Executive & Independent Director	4	4
Ramesh Agarwal	Member	Non-Executive & Independent Director	4	4

The Committee is authorised by the Board of Directors in the manner as envisaged under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as under Section 177 of the Companies Act, 2013. The Committee has been assigned task as listed under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee reviews the information as listed under Regulation 18(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as under Section 177 of the Companies Act, 2013.

**(B) STAKEHOLDERS' GRIEVANCES AND RELATIONSHIP COMMITTEE:****Composition and Attendance :**

The Stakeholder's Grievances and Relationship Committee comprises of 3(three) Directors, all are non-executive independent directors. The Chairman of this Committee is Non-Executive Independent Director.

During the year, 2 (two) Shareholder Grievance Committee meetings were held Committee met 2 times on 14.08.2019 and 24.01.2020 attendance of the members as under:

Name of the Director	Designation	Category	No. of Meeting attended	
			Held	Attended
Ramniwas K Pandia	Chairman	Non-Executive & Independent Director	2	2
Vaishali Soni	Member	Non-Executive & Independent Director	2	2
Ramesh Agarwal	Member	Non-Executive & Independent Director	2	2

Terms of reference and complaints:

The Stakeholders' Relationship Committee deals with the matter of redressal of Shareholders and Investors complaints for transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend, etc.

The Board has delegated the said powers for approving transfer and transmission of shares and issue of duplicate shares to Transfer Committee. The status of transfer, duplicate etc., is periodically reported to the Committee. Other details for shareholders have been provided separately in Shareholders' Information.

- 1) Name of Non-executive Director heading the Committee: Mr. Ramniwas KPandia.
- 2) Number of shareholders' complaints received: During the year 2019-2020, the Company received complaints : Nil
- 3) Number not solved to the satisfaction of shareholders : Nil
- 4) Number of pending share transfers : Nil
- 5) During the year the Committeemet : 2times.

(C) NOMINATION AND REMUNERATION COMMITTEE:

The nomination & remuneration committee for appointment and remuneration of executive directors was constituted and consists of Non-executive Independent Directors and Non-executive and Non-independent which evaluates and finalizes among other things, compensation and benefits of the Executive Directors. The Constitution of the Committee meets the requirements of Section 178 of the Companies Act, 2013 as well as Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Composition and Attendance at the N&RC meetings

During the financial year, 1 (One) Nomination and Remuneration Committee Meetings was held as on 14.08.2019. The Committee reviews the information as listed under Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as under Section 178 of the Companies Act, 2013.

Name of the Director	Designation	Category	No. of Meeting attended	
			Held	Attended
Ramniwas K Pandia	Chairman	Non-Executive & Independent Director	1	1
Vaishali Soni	Member	Non-Executive & Independent Director	1	1
Ramesh Agarwal	Member	Non-Executive & Independent Director	1	1

4. REMUNERATION OF DIRECTORS**(a) Remuneration Policy:**

The Objective of Remuneration Policy is directed towards having the compensation structure that will reward and retain the talent.



The Company has adopted and implemented the provision of Section 178 of the Companies Act, 2013 on the requirement of the Committee to recommend to the Board a policy, relating to the remuneration of the Directors, Key management personnel and Senior Management.

The remuneration payable to Directors, Key Managerial Personnel and Senior Management Person will involve a balance between fixed and incentive pay reflecting short term and long term performance objectives appropriate to the working of the Company and its goal.

The remuneration levels are governed by industry pattern, qualification and experience of employee, responsibilities shouldered, individual performance and Company performance.

Non-Executive Directors have no pecuniary relationship or transaction with the Company, except receiving sitting fees for attending Meetings. The Company does not pay any severance fee and no stock option is available to the directors

(b) Disclosures with respect to Remuneration :

The aggregate value of salary, perquisites, commissions, Performance incentive & Sitting fees paid for the year 2019-2020 to all the Directors are as follows.

(Rs.In Lacs)

Name of Director	Status Category	Sitting Fees					Remuneration Fixed Salary	Total
		BM	AC	SGRC	NRC	IDM		
Purushottam R. Agarwal	ED	-	-	-	-	-	25.02	25.02
Ramniwas K Panida	ID&NED	-	-	-	-	-		2.88
Vaishali Soni	ID&NED							0.24
Ramesh Agarwal	ID&NED	-	-	-	-	-	-	-
Total								

Notes : BM- Board Meeting, AC- Audit Committee Meeting, SGRC- Shareholders Grievance and Relationship Committee Meeting, NRC- Nomination and Remuneration Committee Meeting. IDM- Independent Director Meeting.

Fixed Salary includes Salary, Perks & Retirement Benefits.

5. INFORMATION ABOUT GENERAL BODY MEETINGS :

A. Annual General Meetings/Extra-Ordinary General Meetings

Location and time for last 3 years Annual General Meetings/ Extra Ordinary General Meetings held as under:

Financial Year	AGM	Location/ Place of Meeting	Date	Time a.m./ p.m.
2018-19	31st	252, New Cloth Market, O/s. Raipur Gate, Ahmedabad – 380002	30.09.2019	11.00 A.M.
2017-18	30th	252, New Cloth Market, O/s. Raipur Gate, Ahmedabad – 380002	27.09.2018	11.00 A.M.
2016-17	29th	Survey No. 170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad – 382405, Gujarat	29.09.2017	11.00 A.M.

No Extra-Ordinary General Meeting was held during the financial year 2019-20.

B. Special Resolution

Particulars of Special Resolution passed at last 3 years Annual General Meetings/ Extra Ordinary General Meetings are as follows:

FY (AGM/EGM)	Particulars	Date
2018-19(AGM)	1. Re-appointment of Ramniwas K Pandia as an Independent Director	30.09.2019
	2. Ratification of the remuneration of the Cost Auditors for the year 2019-2020	30.09.2019



FY (AGM/EGM)	Particulars	Date
2017-18 (AGM)	1. Ratification of the remuneration of the Cost Auditors for the year 2018-19	27.09.2018
2016-17 (AGM)	1. Appointment of Mr. Ramesh P. Agarwal (DIN: 07706882) as an Independent Director of the company	29.09.2017
	2. Ratification of the remuneration of the Cost Auditors for the year 2017-2018	
	3. Approval of Related Party Transaction	

C. Postal Ballot:

During the financial year under review the Company had not transacted any business- special resolution through Postal Ballot.

6. MEANS OF COMMUNICATION

The Company has submitted its quarterly, half yearly and yearly financial results to the Stock Exchanges as well as published in leading Newspapers normally in leading English and in Vernacular daily Newspapers immediately after its approval by the Board. The Company did not send the half yearly report to the Shareholders of the Company.

a) Financial Results for the Quarter ended:

30th June, 2019	45 days from end of Quarter 30th June, 2019
30th September, 2019	45 days from end of Quarter 30th September, 2019
31st December, 2019	45 days from end of Quarter 31st December, 2019
Audited Results for the year ended on 31st March, 2020	60 days from end of Financial Year (i.e. on or before 30th May, 2020) (As per Regulation 33 of The SEBI (LODR) Regulations, 2015)

b) SEBI Complaints Redress System (Scores):

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

c) BSE Listing Centre:

The new electronic system introduced by BSE Limited for submission of Quarterly/ Half Yearly/ yearly compliance like Shareholding Pattern, Corporate Governance Report, Board Meeting intimation of the Company and other corporate announcements in e-mode. BSE Listing Centre is web based application designed by the BSE Limited for Corporates.

7. GENERAL INFORMATION FOR SHAREHOLDERS

Date of Incorporation of the Company	16th August, 1988
Financial year	01.04.2019 to 31.03.2020
Day, date and time of AGM	Tuesday, 29th September, 2020 at 01:30 p.m.
Venue of Annual General Meeting	Through Video Conferencing (VC) or Other Audio Visual Means (OAVM)
Dates of Book Closure	20.09.2020 to 29.09.2020 (both days inclusive)

a) LISTING ON STOCK EXCHANGE/S

The Shares of the Company are listed at BSE Limited.

b) **STOCK CODE AND ISIN NO.**

Stock Exchange	Scrip Code	ISIN
BSE Ltd.–Mumbai	521131	INE363D01018

c) **STOCK MARKET DATA**

Monthly high and low of closing quotations of shares traded on BSE Limited, Mumbai.

Month	High Price (Rs)	Low Price (Rs)
April, 2019	6.82	6.50
May, 2019	6.82	5.87
June, 2019	6.16	5.16
July, 2019	4.91	3.13
August, 2019	2.98	2.36
September, 2019	2.59	2.47
October, 2019	2.47	2.35
November, 2019	2.83	2.46
December, 2019	3.53	2.97
January, 2020	4.25	3.35
February, 2020	4.30	3.27
March, 2020	3.11	2.09

d) **SHAREHOLDING PROFILE:**

Mode of Holding	As on 31st March, 2020			As on 31st March, 2019		
	No. of holders	No. of Shares	% to Equity	No. of Holders	No. of Shares	% to Equity
Demat	1357	8636855	90.91	1377	8631455	90.86
Physical	1580	863145	9.09	1589	868545	9.14
Total	2937	9500000	100	2966	9500000	100

e) **SHAREHOLDING PATTERN (AS OF 31ST MARCH 2020)**

No.	Categories	No. of shares	% of total holding
A	Promoters Holding		
	Promoter & Promoter Group		
	Indian	4490675	47.27
	Foreign	-	-
B	Non-Promoter Holding		
	Institutional :		
	Mutual Fund	-	-
	Non-Institutional :		
	Bodies Corporate	353525	3.72
	Individuals :		
	Capital upto Rs.2 Lacs	712154	18.02
	Capital greater than Rs.2 Lacs	2174003	22.88
	Any Others :		
	NBFC registered with RBI	75000	0.79
	HUF	621711	6.54
	Clearing Member	38116	0.41
	NRIs	34816	0.37
	Total	9500000	100.00

f) **DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2020**

Share Balance	Holders	% of Total	Share Amount	% of Total
Upto 1- 5000	2312	78.72	5992740	6.31
5001- 10000	301	10.25	2495180	2.63
10001- 20000	132	4.49	2061730	2.17
20001- 30000	46	1.57	1187420	1.25
30001- 40000	15	0.51	533380	0.56
40001- 50000	29	0.99	1400240	1.47
50001- 100000	38	1.29	2883640	3.04
100001- 9999999999	64	2.18	78445670	82.57
TOTAL	2937	100.00	95000000	100

g) **REGISTRAR AND SHARE TRANSFER AGENT (RTA)**

The Company has changed RTA from M/s. Sharepro Services (I) Pvt. Ltd. to M/s. Bigshare Services Private Limited w.e.f. 01.06.2016; hence Members are requested to correspond with the Company's new Registrar and Transfer Agents for all matters related to share transfers, dematerialization, complaints for non-receipt of refund order/dividends etc. at the following address:

M/s. Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments (next to Keys Hotel),
Marol Maroshi Road, Andheri East, Mumbai 400059

Ahmedabad Branch office: A-802 Samudra Complex,
Near Klassic Gold Hotel, Off. C. G. Road, Ahmedabad-380009, Gujarat, INDIA
Phone No.: 079-40024135

Email: bssahd@bigshareonline.com

Website: www.bigshareonline.com

h) **Investors Communication and Investors Complaints to be address to:**

For Share Transfers/ Dematerialization or other queries relating to Shares:

M/s. Bigshare Services Private Limited

A-802 Samudra Complex, Near Klassic Gold Hotel,
Off. C G Road, Ahmedabad-380009, Gujarat
Ph. No.: 079-40024135
Email: bssahd@bigshareonline.com
Website: www.bigshareonline.com

For other inquiry write to Company:

Ms. Jyoti Devnani- Company Secretary

Registered Office: 170, Opp. Advance Petrochem Ltd,
Pirana Road, Piplej, Ahmedabad – 382405. Gujarat, INDIA
Phone No.: 079- 22133383
E-mail: shreebhavyafabrics@gmail.com
E-mail: csjd7bhavyafabrics@gmail.com

i) **SHARE TRANSFER SYSTEMS**

Applications for transfer of shares in physical form are processed by the Registrar and Share Transfer Agent of the Company. The Transfer Committee constituted for transfer/ transmission of shares, issue of duplicate shares, demat/ remat request and allied matters considers and approves the share transfer once in fortnight subject to transfer instrument being valid and complete in all respects.

The Company obtained Certificates from Company Secretary in Practice for Compliance of Share transfer formalities pursuant to Regulation 40(9) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on half yearly basis. The Company also carried out quarterly Secretarial Audit for the reconciliation of Share Capital regularly.

**j) RECOMMENDATION TO GET THE SHARES DEMATERIALIZED**

The trading in the Company's equity shares is compulsorily in dematerialized mode. The Company has tied up with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). Thus the investors can exercise dematerialization and transfer actions through a recognized Depository Participant (DP) who is connected to NSDL or CDSL. We strongly recommend all the members holding shares in physical form to promptly get their shares dematerialized.

k) Registration of Email-ID for receipt of Notices of General Meetings, Annual Report, etc. in e-Form

The Ministry of Corporate Affairs has taken 'Green Initiative in Corporate Governance' by allowing paperless compliances by the Company and has issued circulars allowing service of notices/ documents including Annual Report by email to its members. To support this green initiative of the Government in full measure, members who have not registered their email addresses so far, are requested to register the same in respect of electronic holdings with the Depository through their Depository Participants.

Members holding shares in physical form are requested to get their email addresses registered with the Company/ its Registrar & Share Transfer Agent.

l) Outstanding GDRs/ADRs/Warrants/Options or any Convertible Instruments

The Company has no outstanding GDRs/ADRs/Warrants/Options or any convertible instruments as on 31st March 2020.

m) Proceeds from Public Issue/Rights Issue/Preferential Issue/Warrant Conversion

During the financial year, the Company has not raised any fund through Public Issue/ Rights Issue/ Preferential Issue/Warrant Conversion.

n) Code of Conduct for prevention of Insider Trading

The Company has adopted the Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders in accordance with the requirement of SEBI (Prohibition of Insider Trading) Regulations, 2015 and Companies Act, 2013.

o) Disclosure of accounting treatment in preparation of Financial Statement

Your Company has followed all relevant Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) while preparing Financial Statements.

8. OTHER DISCLOSURES**A. Related Party Transaction**

All the transactions entered into with Related Parties as defined under Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 during the financial year were in the Ordinary Course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Prior approval of the Audit Committee is obtained for all Related Party Transactions. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Related Party Transactions during the year have been disclosed at notes on financial statements as per the requirement of "Accounting Standards - 18-RelatedPartyDisclosureissuedbyICAI.

The Board has approved a policy for related party transactions which has been uploaded on Company's website www.shreebhavyafabrics.com

B. Management Discussion and Analysis

The Management Discussion and Analysis Report have been given separately in this Annual Report as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

C. Details of non-compliance by the Company

Your Company has complied with all the requirement of regulatory authorities. No penalty/ strictures were imposed on the Company by Stock Exchange/s or SEBI or any statutory authority on any matter related to capitalmarkets.

D. Vigil Mechanism

The Company has implemented a Whistle Blower Policy covering the employees. The Policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of the Company's code of Conduct. Employees can lodge their Complaints through anonymous e-mails besides usual means of communications like written complaints. No personnel have been denied access to the Audit Committee.

**E. Policy on Material Subsidiaries**

The Company is not having any subsidiary Company; however, the Company has formulated the Policy for determining 'Material Subsidiaries' which has been put up on the website of the Company.

F. Policy on Related Party Transactions

The Company has formulated the Policy on dealing with Related Party Transactions which has been put upon the website of the Company.

9. Non-Mandatory Requirements

- (a) **The Board:** Since the Company has an Executive Chairman on its Board, there is no requirement for maintaining separate office.
- (b) **Shareholder's Right:** Half yearly financial results including summary of the significant events are presently not being sent to shareholders of the Company. However quarterly financial results are published in the leading newspapers and are also available on the website of the Company.
- (c) **Audit Qualification:** There is no qualification in the Auditor's Report on the Financial Statements to the shareholders of the Company.
- (d) **Separate Post of Chairman and CEO:** Mr. Purushottam R. Agarwal, Chairman and Managing Director of the Company also act as CEO of the Company.
- (e) **Reporting of Internal Auditor:** The Company's Internal Auditor, reports directly to the Audit Committee.

For and on behalf of the Board
For, SHREE BHAVYA FABRICS LIMITED

PLACE : AHMEDABAD.
DATE : 28.08.2020

[PURUSHOTTAM R. AGARWAL]
DIN: 00396869
CHAIRMAN & MD

**ANNEXURE – A of CGR**

To,
The Members of
SHREE BHAVYA FABRICS LIMITED
S.No.170, Opp. Advance Petrochem Limited,
Pirana Road, Piplej
Ahmedabad-382405, Gujarat, India

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SHREE BHAVYA FABRICS LIMITED having CIN: L17119GJ1988PLC011120 and having registered office at S.No.170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad-382405, Gujarat, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	PURUSHOTTAM RADHESHYAM AGARWAL	00396869	04/12/2009
2	RAMNIWAS KODARAM PANDIA	02875168	28/12/2009
3	VAISHALI SURESHKUMAR SONI	07245825	24/07/2015
4	RAMESHKUMAR PARMESHWARILAL AGARWAL	07706882	13/01/2017

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

For, **MUKESH H. SHAH & CO.**
Company Secretaries

Place : Ahmedabad
Date : 28.08.2020

[MUKESH H. SHAH]
PROPRIETOR
CP. NO. 2213



FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

SHREE BHAVYA FABRICS LIMITED has not entered into any contract/ arrangement/ transaction with its related parties which are not in ordinary course of business or at arm's length during FY 2019-20. The Company has laid down policies and procedures so as to ensure compliance to the subject section in the Companies Act, 2013 and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

- | | |
|---|------|
| (a) Name(s) of the related party and nature of relationship | : NA |
| (b) Nature of contracts/arrangements/transactions | : NA |
| (c) Duration of the contracts / arrangements/transactions | : NA |
| (d) Salient terms of the contracts or arrangements or transactions including value, if any | : NA |
| (e) Justification for entering into such contracts or arrangements or transactions | : NA |
| (f) Date(s) of approval by the Board | : NA |
| (g) Amount paid as advances, if any | : NA |
| (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | : NA |

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

- | | |
|--|--------|
| (a) Name(s) of the related party and nature of relationship | : NA |
| (b) Nature of contracts / arrangements / transactions | : NA |
| (c) Duration of the contracts / arrangements / transactions | : NA |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | : NA |
| (e) Date(s) of approval by the Board, if any | : NA |
| (f) Amount paid as advances, if any | : None |

On behalf of the Board of Directors
For, SHREE BHAVYA FABRICS LIMITED

PLACE : AHMEDABAD
DATE : 28.08.2020

[PURSHOTTAM R. AGARWAL]
DIN: 00396869
CHAIRMAN & MD



FORM No. MR-3
SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2020

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

To the Members,

SHREE BHAVYA FABRICS LIMITED

S.No.170, Opp. Advance Petrochem Limited,
Pirana Road, Piplej
Ahmedabad-382405,
Gujarat, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shree Bhavya Fabrics Limited (hereinafter called "the Company") Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the management, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and maintained by the Company for the financial year ended on 31st March, 2020 and made available to me according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder as applicable; except following:
As confirmed by management that the Company has accepted deposited by way of unsecured loan from promoters, their relatives and friends in pursuance of a stipulation of the Bank.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 2015, as amended from time to time;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(Not applicable to the Company during the audit period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014(Not applicable to the Company during the audit period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations. 2008(Not applicable to the Company during the audit period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(Not applicable to the Company during the audit period); and



- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(Not applicable to the Company during the audit period);
- (vi) The Management has identified and confirmed the following laws as specifically applicable to the Company:
- 1) The Environment (Protection)Act, 1986;
 - 2) The Factories Act ,1948;
 - 3) Employees Provident Funds & Misc. Provisions Act:
 - 4) Employees State Insurance Act, 1948
 - 5) The Air (Prevention and Control of pollution) Act,1981
 - 6) The Water (Prevention and Control of pollution) Act,1974

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the all material aspects of applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above;

I further report that:

- a) The Compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.
- b) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Directors and Independent Directors. The changes if any in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- c) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- d) All decisions of the Board and Committees were carried with requisite majority.

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

For, MUKESH H. SHAH & CO.
Company Secretaries

Place : Ahmedabad
Date : 28.08.2020
UDIN NO: F005827B000628251

[MUKESH H. SHAH]
PROPRIETOR
FCS NO. 5827 & CP. NO. 2213

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.



ANNEXURE- A

To the Members,

SHREE BHAVYA FABRICS LIMITED

S.No.170, Opp. Advance Petrochem Limited,
Pirana Road, Piplej
Ahmedabad-382405, Gujarat, India

My secretarial audit report for the financial year 31st March, 2020 is to be read along with this letter.

Management's Responsibility

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on audit.

Auditor's Responsibility

2. My Responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
3. I believe that Audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for my opinion.
4. Wherever required, I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. I have not verified the correctness and appropriateness of financial records and books of account of the company.

For, **MUKESH H. SHAH & CO.**
Company Secretaries

Place : Ahmedabad

Date : 28.08.2020

UDIN NO: F005827B000628251

[MUKESH H. SHAH]
PROPRIETOR

FCS NO. 5827 & CP. NO. 2213

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



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
SHREE BHAVYA FABRICS LIMITED
S.No.170, Opp. Advance Petrochem Limited,
Pirana Road, Piplej
Ahmedabad-382405, Gujarat, India

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SHREE BHAVYA FABRICS LIMITED having CIN: L17119GJ1988PLC011120 and having registered office at S.No.170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad-382405, Gujarat, India, produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority. other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company*
1	PURUSHOTTAM RADHESHYAM AGARWAL	00396869	04/12/2009
2	RAMNIWAS KODARAM PANDIA	02875168	28/12/2009
3	VAISHALI SURESHKUMAR SONI	07245825	24/07/2015
4	RAMESHKUMAR PARMESHWARILAL AGARWAL	07706882	13/01/2017

*the date of appointment is as per the MCA Portal.

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

For, **MUKESH H. SHAH & CO.**
Company Secretaries

Place : Ahmedabad
Date : 28.08.2020
UDIN NO: F005827B000628251

[MUKESH H. SHAH]
PROPRIETOR
FCS NO. 5827 & CP. NO. 2213

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Your Directors have pleasure in presenting the management discussion and analysis report for the year ended on March 31, 2020.

1. INDUSTRY STRUCTURE, DEVELOPMENT:

During the period under the review, the Company had been operating in Textile activities i.e. cloth processing. The textile sector has always been an important part of people's lives in India. The textile industry in India is one of the oldest manufacturing sectors in the country and is currently its largest. Textile machinery and accessories have been identified as core sectors under Make In India campaign there has not been any measures for this sector either today, 45% of textile machine accessories requirement is met by domestic producers & 55% through imports. The government has been pushing for indigenous production through 'Make in India' campaign to bring down imports.

India is the world's second-largest exporter of textiles and apparels, with a massive raw material and manufacturing base. The textile industry is a significant contributor to the economy, both in terms of its domestic share and exports. It contributes about seven per cent to industry output, two per cent to the GDP and 15 per cent to the country's total exports earnings. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralized power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world. Industry faces a non-level playing field in many markets due to tariff barriers, however industry needs to improve its productivity levels, economies of scale and organize itself better for large production at competitive prices. In 2018, the Indian apparel industry was affected due to the introduction of GST (Goods and Services Tax). During the phase, exporters were majorly affected as they tend to book more orders per year, whereas after GST implementation they landed booking only 70-75 per cent throughout the year. In 2019 exporters were looking at becoming more competitive to book more orders, as government has made a major contribution in the Indian economy by reducing the GST for fabric yarns from 18 per cent to 5 -12 per cent now.

2. REVIEW & FUTURE OUTLOOK OF THE COMPANY:

The Company is continuously trying to accomplish the desired results. Steps have been taken for cost diminution and manufacturing quality products by various installed machineries of the Company. Various aspects of working conditions of workers, health related issues, minimizing risk of accidents at work place etc. are being taken care of by the Company. The Company will achieve more turnovers by various marketing strategies, offering more quality products, launching new products etc. in coming years followed by increase in profit margin by way of various cost cutting techniques and optimum utilization of various resources of the Company. The company has found export opportunities for the same line of textile products which they were doing Job work presently. Till yet company was involved in Job work but now with the view of export opportunities, company taken the lead towards the export in simultaneous with Job Work.

3. OPPORTUNITIES & THREATS:

The Government is committed to encourage the healthy growth of Capital Market for development of the Economy. While the government seems committed to reforms to address the challenges, political compromises and high populist spending in an election year will mean that tough decisions are more likely to be deferred. However, steps by RBI to stabilize the exchange rate by reducing liquidity support to the banking system will create a challenging environment for investments.

4. SEGMENT-WISE PERFORMANCE:

The Company's main business activity is textile and its related activities which fall under single reportable segment i.e. 'Textiles'. The Company has majorly focused on quality and production.

5. OUTLOOK:

The Company continues to explore the possibilities of expansion and will make the necessary investments when attractive opportunities arise.



6. RISK & CONCERNS:

The Company is exposed to specific risks that are particular to its business, including interest rate volatility, economic cycle, market risk and credit risk. The management continuously assesses the risks and monitors the business and risk management policies to minimize the risk.

7. INTERNAL CONTROL SYSTEMS & THEIR ADEQUEACY:

The Company's operating and business control procedures ensure efficient use of resources and comply with the procedures and regulatory requirements. There are adequate internal controls to safeguard the assets and protect them against losses from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

The Audit Committee periodically reviews the internal controls systems and reports their observations to the Board of Directors.

The Directors have appointed M/s. N.K. Shrishrimal & Co, Chartered Accountants as the Internal Auditors of the Company for the FY 20-21.

8. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the year, the Company has recorded a turnover of Rs. 20286.32 Lacs as compared to Rs. 23926.73 Lacs in the previous year. The Company has made net profit of Rs.87.14 Lacs as compared to Rs.137.30 Lacs of the previous year after providing depreciation, tax, etc. for the year ended 31st March, 2020.

9. HUMAN RESOURCE DEVELOPMENT:

The Company believes that the human resources are vital in giving the Company a Competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition / dissemination, creativity and responsibility. As in the past, the Company has enjoyed cordial relations with the employees at all levels.

The Company continues to run an in-house training program held at regular intervals and aimed at updating their knowledge about issues.

10. CAUTIONERY STATEMENT:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

11. DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREFOR:

Debtors	Turnover
2019-20	2.40
2018-19	2.74

Interest	Coverage Ratio
2019-20	1.15
2018-19	1.26

Current	Ratio
2019-20	1.41
2018-19	1.37

Debt Equity	Ratio
2019-20	4.06
2018-19	4.29

Return on	Net Worth
2019-20	0.03%
2018-19	0.05%

Inventory Turnover	Ratio
2019-20	4.70
2018-19	6.71

On behalf of the Board of Directors
For, SHREE BHAVYA FABRICS LIMITED

PLACE : AHMEDABAD
DATE : 28.08.2020

[PURSHOTTAM R. AGARWAL]
DIN: 00396869
CHAIRMAN & MD



CERTIFICATION BY CEO AND CFO OF THE COMPANY

We, PURSHOTTAM R. AGARWAL, Chairman & Managing Director and Mr. KISHAN M. YADAV, Chief Financial Officer responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the financial year ended 31st March, 2020 to the best of our knowledge and belief:
 - I. These statements do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading.
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2019-20, which are fraudulent, illegal or violate the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company for such reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which we are aware of and the steps taken and/or proposed to be taken to rectify these deficiencies
- d)
 - i) Significant changes in internal control over financial reporting during the year.
 - ii) Significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

[PURSHOTTAM R. AGARWAL]
Chairman & Managing Director

[KISHAN M. YADAV]
Chief Financial Officer

Place : Ahmedabad
Date : 28.08.2020

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE****To the members of Shree Bhavya Fabrics Limited**

We have examined the compliance of conditions of Corporate Governance by Shree Bhavya Fabrics Limited for the year ended 31st March, 2020 as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15(2) of the Listing Regulations for the period from 01.04.2019 to 31.03.2020.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance for the year under the review as stipulated in the above mentioned Listing Agreement/ Listing Regulations, as applicable.

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

For, Abhishek Kumar & Associates
Chartered Accountants
FRN: 130052W

PLACE : AHMEDABAD
DATE : 28.08.2020

[Abhishek Agarwal]
Proprietor
M. No.: 132305

**Independent Auditors' Report**

To the Members of
M/S. SHREE BHAVYA FABRICS LIMITED

Report on the Standalone Financial Statements

Opinion

I have audited the accompanying standalone financial statements of M/S. SHREE BHAVYA FABRICS LIMITED ("the Company"), which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the statement:

- I. is presented in accordance with the requirements of the listing Regulations in this regard; and
- II. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the quarter ended 31st March, 2020 and for the year ended March 31, 2020.

Basis for Opinion

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide separate opinion on these matters.

Emphasis of Matter

We draw attention to notes to the financial results which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgements and estimates that are responsible 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.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statement

My objectives is 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 my opinion. Reasonable



assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is included in Annexure A. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, I give in the Annexure B, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, I report that:
 - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
 - b) In my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 - c) The balance sheet, the statement of profit and loss including Other Comprehensive Income, statement of changes in equity and the cash flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In my opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014;
 - e) On the basis of written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "Annexure C". My report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
 - i) The Company does not have any pending litigations for which provision have not been made which would impact its financial position.
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.
 - iii) The Provisions of transfer of funds to Investor Education and Protection Fund not applicable to the Company.

**As per our Report of Even Date
For and on Behalf of
For, Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W**

**Place : Ahmedabad
Date : 30/07/2020
UDIN : 20132305AAAADQ1304**

**(CA. Abhishek Agarwal)
Proprietor
M. No. 132305**



**Annexure “A” to the Independent Auditor’s Report
Responsibilities for Audit of Financial Statement**

As part of an audit in accordance with SAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, I am also responsible for expressing my opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. my conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

**As per our Report of Even Date
For and on Behalf of
For, Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W**

**Place : Ahmedabad
Date : 30/07/2020
UDIN : 20132305AAAADQ1304**

**(CA. Abhishek Agarwal)
Proprietor
M. No. 132305**



Annexure "B" to the Independent Auditor's Report

The Annexure referred to in my Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, I report that;

- (i) In respect of Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As per the information and explanations given to me, all the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in my opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to me and on the basis of my examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of Inventory:
 - (a) As explained to me, inventories have been physically verified during the year by the management at reasonable intervals. In my opinion, the frequency of verification is reasonable. As informed to me there were no material discrepancies noticed on verification between the physical stocks and the book records and any discrepancies found has been properly dealt within the books of accounts.
- (iii) In respect of the loans, secured or unsecured, granted by the company to companies, firms or other parties covered in the register maintained u/s. 189 of the Companies Act, 2013:
 - (a) During the year under audit, the Company has not granted any loans, secured or unsecured, to the companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 hence clause 3 (iii) (a), (iii) (b) and (iii) (c) of the Companies (Auditor's Report) Order, 2020 are not applicable.
- iv) In my opinion and according to the information and explanations given to me, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) According to the information and explanation given to me, the company has not accepted any deposit from the public during the year. Therefore the provisions of clause (v) of paragraph 3 of the order are not applicable to the company.
- vi) The central government has prescribed maintenance of cost records under section 148(1)(d) of the companies act 2013 in respect of certain manufacturing activities of the company. Company has obtained cost audit report for the financial year 2018-19 during the year. I have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. I have not, however carried out detailed examination of the same.
- vii)
 - (a) The company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Goods & Service Tax, Custom Duty, Excise Duty, Service Tax, Value Added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to me, no undisputed amounts payable in respect of afore mentioned dues were outstanding as at 31st March 2020 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us there are no material dues of Income Tax, Wealth Tax, Sales Tax, Goods and Service Tax, Custom Duty, Excise Duty, Service Tax, Value Added Tax, Cess and any other statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In my opinion and according to the information and explanations given to me, the company has not defaulted in repayment of dues to financial institutions or banks. As there are no debentures, the question of repayment does not arise.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and in my opinion and according to the information and explanations given to me, the Term loans have been applied for the purpose for which they were obtained.



- (x) According to the information and explanation given to me, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of my audit.
- (xi) According to the information and explanations give to me and based on my examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to me and based on my examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to me and based on my examination of the records of the Company, the Company has not made preferential allotment/private placement of shares during the year.
- (xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**As per our Report of Even Date
For and on Behalf of
For, Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W**

**Place : Ahmedabad
Date : 30/07/2020
UDIN : 20132305AAAADQ1304**

**(CA. Abhishek Agarwal)
Proprietor
M. No. 132305**

Annexure "C" to the Auditors' Report

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

I have audited the internal financial controls over financial reporting of **M/S. SHREE BHAVYA FABRICS LIMITED** ("the Company"), as of 31 March, 2020, in conjunction with my audit of the standalone financial statements of the Company for the year ended that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls 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 responsibility 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards of Accounting, 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, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In my 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 31 March 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.

**As per our Report of Even Date
For and on Behalf of
For, Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W**

**Place : Ahmedabad
Date : 30/07/2020
UDIN : 20132305AAAADQ1304**

**(CA. Abhishek Agarwal)
Proprietor
M. No. 132305**



SHREE BHAVYA FABRICS LIMITED
Standalone Balance Sheet as at March 31, 2020

(Amount in INR)

Particulars	Notes	As at 31 March,2020	As at 31 March,2019
ASSETS :			
Non-current assets			
Property, Plant and Equipment	4	81,057,680	91,542,557
Capital work-in-progress		-	-
Other intangible assets	5A	31,011,292	35,284,792
Financial assets			
(i) Loans	6	12,976,836	12,530,152
Deferred tax Assets (Net)	14	<u>(655,327)</u>	<u>16,779</u>
Total non-current assets		124,390,481	139,374,280
Current assets			
Inventories	7	502,610,118	366,145,044
Financial assets			
(i) Trade receivables	8	775,884,872	925,622,846
(ii) Cash and cash equivalents	9	21,104,984	20,175,657
Other current assets	10	30,838,856	26,690,823
Current tax Assets (Net)		<u>13,309,535</u>	<u>9,595,653</u>
Total current assets		1,343,748,365	1,348,230,023
TOTAL ASSETS		1,468,138,846	1,487,604,303
EQUITY AND LIABILITIES :			
Equity			
Equity share capital	11	95,000,000	95,000,000
Other equity	12	<u>195,061,740</u>	<u>186,347,548</u>
Total equity		290,061,740	281,347,548
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13	<u>223,280,854</u>	<u>224,813,553</u>
Total non-current liabilities		223,280,854	224,813,553
Current liabilities			
Financial liabilities			
(i) Borrowings	15	347,673,330	338,040,821
(ii) Trade payables			
Total outstanding dues of micro enterprise and small enterprises	16	9,508,529	
Total outstanding dues of creditors other than micro enterprises and small enterprises	16	313,776,192	356,451,120
(iii) Other financial liabilities	17	26,529,576	40,240,269
Other current liabilities	18	251,426,220	241,670,271
Provisions	19	<u>5,882,405</u>	<u>5,040,721</u>
Total current liabilities		954,796,252	981,443,202
Total liabilities		1,178,077,106	1,206,256,755
TOTAL EQUITY AND LIABILITIES		1,468,138,846	1,487,604,303

See accompanying Notes 1 to 39 forming part of financial statements

In terms of my report attached
For Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W

(CA. Abhishek Kumar Agarwal)
Proprietor
M. No. 132305
Place : Ahmedabad
Dated : 30-07-2020

For and on behalf of the Board of Directors
SHREE BHAVYA FABRICS LIMITED

Purshottam R. Agarwal
(Managing Director)
(DIN-00396869)
Kishan Yadav
(Chief Financial Officer)

Ramniwas Pandia
(Director)
(DIN-02875168)
Jyoti Devnani
(C.S.)



SHREE BHAVYA FABRICS LIMITED

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

(Amount in INR)

Particulars	Notes	For the year ended 31 March, 2020	For the year ended 31 March, 2019
I Revenue from operations	20	2,025,189,128	2,388,841,854
II Other income	21	3,443,432	3,831,779
III Total Income (I + II)		2,028,632,560	2,392,673,633
Expenses:			
Cost of materials consumed	22	1,404,205,295	1,550,695,435
Purchases of stock-in-trade	23	21,141,950	44,672,790
Changes in inventories of finished goods and work-in-progress	24	(106,781,101)	(8,031,561)
Employee benefits expense	25	52,660,537	53,978,692
Finance costs	26	89,678,598	82,207,717
Depreciation and amortisation expense	5B	18,407,338	21,328,525
Other expenses	27	537,277,382	627,647,867
IV Total expenses		2,016,589,999	2,372,499,465
V Profit before tax (III-IV)		12,042,561	20,174,168
VI Tax expense:	37		
a) Current tax		2,450,000	4,540,000
b) Short provision for tax of earlier years		206,263	(91,947)
c) Deferred tax (credit)/charge		672,106	1,995,640
		3,328,369	6,443,693
VII Profit after tax (V-VI)		8,714,192	13,730,475
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurment of the defined benefit plans		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
VIII Total Other Comprehensive Income (A +B)		-	-
IX Total Comprehensive Income for the year (VII + VIII)		8,714,192	13,730,475
X Earnings per equity share			
Basic and Diluted (in Rs) (Face Value of Rs. 10/- each)	28	0.92	1.45

See accompanying Notes 1 to 39 forming part of financial statements

In terms of my report attached
For Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W

(CA. Abhishek Kumar Agarwal)
Proprietor
M. No. 132305
Place : Ahmedabad
Dated : 30-07-2020

For and on behalf of the Board of Directors
SHREE BHAVYA FABRICS LIMITED

Purshottam R. Agarwal
(Managing Director)
(DIN-00396869)
Kishan Yadav
(Chief Financial Officer)

Ramniwas Pandia
(Director)
(DIN-02875168)
Jyoti Devnani
(C.S.)



Standalone Statement of changes in equity for the year ended March 31, 2020

A. EQUITY SHARE CAPITAL

(Amount in INR)

Particular	Total
Balance as at March 31, 2018	95,000,000
Changes in Equity Share Capital during the year 2018-19	-
Balance as at March 31, 2019	95,000,000
Changes in Equity Share Capital during the year 2019-20	-
Balance as at March 31, 2020	95,000,000

B. OTHER EQUITY

(Amount in INR)

Particulars	Reserves and Surplus				Item of Comprehensive Income	Total
	Securities premium reserve	Capital Reserve	General reserve	Retained earnings	Remeasurement of net defined benefit plans	
Balance as at March 31, 2018	17,366,500	6,109,750	-	149,140,823	-	172,617,073
Profit for the year	-	-	-	13,730,475	-	13,730,475
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-
Total Other Comprehensive Income (A +B)	-	-	-	13,730,475	-	13,730,475
Transfer to reserves	-	-	-	-	-	-
Balance as at March 31, 2019	17,366,500	6,109,750	-	162,871,298	-	186,347,548
Profit for the year	-	-	-	8,714,192	-	8,714,192
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-
Total Other Comprehensive Income (A +B)	-	-	-	8,714,192	-	8,714,192
Transfer to reserves	-	-	-	-	-	-
Balance as at March 31, 2020	17,366,500	6,109,750	-	171,585,490	-	195,061,740

In terms of my report attached
For Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W

(CA. Abhishek Kumar Agarwal)

Proprietor
M. No. 132305

Place : Ahmedabad
Dated : 30-07-2020

For and on behalf of the Board of Directors
SHREE BHAVYA FABRICS LIMITED

Purshottam R. Agarwal
(Managing Director)
(DIN-00396869)

Kishan Yadav
(Chief Financial Officer)

Ramniwas Pandia
(Director)
(DIN-02875168)

Jyoti Devnani
(C.S.)


STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31-03-2020

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
A. NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS:	12,042,561	(1,329,593)
ADJUSTMENT FOR:		
DEPRECIATION	18,407,338	21,328,525
INTEREST RECEIVED	(1,730,259)	(1,595,269)
PROFIT ON SALE OF FIXED ASSETS	(121,576)	-
DIVIDEND RECEIVED		
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	28,598,064	18,403,663
TRADE AND OTHER RECEIVABLE	149,737,974	(97,591,572)
INCREASE IN FINANCIAL ASSETS	(446,684)	(343,047)
OTHER CURRENT ASSETS	(3,475,927)	(8,961,012)
INVENTORIES	(136,465,074)	(15,439,882)
TRADE PAYABLES	(42,674,929)	40,199,910
OTHER CURRENT LIABILITIES	9,755,949	18,371,617
DECREASE IN SHORT TERM PROVISIONS	841,684	(42,084)
CASH IN FLOW FROM OPERATIONS	5,198,951	(45,402,407)
CASH IN FLOW BEFORE EXTRAORDINARY ITEMS	5,198,951	(45,402,407)
DIRECT TAX PAID	(6,370,144)	(5,145,194)
NET CASH IN FLOW FROM OPERATING ACTIVITIES	(1,171,193)	(50,547,601)
B. CASH OUT FLOW FROM INVESTING ACTIVITIES:		
SALE OF FIXED ASSETS	1,083,500	-
INTEREST RECEIVED	1,730,259	1,595,269
PURCHASES OF FIXED ASSETS	(4,610,885)	(4,019,348)
NET CASH OUT FLOW FROM INVESTING ACTIVITIES	(1,797,126)	(2,424,079)
C. CASH IN FLOW FROM FINANCING ACTIVITIES:		
PROCEEDS FROM LONG TERM BORROWING	(15,243,392)	34,107,172
REPAYMENT OF LONG TERM BORROWING	-	-
INCREASE IN SHORT TERM BORROWING	19,141,038	(1,842,038)
NET CASH IN FLOW FROM FINANCING ACTIVITIES	3,897,646	32,265,134
NET INCREASE IN CASH AND CASH EQUIVALENT	929,327	(20,706,546)
NET CASH AND CASH EQUIVALENT (OPENING CASH BALANCE)	20,175,657	19,378,442
NET CASH AND CASH EQUIVALENT (CLOSING CASH BALANCE)	21,104,984	(1,328,104)
COMPONENT OF CASH AND CASH EQUIVALENT:		
CASH ON HAND	730,710	1,775,197
BALANCES WITH BANK:		
CURRENT ACCOUNTS	1,002,972	139,706
DEPOSITS ACCOUNTS	19,371,303	18,260,754
TOTAL	21,104,985	20,175,657

See accompanying Notes 1 to 39 forming part of financial statements

In terms of my report attached
For Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W

(CA. Abhishek Kumar Agarwal)
Proprietor
M. No. 132305

Place : Ahmedabad
Dated : 30-07-2020

For and on behalf of the Board of Directors
SHREE BHAVYA FABRICS LIMITED

Purshottam R. Agarwal
(Managing Director)
(DIN-00396869)

Kishan Yadav
(Chief Financial Officer)

Ramniwas Pandia
(Director)
(DIN-02875168)

Jyoti Devnani
(C.S.)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020****1. General Information**

Shree Bhavya Fabrics Limited ("the Company") incorporated in 1988 in India. The principal activity of the Company is to be in the business of textile. The Company has manufacturing facilities in India.

2. Significant Accounting policies**I. Statement of compliance**

The Standalone Ind AS financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Act (as amended from time to time). These financial statements have been prepared on accrual basis of accounting using historical cost convention except certain financial instruments measured at fair value.

These Standalone Ind AS financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency.

II. Basis of preparation and presentation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

III. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for the estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company recognizes revenues on sale of products, net of discounts, sales incentives, rebates granted, returns, sales taxes and duties when the products are delivered to customer or when delivered to a carrier



for export sale, which is when title and risk and rewards of ownership pass to the customer. Sale of products is presented gross of manufacturing taxes like excise duty wherever applicable.

Export sales includes export benefits received as per the schemes notified under the Import and Export Policy in respect of exports are recognized when there is reasonable assurance that the entity will comply with the conditions attached to them and that the benefit is received.

Sale of services

Income from service rendered is recognized on accrual basis based on the terms of agreements and when services are rendered.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

IV. Leasing

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

The Company as a lessor

Amount due from the lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on straight-line basis over the lease term.

The Company as a lessee

Assets under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless either:

- a. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

V. Foreign currency translations

The functional currency of the Company has been determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is INR.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of



the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to Statement of Profit and Loss on repayment of the monetary items.

VI. Borrowing costs

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

All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

VII. Employee Benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Post-employment and other long term employee benefits are recognized as an expense in the profit & loss account for the year in which the liabilities are crystallized

VIII. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has not recognized provision for income tax for year ended 31st March, 2020.

As the Company has elected the option to pay tax under section 115BAA of the Income-tax Act, Carried Forward MAT credit if any will not be available as per specified section above. The provision of Income Tax has been made as per new reduced Tax Rates.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is



probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax liabilities and deferred tax assets on non-depreciable assets the carrying amounts of such properties are presumed to be recovered entirely through sale.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they are relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

IX. Property, plant and equipment

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalized as the activities undertaken improves the economic benefits expected to arise from the asset.

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

Assets in the course of construction are capitalized in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalized where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalized.

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Property, plant and equipment retired from active use are stated at the lower of their net book value and net realisable value and are disclosed separately. Freehold land is not depreciated.

X. Depreciation and amortization

All fixed assets, except capital work in progress, are depreciated on a written down value method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to / deletions from fixed assets made during the period is provided on pro-rata basis from / up to the date of such addition / deletion as the case may be.



The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

XI. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

XII. Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

XIII. Inventories

Inventories are measured at lower of cost and net realizable value. Cost of raw materials, stores & spares parts are ascertained on FIFO basis. Cost of finished goods and process stock is ascertained on full absorption cost basis. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing in them to their present location & condition.

XIV. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).



When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

XV. Financial Instruments

Financial assets and financial liabilities are recognized when a Company entity becomes a party to the contractual provisions of the instrument.

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

A. Financial assets

a) Recognition and initial measurement

- i) The Company initially recognizes loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Company a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

b) Classification

On initial recognition, a financial asset is classified as measured at; amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 9. A debt instrument is classified as FVOCI only if it meets both the of the following conditions and is not recognized at FVTPL;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business



combination to which IND AS103 applies 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.

If 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. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) Impairment

Impairment of financial assets

In accordance with IND AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under IND AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IND AS 11 and IND AS 18 (referred to as 'contractual revenue receivables' in these illustrative financial statements)



- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- I) Trade receivables or contract revenue receivables; and
- II) All lease receivables resulting from transactions within the scope of IND AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- i) Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- ii) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- iii) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.



e) **Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

B. Financial liabilities and equity instruments

a) **Classification as debt or equity**

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

b) **Equity instruments**

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c) **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in Statement of Profit and Loss. The net gain or loss recognized in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the [Statement of comprehensive income/ Statement of Profit and Loss].

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Statement of Profit and Loss.

d) **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.



The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

XVI. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

XVII. Earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing income available to shareholders and assumed conversion by the weighted average number of common shares.

XVIII. First time adoption – mandatory exceptions, optional exemptions

a. Overall principle

The Company has prepared the balance sheet as per IND AS as on the transition date by recognizing all assets and liabilities whose recognition is required by IND AS, not recognizing items of assets or liabilities which are not permitted by IND AS, by reclassifying items from previous GAAP to IND AS as required under IND AS, and applying IND AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Company as detailed below.

b. Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

c. Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

d. Impairment of financial assets

The Company has applied the impairment requirements of IND AS 109 retrospectively; however, as permitted by IND AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to IND ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by IND AS 101.



e. **Assessment of embedded derivatives**

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

f. **Deemed cost for property, plant and equipment and intangible assets**

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as of transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3. **Critical Judgements in applying accounting policies and key sources of estimation uncertainty**

3.1 **Critical judgements in applying accounting policies**

In the course of applying the policies outlined in all notes under section 2 above, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

3.2 **Key sources of estimation uncertainty**

i) **Useful lives and residual value of property, plant and equipment**

Company reviews the useful lives and residual values of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly useful lives are reviewed annually using the best information available to the Management.

ii) **Fair value measurements and valuation process**

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 36.

iii) **Provision of Expected Credit Loss and impairment loss on trade receivable**

"Under previous GAAP, provisions were made for specific receivables if collection was doubtful. Under Ind AS 109, the Company has applied expected credit loss model for recognising impairment of financial assets. Under expected credit loss model, the company has adopted simplified approach (provision is made on the basis of provision matrix).

The company has recognised the amount of expected credit losses (or reversal) in statement of profit or loss, that is required to adjust the closing balances of loss allowance at the reporting date."

iv) **Impact of COVID-19 on business during the year.**

Due to the Lockdown announced by the Central / State Governments the operations of the company were shut down from 23/03/2020. As per the relaxation offered by the respective Central / State governments and local authorities, the Company has resumed its operations at various plants in a phased manner since 03/06/2020 conforming to the guidelines of the Government.

In terms of our report attached
For, Abhishekkumar & Associates
Chartered Accountants
Firm Regn. No. 130052W

(CA. Abhishek Kumar Agarwal)
Proprietor
M. No. 132305

Place : Ahmedabad
Date : 30/07/2020



Notes forming part of the standalone financial statements

(Amount in INR)

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Building	Computer	Furniture & Fixure	Plant and Machinery	Vehicles	Total
Cost or deemed cost						
Balance as at March 31, 2018	85,920,750	4,033,386	11,336,164	369,988,845	34,245,076	505,524,221
Additions	-	236,485	866,282	2,916,581	-	4,019,348
Disposals						
Balance as at March 31, 2019	85,920,750	4,269,871	12,202,446	372,905,426	34,245,076	509,543,569
Additions	1,321,800	139,733	710,422	848,915	785,205	3,806,075
Disposals	-	-	-	938,500	496,915	1,435,415
Balance as at March 31, 2020	87,242,550	4,409,604	12,912,868	372,815,841	34,533,366	511,914,229
Accumulated depreciation and impairment						
Balance as at March 31, 2018	54,562,381	3,645,226	9,236,507	305,299,263	28,930,963	401,674,340
Depreciation charge for the year	2,951,513	241,391	629,923	11,228,605	1,275,240	16,326,672
Disposals						
Balance as at March 31, 2019	57,513,894	3,886,617	9,866,430	316,527,868	30,206,203	418,001,012
Depreciation charge for the year	2,700,596	212,750	649,487	8,792,809	973,386	13,329,028
Disposals	-	-	-	-	473,491	473,491
Balance as at March 31, 2020	60,214,490	4,099,367	10,515,917	325,320,677	30,706,098	430,856,549
Net book value						
At March 31, 2018	31,358,369	388,160	2,099,657	64,689,582	5,314,113	103,849,881
At March 31, 2019	28,406,856	383,254	2,336,016	56,377,558	4,038,873	91,542,557
At March 31, 2020	27,028,060	310,237	2,396,951	47,495,164	3,827,268	81,057,680

Notes:

- (i) The Company evaluates impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired, the impairment loss is then recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separately identifiable cash flows.

The Management has reviewed the recoverability of the assets and has concluded that no indication of impairment exists and hence, no impairment of asset is required.

- (ii) Property, plant and equipment of the Company have been mortgage / pledged to secure loan borrowings from Banks (Refer Note No. 13).



Notes forming part of the standalone financial statements

5A OTHER INTANGIBLE ASSETS

(Amount in INR)

Particulars	Pipe Line	Total
Cost or deemed cost		
Balance as at March 31, 2018	50,018,533	50,018,533
Additions		
Balance as at March 31, 2019	50,018,533	50,018,533
Additions	804,810	804,810
Balance as at March 31, 2020	50,823,343	50,823,343
Accumulated amortisation and impairment		
Balance as at March 31 2018	9,731,888	9,731,888
Amortisation expense	5,001,853	5,001,853
Balance as at March 31 2019	14,733,741	14,733,741
Amortisation expense	5,078,310	5,078,310
Balance as at March 31 2020	19,812,051	19,812,051
Net book value		
As at March 31, 2018	40,286,645	40,286,645
As at March 31, 2019	35,284,792	35,284,792
As at March 31, 2020	31,011,292	31,011,292

5B. DEPRECIATION & AMORTISSATION EXPENSE

(Amount in INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation and amortisation for the year ended on property, plant and equipment as per Note 4	13,329,028	16,326,672
Depreciation and amortisation for the year on Other intangible assets as per Note 5A	5,078,310	5,001,853
Total	18,407,338	21,328,525

6. LOANS (UNECURED, CONSIDERED GOOD)

(Amount in INR)

Particulars	As at March 31,2020	As at March 31,2019
Security deposits	6,078,584	6,078,584
Fixed Deposits held as Security by Govt. Departments & Other Authorities	6,898,252	6,451,568
Total	12,976,836	12,530,152



Notes forming part of the standalone financial statements

(Amount in INR)

Particulars	As at March 31,2020	As at March 31,2019
7. INVENTORIES		
(At lower of cost and net realisable value)		
Finished Goods	264,155,601	218,673,173
Work in Progress Own	113,629,242	53,405,265
Work in Progress Job	5,319,104	4,244,408
Raw Material	83,899,774	69,410,071
Colour Chemicals	18,326,355	9,532,661
Packing Materials	305,270	198,895
Coal & Fire Wood	2,021,255	745,241
Stores & Spares	14,953,517	9,935,330
Total	502,610,118	366,145,044

8. TRADE RECEIVABLES		
Unsecured, considered good	775952605	925,622,846
Less: Allowance for Expected Credit losses	-67733	
Total	775,884,872	925,622,846

NOTE-1: The average credit period on sales of goods is 0 to 180 days. Credit Risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 10% of the total balance of trade receivables.

(Amount in INR)

Particulars	As at March 31,2020	As at March 31,2019
Age of receivables		
< 180 days	658082789	810,567,391
More than 180 days	117869816	115,055,455
Total	775,952,605	925,622,846

Movement in the expected credit loss allowance on trade receivable

(Amount in INR)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Balance at beginning of the year	-	-
Loss allowance calculated at lifetime expected credit losses	67733	--
Balance at the end of the year	67733	--

(Amount in INR)

Particulars	As at March 31,2020	As at March 31,2019
9. CASH AND CASH EQUIVALENTS		
(a) Cash on hand	730710	1,775,197
(b) Balances with banks	1002972	139,706
(c) Bank of Baroda Margin Money	19371303	18,260,754
Total	21,104,985	20,175,657



Notes forming part of the standalone financial statements

(Amount in INR)

Particulars	As at March 31, 2020	As at March 31, 2019
10 OTHER CURRENT ASSETS		
Unsecured, considered good, unless otherwise stated		
(a) Advances recoverable in cash or in kind		
Considered good	11802465	9,406,883
Considered doubtful	-	-
Less: Provision for doubtful advances		
	<u>11,802,465</u>	<u>9,406,883</u>
(b) Prepaid expenses	955571	683,388
(c) Balances with government authorities	17743320	16,237,024
(d) Other Loan & Advances	337500	363,528
Total	<u>30,838,856</u>	<u>26,690,823</u>

(Amount in INR)

Particulars	as at March 31, 2019	as at March 31, 2018
11. EQUITY SHARE CAPITAL		
Authorised share capital		
1,00,00,000 (As at March 31, 2019: 1,00,00,000)		
Equity Shares of Rs. 10/- each with voting rights	<u>100,000,000</u>	<u>100,000,000</u>
Total	<u>100,000,000</u>	<u>100,000,000</u>
Issued capital		
95,00,000 (As at March 31, 2019: 95,00,000)		
Equity Shares of Rs. 10/- each with voting rights	<u>95,000,000</u>	<u>95,000,000</u>
Total	<u>95,000,000</u>	<u>95,000,000</u>
Subscribed and fully paid up		
95,00,000 (As at March 31, 2019: 95,00,000)		
Equity Shares of Rs. 10/- each with voting rights	<u>95,000,000</u>	<u>95,000,000</u>
Total	<u>95,000,000</u>	<u>95,000,000</u>

Notes :

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	Opening Balance	Shares Issued During the Year	Closing Balance
Equity Shares			
Year ended March 31, 2020			
- Number of shares	9,500,000	-	9,500,000
- Amount (Amount in INR)	95,000,000	-	95,000,000
Year ended March 31, 2019			
- Number of shares	9,500,000	-	9,500,000
- Amount (Amount in INR)	95,000,000	-	95,000,000
Year ended April 1, 2018			
- Number of shares	9,500,000	-	9,500,000
- Amount (Amount in INR)	95,000,000	-	95,000,000



Notes forming part of the standalone financial statements

11. EQUITY SHARE CAPITAL (Contd.....)

(ii) 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 share is entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of shareholders and financial institutions in the ensuing AGM.

(iv) Equity shareholder holding more than 5% of equity shares along with the number of equity shares held is as given below:

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares fully paid up				
Purshottam R. Agarwal	1807581	19.03	1807581	19.03
Vaibhavlaxmi Internation Limited (earlier known as G-2 International Export Ltd.)	1,710,895	18.01	1,710,895	18.01
Balhanuman Fabrics Pvt. Ltd.	485,600	5.11	485,600	5.11

As per records of the company, including its register of share holders/members and other declaration received from the share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

Particulars	(Amount in INR)	
	As at March 31, 2020	As at March 31, 2019
12 OTHER EQUITY		
Refer Statement of Changes in Equity for detailed movement in Equity Balance:		
A. Summary of Equity Balance:		
(a) Securities premium account		
Opening Balance	17,366,500	17,366,500
Add:-premium on issue of shares	-	-
	17,366,500	17,366,500
(b) Capital Reserve		
Opening Balance	6,109,750	6,109,750
Add: Transferred from surplus in Statement of Profit and Loss	-	-
	6,109,750	6,109,750
(c) Surplus in Statement of Profit and Loss		
Opening balance	162,871,298	149,140,823
Add: Profit for the year	8,714,192	13,730,475
	171,585,490	162,871,298
Total	195,061,739.87	186,347,548.00

B. Nature and purpose of reserves:

(i) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

(ii) Capital Reserve

The reserve is utilised in accordance with the provisions of the Act.

(iii) Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.



Notes forming part of the standalone financial statements

(Amount in INR)

Particulars	As at March 31,2020	As at March 31,2019
13. BORROWINGS (Non Current)		
Secured - at amortised cost:		
(a) Loans from India Bulls Housing Finance Ltd.	-	177,511,760
(b) Vehicles Loan (refer note - (ii) below)		-
(b) Working Capital Term Loan from BOI	-	5,972,344
(c) Term Loan from Standard Chartered Bank (refer note - (i) below)	197,256,709	-
Less: Current Maturities (Refer Note 17(a))	26,529,576	40,240,269
Total	170,727,133	143,243,835
Unsecured - at amortised cost:		
(a) Loans from others	52,553,721	81,569,718
Total	223,280,854	224,813,553

NOTES:

- (i) Term loan from NBFC India Bulls Housing Finance Ltd., balance outstanding amounting to Rs. Nil (previous year Rs. 1372.71 Lacs) is secured by the personal guarantee of promoter Director and immovable property held by the relatives of the directors at Ahmedabad. The said loan was repaid in July 2019. Rate of interest 12.25% p.a. as at date of repayment (previous year - 12.25% p.a.).
- (ii) Term loan from bank BOI, balance outstanding amounting to Rs. Nil (previous year Rs. 59.72 Lacs) is secured by the current assets of the company and immovable property of the director and his relatives located at Ahmedabad. The said loan was repaid in July 2019. Rate of interest 13.65% p.a. as at date of repayment (previous year - 13.20% p.a.).
- (iii) Term loan from bank Standard Chartered, balance outstanding amounting to Rs. 1707.27 Lacs (previous year Rs. Nil) is secured by the personal guarantee of promoter Director and immovable property held by the relatives of the director located at Ahmedabad. The said loan is repayable in 180 monthly instalments starting from August 2019 and last instalment due in July 2034. Rate of interest 10.50% p.a. as at year end. Default in terms of repayment and interest is Nil.

Terms of repayment for Long Term unsecured borrowings:

The unsecured loan, balance outstanding amounting to Rs. 525.54 Lac (Previous year Rs. 815.70 Lac) is repayable after one year. Rate of interest 12.00% p.a. as at year end.

(Amount in INR)

Particulars	As at March 31,2020	As at March 31,2019
14 DEFERRED TAX ASSETS (Net)		
(a) Deferred tax assets		
(i) Difference between book and tax depreciation		16,779
(ii) Other	57,988	
	57,988	16,779
(b) Deferred tax liabilities		
(i) Difference between book and tax depreciation	(696,268)	
(ii) Other	(17,047)	-
	(713,315)	-
Total	(655,327)	16,779

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



Notes forming part of the standalone financial statements

(Amount in INR)

Particulars	As at	As at
	March 31,2020	March 31,2019
15. BORROWINGS (Current):		
Secured - at amortised cost		
- Loans repayable on demand from banks (refer note (i) below)		
a) Bank of Baroda C/C	188,007,211	185,130,197
b) Bank of India C/C	159,666,119	152,910,624
Total	347,673,330	338,040,821

Note: (i) Working capital facilities under the name cash credit, packing credit etc. are secured against hypothecation of all current assets including stock of raw material, stock in process, finished goods, stores & spares, book debt etc. The facilities are further secured by mortgaged of certain immovable properties owned by Directors and their relatives.

(Amount in INR)

Particulars	As at	As at
	March 31,2020	March 31,2019
16. TRADE PAYABLES		
Trade payables		
Dues to Micro, Small and Medium enterprise	9,508,529	-
Dues to other than Micro, Small and Medium enterprise	313,776,192	356,451,120
Total	323,284,721	356,451,120

The average credit period on purchases of certain goods is 0 to 120 days. No interest is payable on the trade payables for the first 0 to 120 days from the date of invoice. Thereafter, the interest is paid at 12% per annum on the outstanding balance only for purchase for Grey Fabrics. The Company has financial risk management policies in process to ensure that all payables are paid within the pre-agreed credit terms.

Dues payable to Micro and Small Enterprise

As per information given to us there were no amount overdue and remaining outstanding to small scale and /or ancillary Industrial suppliers on account of principal and /or interest as at the close of the year. Based on the information available with company, there are dues outstanding to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 for more than 45 days as at March 31, 2020. However based on agreed terms, the payment to be made upto 120 days and accordingly no interest has been paid.

(Amount in INR)

Particulars	As at	As at
	March 31,2020	March 31,2019
Principal amount remaining unpaid to any supplier as at the year end	9,508,529	-
Interest due on the above mentioned principal amount remaining unpaid to any supplier as at the year end	-	-
Amount of the interest paid by the Company in terms of Section 16	-	-
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the MSM Act.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-



Notes forming part of the standalone financial statements

Particulars	(Amount in INR)	
	As at March 31,2020	As at March 31,2019
17. OTHER FINANCIAL LIABILITIES (Current)		
(a) Current maturities of long-term borrowings	26,529,576	40,240,269
Total	26,529,576	40,240,269

Particulars	(Amount in INR)	
	As at March 31,2020	As at March 31,2019
18 OTHER CURRENT LIABILITIES		
(a) Statutory remittances	3,439,743	4,466,510
(b) Payables on purchase of fixed assets	15,271,638	19,462,575
(c) Payables for expenses		
Dues to Micro, Small and Medium enterprise	23,144,173	
Dues to other that Micro, Small and Medium enterprise	193,870,666	217,741,186
(d) Advance for Capital Goods	15,000,000	-
(e) Advance for Other Goods	700,000	
Total	251,426,220	241,670,271

The average credit period on purchases of certain expenses is 0 to 180 days. No interest is payable on the payables for expenses. The Company has financial risk management policies in process to ensure that all payables are paid within the pre-agreed credit terms.

Dues payable to Micro and Small Enterprise:

As per information given to us there were no amount overdue and remaining outstanding to small scale and /or ancillary Industrial suppliers on account of principal and /or interest as at the close of the year. Based on the information available with company, there are dues outstanding to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 for more than 45 days as at March 31, 2020. however based on agreed terms, the payment to be made upto 180 days and accordingly no interest has been paid.

Particulars	(Amount in INR)	
	As at March 31,2020	As at March 31,2019
Principal amount remaining unpaid to any supplier as at the year end	23,144,173	-
Interest due on the above mentioned principal amount remaining unpaid to any supplier as at the year end	-	-
Amount of the interest paid by the Company in terms of Section 16	-	-
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the MSM Act.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

Particulars	(Amount in INR)	
	As at March 31,2020	As at March 31,2019
19. PROVISIONS (Current)		
Provisions	5,882,405	5,040,721
Total	5,882,405	5,040,721



Notes forming part of the standalone financial statements

Particulars	(Amount in INR)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
20. REVENUE FROM OPERATIONS:		
(a) Sale of products		
Finished Goods (Net of Returns, Rebate & Discount)	1,583,566,338	1,887,226,289
Traded Goods Grey Sales	21,739,771	45,818,246
Export Sales	33,620,743	23,512,752
(b) Sale of services - Job Work	401,467,871	447,240,399
Total	2,040,394,723	2,403,797,686
Less: Commission on sales	15,205,595	14,955,832
Total	2,025,189,128	2,388,841,854

Particulars	(Amount in INR)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
21. OTHER INCOME:		
(a) Interest income earned on Fixed Deposit	1,730,259	1,595,269
(b) Exchnage Fluctuation	409,261	1,511,357
(c) Rent	156,900	152,085
(d) Interest on IT Refunds	172,838	270,840
(e) Duty Drawback	717,134	302,228
(f) Export Incentive Sale	135,464	-
(g) Profit On Sale of Fix assets	121,576	-
Total	3,443,432	3,831,779

Particulars	(Amount in INR)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
22. COST OF MATERIALS CONSUMED		
Opening stock	69,410,071	60,249,474
Add : Purchase	1,418,488,286	1,559,277,564
Add : Grey Dalali	206,712	578,468
Less: Closing stock	83,899,774	69,410,071
Cost of materials consumed	1,404,205,295	1,550,695,435

Particulars	(Amount in INR)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
23 PURCHASES OF STOCK-IN-TRADE		
Grey Purchase	21,141,950	44,672,790
Total	21,141,950	44,672,790



Notes forming part of the standalone financial statements

(Amount in INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
24 CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK IN TRADE) AND WORK-IN-PROGRESS)		
Inventories at the end of the year:		
(a) Finished goods	264,155,601	218,673,173
(b) Work-in-progress Own	113,629,242	53,405,265
(c) Work-in-progress Job	5,319,104	4,244,408
Total	383,103,947	276,322,846
Inventories at the beginning of the year:		
(a) Finished goods	218,673,173	212,489,259
(b) Work-in-progress Own	53,405,265	50,149,551
(c) Work-in-progress Job	4,244,408	5,652,475
Total	276,322,846	268,291,285
Net (increase) / decrease	(106,781,101)	(8,031,561)

(Amount in INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
25. EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	45,149,545	46,764,017
(b) Contributions to provident and other funds	4,080,326	3,897,235
(c) Staff welfare expenses	715,866	633,640
(d) Director Remuneration	2,402,400	2,402,400
(e) Directors Sitting Fees	312,400	281,400
Total	52,660,537	53,978,692

(Amount in INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
26. FINANCE COSTS		
(a) Interest costs on borrowings	79,027,906	77,459,662
(b) Other borrowing costs	10,650,692	4,748,055
Total	89,678,598	82,207,717



Notes forming part of the standalone financial statements

(Amount in INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
27. OTHER EXPENSES		
Manufacturing Expenses		
Colour Chemical Consumed :		
Opening Stock	9,532,661	8,975,673
Add: Purchase (Net of Return)	158,355,581	173,047,753
Less: Sale	-	-
	167,888,242	182,023,426
Less: Closing Stock	18,326,355	9,532,661
	149,561,887	172,490,765
Packing Material Consumed :		
Opening Stock	198,895	205,640
Add: Purchase (Net of Return)	7,210,470	7,039,776
	7,409,365	7,245,416
Less: Closing Stock	305,270	198,895
	7,104,095	7,046,521
Power & Fuel Consumed :		
Opening Stock	745,241	3,176,540
Add: Purchase of Lignite & Fire Wood	120,792,994	144,295,939
Add: Electric Bill	54,047,432	56,513,988
	175,585,667	203,986,467
Less: Closing Stock	2,021,255	745,241
	173,564,412	203,241,226
Store & Spare Consumed :		
Opening Stock	9,935,330	9,806,550
Add: Purchase	59,525,332	54,904,636
Less : Sale	-	555,750
	69,460,662	64,155,436
Less: Closing Stock	14,953,517	9,935,330
	54,507,145	54,220,106
	384,737,539	436,998,618
Process Charges	103,148,233	99,008,544
Freight & Octroi Cartage	10,780,607	14,055,830
Design Expenses	11,199	39,510
Factory Expenses	1,274,929	1,441,046
Testing charges	175,079	37,305
Pollution Control Exps.	11,366,854	11,842,310
	511,494,440	563,423,163
Administrative, Selling & Distribution Expenses :		
Postage & Telephone Expenses	2,112,615	1,865,978
Printing & Stationery	690,141	717,519
Rent, Rate & Taxes	2,138,209	2,378,229
Insurance Charges	1,630,399	1,409,206
Consulting & Professional Charges	1,336,592	1,383,274
Auditors Remuneration	450,000	450,000
Advertisement	65,664	350,920



Notes forming part of the standalone financial statements

Particulars	(Amount in INR)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
27. OTHER EXPENSES (CONTD.....)		
Administrative, Selling & Distribution Expenses :		
Charity & Donation	271,111	652,111
Electric Expenses	312,422	171,652
Office & General Expenses	246,605	314,947
Vehicle Expenses	2,078,502	1,877,699
Legal Expenses	46,974	38,960
Misc. Expenses	670,938	494,939
Computer Expenses	830,179	799,106
Claim Vatav Incentive (Net)	9,855,188	20,370,678
Sales Promotion Expenses	1,483,873	3,411,532
Travelling Expenses	1,203,871	1,153,399
Clearing & forwarding	87,777	74,117
Interest on TDS	56,003	275,738
Interest on GST	18,465	22,142
Gst Charges	114,005	-
Bad debts Written Off	-	26,012,558
Vat (Sales Tax)	15,676	-
ECL expenses	67,733	-
Total	537,277,382	627,647,867
Payments to auditors:		
(a) For audit	200,000	200,000
(b) For taxation matters	100,000	100,000
(c) For other services (including certifications fees)	150,000	150,000
Total	450,000	450,000
Directors Remuneration:		
Directors Remuneration	2,402,400	2,402,400
Total	2,402,400	2,402,400

Particulars	(Amount in INR)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
28. BASIC AND DILUTED EARNINGS PER SHARE:		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Profit after tax (Amount in INR)	8,714,191.87	13,730,475.00
Weighted average number of equity shares for the purposes of basic and diluted earnings per share	9,500,000	9,500,000
Basic and Diluted Earnings per share (Face value of Rs. 10 each)	0.92	1.45

Particulars	(Amount in INR)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
29. COMMITMENTS:		
Estimated amounts of contracts remaining to be executed on capital account	3,387,000.00	3,335,000.00



Notes forming part of the standalone financial statements

30. Contingent liabilities

Contingent Liability on account duty saved due to import against EPCG license is Rs Nil as at 31st March, 2020 (Rs. Nil 31st March, 2019), which has to be met by fulfilling an export obligation of Rs. Nil.

31 Contingent assets

There are no contingent assets recognised as at March 31, 2020.

32 Balance of Trade Payables, Receivables, Loans and advances, unsecured loans are subject to confirmation.

33 Break up of expenditure incurred on employess who were in receipt of remuneration aggregating Rs 10200000/- or more for year or Rs 850000/- or more, where employed for a part of the year. Nil (Previous Year ' Nil).

34 SEGMENT INFORMATION:

(a) Description of segment and principal activities

The Managing Director/ Chief Executive Officer of the Company allocate resources and assess the performance of the Company, thus are the Chief Operating Decision Maker (CODM). Textile Business is identified as single operating segment for the purpose of making decision on allocation of resources and assessing its performance.

(b) Information about geographical areas

(i) Revenue from External Customers:

Particulars	2019-20	2018-19
India	1,991,568,385	2,365,329,102
Outside India	33,620,743	23,512,752
Total	2,025,189,128	2,388,841,854

Revenue from external customer is allocated based on the location of customers.

(ii) Non - Current Assets:

Particulars	2019-20	2018-19
India	125,045,808	139,357,501
Outside India	-	-
Total	125,045,808	139,357,501

Non-current assets include property, plant and equipment, capital work in progress, intangible assets and Security Deposits. It is allocated based on the geographic location of the respective assets.

(c) Information about major customers:

There is no customer representing more than 10% of the total balance of trade receivables.

35. RELATED PARTY TRANSACTIONS:

- a. Concerns in which directors or their relatives are interested
- Balhanuman Fabrics Pvt. Ltd.
Anunay Fab Ltd.
- b. Directors and their relatives & Key Managerial Personnel:
- Purshottam Radheshyam Agarwal - Managing Director
Ramniwas Pandia - Director
Vaishali Sureshkumar Soni - Director
Rameshkumar Parmeshwarilal Agarwal - Director
Aman Purshottam Agarwal - RELATIVE
Somna P. Agarwal - RELATIVE
Kishan Yadav - CFO
Jyoti Devnani - CS



Notes forming part of the standalone financial statements

35. RELATED PARTY TRANSACTIONS: (CONTD.....)

Following transactions were carried out with the related parties in the ordinary course of business:

Particulars	As on 31.03.2020			As on 31.03.2019		
	Associates Companies	Directors', Relatives & KMP	Concerns in which Directors are interested	Associates Companies	Directors', Relatives & KMP	Concerns in which Directors are interested
1 Sales & other Inc.	Nil	Nil	179233728	Nil	Nil	186056897
2 Purchase & other Ser.	Nil	Nil	413234723	Nil	Nil	51769826
3 Remuneration	Nil	3904800	Nil	Nil	3904800	Nil
4 Purchase of Assets	Nil	Nil	Nil	Nil	Nil	Nil
5 Deposit Received	Nil	Nil	59794619	Nil	Nil	14456895
6 Deposit Paid	Nil	Nil	165154292	Nil	Nil	16980131
7 Interest Recd.	Nil	Nil	Nil	Nil	Nil	Nil
8 Interest Paid	Nil	Nil	Nil	Nil	Nil	Nil
9 Rent Paid	Nil	870000	Nil	Nil	750000	Nil
10 Investment in Equity	Nil	Nil	Nil	Nil	Nil	Nil
11 Salary to KMP	Nil	341377	Nil	Nil	335340	Nil
12 Balance outstanding [Dr./Cr.(Net)]	Nil	1433430 CR	22985615 DR	Nil	1109830 CR	154669337 DR

The particulars given above have been identified on the basis of information available with the company.

36. FINANCIAL INSTRUMENTS:

1. Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt and total equity of the Company.

1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows.

Particulars	As at March 31, 2020	As at March 31, 2019
Debt (i)	597,483,760	603,094,643
Cash and bank balances (Refer Note 10)	21,104,985	20,175,657
Net debt	618,588,745	623,270,300
Total equity	290,061,740	281,347,548
Net debt to equity ratio	2.13	2.22

(i) Debt is defined as long-term and short term borrowing, as described in notes 14, 16 and 18



Notes forming part of the standalone financial statements

36. FINANCIAL INSTRUMENTS:

2. Categories of financial instruments

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying values	Fair values	Carrying values	Fair values
Financial assets				
Measured at amortised cost				
Investments	-	-	-	-
Loans	12,976,836	12,976,836	12,530,152	12,530,152
Trade receivables	775,884,872	775,884,872	925,622,846	925,622,846
Cash and cash equivalents	21,104,984	21,104,984	20,175,657	20,175,657
Total Financial Assets carried at amortised cost (A)	809,966,692	809,966,692	958,328,655	958,328,655
Measured at fair value through profit and loss				
Current investments in mutual funds	-	-	-	-
Total Financial Assets at fair value through profit and loss (B)	-	-	-	-
Total Financial Assets (A+B)	809,966,692	809,966,692	958,328,655	958,328,655
Financial liabilities				
Measured at amortised cost				
Non-current liabilities				
Non-current borrowings*	223,280,854	223,280,854	224,813,553	224,813,553
Current liabilities				
Short-term borrowings	347,673,330	347,673,330	338,040,821	338,040,821
Trade payables	323,284,721	323,284,721	356,451,120	356,451,120
Other financial liabilities	26,529,576	26,529,576	40,240,269	40,240,269
Financial Liabilities measured at amortised cost	920,768,481	920,768,481	959,545,763	959,545,763
Total Financial Liabilities	920,768,481	920,768,481	959,545,763	959,545,763

* The fair value of the Company's fixed interest borrowings are determined by using Discounted cash flow method.

3. Financial risk management objectives:

The Company's Corporate finance department provides services to business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

4. Market risk:

The Company's activities expose it primarily to the financial risks of changes in interest rates due to variable interest loans. The Company does not enter into derivative contracts to manage risks related to anticipated sales and purchases.

5. Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts and currency options taken at the time of initiation of the booking by the management. Such decision is taken after considering the factors such as upside potential, cost of structure and the downside risks etc. Quarterly reports are submitted to Management Committee on the covered and open positions and MTM valuation.

**Notes forming part of the standalone financial statements****36. FINANCIAL INSTRUMENTS: (CONTD.....)**

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	As at March 31, 2020				As at March 31, 2019			
	USD	EURO	INR	Total	USD	EURO	INR	Total
Financial assets								
Non-current financial assets								
Investments	-	-	-	-	-	-	-	-
Loans -	-	-	12,976,836	12,976,836	-	-	12,530,152	12,530,152
Total non-current financial assets	-	-	12,976,836	12,976,836	-	-	12,530,152	12,530,152
Current financial assets								
Trade receivables	-	-	775,884,872	775,884,872	-	-	923,359,362	923,359,362
Trade receivables (Exports)	50532	-	4,985,616	4,985,616	1,689	-	2,263,484	2,263,484
Cash and cash equivalents	-	-	21,104,984	21,104,984	-	-	20,175,657	20,175,657
Total current financial assets	-	-	801,975,472	801,975,472	1,689	-	945,798,503	945,798,503
Total financial assets	-	-	814,952,308	814,952,308	1,689	-	958,328,655	958,328,655
Financial liabilities								
Non current financial liabilities								
Borrowings	-	-	223,280,854	223,280,854	-	-	224,813,553	224,813,553
Total non-current financial liabilities	-	-	223,280,854	223,280,854	-	-	224,813,553	224,813,553
Current financial liabilities								
Borrowings	-	-	347,673,330	347,673,330	-	-	338,040,821	338,040,821
Trade payables	-	-	313,776,192	313,776,192	-	-	356,451,120	356,451,120
Others	-	-	26,529,576	26,529,576	-	-	40,240,269	40,240,269
Total current financial liabilities	-	-	687,979,098	687,979,098	-	-	734,732,210	734,732,210
Total financial liabilities	-	-	911,259,952	911,259,952	-	-	959,545,763	959,545,763
Excess of financial liabilities over financial assets	-	-	96,307,644	96,307,644	(1,689)	-	1,217,108	1,217,108
Hedge foreign currency risk	-	-	-	-	-	-	-	-
Unhedge foreign currency risk	-	-	96,307,644	96,307,644	(1,689)	-	1,217,108	1,217,108
Sensitivity impact on Net liabilities/ assets) exposure at 10%	-	-	NA	-	(169)	-	NA	(169)

5.1 Foreign currency sensitivity analysis:

The Company is not materially exposed to USD and EURO currency.

6. Interest rate risk management:

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Company has exposure to interest rate risk, arising principally on changes in interest rates. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like long term and short term loans. The risk is managed by the Company by maintaining an appropriate



Notes forming part of the standalone financial statements

mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The table in 6.1 provides a break-up of the Company's fixed and floating rate borrowings:

6.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table provides a break-up of the Company's fixed and floating rate borrowings and interest rate sensitivity analysis.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Gross amount	Interest rate sensitivity @ 0.50%	Gross amount	Interest rate sensitivity @ 0.50%
Fixed Loan	52,553,721	NA	81,569,718	NA
Variable Loan	544,930,039	2,724,650	521,524,925	2,607,625
Total	597,483,760	2,724,650	603,094,643	2,607,625

7. Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to the above mentioned company did not exceed 10% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

7.1 Collateral held as security and other credit enhancements:

The Company does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

8. Liquidity risk management:

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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



Notes forming part of the standalone financial statements

8.1 Particulars	As at March 31, 2020				As at March 31, 2019			
	<1year	1-5years	> 5 years	Total	<1year	1-5years	> 5 years	Total
Financial assets								
Non-current								
Investments	-	-	-	-	-	-	-	-
Loans -	-	-	12,976,836	12,976,836	-	-	12,530,152	12,530,152
Total non-current financial assets	-	-	12,976,836	12,976,836	-	-	12,530,152	12,530,152
Current								
Trade receivables	775,884,872	-	-	775,884,872	925,622,846	-	-	925,622,846
Cash and cash equivalents	21,104,984	-	-	21,104,984	20,175,657	-	-	20,175,657
Total current financial assets	796,989,856	-	-	796,989,856	945,798,503	-	-	945,798,503
Total financial assets	796,989,856	-	12,976,836	809,966,692	945,798,503	-	12,530,152	958,328,655
Financial liabilities								
Non-current								
Borrowings	-	223,280,854	-	223,280,854	-	224,813,553	-	224,813,553
Total non-current financial liabilities	-	223,280,854	-	223,280,854	-	224,813,553	-	224,813,553
Current								
Borrowings	347,673,330	-	-	347,673,330	338,040,821	-	-	338,040,821
Trade payables	313,776,192	-	-	313,776,192	356,451,120	-	-	356,451,120
Other financial liabilities	26,529,576	-	-	26,529,576	40,240,269	-	-	40,240,269
Total current financial liabilities	687,979,098	-	-	687,979,098	734,732,210	-	-	734,732,210
Total financial liabilities	687,979,098	223,280,854	-	911,259,952	734,732,210	224,813,553	-	959,545,763

37. INCOME TAXES:

Income taxes recognised in statement of profit and loss:

(Amount in INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Income tax recognised in the statement of profit and loss		
Current tax:		
In respect of the current year	2,450,000	4,540,000
Short Provision for tax of earlier years	206,263	(91,947)
Deferred tax:		
In respect of the current year	672,106	1,995,640
MAT Credit Taken		
Income tax expenses recognised in the statement of profit and loss	3,328,369	6,443,693
(ii) Income tax recognised in other comprehensive income		
Deferred Tax:		
Deferred tax benefit on actuarial gain/(loss) on defined plan	-	-
Income tax expenses recognised in the in other comprehensive income	-	-



Notes forming part of the standalone financial statements

37. INCOME TAXES: (CONTD.....)

Reconciliation of Tax Expenses and the accounting profit for the year is as under:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Income tax recognised in the statement of profit and loss		
Income before taxes	12,042,561	20,174,168
Enacted tax rate in India	25.17%	34.94%
Expected income tax benefit/(expense) at statutory tax rate	(3,031,113)	(7,049,661)
Effect of:		
Others	5,481,113	11,589,661
Short Provision for tax of earlier years	206,263	(91,947)
Income taxes credit/ (expenses) recognised in the statement of income	2,656,263	4,448,053

The tax rate used for the above reconciliation is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian tax laws.

Components of Deferred Tax (charge)/benefit for the year	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation and Amortisation	672,106	1,995,640
Others	-	-
Total deferred tax for the year	672,106	1,995,640

Components of deferred tax assets and liabilities:

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Deferred tax assets		
(i) Difference between book and tax depreciation		16,779
(ii) Others	57,988	-
	57,988	16,779
(b) Deferred tax liabilities		
(i) Difference between book and tax depreciation	(696,268)	-
(ii) Others	(17,047)	-
	(713,315)	-
Deferred tax Liabilities (Net)	(655,327)	16,779

**Notes forming part of the standalone financial statements****38 Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:**

(Amt in INR)

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue as per contracted price	2,040,394,723	2,403,797,686
Adjustments		
Discounts / rebates / incentives	-	-
Sales returns / credits / reversals	-	-
Deferrment of revenue	-	-
Any other adjustments	(15,205,595.00)	(14,955,832.00)
Revenue from contract with customers	2,025,189,128.00	2,388,841,854.00

Disaggregation of revenue:

The management determines that the segment information reported under Note 34 Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

39. APPROVAL OF FINANCIAL STATEMENTS:

The financial statements were approved for issue by the board of directors on 30th July, 2020.

In terms of my report attached
For Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W

(CA. Abhishek Kumar Agarwal)

Proprietor

M. No. 132305

Place : Ahmedabad

Dated : 30-07-2020

For and on behalf of the Board of Directors
SHREE BHAVYA FABRICS LIMITED

Purshottam R. Agarwal

(Managing Director)

(DIN-00396869)

Kishan Yadav

(Chief Financial Officer)

Ramniwas Pandia

(Director)

(DIN-02875168)

Jyoti Devnani

(C.S.)



Book Post

To

If Undelivered please return to :

SHREE BHAVYA FABRICS LIMITED

Regd Office: Survey No. 170,

Opp. Advance Petrochem Limited,

Pirana Road, Pipolej, Ahmedabad - 382405.