ANNUAL REPORT

2019-20

GRASIM PREMIUM FABRIC PRIVATE LIMITED

S R B C & CO LLP
Chartered Accountants

Ground floor, Tower C Unit 1,
Panchshil Tech Park One, Loop road
Near Don Bosco School, Yerwada
Pune - 411 006, India

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INDEPENDENT AUDITOR'S REPORT

To the Members of Grasim Premium Fabric Private Limited (Formerly known as Soktas India Private Limited)

Report on the Audit of the accompanying Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Grasim Premium Fabric Private Limited (Formerly known as Soktas India Private Limited) ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and notes to the accompanying Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid accompanying Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report, but does not include the accompanying Ind AS financial statements and our auditor's report thereon.

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

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

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Responsibility of Management for the accompanying Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these accompanying Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 accompanying Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the accompanying Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the accompanying Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 accompanying Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the accompanying Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid accompanying Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these accompanying Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;

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(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its accompanying Ind AS financial statements – Refer Note 35 to the accompanying Ind AS financial statements;

ii. The Company accompanying Ind AS financial statements does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 20111757AAAABG7549
Place of Signature: Pune
Date: May 25, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date

**Re: Grasim Premium Fabric Private Limited
(Formerly Known as Soktas India Private Limited)**

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our 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 by the management, the title deeds of immovable properties included in Property, plant and equipment are held in the name of the Company. Refer note 16 of the financial statements for details of charge created on immovable properties for loans taken by the Company.

ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of fabrics, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

vii. (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, customs duty, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, customs duty, goods and service tax, cess and other

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statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, value added tax, goods and service tax and cess which have not been deposited on account of any dispute. The dues outstanding of value added tax and income tax on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relate	Forum where dispute is pending
Maharashtra Value Added Tax Act, 2002	Disallowance of input tax credit under the MVAT Act, 2002	Nil (Refund of Rs. 2,214,750/- is recoverable from department)	FY 2012-13 to FY 15-16	Joint Commissioner of Sales Tax (Appeals)
The Income Tax Act	Income tax on account of addition to taxable income for unrealized foreign exchange gain on restatement of loan	Nil (Tax amount Rs. 59,88,646 adjusted with carried forward unabsorbed depreciation)	FY 2016-17	Commissioner of Income Tax (Appeals)

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government. The Company does not have any dues payable towards debenture holders.

ix. In our opinion and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/further pubic offer/term loans or any other debt instrument in the current year. Accordingly, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the provisions of Section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

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xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence, not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Act.

xvi. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

HS Ginwala

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 20111757AAAABG7549
Place of Signature: Pune
Date: May 25, 2020

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Annexure 2 referred to in paragraph 2 (f) under the heading "Report on Other Legal and Regulatory Requirements" of even date

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

We have audited the internal financial controls over financial reporting of Grasim Premium Fabric Private Limited (Formerly known as Soktas India Private Limited) ("the Company") as of March 31, 2020 in conjunction with our audit of the accompanying Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these accompany Ind AS financial statements.

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Meaning of Internal Financial Controls Over Financial Reporting with reference to these accompanying Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these accompanying Ind AS Financial Statements

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

Opinion

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

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

HS Ginwala

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 20111757AAAABG7549
Place of Signature: Pune
Date: May 25, 2020

Grasim Premium Fabric Private Limited
(Formerly known as Soktas India Private Limited)
Balance sheet as at 31 March 2020
All amounts are in Rupees in lacs unless stated otherwise

Particulars	Notes	31 March 2020	31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	3.1	6,514.12	7,741 14
Capital work-in-progress	3.1	125.09	16 09
Intangible assets	3.2	648.25	879 53
Right-of-use assets	41	424.83	-
Deferred tax assets (net)	4	-	-
Financial assets			
Other financial assets	5	116.52	411.60
Other non-current assets	6	67 90	64.58
Income tax asset (net)	7	135.68	91.03
		8,332.39	**9,203.97**
Current assets			
Inventories	8	3,106 47	2,898 33
Financial assets			
Trade receivables	9	2,277.06	2,473.62
Cash and cash equivalents	10	1.46	4 03
Other bank balances	11	2.72	43.96
Other current financial assets	12	72.83	103 13
Other current assets	13	493 24	533.23
		5,953.78	**6,056.30**
TOTAL		**14,286.17**	**15,260.27**
Equity and liabilities			
Equity			
Equity share capital	14	11,309 06	11,309 06
Other equity	15	(3,769 69)	(4,330 42)
		7,539.37	**6,978.64**
Non-current liabilities			
Financial liabilities			
Borrowings	16	-	575 02
Other financial liabilities	17	196.56	135 44
Other non-current liabilities	18	17.22	41 44
Provisions	19	594.52	428 26
		808.30	**1,160.16**
Current liabilities			
Financial liabilities			
Borrowings	20	1,915 42	2,318 04
Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		114 57	55 65
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,869 89	3,431 31
Other current financial liabilities	22	540 34	824 72
Other current liabilities	23	72 39	102.65
Provisions	24	425.89	389.10
		5,938.50	**7,121.47**
TOTAL		**14,286.17**	**15,260.27**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E / E300003

HSGinwala

per Huzefa Ginwala
Partner
Membership number 111757
Date 25 MAY 2020
Pune

For and on behalf of the board of directors of
Grasim Premium Fabric Private Limited

Thomas Varghese
Director
DIN 02263496
Mumbai

Ashish Adukia
Director
DIN 0[illegible]90
M[illegible]

Sachin Kumar
Chief Financial Officer
PAN ALTPK9835H
Kolkata

Chintamani Malkar
Company Secretary
M No A36282
Kolhapur

Date: 25 May 2020

Grasim Premium Fabric Private Limited
(Formerly known as Soktas India Private Limited)
Statement of profit and loss for the year ended 31 March 2020
All amounts are in Rupees in lacs unless stated otherwise

Particulars	Notes	31 March 2020	31 March 2019
Income			
Revenue from contracts with customers	25	16,467.55	16,483.00
Other income	26	50.81	95.31
Total Income		16,518.36	16,578.31
Expenses:			
Cost of raw material and components consumed	27	6,698.50	6,861.70
Change in inventories of finished goods and work-in-progress	28	(306.84)	146.50
Employee benefits expense	29	3,635.04	3,284.47
Depreciation and amortization expense	30	1,273.90	1,953.92
Finance costs	31	283.68	744.24
Other expenses	32	4,115.25	4,017.66
Total Expenses		15,699.53	17,008.49
Profit / (loss) before tax		818.83	(430.18)
Tax expense:	4		
Current Tax			
Minimum alternative tax (MAT) payable		143.55	-
MAT credit entitlement (net of provision)		-	-
Deferred Tax		30.60	3.41
Total tax expense		174.15	3.41
Profit / (loss) after tax		644.68	(433.59)
Other comprehensive income (OCI)			
Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement (loss) / gain on defined benefit plans		(105.08)	(12.25)
Income tax effect		30.60	3.41
Net other comprehensive income not to be reclassified to profit or loss in subsequent period		(74.48)	(8.84)
Total comprehensive income for the year		570.20	(442.43)
Earnings per equity share: [nominal value per share Rs. 10] Basic and diluted	33	0.57	(0.38)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E / E300003

HSGinwala

per Huzefa Ginwala
Partner
Membership number 111757
Date: 25 MAY 2020
Pune

For and on behalf of the board of directors of
Grasim Premium Fabric Private Limited

Thomas Varghese
Director
DIN 02263496
Mumbai

Ashish Adukia
Director
DIN 08512890
Mumbai

Sachin Kumar
Chief Financial Officer
PAN ALTPK9835H
Kolkata

Chintamani Malkar
Company Secretary
M. No A36282
Kolhapur

Date: 25 May 2020

Grasim Premium Fabric Private Limited
(Formerly known as Soktas India Private Limited)
Cash flow statement for the year ended 31 March 2020
All amounts are in Rupees in lacs unless stated otherwise

Particulars	31 March 2020	31 March 2019
Cash flow from operating activities		
Profit / (loss) before tax	818.83	(430.18)
Adjustment to reconcile profit / (loss) before tax to net cash flows		
Depreciation and amortization expense	1,273.90	1,953.92
(Profit) on sale of fixed assets	-	(19.07)
Unrealized foreign exchange (loss)/profit	(4.11)	15.10
Provision for doubtful debts	7.70	8.59
Provision for other assets	29.89	-
Amortization of TUFS subsidy	(24.22)	(36.49)
Interest income	(10.47)	(21.39)
Finance costs	283.68	721.89
Operating profit before working capital changes	**2,375.20**	**2,192.37**
Movements in working capital		
Trade receivables	191.75	(648.61)
Inventories	(208.14)	(1.69)
Financial and other assets	41.02	337.32
Trade payables	(501.28)	(158.05)
Other current liabilities	86.41	(1.54)
Current and non current provisions	97.97	114.88
Cash generated from operations	**2,082.93**	**1,834.68**
Direct taxes (paid)/refund (net)	(188.20)	10.90
Net cash from operating activities (A)	**1,894.73**	**1,845.58**
Cash flow used in investment activities		
Purchase of property, plant and equipment and intangible asset, including capital advances	(339.71)	(339.63)
Investments in bank deposits (having original maturity of more than three months)	-	(37.19)
Redemption/ maturity of bank deposits (having original maturity of more than three months)	36.07	89.91
Proceeds from sale / deductions of property, plant and equipment	-	19.75
Interest received	10.44	45.43
Net cash flow (used in) investment activities (B)	**(293.20)**	**(221.73)**
Cash flow used in financing activities		
Repayment of non current borrowings	(938.59)	(1,755.19)
Proceeds from /(repayment) of current borrowings (net)	(402.62)	627.56
Interest paid	(262.89)	(496.70)
Net cash flow (used in) financing activities (C)	**(1,604.10)**	**(1,624.33)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(2.57)**	**(0.48)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	-	0.18
Cash and cash equivalents at the beginning of the period	4.03	4.33
Cash and cash equivalents at the end of the period	**1.46**	**4.03**
Components of cash and cash equivalents		
Cash on hand	1.04	0.82
Balances with banks		
- Current accounts	0.42	3.21
Total cash and cash equivalents (note 10)	**1.46**	**4.03**
Summary of significant accounting policies 2.1		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E / E300003

HSGinwala

per Huzefa Ginwala
Partner
Membership number 111757
Date: 25 MAY 2020
Pune

S R B C & CO LLP
CHARTERED ACCOUNTANTS

For and on behalf of the board of directors of
Grasim Premium Fabric Private Limited

Thomas Varghese
Director
DIN 02263496
Mumbai

Ashish Adukia
Director
DIN 08512890
Mumbai

Sachin Kumar
Chief Financial Officer
PAN ALTPK9835H
Kolkata

Chintamani Malkar
Company Secretary
M No. A36282
Kolhapur

Date: 25 May 2020

Grasim Premium Fabric Private Limited
(Formerly known as Soktas India Private Limited)
Statement of changes in equity for the year ended 31 March 2020
All amounts are in Rupees in lacs unless stated otherwise

A) Equity share capital

Particulars	Amount
As at 31 March 2018	**11,309.06**
Changes in equity share capital	-
As at 31 March 2019	**11,309.06**
Changes in equity share capital	-
As at 31 March 2020	**11,309.06**

B) Other equity

Particulars	Retained earnings
As at 1 April 2018	**(3,887.99)**
Add: Profit for the year	(433.59)
Add: Other comprehensive income	(8.84)
Total comprehensive income for the year	**(442.43)**
As at 31 March 2019	**(4,330.42)**
Add: Profit for the year	644.68
Add: Effect of adoption of Ind AS 116 Leases (refer note 41)	(9.47)
Add: Other comprehensive income	(74.48)
Total comprehensive income for the year	**560.73**
As at 31 March 2020	**(3,769.69)**

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E / E300003

HSGinwala

per Huzefa Ginwala
Partner
Membership number : 111757
Date 25 MAY 2020
Pune

S R B C & CO LLP CHARTERED ACCOUNTANTS

For and on behalf of the board of directors of
Grasim Premium Fabric Private Limited

Thomas Varghese
Director
DIN 02263496
Mumbai

Ashish Adukia
Director
DIN 08512890
Mumbai

Sachin Kumar
Chief Financial Officer
PAN: ALTPK9835H
Kolkata

Chintamani Malkar
Company Secretary
M. No. A36282
Kolhapur

Date: 25 May 2020

Grasim Premium

1 **Corporate Information**

Grasim Premium Fabric Private Limited (formerly known as Soktas India Private Limited) ("the Company") is a private limited Company domiciled in India. The Company is engaged in manufacture and sale of grey and dyed shirting fabrics. The Company has started the commercial production from weaving section and fabric processing unit from 1 January 2009 and from 12 May 2009 respectively. The CIN of the Company is U24233PN2007PTC133637. The Equity Share Capital was held by Soktas Tekstil Sanayi Ve Ticret A.S. upto 29 March 2019. Soktas Tekstil Sanayi Ve Ticret A.S. sold the shares of the Company to Grasim Industries Limited on 29 March 2019

Pursuant to a resolution passed at the extraordinary general meeting of the Company held on 9 April 2019 and receipt of the fresh certificate of incorporation dated 3 May 2019 from the registrar of companies, the name of the Company was changed from "Soktas India Private Limited" to "Grasim Premium Fabric Private Limited".

The financial statements for the year ended 31 March 2020 were authorised for issue by the Board of Directors of the Company at their meeting held on 25 May 2020.

2 **Significant Accounting Policies**

2.1 **Basis of Preparation:**

These financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time as notified under Section 133 of Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act").

Based on the balance sheet position as at 31 March 2020, the financial statements are prepared on going concern basis (refer note 46 and 47).

The financial statements have been prepared and presented at historical cost, except for the following assets and liabilities:

- financial assets and financial liabilities (including derivative instruments) which have been measured at fair value,
- defined benefit plans-Plan assets are measured at fair value

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates, and all values are rounded to the nearest lacs, except as otherwise indicated.

2.2 **Summary of Significant Accounting Policies**

a. **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is.

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when.

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

The Company classifies all other liabilities as non-current

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

b. **Foreign Currencies**

The Company's financial statements are presented in Indian rupees, which is also the functional currency of the Company.

Transactions in foreign currencies are accounted at the functional currency spot rates prevailing on the date of transactions. Monetary foreign currency financial assets and liabilities are translated at functional currency spot rates of exchange at the reporting date. The resulting exchange differences are appropriately recognised in the Statement of profit and loss

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non - monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in the fair value of the item

c. **Fair value measurements**

The Company measures financial instruments at fair value on initial recognition

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

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

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes:

Disclosures for valuation methods, significant estimates and assumptions (refer note 37)

Financial instruments (including those carried at amortised cost) (refer note 5, 9, 10, 11, 12, 16, 17, 20, 21 and 22)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

d. Revenue from contract with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding taxes or duties collected on behalf of the government e g goods and service tax (GST) The Company has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 37.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, on the basis of terms of contract with the customer The normal credit term is 30 to 90 days upon delivery In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration.

Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased by them during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are reduced from revenue. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract

Sale of services - Job work charges

Revenue from service contracts is recognised over time i e. as and when services are rendered. The Company collects revenue based on the units delivered. The Company considers that output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due when billing has been done) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier) Contract liabilities are recognised as revenue when the Company performs under the contract

Trade receivables

A receivable represents the Companies right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due)

Interest income

Interest income is recognised using effective interest rate method ('EIR'). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but doesn't consider the expected credit losses Interest income is included in Other Income in the Statement of profit and loss

e. Government grants and subsidies:

Government Grants are recognised when there is a reasonable assurance that the same will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in the Statement of profit and loss by way of a deduction to the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed When the grant relates to an asset, it is recognised as income on a systematic basis over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at transaction amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset

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f. Provision for Current and Deferred Tax:

Current Income Tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws), that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. 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.

Minimum Alternate Tax (MAT):

MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised, it is credited to the Statement of profit and loss and is considered as (MAT Credit Entitlement). The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented with Deferred Tax Asset.

g. Property, Plant and Equipment (PPE):

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of profit and loss as incurred.

Items such as spare parts, standby equipment and servicing equipment are recognised as PPE when it is held for use in the production or supply of goods or services, or for administrative purpose, and are expected to be used for more than one year. Otherwise, such items are classified as inventory.

Gains or losses arising from derecognition of property, plant and equipments are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the reporting date.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II of the Companies Act, 2013. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The Company has not technically assessed the useful life of property, plant and equipments and has considered the life specified in Schedule II of the Companies Act, 2013 as the useful life of property, plant and equipments for the purpose of computing depreciation.

The following table summarises the useful lives used by the Company to provide depreciation on property, plant and equipments:

Type of Asset	Schedule II useful life (in years)
Factory buildings	30
Other buildings	60
Roads	10
Plant and equipments	7.5 to 15
Furniture and fixtures	10
Vehicles	8
Office equipment	5
Computers	3 to 6

Leasehold land is amortized on a straight line basis over the period of lease i.e. 95 years.

Depreciation on additions is provided on a pro-rata basis from the date of installation or acquisition. Depreciation on deductions/ disposals is provided on a pro-rata basis upto the date of deduction/disposal.

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h. Intangible Assets acquired separately and Amortisation:

Intangible assets, acquired separately, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of profit and loss when the asset is derecognised.

The summary of amortization policy applied to the Company's intangible assets is as below.

Type of Asset	Useful life (in years)	Rate (SLM)
Software	6 years	16.67%
Technical knowhow	5 years	20.00%
Trade mark Royalty	5 years	20.00%

i. Borrowing Costs:

Borrowing cost includes interest expense, ancillary costs incurred in connection with borrowing of funds and exchange difference, arising from foreign currency borrowings, to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are attributable to the acquisition or construction or production of a qualifying asset, are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

j. Leases:

The Company' assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (l) Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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k. Inventories:

Raw materials, traded goods, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on a weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Work-in-progress, finished goods and other items of stores, spares, packing material and waste stock are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l. Impairment of Non-Financial Assets:

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group's of assets.

In assessing the 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 recognised 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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

When 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised 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.

m. Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

n. Retirement and other employee benefits:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year end. Actuarial valuation has been carried out using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as a long term provision.

o. Financial instruments

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

Financial assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories:

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A) Debt instruments

Debt instruments at amortised cost: A debt instrument is at amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such assets are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees for cost that are an integral part of the EIR. EIR amortisation is included in other income in the Statement of profit and loss. This category generally applies to loans and trade and other receivables.

Debt instruments fair value through OCI (FVOCI): A debt instrument is classified as FVOCI if the financial 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. The Company has not classified any financial assets under this category.

Debt instruments at fair value through profit and loss (FVTPL): Debt instruments not classified as amortised cost or FVOCI are classified as FVTPL. The Company has not classified any debt under this category.

B) Equity instruments

Equity instruments held for trading are classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in OCI the subsequent changes in fair value. The Company makes such election on an instrument by instrument basis. If the Company decides to classify an equity instrument as FVOCI, then all fair value changes on the instrument, excluding dividends are recognized in OCI. There is no recycling of the amount from OCI to Statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or wherever applicable, a part of the financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to receive cash flow from the assets 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 flow in full to a third party under a pass through arrangement and either a) the Company has transferred substantially all risks and rewards of the asset or b) has transferred control of the asset.

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 and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables and bank balances.

The Company follows simplified approach for recognition of impairment loss allowance on trade receivables. 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 ECL's at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that 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 subsequent period the credit risk reduces since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The Company has presumed that default doesn't occur later than when a financial asset is 90 days past due.

Impairment loss allowance including ECL or reversal recognized during the period is recognized as income/ expense in the Statement of profit and loss. This amount is reflected under the head 'Other Expenses' in Statement of profit and loss. The impairment loss is presented as an allowance in the balance sheet as a reduction from the net carrying amount of the trade receivable, loan and deposits respectively.

Financial Liabilities

All financial liabilities are initially recognised at fair value. The Company's financial liabilities include trade and other payables, other financial liabilities, loans and borrowings including bank overdraft and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as FVTPL or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of profit and loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using EIR method. Gains and losses are recognized in Statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part of EIR. EIR amortization is included as finance cost in the Statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in the Statement of profit and loss.

Derivatives

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of profit and loss.

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Reclassification of financial instruments
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. If the Company reclassifies the 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 the business model.

Offsetting financial assets and financial liabilities
Financial assets and liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

p. **Cash and Cash Equivalents**
Cash and cash equivalents comprise cash on hand and cash at banks, including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

q. **Earnings Per Share (EPS):**
Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted-average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r. **Segment reporting :**
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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All amounts are in Rupees in lacs unless stated otherwise

3.1 Property, plant and equipment

	Leasehold Land	Buildings (refer note 1)	Roads	Plant and equipments	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Cost									
At 1 April 2018	328.27	5,595.84	53.86	4,916.09	28.07	10.82	9.49	16.23	10,958.67
Additions	-	-	-	222.18	0.77	17.66	0.90	0.08	241.59
Disposals/write-off/adjustments	-	-	-	(129.97)	-	-	-	-	(129.97)
At 31 March 2019	328.27	5,595.84	53.86	5,008.30	28.84	28.48	10.39	16.31	11,070.29
Additions	-	-	-	80.38	1.31	-	4.26	16.53	102.48
Disposals/write-off/adjustments*	(328.27)	-	-	-	-	-	-	-	(328.27)
At 31 March 2020	-	5,595.84	53.86	5,088.68	30.15	28.48	14.65	32.84	10,844.50
Depreciation									
At 1 April 2018	3.85	251.56	24.55	1,424.36	9.88	1.54	2.57	9.42	1,727.73
Charge for the year	3.85	251.56	19.45	1,436.39	9.22	1.82	2.90	5.52	1,730.71
Disposals/write-off	-	-	-	(129.29)	-	-	-	-	(129.29)
At 31 March 2019	7.70	503.12	44.00	2,731.46	19.10	3.36	5.47	14.94	3,329.15
Charge for the year	-	252.05	4.12	737.81	4.90	3.76	2.36	3.93	1,008.93
Disposals/write-off/adjustments*	(7.70)	-	-	-	-	-	-	-	(7.70)
At 31 March 2020	-	755.17	48.12	3,469.27	24.00	7.12	7.83	18.87	4,330.38
Net Block									
At 31 March 2019	320.57	5,092.72	9.86	2,276.84	9.74	25.12	4.92	1.37	7,741.14
At 31 March 2020	-	4,840.67	5.74	1,619.41	6.15	21.36	6.82	13.97	6,514.12
Capital work in progress									
At 31 March 2019	-	-	-	16.09	-	-	-	-	16.09
At 31 March 2020	-	-	14.25	58.84	-	-	-	52.00	125.09

* Leasehold land and the related accumulated depreciation have been classified as 'Right of use' assets as per Ind AS 116 and disclosed accordingly. Refer note 41 for details.

Note 1 : Building includes those constructed on leasehold land.
The Company had elected to continue with the carrying value of property, plant and equipment as recognized in the financial statements as per Indian GAAP and regard those values as deemed cost on the date of transition i.e. April 1, 2017.

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All amounts are in Rupees in lacs unless stated otherwise

3.2 Intangible Assets

	Computer software	Technical Knowhow	Trademark	Total
Cost				
At 1 April 2018	**24.47**	1,080.58	-	1,105.05
Additions	2.00	4.27	68.90	75.17
Disposals / discarded	-	-	-	-
At 31 March 2019	**26.47**	1,084.85	68.90	1,180.22
Additions	6.41	-	-	6.41
Disposals / discarded	-	-	-	-
At 31 March 2020	**32.88**	1,084.85	68.90	1,186.63
Amortization				
At 1 April 2018	**5.84**	71.64	-	77.48
Charge for the year	5.96	217.25	-	223.21
Disposals / discarded	-	-	-	-
At 31 March 2019	11.80	288.89	-	300.69
Charge for the year	6.31	217.56	13.82	237.69
Disposals / discarded	-	-	-	-
At 31 March 2020	18.11	506.45	13.82	538.38
Net Block				
At 31 March 2019	14.67	795.96	68.90	879.53
At 31 March 2020	14.77	578.40	55.08	648.25

The Company had elected to continue with the carrying value of the above assets as recognized in the financial statements as per Indian GAAP and regard those values as deemed cost on the date of transition i.e. April 1, 2017.

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4. Income tax

a. Deferred tax assets (net)

	Balance Sheet		Statement of profit and loss	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Gross deferred tax liability				
Difference between WDV as per tax and books of accounts	260.33	328.28	(67.95)	(206.40)
Gross deferred tax liability	260.33	328.28	(67.95)	(206.40)
Gross deferred tax asset				
Impact of expenditure charged to the Statement of profit and loss in the current period but allowed for tax purposes on payment basis*	275.18	287.46	(12.28)	41.37
Unabsorbed depreciation*	-	25.06	(25.06)	(244.36)
Minimum alternative tax (MAT) payable	-	-	143.55	
Deferred Tax on Items in OCI	(14.85)	15.76	(30.61)	(3.41)
Gross deferred tax asset	260.33	328.28	75.60	(206.40)
Deferred tax assets (net) *	-	-		
Total tax expense in Statement of profit and loss and OCI			(143.55)	-

* As per Ind AS 12 'Income Tax', the Company has recorded the cumulative deferred tax liability as at 31 March 2020 of Rs 260.33 Lacs (31 March 2019 Rs. 328.28 Lacs) and recognized the cumulative deferred tax asset on temporary differences only to the extent of the cumulative deferred tax liability as at 31 March 2020 and 31 March 2019 Refer note 37.

As at 31 March 2020, the Company has an accumulated MAT credit entitlement of Rs.369.78 Lacs (31 March 2019 . Rs. 226.23 Lacs) which is eligible for set off against tax payable under provision of Income Tax Act, 1961. In absence of convincing evidence as at balance sheet date on inflow of economic benefit, the same has not been recognized as an asset Refer note 37

b. Income tax expense in Statement of profit and loss

Particulars	31 March 2020	31 March 2019
Current tax		
Minimum alternative tax (MAT) payable	143.55	-
Deferred tax	30.60	3.41
Net income tax expense reported in the Statement of profit and loss	174.15	3.41
OCI section	(30.60)	(3.41)
Total tax expense in Statement of profit and loss and OCI	143.55	-

c. Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019

Particulars	31 March 2020	31 March 2019
Accounting profit / (loss) before tax	818.83	(430.18)
India's statutory income tax rate	27.82%	27.82%
Tax at full rate	227.80	(119.68)
Adjustments:		
Deferred tax asset not recognised for unabsorbed losses/depreciation	(227.80)	119.68
Minimum alternative tax (MAT) payable	143.55	-
Deferred tax on OCI section	30.60	3.41
	(53.65)	123.09
Income tax expenses reported in the Statement of profit and loss	174.15	3.41

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Grasim Premium Fabric Private Limited
(Formerly known as Soktas India Private Limited)
Notes to financial statements for the year ended 31 March 2020
All amounts are in Rupees in lacs unless stated otherwise

5. Other non current financial assets (carried at amortised cost)

	31 March 2020	31 March 2019
(Unsecured and considered good, unless otherwise stated)		
TUFS interest subsidy receivable	366 57	366.57
Security deposits	42 01	42.01
Non-current bank balances - Deposits with remaining maturity for more than 12 months	7.66	2.96
Interest accrued on fixed deposits	0.28	0.06
	416.52	411.60

6. Other non-current assets

	31 March 2020	31 March 2019
(Unsecured and considered good, unless otherwise stated)		
Capital advances	32 50	6.78
Prepaid expenses	-	17.74
Balances with statutory / government authorities		
Considered good	35.40	40.06
Considered doubtful	4 66	-
Provision for doubtful	(4.66)	-
	67.90	64.58

7. Income tax assets (net)

	31 March 2020	31 March 2019
Advance income-tax (net of provision)	135.68	91.03
	135.68	91.03

8. Inventories

	31 March 2020	31 March 2019
In Hand		
Raw materials	596 59	640.69
Work-in-progress [includes stock lying with third parties]	1,194 52	1,180.14
Finished goods	1,120 71	773.69
Stores, spares and packing material	133.36	162.23
Waste stock and other materials	61 29	39.93
	3,106.47	2,796.68
In Transit		
Raw materials	-	47.09
Finished goods		54.56
	-	101.65
Total		
Raw materials	596.59	687.78
Work-in-progress [includes stock lying with third parties]	1,194 52	1,180.14
Finished goods	1,120.71	828.25
Stores, spares and packing material	133.36	162.23
Waste stock and other materials	61.29	39.93
	3,106.47	2,898.33

During the year ended 31 March 2020, Rs 32 95 lacs (31 March 2019, Rs.28.42 lacs) was recognised as an expense for inventories carried at net realisable value.

9. Trade receivables (carried at amortised cost)

	31 March 2020	31 March 2019
Trade receivables	692.81	1,645.82
Receivables from related parties (Refer note 39)	1,584.25	827.80
	2,277.06	2,473.62
Break up for security details		
Secured, considered good	-	-
Unsecured, considered good	2,277 06	2,473.62
Trade receivable which have significant increase in credit risk	-	-
Trade receivable - credit impaired	16.29	8.59
	2,293.35	2,482.21
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Trade receivable which have significant increase in credit risk	-	-
Trade receivable - credit impaired	(16.29)	(8 59)
	(16.29)	(8.59)
	2,277.06	2,473.62

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All amounts are in Rupees in lacs unless stated otherwise

Trade receivables include :

	31 March 2020	31 March 2019
Due from Grasim Industries Limited - Holding Company	80.60	-
Due from Aditya Birla Fashion and Retail Limited in which the Company's non executive director is a director	1,503.65	827.80

10. Cash and cash equivalents (carried at amortised cost)

	31 March 2020	31 March 2019
Balances with banks		
- Current accounts	0.42	3.21
Cash on hand	1.04	0.82
	1.46	4.03

11. Other bank balances (carried at amortised cost)

	31 March 2020	31 March 2019
Deposits with bank (original maturity more than 3 months but less than 1 year)*	2.72	43.96
	2.72	43.96

* Deposits are given against bank guarantees and letter of credit.

12. Other current financial assets (carried at amortised cost)

	31 March 2020	31 March 2019
(Unsecured and considered good, unless otherwise stated)		
Advance to employees	3.61	1.76
Government grant / export incentive #		
Considered good	64.96	97.39
Considered doubtful	19.49	-
Provision for doubtful	(19.49)	-
Deposits with bank (original maturity more than 1 year)	3.71	3.24
Interest accrued on fixed deposits	0.55	0.74
	72.83	103.13

Government grant / export incentive includes various schemes of export incentives (MEIS, duty drawback, etc), electricity subsidy, GST rebate, etc. There are no unfulfilled conditions or other contingencies attached to the said Government grants/export incentives

13. Other current assets

	31 March 2020	31 March 2019
(Unsecured and considered good, unless otherwise stated)		
Prepaid expenses	95.20	158.33
Balances with statutory / government authorities	291.77	236.51
Advances to suppliers	78.64	100.64
Government grant / export incentive #		
Considered good	27.63	37.75
Considered doubtful	5.74	-
Provision for doubtful	(5.74)	-
	493.24	533.23

Government grant / export incentive includes various schemes of export incentives (MEIS, duty drawback, etc.). There are no unfulfilled conditions or other contingencies attached to the said Government grants/export incentives.

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14. Equity Share capital

	31 March 2020	31 March 2019
Authorized		
1,180 Lacs (31 March 2019 : 1,180 Lacs) equity shares of Rs.10/- each	11,800.00	11,800.00
Issued, subscribed and fully paid up shares		
1,130.90 Lacs (31 March 2019 : 1,130.90 Lacs) equity shares of Rs.10/- each	11,309.06	11,309.06
	11,309.06	**11,309.06**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period
Equity shares

	31 March 2020		31 March 2019	
	No. In Lacs	Amount	No. In Lacs	Amount
Balance as at the beginning and end of the year	1,130.90	11,309.06	1,130.90	11,309.06

(b) Terms/ rights attached to equity shares
The Company had upto 8 April 2019 two classes of equity shares having a par value of Rs 10 per share with differential voting rights. Class "A" share holders are entitled to one vote per share and Class "B" share holders are entitled to one vote for entire class. For Class "B" shareholders, dividend and other voting rights rank pari passu with existing Class "A" equity shares. From 9 April 2019 classification of equity shares into class A & B was discontinued and all the shares now rank with equal rights. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shares held by Holding Company

	Type	31 March 2020	31 March 2019
Grasim Industries Limited, India # 1,130.90 Lacs (31 March 2019 : Nil) equity shares of Rs 10 each		11,309.06	-
Grasim Industries Limited, India # Nil (31 March 2019 : 1,026.59 Lacs) equity shares of Rs 10 each	Class 'A'	-	10,265.90
Grasim Industries Limited, India # Nil (31 March 2019 : 104.31 Lacs) equity shares of Rs.10 each	Class 'B'	-	1,043.16
		11,309.06	**11,309.06**

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

Name of Shareholder	31 March 2020		31 March 2019	
	No. of shares held (in Lacs)	% of Holding in the class	No. of shares held (in Lacs)	% of Holding in the class
Equity shares of Rs.10 each fully paid				
Grasim Industries Limited #	1,130.90	100.00%	1,130.90	100.00%

The shareholding information is based on the legal ownership of shares and has been extracted from the record of the Company including register of shareholders / member. As at 31 March 2019, Grasim Industries Limited has purchased 1,130.90 Lacs shares from Sotkas Tekstil Sanayi Ve Ticaret A.S. (including shares held by Mr. Fadil Erten as nominee).
The management of the Company has not declared any dividend for the current year (31 March 2019 : Nil)
Including six shares held by other individuals in capacity of nominee shareholders.

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All amounts are in Rupees in lacs unless stated otherwise

15. Other equity

	31 March 2020	31 March 2019
Retained earnings		
Opening balance as at April 1	(4,330.42)	(3,887.99)
Profit / (loss) for the year	644.68	(433.59)
Effect of adoption of Ind AS 116 Leases (refer note 41)	(9.47)	-
Items of other comprehensive income recognised in retained earnings		
- Remeasurements of post employment benefit obligations, net of tax	(74.48)	(8.84)
Closing balance as at March 31	(3,769.69)	(4,330.42)

16. Non-current borrowings

	31 March 2020	31 March 2019
Term loans		
Indian rupee loan from banks (refer note A)	459.88	1,126.18
Foreign currency loans from banks (refer note B)	-	272.29
	459.88	1,398.47
Less : Current maturities of non current borrowings		
Indian rupee loan from banks (refer note A)	459.88	635.37
Foreign currency loans from banks (refer note B)	-	188.08
	459.88	823.45
Non Current Portion		
Indian rupee loan from banks (refer note A)	-	490.81
Foreign currency loans from banks (refer note B)	-	84.21
	-	575.02
The above amount includes		
Secured borrowings (Current & Non Current Portion)	459.88	1,398.47

A) Indian rupee loans from banks :

Term loans from banks are secured by a pari passu charge on entire fixed assets (movable and immovable), present and future.
Term loan taken from Bank of Baroda which was disbursed in foreign currency (USD) in previous years was converted into an INR loan in November 2018. The loan was repayable in fixed monthly installments. Other details of the loan are given in the table below.

B) Foreign currency loan from banks :

Foreign currency loan from banks was secured by first hypothecation charge on entire current assets, on a pari-passu basis with member bank. The loan was also secured collaterally by a first pari-passu charge on entire fixed assets (movable and immovable) including mortgage of factory land & building. Foreign currency loan from bank has been paid in July 2019.

Details of outstanding borrowings as at 31 March 2020:

Name of Bank / party	Period of Maturity from 31 March 2020	Terms of repayment	Currency	Outstanding Amount of Loans as on 31 March 2020 (INR)	Rates during the period
SBI - FTL	10 months (Up to January 2021)	Monthly	INR	26.25	1 year MCLR * +3.00% (11.50%pa. till Feb'20) * 1Y MCLR + 2.50%(10.40%pa. w.e.f. Mar'20)
ICICI Bank	9 months (Up to February 2021)#	Monthly	INR	433.63	1 year MCLR* + 1.85% (10.65%pa. till 15-Jul-19) , 1Y MCLRw.e.f. 16-July-19

* Marginal Cost Lending Rate

\# As of the date of the approval of these financial statements by the Board of Directors, the Company has taken a two month moratorium from the ICICI bank under the RBI COVID 19 Regulatory Package in order to maintain optimum levels of liquidity to meet its cash and other obligations. The expected date for complete repayment of the loan has accordingly been changed to February 2021.

Details of outstanding borrowings as at 31 March 2019:

Name of Bank / party	Period of Maturity from 31 March 2019	Terms of repayment	Currency	Outstanding Amount of Loans as on 31 March 2019 (respective currency)	Rates during the period
SBI-Corporate Loan	1 year 5 months (Up to Aug 2020)	Monthly	USD	3.94	Spread @4.00% + 6 M LIBOR
SBI - FTL	1 year 10 months (Up to January 2021)	Monthly	INR	114.37	1 year MCLR * +3.30%
ICICI Bank	1 year 9 months (Up to December 2020)	Monthly	INR	1,011.81	1 year MCLR* + 1.85%

* Marginal Cost Lending Rate

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All amounts are in Rupees in lacs unless stated otherwise

17. Other non-current financial liabilities

	31 March 2020	31 March 2019
Deposits and retention amount payable	179.14	115.44
Lease liabilities (refer note 41)	17.42	-
	196.56	**115.44**

18. Non-current liabilities

	31 March 2020	31 March 2019
Capital subsidy sanctioned by Ministry of Textiles under Technology Upgradation Fund Scheme (TUFS) on specific fixed assets		
Opening balance as at April 1	41.44	77.93
Less : Transfer to Statement of profit and loss(refer note 26)	(24.22)	(36.49)
Closing balance as at March 31	**17.22**	**41.44**

19. Non-current provisions

	31 March 2020	31 March 2019
Provision for employee benefits		
Provision for gratuity (refer note 40)	594.52	428.26
	594.52	**428.26**

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20. Current Borrowings

	31 March 2020	31 March 2019
Cash credit from banks (refer note i)	1,265.48	1,579.65
Post- shipment credit from bank (refer note ii)	-	37.15
Bill discounting with bank (refer note iii)	649.94	-
Bill discounting with financial institution (refer note iv)	-	701.24
	1,915.42	2,318.04
The above amount includes		
Secured borrowings	1,265.48	2,318.04
Unsecured borrowings	649.94	-
	1,915.42	2,318.04

i) Cash credit from banks are secured against hypothecation of current assets of the Company. These loans are repayable on demand and carry interest 1Y MCLR base rate + spread 2.50% for SBI & 6M MCLR+ spread 3.15% (31 March 2019 base rate + 2 75% for ICICI

ii) Post-shipment credit carries interest chargeable at base rate + rate determined as per RBI directives and are secured against hypothecation of current assets of the Company.

iii) Bill discounting with banks are are repayable on demand and carry an interest rate in the range of 7.95% to 8.40% p.a The Company has taken a month moratorium from the ICICI bank under the RBI COVID 19 Regulatory Package in order to maintain optimum levels of liquidity to meet its cash and other obligations. The bill payments for bills due between April 25, 2020 to May 31, 2020, along with the interest accrued for the deferred period will be payable on June 30, 2020.

iv) Bill discounting with financial institution were secured against trade receivables against which the bills are discounted and carries an interest rate in the range of 10% to 11% p a

21. Trade payables

	31 March 2020	31 March 2019
Trade payables *		
Total outstanding dues of micro enterprises and small enterprises	114.57	55.65
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,869.89	3,431.31
	2,984.46	3,486.96

* Including acceptances amounting to Rs. 1,754.53 Lacs (31 March 2019: Rs. 1,961.34 Lacs)

22. Other financial liabilities

	31 March 2020	31 March 2019
Current maturities of non-current borrowings (secured) (refer note 16)	459.88	823.45
Payable for capital goods	52.97	-
Interest accrued on borrowings	-	1.27
Lease liabilities (refer note 41)	27.49	-
	540.34	824.72

23. Other current liabilities

	31 March 2020	31 March 2019
Contract Liabilities	30.05	59.79
Statutory dues payable #	42.34	42.86
	72.39	102.65

Statutory dues payable includes due towards tax deducted at source, provident fund, professional tax, other taxes, etc

24. Current provisions

	31 March 2020	31 March 2019
Provision for employee benefits		
Provision for gratuity (refer note 40)	17.77	-
Provision for leave benefits	408.12	389.10
	425.89	389.10

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All amounts are in Rupees in lacs unless stated otherwise

25. Revenue from contracts with customers

	31 March 2020	31 March 2019
Sale of products	16,244.54	15,968.80
Sale of services	22.54	0.49
	16,267.08	15,969.29
Other operating revenues		
Scrap sales	143.44	186.46
Government grant - export incentives	11.18	35.89
Others*	45.85	291.36
	200.47	513.71
Total revenue from contracts with customers	16,467.55	16,483.00

* Others primarily includes sale of yarn, chemicals and other material
The Company collects GST on behalf of the government and hence, GST is not included in revenue from contracts with customers.

Disaggregated revenue information
Set out below is the disaggregation of the Company's revenue from contracts with customers

	31 March 2020	31 March 2019
Location		
India	15,835.97	15,024.01
Outside India	631.58	1,458.99
Total revenue from contracts with customers	16,467.55	16,483.00
Timing of revenue recognition		
Goods transferred at a point in time	16,445.01	16,482.51
Services transferred over time	22.54	0.49
Revenue from contract with customers	16,467.55	16,483.00
Set out below is the amount of revenue recognised from		
Amounts included in contract liabilities at the beginning of the year	53.55	52.22
Performance obligations satisfied in previous years	-	-
Reconciling the amount of revenue recognised in the Statement of profit and loss with the contracted price		
Revenue as per contracted price	16,892.85	16,784.58
Adjustments		
Discounts	(425.30)	(301.58)
Revenue from contracts with customers	16,467.55	16,483.00

26. Other income

	31 March 2020	31 March 2019
Interest income on		
Bank deposits	1.85	9.22
Others	8.62	12.17
Government grant *	24.22	36.49
Exchange differences (net)	3.32	-
Profit on sale of fixed assets	-	19.07
Miscellaneous Income	12.80	18.36
	50.81	95.31

*Details of government grant

	31 March 2020	31 March 2019
Capital subsidy under TUFS	24.22	36.49
	24.22	36.49

27. Cost of raw material consumed

	31 March 2020	31 March 2019
Inventory at the beginning of the year	687.78	494.68
Add: Purchases	6,607.31	7,054.80
	7,295.09	7,549.48
Less: Inventory at the end of the year	596.59	687.78
Cost of raw material consumed	6,698.50	6,861.70

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

	31 March 2020	31 March 2019
Inventories at the end of the year (refer note 8)		
Work-in-progress	1,194.52	1,180.14
Finished goods	1,120.71	828.25
Subtotal (A)	2,315.23	2,008.39
Inventories at the beginning of the year (refer note 8)		
Work-in-progress	1,180.14	1,253.28
Finished goods	828.25	901.61
Subtotal (B)	2,008.39	2,154.89
Changes in inventories of finished goods and work in progress (B-A)	(306.84)	146.50

29. Employee benefits expense

	31 March 2020	31 March 2019
Salaries, wages and bonus	3,170.93	2,912.88
Contribution to provident fund	240.47	177.42
Gratuity expenses (refer note 40)	92.34	82.20
Recruitment and training expenses	5.91	1.81
Staff welfare expenses	125.39	110.16
	3,635.04	3,284.47

30. Depreciation and amortization expense

	31 March 2020	31 March 2019
Depreciation of property, plant and equipments	1,008.93	1,730.71
Depreciation of right-of-use assets (refer note 41)	27.28	-
Amortization of intangible assets	237.69	223.21
	1,273.90	1,953.92

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31. Finance costs

	31 March 2020	31 March 2019
Interest on borrowings and other	240.84	672.91
Interest on lease liabilities (refer note 41)	4.61	-
Other borrowing costs	38.23	48.98
Exchange differences to the extent considered as an adjustment to borrowing cost	-	22.35
	283.68	744.24

32. Other expenses

	31 March 2020	31 March 2019
Consumption of stores, spares and packing material	535.77	394.98
Power and fuel	1,182.57	1,270.04
Freight and forwarding charges	21.19	45.23
Rent (refer note 41)*	3.30	30.26
Outsourcing expenses	956.63	853.97
Rates and taxes	8.75	8.22
Insurance	64.15	38.33
Repairs and maintenance		
Plant and Machinery	152.14	146.41
Buildings	10.05	2.94
Others	53.58	27.40
Advertising and sales promotion expenses	109.76	126.91
Commission expenses	497.64	445.07
Travelling and conveyance	58.94	87.41
Legal and professional fees	34.34	150.59
Exchange differences (net)	-	14.98
CSR expenses (refer note 45)	5.36	10.22
Provision for doubtful debts	7.70	8.59
Provision for other assets	29.89	-
Auditor's remuneration		
Statutory audit	11.00	15.50
Tax audit	3.78	3.78
Others (including certification)	9.00	25.65
Out of pocket expenses	1.42	4.55
Miscellaneous expenses	358.29	306.63
	4,115.25	4,017.66

* In view of the first time adoption of Ind AS 116, the amount disclosed against rent above for the year ended 31 March 2020 is not comparable to 31 March 2019. Refer note 41 for further details.

33. Earnings per share (EPS)

	31 March 2020	31 March 2019
Net profit / (loss) attributable to equity shareholders	644.68	(433.59)
Weighted average number of equity shares for calculating basic EPS	1,130.90	1,130.90
Earnings per share (in absolute rupees per share)	0.57	(0.38)

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34. Segment Information

The Company is engaged in manufacturing and sale of grey and dyed shirting fabrics. On review of all the relevant aspects including, in particular, the system of internal financial reporting to the Board of Directors which is the Chief Operating Decision Maker ('CODM') and considering the economic characteristics of the operations, the Company is of the view that it operates in a single primary segment. The said treatment is in accordance with the guiding principles enacted in Indian Accounting Standard 108 Operating Segment (Ind AS 108).

	31 March 2020	31 March 2019
Segment Revenue		
Within India	15,835.97	15,024.01
Outside India	631.58	1,458.99
Total	16,467.55	16,483.00
Addition to Non-Current Assets		
Within India	339.71	339.63
Outside India	-	-
Total	339.71	339.63

The following is the carrying amount of segment assets by geographical area in which the assets are located.

	Carrying amount of segment assets	
	31 March 2020	31 March 2019
Within India	14,209.51	15,205.75
Outside India	76.66	54.52
	14,286.17	15,260.27

Amount of revenue from customers amounting to more than 10% of total revenue:

	31 March 2020	31 March 2019
Amount of sales to customers to more than 10% of total sales	3,155.91	2,572.69

35. Contingent Liabilities

	31 March 2020	31 March 2019
Sales tax matters	10.35	10.35
Letters of guarantee given to customs and other authorities	117.30	115.10
Export Promotion Capital Goods (EPCG) and Advance Authorisation Scheme - Liability if export obligations are not fulfilled in future years (excluding interest and penalty) (note i)	132.81	47.79
	260.46	173.24

Note (i) : Differential amount of customs duty payable by the Company in case of non-fulfillment of export obligation against the import of capital goods made at concessional rate of duty. Based on the future sales plan, the management is quite hopeful to meet out the balance obligations by executing the required volume of exports in the future.

(ii) The Company has received assessment order u/s 143(3) of the Income Tax Act, 1961 for AY 2017-18 adding back adjustment to the taxable income amounting to Rs 102.88. The Company has carried forward accumulated losses as per Income Tax Act and the additions has resulted in reduction in accumulated losses by Rs. 102.88. The Company has filed appeal against the said order and does not expect any outflow in respect of the order

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36. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 774.99 Lacs (31 March 2019 Rs. 51.63 Lacs), net of advances of Rs. 32.50 Lacs (31 March 2019 Rs. 6 78 Lacs) For other commitments refer note 41 relating to lease arrangements.

37. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers

• Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include volume rebates and discounts that give rise to variable consideration In estimating the variable consideration, the Company applies either the most likely amount method or the expected value method. The most likely amount method is applied for contracts with a single-volume threshold and the expected value method is applied for contracts with more than one volume threshold.

The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimation on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions All assumptions are reviewed at each reporting date.

The discount rate is the parameter most subject to change In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds The mortality rate is based on publicly available mortality tables for India Mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 40

Taxes

MAT credit entitlement is recognised to the extent it is probable that taxable profit will be available against which the MAT credit can be utilised Significant management judgement is required to determine the amount of MAT credit that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies

The Company has unabsorbed depreciation as per Income Tax Act, 1961 amounting to Rs 2,858 36 Lacs (31 March 2019: Rs. 4,194.72 Lacs). Deferred tax asset on the unabsorbed depreciation amounting to Rs. 822 12 Lacs (31 March 2019 : Rs. 1,166.97 Lacs) as well as other temporary differences as per Ind AS 12 amounting to Rs 97.22 Lacs (31 March 2019 : Nil) is not recognised in absence of certainity on the probability that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

Leases

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described in note 41.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate . Refer note 41 for further details

Assessment of going concern

As per paragraph 26 of Ind AS 1, to assess whether the going concern assumption is appropriate, the Management of the Company considers all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Given current economic and market conditions considering the COVID-19 pandemic, historical results may be unlikely to provide a basis for future cash flows and therefore management has considered additional sources of information when evaluating the reasonableness of the assumptions used in its assessment. The Management has prepared estimates of future cash flows over a range of scenarios based on different dates till which the COVID-19 impact could prevail, and various other factors like impact on the economy and asset prices in general, impact of current events and conditions on an the Company's operations and potential impact on forecasts of future cash flows, impact of contractual covenants and commitments, etc. in order to determine the potential impact on underlying performance and the overall ability of the Company to continue as a going concern.

The above assessment of whether the entity is a going concern is a matter of judgment which is based on on the perception developed by the Management on the economic impact of changing internal and external contexts on the company's ability to continue as a going concern based on reasonable assumptions

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38. Related party disclosures

Name of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	Upto 29 March 2019 : Soktas Tekstil Sanayi Ticaret A.S., Turkey From 29 March 2019 : Grasim Industries Limited, India

Related parties with whom transactions have taken place during the current and previous year

Description of relationship	Name of the parties
Fellow subsidiary	Upto 29 March 2019 : Soktas Dokuma Sanayi Ticaret A.S., Turkey
Fellow subsidiary	From 29 March 2019 : Aditya Birla Finance Limited, India
Common director	From 29 March 2019 : Aditya Birla Fashion and Retail Limited, India
Key management personnel (KMP)	1) Sadanand Gupta - Director upto 29 March 2019 2) Chintamani Malkar - Company Secretary 3) Sushil Agarwal - Director w.e.f. 29 March 2019 4) Thomas Varghese - Director w.e.f. 29 March 2019 5) Sangeeta Pendurkar - Director w.e.f. 29 March 2019 6) Ashish Adukia - Director w.e.f. 19 July 2019 7) Hutokshi Wadia - Director w.e.f. 19 July 2019 8) Sachinkumar Agarwal - Chief Financial Officer w.e.f. 29 March 2019

Transactions during the year

Particulars	31 March 2020	31 March 2019
Sale of manufactured goods		
Aditya Birla Fashion and Retail Limited, India (related party w.e.f. 29 March 2019)	3,155.91	49.58
Soktas Dokuma Sanayi Ticaret A.S., Turkey	-	97.68
Soktas Tekstil Sanayi Ticaret A.S., Turkey	-	4.61
Grasim Industries Limited, India	92.04	-
Sale of yarn, dyes and chemicals		
Soktas Dokuma Sanayi Ticaret A.S., Turkey	-	239.76
Other Income		
Aditya Birla Fashion and Retail Limited, India (related party w.e.f. 29 March 2019)	6.80	-
Purchase of property, plant and equipment		
Soktas Dokuma Sanayi Ticaret A.S., Turkey	-	135.89
Soktas Tekstil Sanayi Ticaret A.S., Turkey	-	34.11
Aditya Birla Fashion and Retail Limited, India	0.25	-
Purchase of intangible assets		
Soktas Tekstil Sanayi Ticaret A.S., Turkey	-	68.90
Purchases of fabric, yarn, dyes and chemicals		
Soktas Dokuma Sanayi Ticaret A.S., Turkey	-	184.53
Soktas Tekstil Sanayi Ticaret A.S., Turkey	-	356.70
Grasim Industries Limited, India	186.44	-
Reimbursement of expenses		
Soktas Dokuma Sanayi Ticaret A.S., Turkey	-	5.20
Soktas Tekstil Sanayi Ticaret A.S., Turkey	-	60.78
Interest paid		
Aditya Birla Finance Limited, India (related party w.e.f. 29 March 2019)	-	0.04
Remuneration		
Sadanand Gupta	-	89.52
Chintamani Malkar	5.90	5.50

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39. Related party disclosures (Continued)

Balances outstanding as at close of the year

Particulars	31 March 2020	31 March 2019
Financial liabilities : Short term borrowings		
Aditya Birla Finance Limited, India	-	701.24
Trade payables		
Grasim Industries Limited, India	0.25	-
Trade receivables		
Aditya Birla Fashion and Retail Limited, India	1,503.65	827.80
Grasim Industries Limited, India	80.60	-

Notes :

1) The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transaction. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

2) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to key managerial person is not ascertainable and therefore, not included.

3) The information given above has been reckoned on the basis of information available with the Company and relied upon by the auditors

4) There are few free of cost sales made to Group Companies (Grasim Group)

5) Payment term with related party sales range from 7 days to 120 days.

39. Details relating to Micro and Small Enterprises:

	31 March 2020	31 March 2019
Total outstanding dues of micro and small enterprises	114.57	55.65
Details of dues to micro and small enterprises as defined under the MSMED Act,		
1) Principal Amount	114.57	55.65
2) Interest due	0.11	0.48
3) Payment made to suppliers (other than interest) beyond the appointed day, during the year	263.84	154.74
4) Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	-	-
5) Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
6) Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	14.48	8.28
7) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	14.48	8.28

The Company has compiled this information based on intimations received from the suppliers of their status as Micro or Small Enterprises and / or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

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40. Gratuity :

A Gratuity scheme is a defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. Under the gratuity plan every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. Due to the nature of the plan, the risk commonly affecting the liabilities and the financial result are expected to be:

Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond rate falls, defined benefit obligation will tends to increase.

Salary inflation risk: Higher than expected increase in salary will increase the defined benefit plan.

Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrement on the defined benefit obligation is not straight forward depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically cost lesser per year as compared to long service employee.

The following tables summarise the component of net benefit expense recognised in the Statement of profit and loss and amounts recognised in balance sheet:

a. Net Balance Sheet position

Particulars	31 March 2020	31 March 2019
Defined benefit obligation (DBO)	612.29	428.26
Fair value of Plan assets	-	-
Net Defined benefit liability	612.29	428.26

b. A reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO):

Particulars	31 March 2020	31 March 2019
Opening DBO	428.26	353.91
Current service cost	59.45	55.03
Interest cost	32.88	27.17
Actuarial losses / (gains) - experience	46.25	6.10
Actuarial (gains) / losses - demographic changes	-	(3.29)
Actuarial losses / (gains) - financial assumptions	58.83	9.44
Benefits paid	(13.38)	(20.10)
Past service cost	-	-
Closing DBO	612.29	428.26

c. Reconciliation of Net balance sheet position

Particulars	31 March 2020	31 March 2019
Net DBO (liability)	428.26	353.91
Service cost	59.45	55.03
Net interest cost	32.88	27.17
Amount recognized in OCI	105.08	12.25
Employer Contribution	-	-
Benefit paid directly by the Company	(13.38)	(20.10)
Net defined benefit (liability)	612.29	428.26

d. The total defined benefit cost:

Particulars	31 March 2020	31 March 2019
Current Service Cost	59.45	55.03
Interest Cost	32.88	27.17
Actuarial losses / (gains) recognized in OCI	105.08	12.25
Past service cost	-	-
Total	197.41	94.45

e. Statement of profit and loss

Particulars	31 March 2020	31 March 2019
Current service cost	59.45	55.03
Net interest cost	32.88	27.17
Past service costs planned amendments	-	-
Cost recognized in Statement of profit and loss	92.33	82.20

f. Other Comprehensive Income

Particulars	31 March 2020	31 March 2019
Actuarial loss / (gain) due to DBO experience	105.08	12.25
Actuarial loss / (gain) recognized in OCI	105.08	12.25

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40. Gratuity (Continued)

g. Following are the Principal Actuarial Assumption used as at the balance sheet date:

Particulars	31 March 2020	31 March 2019
Discount rate	6.80%	7.80%
Expected rate of return on plan assets	-	-
Salary escalation rate		
For first year	8.00%	10.00%
For next 4 years	8.00%	9.00%
Thereafter	8.00%	8.00%
Withdrawal rate		
Age upto 30 years	3.00%	3.00%
Age 31 - 40 years	3.00%	3.00%
Age 41 - 50 years	3.00%	3.00%
Age above 50 years	3.00%	3.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

h. Expected benefit payment for the next years

Particulars	31 March 2020	31 March 2019
31-Mar-20	-	16.84
31-Mar-21	17.77	15.27
31-Mar-22	19.58	18.23
31-Mar-23	29.78	28.01
31-Mar-24	37.08	36.04
31-Mar-25	29.20	-
2026 - 2030 / 2025 - 2029	297.08	252.55

i. A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	31 March 2020	31 March 2019
Discount Rate		
1% decrease	717.11	497.83
1% increase	527.90	372.02
Future salary increase		
1% decrease	533.55	375.75
1% increase	707.07	491.14
Withdrawal Rate		
1% decrease	624.18	429.97
1% increase	602.20	426.77

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

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41. Leases and changes in accounting policies and disclosure

New and amended standard - Ind AS 116

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accouating standard is described below.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019.

The Company has entered into a lease arrangement for its Bangalore office and the lease is for a period of 5 years The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company also has certain leases of building with lease terms of 12 months or less The Company applies the 'short-term lease' recognition exemptions for these leases.

The Company has entered into a lease arrangement for its factory land for a period of 95 years which were earlier classified under the head property, plant and equipment as per the provisions for Ind AS 17. With implementation of Ind AS 116, these have been reclassified as Right of use assets with effect from 1 April, 2019.

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

(a) The effect of initial recognition as per Ind AS 116 is as follows.

Particulars	1 April 2020
Lease liability	68.61
Right of Use (ROU) asset on Building (office space)	59.14 *
Net Impact on Retained Earnings	9.47

*Excluding Right of Use asset on leasehold land already classified as asset under property, plant and equipment

(b) The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to contracts reassessed as lease contracts under Ind AS 116, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Particulars	1 April 2020
Lease commitments as at 31 March 2019	77.16
Add/ (Less): Impact of discounting on assessment of opening lease commitments under Ind AS 116	(8.55)
Add/(less): contracts reassessed as lease contracts	-
Lease liabilities as on 1 April 2019	68.61

(c) Set out below are the carrying amounts of right of use assets recognised and the movements during the period:

	31 March 2020		
Right of Use Assets	**Building (office space)**	**Leasehold Land**	**Total**
Cost			
As at 1 April 2019	59.14	328.27	387.41
Additions	-	72.40	72.40
As at 31 March 2020	59.14	400.67	459.81
Depreciation			
As at 1 April 2019	-	7.70	7.70
Charge for the year	22.89	4.39	27.28
Disposals/write-off	-	-	-
As at 31 March 2020	22.89	12.09	34.98
Net Block	36.25	388.58	424.83

(d) Set out below are the carrying amounts of lease liabilities (included under other financial liabilities) and the movements during the period:

Particulars	31 March 2020
Lease Liabilities	
As at 1 April 2019	68.61
Additions	
Accretion of interest	4.61
Payments	(28.30)
As at 31 March 2020	44.91

(e) The following are the amounts recognised in profit or loss:

Particulars	31 March 2020
Depreciation expense of right-of-use assets	27.28
Interest expense on lease liabilities	4.61
Expense relating to short-term leases (included in other expenses)	3.30
	35.18

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(f) Impact of adoption of Ind AS 116 for the year ended March 31, 2020 is as follows:

Impact on Statement of Profit and Loss	**31 March 2020**
Decrease in rent expenses	28.25
(Increase) in Depreciation by	(22.89)
(Increase) in Finance cost by	(4.61)
Net Impact on Statement of Profit and Loss	0.75

(f) Lease Expenses recognized in Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	**31 March 2020**
Variable lease payments	-
Expenses relating to short-term leases	3.30
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-
	3.30

(g) Maturity analysis of lease liabilities– contractual undiscounted cash flows:

Particulars	**31 March 2020**
Less than one year	29.78
One to five years	17.87
More than five years	-
Total undiscounted lease liabilities	47.65
Discounted Lease liabilities	44.91
Current lease liability	27.49
Non-Current lease liability	17.42

The Weighted average incremental borrowing rate of 7.68% p.a. has been applied for measuring the lease liability at the date of initial application.
The Company had total cash outflows for leases of Rs. 31.54 Lacs. Previous year's figures not disclosed above as this is the first time adoption of Ind AS 116.
Income from sub leasing of Right to use assets is Rs. Nil Lacs

42. Fair values

The following table provides a comparison by class of the carrying amounts and fair value of the Company's financial instruments other than those with carrying amounts that are reasonable approximations of fair values.

	Carrying value		**Fair value**	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Financial assets				
Other non current financial assets	416.52	411.60	416.52	411.60
Trade receivables	2,277.06	2,473.62	2,277.06	2,473.62
Cash and bank equivalents	1.46	4.03	1.46	4.03
Other bank balances	2.72	43.96	2.72	43.96
Other current financial assets	72.83	103.13	72.83	103.13
Total	**2,770.59**	**3,036.34**	**2,770.59**	**3,036.34**
Financial liabilities				
Non current Burrowings	-	575.02	-	575.02
Other Non Current financial liabilities	196.56	115.44	196.56	115.44
Current Borrowings	1,915.42	2,318.04	1,915.42	2,318.04
Trade payables	2,984.46	3,486.96	2,984.46	3,486.96
Other current financial liabilities	540.34	824.72	540.34	824.72
Total	**5,636.78**	**7,320.18**	**5,636.78**	**7,320.18**

The management assessed that cash and cash equivalents, trade receivables, other financials assets, borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties.

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43. Financial risk management

Financial risk factors:

The Company's principal financial liabilities comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, other bank balances and cash and cash equivalents that derive directly from its operations.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized as below:

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk as follows:

i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities denominated in a currency that is not the entity's functional currency.

To manage the foreign exchange risk arising from recognized assets and liabilities, the Company uses forward covers to hedge the risk of fluctuation in some cases, as and when required. The following table demonstrates the sensitivity relating to possible change in foreign currencies with all other variables held constant. The impact on the Company's profit/(loss) before tax is due to changes in the fair value of monetary assets and liabilities.

Currency	Change in FC rate	31 March 2020	31 March 2019
		Effect on Profit before	Effect on Profit before
USD	1%	(0.75)	(2.26)
Euro	1%	(0.12)	-
AED	1%	0.02	-
CHF	1%	(0.01)	-
GBP	1%	(0.04)	-
Total		**(0.87)**	**(2.26)**

ii) Interest rate risk

Interest rate risk is the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Loan taken in	Floating rate financial liabilities	
	31 March 2020	31 March 2019
USD	-	272.29
INR	2,375.30	2,742.98
Total	**2,375.30**	**3,015.27**

The following table demonstrates the sensitivity relating to possible change in interest rates with all other variables held constant. The impact on the Company's profit/(loss) before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Increase / Decrease in Basis Points	31 March 2020 Effect on Profit before tax and pre-tax equity	31 March 2019 Effect on Profit before tax and pre-tax equity
USD Loan	+100	(0.70)	(6.67)
USD Loan	-100	0.70	6.67
Rupee Loan	+100	(23.37)	(33.72)
Rupee Loan	-100	23.37	33.72

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily from trade receivables, other receivables, loans and deposits with banks.

Trade receivable

Senior management is responsible for managing and analyzing the credit risk for each of its new clients before standard payment, delivery terms and conditions are offered. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilization of credit limits is regularly monitored. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company follows simplified approach for recognition of impairment loss allowance on trade receivables

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Financial instruments and cash deposits

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks with high credit ratings.

c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times to maintain optimum levels of liquidity to meet its cash and other obligations. The Company requires fund both for short term operational needs and as well as for long term investment programs such as investment in fixed assets. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimize these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The current borrowings are payable on monthly/quarterly instalments based on contractual terms with banks. The average credit period taken to settle trades payable is about 60 - 150 days. Other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value

Financial Liabilities

The following table summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	31 March 2020		31 March 2019	
	Less than 12 months	1 - 5 years	Less than 12 months	1 - 5 years
Non-current financial liabilities				
Borrowings	459.88	-	823.45	575.02
Other financial liabilities	-	196.56	-	115.44
	459.88	196.56	823.45	690.46
Current financials liabilities				
Current Borrowings	1,915.42	-	2,318.04	-
Trade Payables	2,984.46	-	3,486.96	-
Other financial liabilities*	27.49	-	1.27	-
	4,927.37	-	5,806.27	-
Total	5,387.25	196.56	6,629.72	690.46

* Current maturity is excluded from this grouping and shown under non-current borrowings.

44. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

The Company monitors capital using a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net Debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus all other equity reserves attributable to equity holders of the Company.

	31 March 2020	31 March 2019
Borrowings	2,375.30	3,716.51
Less: Cash and cash equivalents	1.46	4.03
Net Debt	2,373.84	3,712.48
Equity	7,539.37	6,978.64
Gearing Ratio (times)	0.31	0.53

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45. Corporate social responsibility

As set out in Section 135 of the Companies Act, 2013, the Company is required to contribute Rs.7.85 Lacs (31 March 2019 Rs.11.27 Lacs) towards corporate social responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. However, during the current year, the Company has contributed Rs.5.36 Lacs (31 March 2019 Rs 10.22 Lacs) towards corporate social responsibility activities as mentioned in Schedule VII (including amendments thereto) of the Companies Act, 2013.

46. The COVID pandemic is rapidly spreading throughout the world. The Company's plant and office were under lockdown since March 25, 2020. As a result of the lockdown, the volumes for the month of March 2020 have been impacted.

In assessing the liquidity position for the next one year and recoverability of Company's assets such as Property, plant and equipment, Intangible assets, trade receivables, inventory etc the Company has considered internal and external information upto the date of approval of these financial statements. The Company has performed sensitivity analysis on the assumptions used for cash flow projections basis the internal and external information / indicators of future economic conditions and expect to recover the carrying amount of the assets

As of the date of the financial statements, the Company has obtained necessary approvals and resumed the manufacturing operations in a phased manner taking into account directives from the Government and expects to resume sale of its products soon. Based on assessment performed by the management, the availability of labour force and supply chain for majority of the purchase requirements is evaluated to be less effected. Based on current estimates made by the management, the Company believes to have a short-term impact and no impact on a medium to long term basis on its profitability, liquidity position and ability to service debt.

Management believes that it has taken all the possible impact of known events arising from COVID 19 pandemic in the preparation of the financial statements. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration and believes that the impact is likely to be short term in nature. The management does not see any medium to long term risk in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

47. The Board of Directors of Grasim Industries Limited (the Holding Company) at its meeting held on 24 May 2019, has considered and approved the Scheme of Amalgamation of the Company, a wholly owned subsidiary of the Holding Company under the relevant provisions of the Companies Act, 2013 ("Scheme"). The scheme is subject to necessary statutory and regulatory approvals. Currently, the application for the scheme has been made with National Company Law Tribunal (NCLT) and till date order is not obtained

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E / E300003

HSGinwala

per Huzefa Ginwala
Partner
Membership number 111757
Date 25 MAY 2020
Pune

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

For and on behalf of the board of directors of
Grasim Premium Fabric Private Limited

Thomas Varghese	**Ashish Adukia**
Director	Director
DIN 02263496	DIN 0[illegible]
Mumbai	Mum[illegible]
Sachin Kumar	**Chintamani Malkar**
Chief Financial Officer	Company Secretary
PAN: ALTPK9835H	M No. A36282
Kolkata	Kolhapur

Date: 25 May 2020

Grasim Premium Fabric Pvt. Ltd. Kolhapur