

08.09.2021

To

BSE Limited,  
PhirozeJeejeebhoy Towers,  
Dalal Street, Mumbai – 400001.

**BSE Scrip Code: 539216**

Dear Sir,

**Sub: Submission of Annual report for the financial year 2020-21**

Pursuant to Regulation 34(1) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed herewith the Annual report of the company along with for the financial year 2020-21 along with Notice of Annual general meeting of the shareholders of the company to be held on 30<sup>th</sup> September, 2021 at 11:30 a.m. through video conferencing

Kindly take note of the same in your records

Thanking You,

Yours Faithfully,

For GARMENT MANTRA LIFESTYLE LIMITED

A handwritten signature in blue ink, appearing to read "K. Lakshmi Priya".

K. Lakshmi Priya  
Company Secretary  
Membership No: A36135



# GARMENT MANTRA



## ANNUAL REPORT 2020 - 21



PASSIONATE ABOUT FASHION.

PROGRESSING WITH DETERMINATION



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## CORPORATE INFORMATION

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**BOARD OF DIRECTORS**

Mr. Prem Aggarwal, Managing Director  
Mrs. Shikha Aggarwal Prem, Whole time Director  
Mrs. Ashmita Agarwal, Director  
Mr. Senthil Rajagopal, Independent Director  
Mr. Thirumurugan, Independent Director  
Mr. Anil Kumar Goyal, Independent Director

**COMPANY SECRETARY**

Mrs. Lakshmi Priya. K

**CHIEF FINANCIAL OFFICER**

Mr. Adithya Aggarwal

**REGISTERED OFFICE**

No.15, Murthy's Plaza, Karia Gounder Street,  
Khaderpet, Tirupur – 641601, TamilNadu, India

**FACTORY LOCATION**

Shed No.40, Nethaji Apparel Park, Eettiveerampalayam,  
New Tirupur – 641 666, Tamil Nadu, India

**PRINCIPAL BANKERS**

Axis Bank, Tirupur

**STATUTORY AUDITORS**

M/s. N B T and Co,  
Chartered Accountants,  
Unit No.411, Gundecha Industrial Complex,  
Akurli Road, Next to Big Bazar, Kandivali East,  
Mumbai – 400101

**INTERNAL AUDITOR**

Ms. Nisha, Tirupur

**SECRETARIAL AUDITOR**

M/s. GV and Associates, Company Secretary in Practice, Coimbatore

**NOTICE IS HEREBY GIVEN THAT THE 10<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF M/S. GARMENT MANTRA LIFESTYLE LIMITED(CIN: L18101TZ2011PLC017586) WILL BE HELD ON THURSDAY, 30<sup>TH</sup> OF SEPTEMBER, 2021 AT 11:30 A.M. THROUGH VIDEO CONFERENCING (“VC”) / OTHER AUDIO VISUAL MEANS (“OAVM”) TO TRANSACT THE FOLLOWING BUSINESS:**

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Financial Statements (Standalone and Consolidated) as at 31<sup>st</sup> March 2021 together with the Directors’ Report and Auditors’ Report thereon.
2. To appoint a Director in the place of Mrs. Shikha Aggarwal Prem, (DIN: 03373965), who retires by rotation and, being eligible offers herself for reappointment.

**SPECIAL BUSINESS**

3. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) (including any statutory modification or re-enactment thereof) read with rules framed thereunder, the remuneration payable to Mr. C. Sanjeevi., Cost & Management Accountants having (Membership No. 26512) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2021-22 amounting to not exceeding Rs. 75,000/- plus applicable tax, travelling and other out-of-pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed.”

**RESOLVED FURTHER THAT** Mr. Prem Aggarwal , Managing Director of the company be and is hereby authorised to do all such acts, deeds and things and to sign, seal, and deliver all such documents as may be necessary to give effect to the above resolution.

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

**RESOLVED THAT** pursuant to the provisions of section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, as amended till date and provisions of Regulation 23 of the SEBI (Listing

Obligations and Disclosure Requirement), 2015 (including statutory modification(s) or re-enactment thereof for the time being in force) approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to enter into contracts/ arrangements/ agreements/ transactions (including any modifications, alterations or amendments thereto) in ordinary course of business and on arm’s length basis with related parties within the meaning of the Act and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of 55 Crores per year, for each of the financial year 2021-22.

**RESOLVED FURTHER THAT** Mr. Prem Aggarwal, Managing Director or any other Director of the company be and are hereby severally authorized to execute the agreement for rendering the services to the said Related Party and to do all such acts, deeds, matters and things as may be necessary for giving effect to this resolution.

**By order of the Board**

**Place: Tirupur  
Date: 22.06.2021**

-Sd-  
**PREM AGGARWAL  
MANAGING DIRECTOR  
(DIN: 02050297)**

**NOTES:**

1. In view of the current extraordinary circumstances caused by the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" read with General Circular No. 14/ 2020 dated April 8, 2020, the General Circular No. 17/ 2020 dated April 13, 2020, No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 and General Circular No.02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") permitted the Companies to hold their Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the current AGM of the Company is being held through VC / OAVM. The deemed venue for 10<sup>th</sup> AGM shall be registered office of the company.
2. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 setting out the details relating to Special business at the meeting, is provided thereto
4. The Company has not closed the Register of Members and share transfer books.
5. The Notice is sent to all the members, whose name appeared in the Register of Members as on 03.09.2021
6. The Members can join the AGM in the VC/OAVM mode fifteen minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available on first come first served basis.
7. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

Members desirous of seeking information in respect of accounts of the company are requested to send their queries to [companysecretary@junctionfabrics.in](mailto:companysecretary@junctionfabrics.in) on or before 23<sup>rd</sup> September, 2021

8. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM through e-voting.
9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participant in case the shares are held by them in electronic form.

In view of the COVID-19 pandemic and resultant difficulties involved in dispatch of physical copies of the Annual Report, the MCA, vide its Circular dated May 5, 2020 has dispensed with the requirement of dispatch of physical copies of the Annual Report. Accordingly, the Notice of the AGM along with the Annual Report 2020-21 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.junctionfabrics.com](http://www.junctionfabrics.com), websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM notice is also disseminated on the website of CDSL i.e., [www.evotingindia.com](http://www.evotingindia.com). For any communication, the shareholders may also send requests to the Company's dedicated investor email-id: [companysecretary@junctionfabrics.in](mailto:companysecretary@junctionfabrics.in)

**VOTING THROUGH ELECTRONIC MEANS AND INSTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING VOTING THROUGH VC/OAVM ARE AS UNDER:**

1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e- Voting Services. The facility of casting the votes by the members using an electronic

voting system from a place other than venue of the AGM ("remote e-voting") will be provided by CDSL (Central Depositories Securities Limited).

2. The Company has appointed Mr. G Vasudevan, Partner of M/s. GV and Associates, Practicing Company Secretary as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting at the meeting and remote e-voting process, in a fair and transparent manner.
3. The facility for e-voting, shall also be made available during the AGM and Members attending the AGM through VC/OAVM, who have not already cast their vote by remote e-voting, may exercise their right to vote during the AGM through the CDSL portal.
4. The members who have cast their vote by remote e-voting prior to the AGM can also participate through VC / OAVM, but shall not be entitled to cast their vote through e-voting again.
5. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
6. The remote e-voting period commences on 27<sup>th</sup> September, 2021 at 9:00 A.M. and ends on 29<sup>th</sup> September, 2021 at 5:00 pm. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23<sup>rd</sup> September, 2021, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently or cast the vote again.
7. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020, under Regulation

44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

8. In terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:



| Type of shareholders  | Login Method  |
|---|---|
| Individual Shareholders holding securities in Demat mode with <b>CDSL</b>                             | <p>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>1) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e- Voting service providers' website directly</p> <p>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>   |
| Individual Shareholders holding securities in demat mode with <b>NSDL</b>                             | <p>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p> |
| Individual Shareholders (holding securities in demat mode login through their Depository Participants | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e- Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>  |

**Important note: Members who are unable to retrieve User ID/ Password are advised to use ForgetUser ID and Forget Password option available at above mentioned website.**

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

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

**Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders**

The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- Click on “Shareholders” module.
- Now enter your User ID

| Manner of holding shares                                   | Your User ID is:   |
|--|--|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID. For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID. For example, if your Beneficiary ID is 12***** then your user ID is 12*****.  |
| c) For Members holding shares in Physical Form.            | Folio Number registered with the company. For example, if folio number is 001*** then user ID is 001***  |

- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first-time user follow the steps given below:

|  |   |
|--|---|
|  | For Shareholders holding shares in Demat Form other than individual and Physical Form   |
| PAN  | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.                 |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

- After entering these details appropriately, click on “SUBMIT” tab.
- Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVEN for the relevant <Company Name> on which you choose to vote.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option

**"YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.**

(xi) **Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.**

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

(xiii) **Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.**

(xiv) **You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.**

(xv) **If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.**

(xvi) **Facility for Non - Individual Shareholders and Custodians -Remote Voting**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- **After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.**

The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- **A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any,**

**should be uploaded in PDF format in the system for the scrutinizer to verify the same.**

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL

9. Instructions for members for attending the AGM through VC/ OAVM are as under:

Shareholders who had sent a mail to AGM [participant@bigshareonline.com](mailto:participant@bigshareonline.com) shall be provided with link to join the meeting before 24 hours.

- Shareholder should send a mail mentioning the company name and AGM date in subject line. On receipt of request from shareholder, company's RTA shall share a link with shareholder for joining the meeting before 72 hours before of the date of AGM.

Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evoting.cdsl.com> under shareholders/members login by using the remote e-voting credentials.

- The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of CDSL.

11. The instructions for members for e-voting on the day of the AGM are as under:

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance between 20<sup>th</sup> September, 2021 and 25<sup>th</sup> September, 2021 mentioning their name, demat account number/folio number,

email id, mobile number at [agmparticipant@bigshareonline.com](mailto:agmparticipant@bigshareonline.com) and [companysecretary@junctionfabrics.in](mailto:companysecretary@junctionfabrics.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

1. Only those Members/ shareholders, who will be present in the AGM through VC/ OAVM facility and have not casted their vote on the Resolutions through remote e- Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
2. Members who have casted their vote through Remote e-Voting will be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again.
3. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

**Declaration of E-Voting Results:**

1. The Results on above resolutions shall be declared not later than two working days from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.

The Results of voting declared along with Scrutinizer's Report(s) will be displayed on the website of the Company (<https://junctionfabrics.in/>) and on Service Provider's website (<https://evoting.cdsl.com>) and the same shall also be simultaneously communicated to the BSE Limited

**Item No.3**

Pursuant to provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual/ firm of cost accountant(s) in practice on the recommendations of the Audit Committee, which shall also recommend remuneration for such Cost Auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders. On recommendation of Audit committee, the Board has through circular resolution dated 7th September, 2021 considered and approved the appointment of Mr. C. Sanjeevi, Cost Accountants having Membership no. 26512, to the conduct of the Cost Audit of the Company at a remuneration of not exceeding Rs. 75,000/- plus Goods & Service Tax (GST) as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year ending on March 31, 2022.

The Directors recommend this resolution for approval of shareholders by way of Ordinary Resolution. None of the Directors of your Company is concerned or interested in this resolution.

**Item No.4**

Pursuant to provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, any transaction with related party where the aggregate value of transactions amounts to 10% or more of the annual turnover of the Company as per the last audited financial statements shall be considered material and shall require the approval of shareholders by way of Ordinary resolution.

The shareholders may note that transactions between the Company and related parties exceed the threshold limit of 10% of the annual consolidated turnover during the year 2020-2021 and are in the Ordinary course of business and at arm's length basis. The value of transactions to be entered into between the company and related parties are likely to exceed the threshold limit of 10% of the annual consolidated turnover during the year 2020-2021 and is expected to be around Rs. 55.00 crores per year.

Hence approval of shareholders by way of Ordinary Resolution is being sought for the said related party transactions.

## Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Pursuant to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014, as amended till date, particulars of transactions with related party are as follows:

| Name of the Related Party                   | Nature of Related party Relationship | Nature of transactions | Value of transaction | % of Consolidated Turnover |
|---|--------------------------------------|------------------------|----------------------|----------------------------|
| Jannat Fabrics and Apparels Private Limited | Entity forming a part of same group  | Purchase               | 26.04 Cr             | 15.52%                     |
| Twenty Twenty Trading LLP                   | Entity forming a part of same group  | Purchase and Rent      | 3.18 Cr              | 1.90%                      |

Material terms of the transactions with related parties include the following:

- 1) All the transactions were on continuing basis and were undertaken on arm's length basis and in the ordinary course of business.
- 2) The transactions were based on Purchase / Service Orders issued from time to time.
- 3) In case of proprietary products, prices are negotiated and agreed mutually based on product specification and degree of customization/ technology involved.

Mr. Prem Aggarwal (Managing Director), Shikha Aggarwal Prem (Wholetime Director), Ashmita Agarwal (Director) and Aditya Aggarwal (CFO) are interested in this resolution.

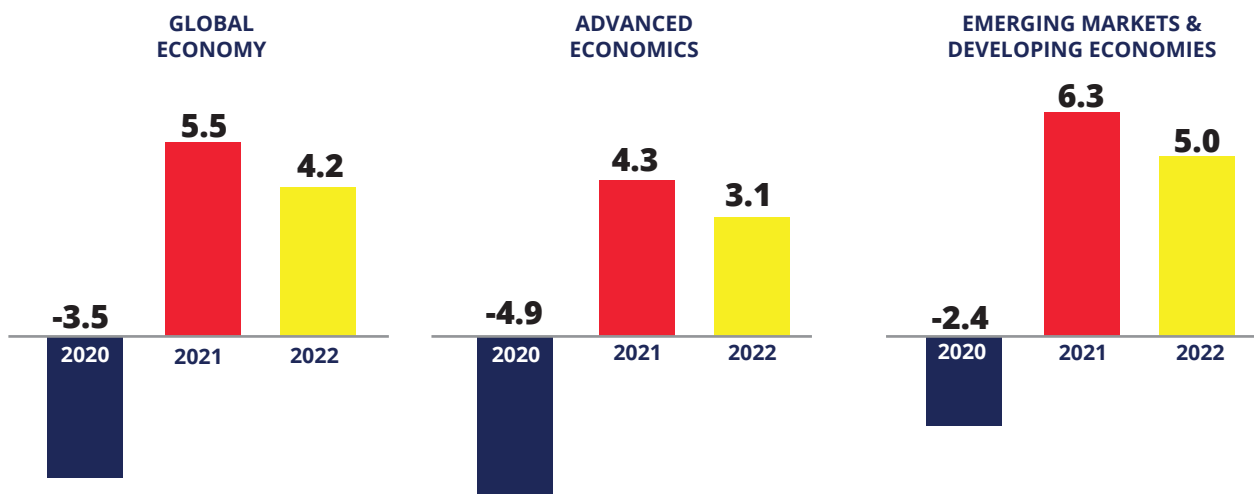
## Industry and business highlights

### 1. Global economy

According to the World Economic Outlook (WEO) report of the International Monetary Fund, world economy contracted by 3.2% in 2020. Countries across the globe faced challenges related to public health, lockdowns and closure of international borders for an extended period. Global supply chains were impacted as trade was disrupted. Governments and central banks across the world announced favourable fiscal policies and offered monetary stimulus to stop the economic meltdown and support the recovery.

With vaccination against the virus being the only ray of hope, countries competed against one another to produce vaccines on a large scale. Recovery is expected to be uneven across countries and industries due to variations in pandemic-induced disruptions, effectiveness of policy intervention, medical support access and other factors affecting economic growth.

#### Growth projections



(Source: DGCIS and Wazir Analysis)

#### 1.1 Outlook

The global economy's recovery is expected to strengthen gradually over 2021 on the back of social distancing and ramped-up inoculation. However, uncertainty still prevails due to concerns regarding renewed waves and new variants of the virus. Despite this, the IMF has projected that the global economy will grow 6% in 2021 and 4.9% in 2022. Inflation is expected to return to pre-pandemic levels in most economies by 2022. The monetary policies expected to be rolled out by central banks can help in releasing inflation pressures. Commodity prices are expected to increase, with oil prices rising close to 60% above their low base in 2020 and non-oil commodity prices rising ~30% above 2020 levels.

Vaccine roll-outs and additional fiscal support are expected to aid the rapid recovery in advanced economies. Global trade is expected to recover to 9.7% in 2021 and 7% in 2022. Well-directed national policies can help the economy. However, the world faces a lingering threat of renewed flare-ups of the virus.

### 2. Indian economy

India was witnessing a slowdown phase much before the COVID-19 pandemic hit. Private consumption was sluggish and investment sentiments were weak. Industrial output contracted and tax revenues declined, with growth slowing to

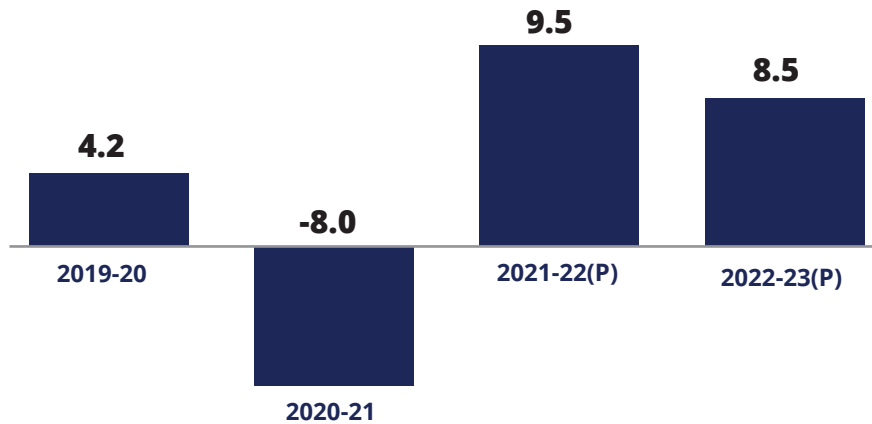
a six-year low at the end of 2020-21.

Economic activities came to a halt as the Government of India imposed a nationwide lockdown to contain the virus spread on March 24, 2020. The lockdown measures were eased from June onwards and economic activities resumed. However, it was not enough to recoup the losses of the first two months. Barring agriculture, all sectors recorded de-growth due to severe restrictions on mobility. The agriculture sector grew by 3.4% due to good rabi harvest and kharif sowing, and monsoon.

As activities started normalising in Q2, pent-up demand started to play out. Despite staging a sharp recovery, India still entered into a technical recession with two successive quarters of contraction. With festive demand beginning to gather steam, Q3 witnessed the return to positive territory.

The Government of India, along with the Reserve Bank of India (RBI), announced a series of measures to provide immediate relief to the vulnerable sections, stabilise the economy, boost liquidity and credit flow. The cumulative stimulus amounted to ₹29.7 lakh crore (equivalent to 15% of GDP), with a focus on boosting domestic manufacturing and strengthening supply chains.

### India GDP Growth



P - Projection | Source: IMF, WEO

## 2.1 Outlook

According to the IMF, the economy is expected to grow by 11.5% in 2021-22. The recovery will be aided by the vaccination drive. The industrial sector is expected to witness buoyancy with mining, manufacturing and construction registering double-digit growth rates. Increase in commodity prices and a revival of domestic demand, and improved goods and services tax (GST) collections indicate sharper-than-expected recovery. Proactive policy measures by regulators and the government are expected to ensure smooth functioning of businesses, domestic markets and financial institutions. However, risks to the forecast remain on the downside, due to renewed fears of localised lockdowns or restrictions on mobility following the second wave of the pandemic.

## 3. Overview of the Indian textile industry

Indian textiles is one of the oldest industries in the Indian economy. India is among the world’s largest producers of textiles and apparel. The decentralised power looms, and hosiery and knitting sector form the largest component in the textiles sector.

India is one of the largest producers of cotton and jute in the world. India is also the second-largest producer of silk in the world and 95% of the world’s hand-woven fabric comes from India. The Indian technical textiles segment is

estimated at \$16 billion, approximately 6% of the global market. The Indian domestic textile and apparel market is estimated at US\$ 75 billion in FY2021. The market is expected to recover and grow at 10% CAGR from FY2020 to reach US\$ 190 billion by FY2026 (Source: DGCI&S and Wazir Analysis).

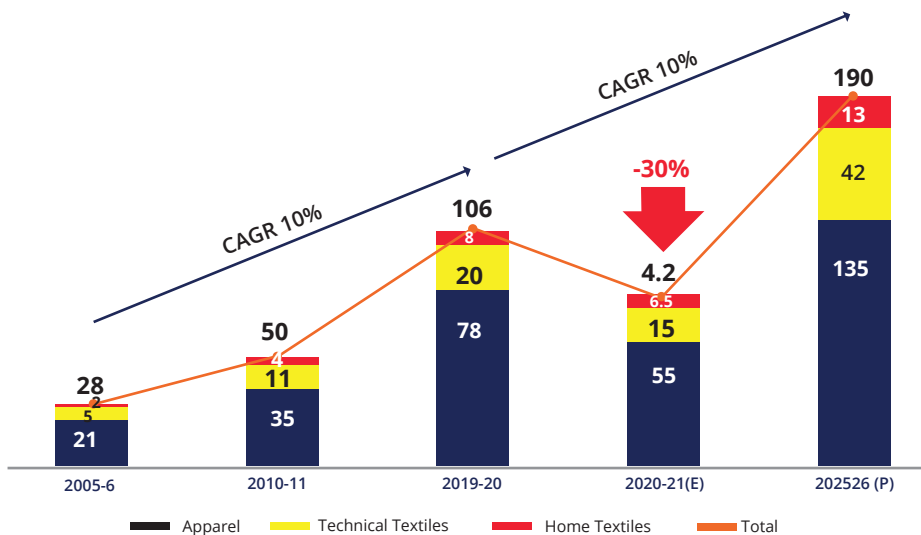
The textiles and apparel industry in India is the second-largest employer in the country providing direct employment to 45 million people and 100 million people in allied industries.

### Scale of India's textile industry



(Source: Invest India)

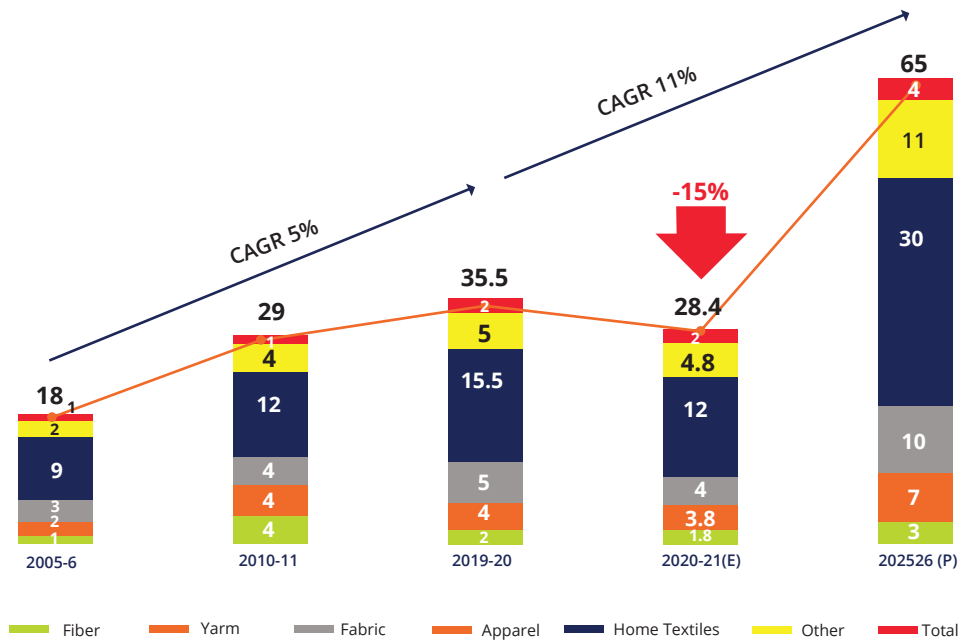
### Indian domestic textile and apparel market (US\$ billion)



(Source: DGCI&S and Wazir Analysis)



India's textile and apparel exports reached US\$ 33.5 billion in FY2020. Due to the impact of Covid-19, the exports are expected to fall around 15% to reach US\$ 28.4 billion in FY2021. India's textile and apparel exports are expected to grow to US\$ 65 billion by FY2026, at a CAGR of 11%.



(Source: DGCI&S and Wazir Analysis)

## Advantages offered by India to the textile industry

- **Robust demand:** Rise in income level is expected to drive demand in the textile industry. Growth in building and construction will continue to raise demand for non-clothing textiles.
- **Competitive advantage:** India has an abundant availability of raw materials such as cotton, wool, silk and jute. It also enjoys a comparative advantage in terms of skilled manpower and cost of production.
- **Policy support:** 100% FDI (automatic route) is allowed in the Indian textile sector. To boost exports, free trade with ASEAN is permitted. In 2020, the New Textile Policy is expected to be released by the Ministry of Textiles. The aim is to develop a competitive textile sector that is modern, sustainable and inclusive with special focus on manufacture of apparel and garment, technical textiles, man-made fibre products and exports while maintaining its pre-eminent position in the handicrafts and handlooms sectors.
- **Increasing investments:** Huge Investments are being made by the government under the Scheme for Integrated Textile Parks (SITP) (US\$ 184.98 million) and Technology Upgradation Fund Schemes (TUFs) (US\$ 961.11 million released during 2015-16 to 2019-20) to encourage more private equity and to train workforce.

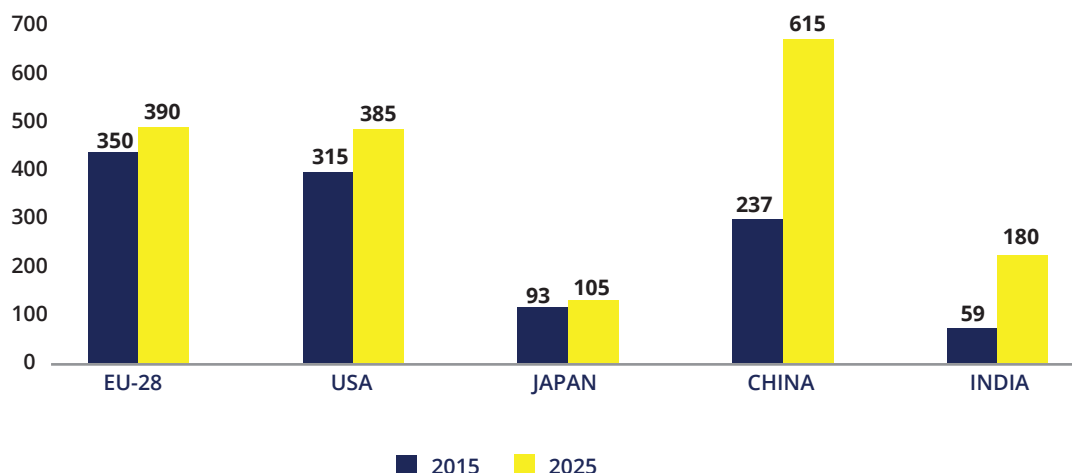
## Growth drivers

- Abundance of raw material
- Presence of entire value chains
- Competitive manufacturing costs
- Availability of skilled manpower
- Large and growing domestic market
- Rising per capita income, higher disposable incomes and preference for brands
- Organised retail landscape and e-commerce
- Increased focus on technical textiles due to growth of end-user industries such as automotive, healthcare, infrastructure, and oil and petroleum

### 3.1. Opportunities for India in the global textile market

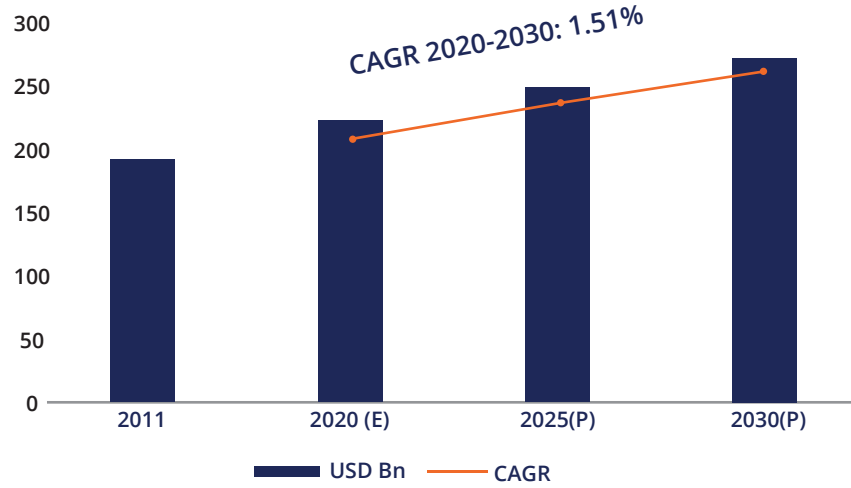
The global apparel market is expected to reach US\$ 2.6 trillion in 2025, growing by a projected rate of 4%. The European Union, the US and China are the world's largest apparel markets with a combined share of approximately 54%. China is expected to lead the textile and apparel market due to the growing domestic demand coupled with the increasing spending power of people.

#### Global Apparel Market Size (US\$ Bn.)



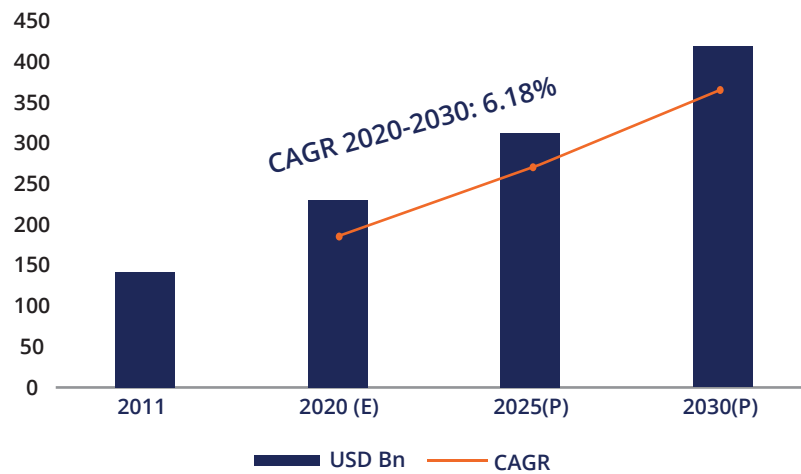
Source: FICCI Report on Shifts in the Textile Industry

### Global Cotton Apparel Trade (USD Bn)



Source: ITC Trademap, Ministry of Textiles, Technopak Analysis

### Global Synthetic Apparel Trade (USD Bn)



Source: ITC Trademap, Ministry of Textiles, Technopak Analysis

## How can India win a bigger share of the global textiles market

1. **Build agile supply chains:** India is focusing on building flexible processes based on shortened lead times and asset-light business models. Shortened lead times will require a manufacturing process redesign, inventory planning and platforming, geographical clustering of suppliers, and upskilling labour. To create asset-light business models, India will have to make outsourcing decisions based on in-house talent, logistics efficiency, and the ability to tap into innovative ecosystems of manufacturers and suppliers.
2. **Create the right product-geography mix:** Fashion changes based on demography. Indian textile and apparel players will have to analyse local consumption markets, overall import base, growth potential, and India and China's relative performance in export volumes and growth to create the right product mix for each geography.
3. **Reset costs:** To build a significant cost advantage over China, Indian players must restructure manpower and maintenance contracts, and explore shared fixed asset resources across organisations. Additional focus will have to be laid on increasing manufacturing yield and reducing waste.
4. **Embrace digitalisation and automation:** Players must adopt digitalisation across the entire textile value chain. Companies must leverage, AI, Internet of Things (IoT), smart B2B sales management tools virtual 3D sampling, and participation on digital B2B platforms for customer engagement and transactions.

### 3.2. Impact of COVID-19 on the Indian textile industry

India's textile and apparel industry was no exception to the challenges issued by the pandemic.

- **Shutdown of manufacturing:** The entire industry had to stop manufacturing for about 2-3 months during the lockdown. And even after the government permitted textile manufacturing, most units operated at sub-optimal utilisation levels for the next several months.
- **Suspended logistics:** Disrupted supply chain, logistics and trade affected the entire textile value chain.
- **Cancelled orders:** Uncertainty across the market caused domestic and international buys to cancel or suspend their orders, adding to the challenges of the industry.
- **Shutdown of physical retail stores:** Lockdown restrictions across India resulted in 4-5-month shutdown of all physical retail stores. Festive and wedding season sale was also deeply impacted.
- **Emergence of new trends:** While on one hand sale declines, India's textile and apparel industry witnessed the emergence of new trends. Work from home drove the demand for casual and lounge wear over formal wear.

### 3.3. Government initiatives to boost the industry

- In March 2021, the Ministry of Textiles favoured limited deal for the India-UK free trade agreement that could boost the garments sector. Under the proposed trade agreement, the Ministry expects enhanced market access for the Indian textiles and clothing sector to achieve its full potential.
- The Defence Research and Development Organisation (DRDO) is helping the Indian textile industry produce yarns and eliminate dependence on import of Chinese and other foreign clothing for military uniforms.
- The government launched a production-linked incentive scheme to provide incentives for the manufacture and export of specific textile products made of man-made fibre.
- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two sub-sectors of the textile industry – readymade garments and made-ups – from 2% to 4%.

(Source: India Brand Equity Foundation)

### 3.4. Future of India's textile industry

According to ICRA, the outlook for India's textile industry in FY2022 looks stable. Cotton spinning and apparel exports could increase by 15-20% in the upcoming financial year. Fabrics and domestic apparel segments could grow between 30% and 35% and 35% and 40%, respectively

Technology is expected to play a crucial role in reviving the Indian textile sector. The industry is expected to witness a wave of innovation with automation and artificial intelligence in textile machinery.

Remarkable advances backed by solid domestic consumption and healthy export demand is expected to boost the Indian textile industry. Moreover, the gradual economic growth and adaptation to the new normal amid the pandemic have given rise to higher disposable incomes, further leading to the surge in demand for products, thereby creating a larger domestic market.

## 4. Performance

### 4.1 Revenue

Revenue from operations increased by 11.81% from ₹1,499.94 million in FY2020 to ₹1,677.01 million in FY2021.

### 4.2. EBITDA

EBITDA increase by 59.48% from ₹95.46 million in FY2020 to ₹152.24 million in FY2021.

### 4.3. Net profit

Net profit stood at ₹78.51 million in FY2021, compared to ₹40.32 million in FY2020.

### 4.4. Earnings per share (EPS)

Consolidated EPS for FY2021 is ₹7.82 per share (of the face value of ₹10 each) as compared to ₹14.98 per share in FY2021.

In addition to having stellar financial performance, we have also expanded our retail presence. We now have seven retail stores of Price Mantra under the name of its LLP.

## 5. Internal control systems and their adequacy

To safeguard our assets and resources, we have relevant internal control systems that meet the requirements of our organisation and the businesses we conduct. It is ensured that all the resources are acquired in economically and they are protected from any kind of misuse. All the transactions conducted are ratified, logged and reported to the right personnel.

The internal control system is supported well by the Company's policies, procedures, guidelines and the reviews carried out by the internal audit department in the Company. In accordance with the annual audit plan, various departments of the Company are audited by internal auditors, and the reports are submitted to the Audit Committee of the Board and the management periodically.

## 6. Cautionary statement

Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and the securities market, new regulations and government policies that may impact the Company's businesses and the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.

## DIRECTORS REPORT

To

The Members,

Your Directors have pleasure in presenting the 10<sup>th</sup> Annual Report of your Company together with the Audited Financial Statement for the Financial Year ended 31<sup>st</sup> March, 2021.

### 1. **FINANCIAL RESULTS:**

(Amount in Rupees)

| Particulars  | Standalone              |                          | Consolidated            |                          |
|--|-------------------------|--------------------------|-------------------------|--------------------------|
|  | Current Year<br>2020-21 | Previous Year<br>2019-20 | Current Year<br>2020-21 | Previous Year<br>2019-20 |
| Income from Operations   | 1,062,968,040           | 935,551,254              | 1,677,014,476           | 1,499,935,754            |
| Gross Receipts (including other Income)  | 1,064,630,137           | 936,151,254              | 1,678,870,491           | 1,501,308,470            |
| Total Expenditure before Interest and Depreciation   | 96,94,30,068            | 88,23,93,013             | 152,66,27,039           | 140,58,48,893            |
| Less: Interest and Financial Charges   | 17,162,381              | 1,72,77,179              | 35,352,940              | 31,498,084               |
| Less: Depreciation and Amortization  | 2,833,723               | 2,464,906                | 7,036,314               | 6,898,659                |
| Profit/(Loss) before taxation for the year   | 75,203,965              | 34,016,155               | 109,854,199             | 1,444,245,636            |
| Less: Current tax Expenses   | 20,521,510              | 9,826,716                | 31,058,855              | 16,854,099               |
| Less: Deferred Tax Liability/Asset   | (229,627)               | (269,361)                | (531,716)               | (586,143)                |
| Excess/(Shortfall) Prov. For Tax in P.Y.   | 254,294                 | 208,279                  | 818,968                 | 476,705                  |
| Profit/(Loss) after taxation for the year  | 5,46,57,788             | 24,250,521               | 78,508,092              | 40,318,173               |
| <u>Other Comprehensive Income</u><br>Items that will not be reclassified to Profit or Loss | 11,179,860              | ( 1,001,033)             | (1,135,490)             | (1,001,033)              |
| Total Comprising Profit/loss and other Comprehensive Income for the period                 | 65,837,648              | 23,249,488               | 77,372,602              | 39,317,140               |

### 2. **PERFORMANCE OF THE COMPANY**

During the year under review, the Company has earned sales income of Rs. 1,062,968,040/- (Previous year Rs. 935,551,254) and other income Rs. 1,662,097 /-(Previous year Rs 6,00,000 /-). After providing depreciation, finance charges and tax, the Company has earned Net profit of Rs. 5,46,57,788/- (Previous year company earned Net profit of Rs. 24,250,521 /-).

### 3. **DIVIDEND:**

In order to conserve the reserves for further expansion of business the directors do not recommend any dividend.

### 4. **TRANSFER TO RESERVES:**

The Company has not transferred any amount to reserves during the year under review.

### 5. **BUSINESS REVIEW:**

The company is making efforts to improve the business and your Directors are optimistic of better performance during the year.

The management broke down the organizational objectives into divisional goals which were further cascaded to the respective functions – providing complete clarity of what needs to be done to meet the aspirations of the

organization. This helped identify and plug gaps in the systems processes skill sets and products which have kept the company ready to take a plunge when evergreen shoots of revival show up.

The team worked throughout the year to improve its product offering with better features. It also streamlined its systems and processes to enhance productivity and optimize cost and time for manufacture.

#### 6. **SHARE CAPITAL:**

The paid up share capital of the company was increased from Rs. 2,69,22,700.00 to Rs. 10,03,84,050.00. During the year under review, the company has issued 33,46,135 Bonus Shares to the equity shareholders and warrant holders. In addition, the Share warrants issued by your company was converted into 40,00,000 equity shares of Rs.40 each (Including a premium of Rs.30) amounting to Rs. 16,00,00,000/- on 28.07.2020.

#### 7. **DIRECTORS:**

As per the provision of the Companies Act, 2013, Mrs. Shikha Aggarwal Prem (DIN: 03373965), Director retires by rotation at the ensuring Annual General Meeting and being eligible, seeks re- appointment. The Board recommends the appointment of Mrs. Shikha Aggarwal Prem (DIN: 03373965), Director as Whole Time Director of the Company.

#### 8. **AUDITORS:**

##### (A) **STATUTORY AUDITORS**

After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e- Voting service providers' website directly.

##### (B) **SECRETARIAL AUDITOR**

The Board of Directors have appointed M/s. GV and Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2021-22.

The Secretarial Audit Report and Secretarial compliance report (pursuant to Regulation 24A of SEBI (Listing Obligation and Disclosure

Requirement) Regulations, 2015) of Mr. G. Vasudevan, Proprietor of M/s GV and Associates, Practicing Company Secretaries for the financial year 2020-21, is annexed herewith as **Annexure A**.

#### (C) **COST AUDITOR**

The Board of Directors have appointed Mr. C. Sanjeevi (Membership No: 26512), Practicing Cost & Management Accountants as Cost Auditors to conduct audit of the cost records maintained by the Company pertaining to fabrics and garments for the financial year 2021-22.

The Company has prepared and maintained the cost records as specified by the Central Government under Section 148(1) of the Act.

#### 9. **DEPOSIT:**

Your directors have provided loan/advance to the company to the tune of Rs.78,50,000 /- within the meaning of the Rule 2(1)(viii) of the Companies Act, 2013 as on date. Your directors have provided a declaration that the amount being funded is not out of funds borrowed or by accepting loans or deposits from others.

Your company has not accepted any deposits as defined under Companies (Acceptance of Deposits) Rules, 2014.

#### 10. **ANNUAL RETURN:**

The annual return pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 forms a part of Boards Report and the same shall be available on the website of the company [www.junctionfabrics.in](http://www.junctionfabrics.in).

#### 11. **MATERIAL SUBSIDIARY COMPANY**

As of March 31, 2021, your Company has two subsidiaries viz., Jannat fabrics and Apparels Private Limited and Twenty Twenty Trading LLP. The statement under Section 129(3) of the Companies Act, 2013 in respect of the subsidiary in Form AOC-1 is attached as **Annexure B**

The Consolidated Accounts of the company are duly audited by the Statutory Auditors are presented as part of this Report.

The financial statements together with related information and other reports of the subsidiary are available on the website of the company at [www.junctionfabrics.in](http://www.junctionfabrics.in)

The Company's policy on material subsidiary is also available on the website at [www.junctionfabrics.in](http://www.junctionfabrics.in)

**12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

During the year, 8 (Eight) Board Meetings, 3 (Three) Audit Committee and 1 (One) Nomination and Remuneration Committee meetings and 1(One) Stakeholders Relationship Committee meeting were held within the period prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the details of which are given in the Corporate Governance Report

**13. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTOR:**

All independent directors have given declarations that they meet the criteria of Independence as laid down under the provisions of the Companies Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

**14. STATEMENT ON DECLARATION BY MANAGING DIRECTOR:**

The Managing Director of the company has given declaration that members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management as laid down under the provisions of the Companies Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The declaration is placed as **Annexure C** to director's report.

**15. CORPORATE GOVERNANCE REPORT AND CERTIFICATE:**

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**16. MANAGEMENT DISCUSSION AND ANALYSIS**

In terms of provisions of Regulation 34 of the SEBI (Listing obligations and Disclosures Requirements) Regulation, 2015, the Management's discussion and analysis is set out below:

**i. Textiles Industry Structure and Development**

India's textiles sector is one of the oldest industries in Indian economy dating back several

centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 15 per cent of total exports. The textile industry is also labor intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganized sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organized sector consisting of spinning, apparel and garments. The textile industry employs about 105 million people directly and indirectly. The enormous potential of the sector has attracted investments from traditional textile giants despite substantial gains, India's contribution to global technical textile production in value terms is less than 5 percent. Furthermore, India has been unable to move up in the value chain – its exports largely comprise of commoditized products in conventional segments. The potential of the sector is being harnessed through measures such as tax breaks, special financial packages and allowing 100 percent foreign direct investment (FDI). Other initiatives include the establishment of dedicated centers of excellence for research in technical textiles, reduction in custom duty rates from 5 percent to 2.5 percent on select high-performance specialty fibers, and a 15 percent subsidy on capital investment subject to a ceiling of ₹ 300 million for entrepreneurs over a period of five years.

**ii. Opportunities and Threats**

India's technical textile industry continues to benefit from the growth impetus created by a proactive policy framework, the sector was identified as a sunrise sector in the 'Make in India' policy – with an estimated value of USD 17 billion. The government set up 12 incubation centres to harness the potential of the sector by generating employment and fostering growth opportunities. At Alps we aim to optimize the opportunities offered by the increasing focus on the technical textile segment by following a three-pronged approach:

- Innovation: Changing the focus from manufacturing to development of science-led high- quality and high- margin products.
- Investments: Strategic outlays in technology that enhance our R&D edge.
- Integration: Integration of innovation and investments to resolve real-world problems across high-priority industries.



### iii. **Segment-Wise or Product-Wise Performance**

The Company's primary business comprises of manufacturing of knitted garments and trading of fabrics which contributes to 100% revenue

### iv. **Outlook**

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US\$ 85 billion, is expected to reach US\$ 160 billion by 2025. The Indian cotton textile industry is expected to showcase a stable growth in F.Y 2020-21, supported by stable input prices, healthy capacity utilization and steady domestic. Over the last three years, we have successfully plugged in the gaps in our business strategy. Our efforts have laid the foundation for our future as an innovation driven, quality-focused organization. In the future, we will focus on translating these efforts into high margins for the Company. Our efforts will also be aided by the momentum created by government-led awareness and subsequent demand creation for the sector. We are now better equipped to make a sustainable foray into segments such as defence, housing, infrastructure etc

### v. **Risks and Concerns:**

Our business and results of operations are dependent on our ability to effectively plan our manufacturing processes and on our ability to optimally utilize our manufacturing capacities for the various products we manufacture. Any disruption to our manufacturing process or the operation of our production facilities may result from various factors beyond our control, including, among others, the following:

- Utility supply disturbances, particularly power supply;
- Forced close down or suspension of our manufacturing facilities due to factors such as breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labour disputes such as strikes and work stoppages, natural disasters and

industrial accidents;

- Severe weather condition;
- Interruption of our information technology systems that facilitate the management of our manufacturing facilities; and
- Other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.

### vi. **Internal control systems and their adequacy**

The Company has adequate systems of internal control and procedures covering all financial and operating functions commensurate with the size and nature of operations, to ensure orderly and efficient conduct of business. All the major areas and processes are covered in the review plan, drawn in consultation with the senior management. Internal audit process verifies whether all systems and processes are commensurate with the business size and structure. Adequate internal control systems safeguard the assets of the company with timely identification and intervention to assuage risks. The internal audit report is discussed with the senior management and members of Audit Committee to keep a check on the existing systems and take corrective action to further enhance the control measures. The Company has proper and adequate systems of internal control, to safeguard assets against loss from unauthorized use or disposition. This also ensures that all transactions are authorized, recorded and reported correctly. Regular internal audits and checks are carried out to ensure the robustness of the system. The Management also reviews from time to time the internal control systems and procedures to ensure their proper application. The emphasis on internal controls prevails across functions and processes, covering the entire gamut of various activities. Effective and comprehensive reviews by the Audit Committee of the Board further enhance the level and quality of internal controls within the organization.

### 17. **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY:**

During the year under review, the Company has made investment in Twenty Twenty Trading LLP and Jannat Fabrics and Apparels Private Limited thereby making them material subsidiary of the Company

The Company has not made any Loans, Guarantees within the meaning of the provisions of Section 186 of the Companies Act, 2013.

**18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

|  |     |
|--|-----|
| <b>A) Conservation of energy:</b>  |     |
| (i) The steps taken or impact on conservation of energy:   | Nil |
| (ii) The steps taken by the company for utilising alternate sources of energy:   | Nil |
| (iii) The capital investment on energy conservation equipment:   | Nil |
| <b>B) Technology absorption:</b>   |     |
| (i) The efforts made towards technology absorption:  | Nil |
| (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:                | Nil |
| (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): | Nil |
| (iv) The expenditure incurred on Research and Development:   | Nil |

**C) Foreign exchange earnings and Outgo:**

Foreign exchange earnings : Nil

Foreign exchange outgo : Nil

**19. PERFORMANCE EVALUATION:**

SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 has mandated that the Board shall monitor and review the Board evaluation framework.

The Companies Act, 2013 also states that a formal annual evaluation needs to be made by the Board on its own performance and that of its committees and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation shall be done by the entire Board of Directors, excluding the Director being evaluated.

The evaluation of all the Directors and the Board as whole is conducted based on the criteria and framework adopted by the Board.

**20. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:**

The company has formulated vigil mechanism for employees including directors of the company to report genuine concerns. Till date the company has not received any complaints.

**21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The particulars of contract or arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 in Form No. AOC -2 is furnished as **Annexure F** to this report.

**22. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

The Company's policy on Director's appointment and remuneration and other matters provided in

section 178 of the Companies Act, 2013 has been in accordance with Nomination and remuneration policy of the company which is placed in the website of the Company ([www.junctionfabrics.in](http://www.junctionfabrics.in)) under "Investor relations".

The salient features of the NRC Policy as under:

- 1) Setting out the objectives of the Policy
- 2) Definitions for the purposes of the Policy
- 3) Policy for appointment and removal of Director, KMP and Senior Management
- 4) Policy relating to the Remuneration for the Managerial Personnel, KMP, Senior Management Personnel & other employees
- 5) Remuneration to Non-Executive / Independent Director

**23. RISK MANAGEMENT POLICY:**

The Management has devised Risk Management Policy considering the nature of industry and associated risks pertaining to the industry. The Management is overseeing the implementation of the Policy on regular basis.

**24. INTERNAL FINANCIAL CONTROL:**

The Company's internal control procedures which include internal financial controls, ensure compliance with various policies, practices and statutes and keeping in view the organization's pace of growth and increasing complexity of operations. The internal auditors' team carries out extensive audits throughout the year across all locations and across all functional areas and submits its reports to the Audit Committee of the Board of Directors on quarterly basis.

**25. CORPORATE SOCIAL RESPONSIBILITY:**

As per the provisions of the Companies Act, 2013, corporate social responsibility is applicable to the Company from the financial year 2021-22. The company has devised Corporate Social responsibility policy and has disseminated the same in its website i.e., [www.junctionfabrics.in](http://www.junctionfabrics.in)

**26. PREVENTION OF SEXUAL HARASSMENT AT THE WORK PLACE:**

As per the requirements specified in the “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013”, the Company has constituted an Internal Complaints Committee and is committed to provide a work environment that is free from sexual harassment.

**27. MATERIAL CHANGES:**

In the financial Year 2021, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers globally. The Company however made the best use of this lean market.

Apart from the unprecedented situation prevailing in the current scenario, there are no material changes and commitments occurring from the end of the financial year till the date of this report.

**28. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL:**

There were no significant and material orders passed by the regulators or courts or tribunal which would impact the going concern status and the Company's operations in future.

**29. COMPLIANCE WITH SECRETARIAL STANDARDS:**

The company has complied with applicable Secretarial standards as stipulated by Institute of Company Secretaries of India.

**30. CLARIFICATION ON STATUTORY AUDITOR'S REMARK IN THEIR REPORT:**

There were no remarks in the Auditor's report and hence no clarification is required

**31. CLARIFICATION ON SECRETARIAL AUDITOR'S REMARK IN THEIR REPORT:**

There were no adverse remarks/qualification in Secretarial auditor's report and hence no clarification is required.

**32. DIRECTORS' RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- I. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- II. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of profit of the company for that period;
- III. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- IV. the directors had prepared the annual accounts on a going concern basis; and
- V. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**33. PARTICULARS OF EMPLOYEES:**

There were no employees drawing remuneration in excess of limit specified under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The ratio of remuneration of each director to the median of employees remuneration as per Section 197(12) of Companies Act, 2013 read with Rule 5(1) of Companies Appointment and Remuneration of Managerial Personnel ) Rules, 2014 forms part of the Board report **Annexure G**

**34. ACKNOWLEDGEMENT:**

Your Directors wish to place on record their deep gratitude and appreciation towards the Company's suppliers, customers, investors, bankers, Government of India, State Government and other regulatory authorities for their continued support during the year. Your Directors also acknowledge the commitment and the dedication of the employees at all levels who have contributed to the growth of the Company.

**Place: Tirupur  
Date: 22.06.2021**

**For and on behalf of the Board**

**-Sd-  
Prem Aggarwal  
(DIN: 02050297)  
Managing Director**

**-Sd-  
Shikha Aggarwal Prem  
(DIN: 03373965)  
Wholetime Director**

## Annexure A

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT OF GARMENT MANTRA LIFESTYLE LIMITED

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

To

The Members,

Garment Mantra Lifestyle Limited  
(Formerly known as Junction Fabrics and Apparels Limited)  
No.15, Murthy's Plaza, Kariagounder Street, Khaderpet,  
Tirupur - 641601.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. GARMENT MANTRA LIFESTYLE LIMITED (CIN:L18101TZ2011PLC017586)** (Formerly known as Junction Fabrics and Apparels Limited), a listed entity, having its registered office at No.15, Murthy's Plaza Kariagounder Street, Khaderpet, Tirupur - 641601, (herein after called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. We have conducted online verification & examination of records, as facilitated by the Company, due to COVID -19 for the purpose of issuing this report.

Based on our verification of **M/s. Garment Mantra Lifestyle Limited (GMLL)** (Formerly known as Junction Fabrics and Apparels Limited), books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place (with respect to statutory provisions listed hereunder) to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ; **(Not Applicable to the Company during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulation, 2015
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the company during the Audit Period)**
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - f) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014  
**(Not Applicable to the company during the Audit Period)**
  - g) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018  
**(Not Applicable to the company during the Audit Period)**
  - h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

**(Not Applicable to the company during the Audit Period)**

- i) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable to the company during the Audit Period)**
- j) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the company during the Audit Period)**

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

- (i) Secretarial Standards 1, 2 & 4 issued by The Institute of Company Secretaries of India.

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

- (a) The Company has made investment in Jannat Fabrics and Apparels Private Limited and entered into partnership with Twenty Twenty LLP. There is delay in filing MGT-14 form, which the company has complied with additional fees.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

We further report that during the audit period 2020-21, the Company has hosted the applicable contents required under LODR Regulations in its website (<http://junctionfabrics.in/investor-relations/>) and reportedly, the same has been updated from time to time and the requisite information were made available to the public as required under the law.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

We further report that during the Audit period:

- 1) The Company has migrated from BSE SME platform to main board of BSE limited.
- 2) The Company has issued 13461350 Bonus Shares at Rs.10/- each on 03.04.2020.
- 3) There was conversion of Share warrants into 4000000 equity shares of Rs.40 each (including a premium of Rs.30) amounting to Rs. 16,00,00,000/- on 28.07.2020.
- 4) Consequent to the conversion of Share warrants 20,00,000 Bonus Shares were issued at Rs.10/- each on 28.07.2020.
- 5) The Company has made investment in Jannat Fabrics and Apparels Private Limited thus making it a subsidiary of the Company.

**For G.V and Associates Company Secretaries**

**Date: 22.06.2021**  
**Place: Coimbatore**

**SD/-**  
**G. Vasudevan**  
**Partner FCS No.: 6699**  
**C P No.: 6522**  
**ICSI UDIN: F006699C000495902**

## SECRETARIAL COMPLIANCE REPORT OF GARMENT MANTRA LIFESTYLE LIMITED

(Formerly known as JUNCTION FABRICS AND APPARELS LIMITED)

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

[Pursuant to Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulation, 2015]

### We have examined:

- (a) all the documents and records made available to us (through online mode due to COVID-19 restrictions enforced by the Governments) and explanation provided by Garment Mantra Lifestyle Limited ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document / filing, as may be relevant, which has been relied upon to make this certification, for the financial year ended 31.03.2021 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- d) Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulation, 2015.
- e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- f) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable to the company during the Audit Period)

- g) Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018 (Not Applicable to the company during the Audit Period)
- h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the company during the Audit Period)
- i) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable to the company during the Audit Period)
- j) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the company during the Audit Period)

and circulars / guidelines issued thereunder, and based on the above examination, we hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder as far as it was applicable.
- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued thereunder in so far as it appears from our examination of those records.
- (c) There were no actions taken against the listed entity/its promoters/directors/ material subsidiary either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts / Regulations and circulars / guidelines issued thereunder.
- (d) The Company was not required to take any actions as there were no observations made in the previous year report for the Financial Year ended 31.03.2021.

**For G.V and Associates  
Company Secretaries**

**Date: 22.06.2021  
Place: Coimbatore**

**SD/-  
G. Vasudevan  
Partner FCS No.: 6699  
C P No.: 6522**

**ICSI UDIN: F006699C000495902**

## Annexure B

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
 Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of the Associates   | JANNAT FABRICS AND APPARELS PRIVATE LIMITED |
|--|---|
| 1. Latest audited Balance Sheet Date                                       | 31.03.2021                                  |
| 2. Shares of Associate held by the company on the year end                 | 2268830                                     |
| Amount of investment in Associates / Joint Venture                         | 88484370                                    |
| Extend Holding   | 91.9%                                       |
| 3. Description of how there is significant influence                       | Holding of Equity Shares                    |
| 4. Reason why the associates /Joint Venture is not Consolidated            | NA  |
| 5. Networth attributable to shareholding as per last audited Balance sheet | 8,04,56,520                                 |
| 6. Profit /Loss for the Year   |   |
| i. Consideration in Consolidation  | 1,42,80,642                                 |
| ii. Not Consideration in Consolidation                                     | 30,96,451                                   |

## Annexure C

### DECLARATION BY MANAGING DIRECTOR

(PURSUANT TO SCHEDULE V OF SEBI (LODR) REGULATIONS, 2015)

To

The members

Garment Mantra Lifestyle Limited

Tirupur

I **Prem Aggarwal (DIN No: 02050297), Managing Director** of Garment Mantra Lifestyle Limited hereby declare that the members of the Board of Directors and Senior Management personnel have affirmed with code of conduct of Board of Directors and senior management.

Date: 22.06.2021

Place : Tirupur

-Sd-  
**Prem Aggarwal**  
**Managing Director**  
**DIN No: 02050297**



## Annexure D

### CORPORATE GOVERNANCE REPORT

In terms of Compliance to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") on Corporate Governance, your Company is complying with the Listing Regulations. The report for year ended on 31st March, 2021 is as follows:

#### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and management of the Company is an important part of corporate governance. The Company has always been committed to the principles of good corporate governance.

The Philosophy of the Company on Corporate Governance lies in its concern to protect interests of various stakeholders, fair dealings with all and active contribution to the Society at large, while enhancing the wealth of shareholders. The processes of Company are directed to achieve compliance with the Code of Corporate Governance. Company's own policies and expectations include ethical conduct, protection of health, safety and environment and commitment to employees.

The Company believes that Corporate Governance is critical to success of its business and its governance practices are reflected in its strategy, plan, culture, policies and relationship with stakeholders.

Garment Mantra Lifestyle Limited has complied with all applicable guidelines & regulations as stipulated by the Securities and Exchange Board of India pertaining to the Corporate Governance.

#### **BOARD OF DIRECTORS:**

The Board of Directors of Garment Mantra lifestyle Limited as on March 31, 2021, comprised of six (6) Directors with optimum combination of Executive and Non-Executive Directors ie : 3 Independent Non- Executive Directors, 1 Non Executive Non-Independent Directors, and 2 Executive Directors including a Managing Director and a Whole-time Women Director which is in conformity with the requirement of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Companies Act, 2013.

The Chairman of the Board is an Executive Director (Promoter). The Non-Executive Directors including Independent Directors on the Board are experienced, competent and each of them are professionals in their respective areas of specialization and have held eminent positions. The Board is headed by the Managing Director.

#### **COMPOSITION/ CATEGORY OF DIRECTORS/ ATTENDANCE AT MEETINGS/ DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS IN OTHER COMPANIES:**

| Sno | Name of Directors                    | Category                              | Number of Board Meetings Attended out of 8(Eight) meetings Held in 2020-21 | Whet her attended last AGM | No. of Equity shares held in the Company |
|-----|--------------------------------------|---------------------------------------|--|----------------------------|--|
| 1.  | Mr. Prem Aggarwal                    | Managing Director                     | 8 out of 8   | Yes                        | 3714330                                  |
| 2.  | Mrs. Shikha Aggarwal Prem            | Whole time Director                   | 8 out of 8   | Yes                        | 1218000                                  |
| 3.  | Mrs. Ashmita Agarwal                 | Non- Executive Director               | 7 out of 8   | Yes                        | 15                                       |
| 4.  | Mr. Subramanian Thirumurugan         | Non- Executive & Independent Director | 6 out of 8   | Yes                        | -  |
| 5.  | Mr. Anil Kumar Goyal                 | Non- Executive & Independent Director | 4 out of 8   | Yes                        | -  |
| 6.  | Mr. Ramasubramaniam Senthilrajagopal | Non- Executive & Independent Director | 5 out of 8   | Yes                        | -  |

**NUMBER OF OTHER BOARD OF DIRECTORS OR COMMITTEES IN WHICH A DIRECTOR IS A DIRECTOR / MEMBER / CHAIRPERSON:**

| Name of the Director                 | No. of Directorships | No. of Committee Memberships |  | No. of Committee Chairmanships |  |
|--------------------------------------|----------------------|------------------------------|--|--------------------------------|--|
|                                      |                      | All Committees               | Only Audit & Stakeholders Relationship Committee | All Committees                 | Only Audit & Stakeholders Relationship Committee |
| Mr. Prem Aggarwal                    | 4                    | 1                            | 1  | -                              | -  |
| Mrs. Shikha Aggarwal Prem            | 2                    | 1                            | 1  | -                              | -  |
| Mrs. Ashmita Agarwal                 | 1                    | -                            | -  | -                              | -  |
| Mr. Subramanian Thirumurugan         | 1                    | 2                            | 1  | 2                              | 1  |
| Mr. Anil Kumar Goyal                 | 6                    | 2                            | 1  | -                              | -  |
| Mr. Ramasubramaniam Senthilrajagopal | 2                    | 3                            | 2  | 1                              | 1  |

None of the Directors is a director in more than 20 Companies and more than 10 public limited Companies, in terms of Section 165 of the Companies Act, 2013. Also, none of the Directors is a member of neither more than 10 Committees, nor acts as Chairman of more than 5 Committees across all Companies in which they are Directors, as stipulated under Regulation 26 of the Listing Regulation. The Independent Directors fulfill the requirements stipulated in Regulation 25 (1) of the Listing Regulations

b. Disclosures pertaining to directors: The SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations, 2018 introduced requirement to disclose separately the names of the listed entities, where the persons is a director and the category is of directorship. The details of all directors are as below

**NAMES OF THE LISTED ENTITIES WHERE THE PERSON IS A DIRECTOR AND THE CATEGORY OF DIRECTORSHIP**

| Name of the Director                 | Name Company in which he/she is Director | Type of Directorship                 |
|--------------------------------------|--|--------------------------------------|
| Mr. Prem Aggarwal                    | Garment Mantra Lifestyle Limited         | Managing Director                    |
| Mrs. Shikha Aggarwal Prem            | Garment Mantra Lifestyle Limited         | Whole time Director                  |
| Mrs. Ashmita Agarwal                 | Garment Mantra Lifestyle Limited         | Non-Executive Director               |
| Mr. Subramanian Thirumurugan         | Garment Mantra Lifestyle Limited         | Non-Executive & Independent Director |
| Mr. Anil Kumar Goyal                 | Garment Mantra Lifestyle Limited         | Non-Executive & Independent Director |
| Mr. Ramasubramaniam Senthilrajagopal | Garment Mantra Lifestyle Limited         | Non-Executive & Independent Director |

**NO. OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2020-21 AND DATES ON WHICH HELD:**

The Board held eight (8) meetings during the financial year 2020-21 which are as follows:

| S.no: | Date of Board Meeting |
|-------|-----------------------|
| 1.    | April 03, 2020        |
| 2.    | April 25, 2020        |
| 3.    | June 25, 2020         |
| 4.    | July 28, 2020         |
| 5.    | November 02, 2020     |
| 6.    | November 12, 2020     |
| 7.    | February 12, 2021     |
| 8.    | March 10, 2021        |

**DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE**

Mr. Prem Aggarwal, Managing Director is the Husband of Mrs. Shikha Aggarwal Prem (Whole time Director) and Father of Mrs. Ashmita Agarwal (Director). No other Director is related to any other Director on the Board.

### **INDEPENDENT DIRECTORS:**

The Independent Directors, who are from diverse fields of expertise and have long standing experience and expert knowledge in their respective fields are very relevant as well as of considerable value for the Company's business. As a part of familiarization programme as required under Listing Regulations, the Directors have been appraised during the Board Meetings about the amendments to the various enactments viz., Companies Act, 2013 (the Act), Listing Regulations, Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information etc.

During the financial year 2020-21, one (1) meeting of the Independent Directors was held on March 06, 2021, interalia to review the following and the meeting was attended by all the Independent Directors:

- (i) Review performance of non-independent directors and the Board of Directors as a whole;
- (ii) Review performance of the Chairperson of the Company;
- (iii) Assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

### **FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS:**

The familiarization programmes and the terms & conditions of appointment of the Independent Directors as required under the Companies Act, 2013 & Listing Regulations are updated on the Company's website at [www.junctionfabrics.in](http://www.junctionfabrics.in)

### **SKILLS / EXPERTISE / COMPETENCIES OF DIRECTORS**

As per the Listing Regulations, the Board of Directors of the Company have identified the below mentioned skills/ expertise /competencies in the context of the business and the sector in which the Company is operating, for the Company to function effectively

The board skill matrix provides a guide as to the core skills, expertise, competencies and other criteria (collectively referred to as 'skill sets') considered appropriate by the board of the Company in the context of its business and sector(s) for it to function effectively and those actually available with the Board. The skill sets will keep on changing as the organisation evolves and hence the board may review the matrix from time to time to ensure that the composition of the skill sets remains aligned to the Company's strategic direction.

| S.no: | Name of the Director                  | Expertise in specific functional areas  |
|-------|---------------------------------------|---|
| 1.    | Mr. Prem Aggarwal                     | He has more than 25 years of experience in the textile sector. Over the years, Mr. Prem Aggarwal has acquired expertise in various areas of production. Under his dynamic leadership and vast experience, we are able to deliver constant value to our Company's projects and expansion strategy. He has overall experience of 25 Years in the various business activities ranging from manufacturing, fabrication, Knitting, Distribution Dyeing, and Printing, of garment products. |
| 2.    | Mrs. Shikha Aggarwal Prem             | She has more than 15 years of experience in the garment industry particularly in reading the requirements of the domestic market and carrying the business of readymade garments with various technical matters thereto. She is also one of the core promoters of our Company and she looks after the domestic sales of our products in local market and in other areas.  |
| 3.    | Mrs. Ashmita Agarwal                  | She has more than 5 years of experience in Product designing and packaging designing according to current market requirement. With such relevant experience in the field of textile industry, she assists in the designing process of fabrics manufacturing. In addition, she looks after the administration and human resource function of our company   |
| 4.    | Mr. Subramanian Thirumurugan          | He is the Non-Executive & Independent Director of our company. He holds a Degree of Bachelor of Engineer and has 18 years of experience in the IT field.  |
| 5.    | Mr. Anil Kumar Goyal                  | He is a Qualified Chartered Accountant with 35+ years of experience in legal and other related matters. He has expertise in FEMA related matters as well.   |
| 6.    | Mr. Ramasubramaniam Senthil rajagopal | He holds a Degree of Chartered Accountant from Institute of Chartered Accountant of India with having Fellow membership of the institute for more than 15 Years and has experience in field of Audit and Taxation.  |

### **CONFIRMATION ON THE INDEPENDENCE OF THE INDEPENDENT DIRECTORS**

The Board of Directors hereby confirms that in their opinion, the Independent Directors fulfill the conditions specified in the SEBI Listing Regulations, 2015 and are Independent of the Management.

### **AUDIT COMMITTEE**

#### **COMPOSITION, NAME OF CHAIRMAN AND MEMBERS & TERMS OF REFERENCE**

##### **Terms of Reference:**

The Audit Committee acts on the terms of reference given by the Board pursuant to Section 177 of the Act and Regulation 18 of the Listing Regulations. The Committee acts as a link between the Management, the Statutory Auditors, the Internal Auditors, the Cost Auditors, Secretarial Auditors and the Board of Directors. The scope of functioning of the Audit Committee is to review, from time to time, the internal control system & procedures and its adequacy. The Committee reviews accounting policies and financial reporting system & procedures of the Company. It ensures that the financial statements are correct, sufficient and credible and also such other functions as may prescribe from time to time by Regulatory Authorities. The Audit Committee is vested with the necessary powers to achieve its objectives.

The Audit Committee comprises of 2 (Two) Independent Non-Executive Directors and 1 (One) Whole-time Director. The terms of reference of the Committee cover the matters specified for Audit Committee under the SEBI Listing Regulations, 2015 and the Act

The Statutory Auditors, Internal Auditors, and other relevant Senior Management Persons are invited to attend the meetings of the Audit Committee. The Company Secretary of the Company acts as Secretary to the Committee.

Chairman of Audit Committee was present at the last Annual General Meeting held on 30<sup>th</sup> September, 2020.

The details of composition of the Audit Committee, meetings held during the year and attendance of members are as under:

| Sno | Name                                 | Category                            | Position in the Audit Committee | No. of Meetings attended out of Three(3) meetings held during the year 2020-21 |
|-----|--------------------------------------|-------------------------------------|---------------------------------|--|
| 1.  | Mr. Ramasubramaniam Senthilrajagopal | Non- Executive Independent Director | Chairman                        | 3  |
| 2.  | Mr. Anil Kumar Goyal                 | Non- Executive Independent Director | Member                          | 1  |
| 3.  | Mrs. Shikha Aggarwal Prem            | Whole time Director                 | Member                          | 3  |

\*During the financial year 2020-21, Three (3) meetings of the Audit Committee were held through Video Conferencing as per details given below

| Sno: | Date of Audit Committee Meeting |
|------|---------------------------------|
| 1.   | July 28, 2020                   |
| 2.   | November 12, 2020               |
| 3.   | February 12, 2021               |

\*The company got migrated to main board in October 2020 and the applicability of Regulation 18 was applicable since then. The audit committee meetings are being held on quarterly basis post migration to main board of BSE Limited.

### **NOMINATION AND REMUNERATION COMMITTEE**

#### **1. COMPOSITION, NAME OF CHAIRMAN AND MEMBERS & TERMS OF REFERENCE**

##### **Terms of Reference:**

The terms of reference and role of the Nomination and Remuneration Committee are as per the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations, which includes devising a policy on Board diversity, Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and

removal, determination of qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees and also formulating performance evaluation criteria. The Committee also ensures equity, fairness and consistency. The recommendations of the Nomination and Remuneration Committee are considered and approved by the Board, subject to the approval of Members, wherever necessary. The policy is framed by the Nomination and Remuneration Committee and approved by the Board, which includes performance evaluation criteria for Independent Directors and disclosed on the website of the Company at [www.junctionfabrics.in](http://www.junctionfabrics.in)

Composition, name of Members & Chairman, Meetings held during the year and attendance at meetings:

Nomination and Remuneration Committee presently consist of three Independent Non-Executive Directors. The Chairman is an Independent Non-Executive Director. The details of composition of the Nomination and Remuneration Committee, meetings held during the year and attendance of members are as under.

| Sno: | Name                                  | Category                            | Position in the Audit Committee | No. of Meetings attended out of One (1) meeting held during the year 2020-21 |
|------|---------------------------------------|-------------------------------------|---------------------------------|--|
| 1.   | Mr. Subramanian Thirumurugan          | Non- Executive Independent Director | Chairman                        | 1  |
| 2.   | Mr. Ramasubramaniam Senthilrajag opal | Non- Executive Independent Director | Member                          | 1  |
| 3.   | Mr. Anil Kumar Goyal                  | Non- Executive Independent Director | Member                          | 1  |

During the financial year 2020-21, One (1) meeting of the Nomination and Remuneration Committee was held through video conferencing as per details given below:

| Sno: | Date of Nomination and Remuneration Committee Meeting |
|------|---|
| 1.   | July 28, 2020   |

#### **STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

##### **COMPOSITION, NAME OF CHAIRMAN AND MEMBERS & TERMS OF REFERENCE**

The Stakeholders Relationship Committee, amongst the areas, mentioned in Regulation 20 of the Listing Regulations and Section 178 of the Act is ensuring expeditious redressal of shareholders' and investors' complaints like non-receipt of annual report, non-receipt of share certificates upon transfer of shares, dematerialization/re-materialization, transfer/ transmission, split/consolidation of shares etc.

The committee was constituted on Jan 12, 2021 under the SEBI Listing Regulations, 2015 and the Act. Mrs. Lakshmi Priya K, Company Secretary is the Compliance Officer of the Company.

**The details of Composition of the Committee and attendance of each member of the Stakeholders Relationship Committee are given below:**

| S. no: | Name                                 | Category                            | Position in the Audit Committee | No. of Meetings attended out of One (1) meeting held during the year 2020-21 |
|--------|--------------------------------------|-------------------------------------|---------------------------------|--|
| 1.     | Mr. Subramanian Thirumurugan         | Non-Executive Independent Director  | Chairman                        | 1  |
| 2.     | Mr. Ramasubramaniam Senthilrajagopal | Non- Executive Independent Director | Member                          | 1  |
| 3.     | Mr. Prem Aggarwal                    | Managing Director                   | Member                          | 1  |

**Meetings and attendance during the year**

During the financial year 2020-21, One (1) meeting of the Stakeholders' Relationship Committee was held as per details given below:

| Sno: | Date of Nomination and Remuneration Committee Meeting |
|------|---|
| 1.   | March 06, 2021  |

**The details of Shareholder's complaints received and resolved during the Financial Year 2020-21 are as under:**

| No. of Shareholders' complaints received | Satisfaction of shareholders Complaints | complaints pending at the end of the year |
|--|---|---|
| Nil                                      | Nil                                     | Nil                                       |

**2. Performance Evaluation Criteria for Independent Directors**

The performance evaluation criteria for Independent Directors are disclosed at point no. 18 of the Board's Report.

**DETAILS OF REMUNERATION PAID TO DIRECTORS**

**Executive Directors**

The details of all elements of remuneration package i.e. salary, benefits, bonus, pension, etc. paid to the Executive Directors for the financial year 2020-21 are given below:

Amount in Lakhs

| Name and Designation of Executive Directors      | Tenure                                  | Fixed Salary | Valuable performance Bonus | Commission | Total |
|--|---|--------------|----------------------------|------------|-------|
| Mr. Prem Aggarwal<br>Managing Director           | 5 Years with effect from March 23, 2020 | 45.00        | -                          | -          | 45.00 |
| Mrs. Shikha Aggarwal Prem,<br>Wholetime Director | 5 Years with effect from March 23, 2020 | 45.00        | -                          | -          | 45.00 |

- There is no provision for service contracts, notice period and severance fees for Executive Directors.**
- The Company does not have any Stock Options Scheme.**

### Non-Executive Directors

The Board has approved the payment of salary to Mrs. Ashmita Agarwal, Non-Executive Directors to the extent of Rs. 27.00 lakhs for the financial year 2020-21 which is within the limit approved by the members of the Company. There was neither sitting fees nor commission paid to non-executive independent directors of the company during the financial year 2020-21.

None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company and its associates.

### GENERAL BODY MEETINGS:

Location and time where last three (3) Annual General Meetings (AGMs) held:

| Financial Year | Location  | Date              | Time     |
|----------------|---|-------------------|----------|
| 2019-2020      | Through Video conference/Other audio visual means                           | September 30,2020 | 11.00 AM |
| 2018-2019      | Shed No:40, Nethaji Apparel Park, Eettiveerampalayam, New Tirupur – 641 666 | August 03, 2019   | 5.00 PM  |
| 2017-2018      | Hotel Swaad Mantra Restaurants at No.8, College Road, Tirupur – 641602      | July 28, 2018     | 11.30 AM |

### Special Resolutions passed in the previous three (3) Extra Ordinary General Meetings:

| Financial Year   | EGM Date                       | Special Resolutions passed  |
|------------------|--------------------------------|---|
| <b>2019-2020</b> | January 04, 2020               | 1. To Increase the Authorized share capital of the company<br>2. Issue of share warrants on preferential basis<br>3. To approve the proposal for changing the name of the Company |
|                  | March 12, 2020                 | 1. To Approve the issuance of bonus shares  |
|                  | March 18, 2020 (Postal Ballot) | 1. Migration of equity shares from SME platform of BSE Limited to Main board of BSE Limited   |
| <b>2018-2019</b> | -                              | -   |
| <b>2017-2018</b> | -                              | -   |

### PROCEDURE FOR POSTAL BALLOT:

The Company conducted the postal ballot in accordance with the provisions of Section 108, 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014 ("Rules"). The Company has sent the Postal Ballot Notice along with the explanatory statement in electronic as well as physical form on 17<sup>th</sup> February, 2020 to all those Members as on the cut of date to enable them to cast their vote electronically/through postal ballot form. The Company also published a Notice in the newspaper and other requirements as mandated under the provisions of the Act and Rules framed thereunder. The voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date i.e. 14<sup>th</sup> February, 2020

In compliance with the provisions of Sections 108 and 110 of the Act and Rule 20 and 22 of the Rules read with Regulation 44 of the SEBI Listing Regulations, the Company had offered the facility of e-voting to its members to enable them to cast their vote electronically. The voting under the postal ballot was kept open from 18<sup>th</sup> February, 2020 at 9:00 a.m (IST) until 18<sup>th</sup> March, 2020 at 5:00 p.m. (IST). Upon completion of scrutiny of the votes cast through e-voting in a fair and transparent manner, the scrutinizer i.e. Mr. G. Vasudevan, Practising Company Secretary submitted his report to the Company and the results of the postal ballot was announced by the Company on 20<sup>th</sup> March, 2020. The voting results were sent to the Stock Exchanges and also displayed on the Company's website [www.junctionfabrics.in](http://www.junctionfabrics.in) and on the website of Central Depository Services Limited [www.evotingindia.com](http://www.evotingindia.com)

## MEANS OF COMMUNICATION

|   |  |
|---|--|
| Quarterly Results   | The results will be published in the newspapers having wide coverage             |
| Newspapers wherein results are normally Published   | Will be published normally in – Business Standard (English), MalaiMurasu (Tamil) |
| Website, where the results, official news releases and presentation made to institutional investors or analysts are displayed | <a href="http://www.junctionfabrics.in">www.junctionfabrics.in</a>               |

## GENERAL SHAREHOLDER INFORMATION

|   |  |
|---|--|
| <b>Annual General Meeting Date, Time and Venue</b>  | 30 <sup>th</sup> September, 2021 at 11:30 a.m through Video Conferencing   |
| <b>Financial Year</b>   | 2020-2021  |
| <b>Dividend Payment Date</b>  | NA   |
| <b>Listing on Stock Exchanges</b>   | <b>Bombay Stock Exchange Limited (BSE)</b><br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai - 400 001.<br>The Company confirms that the annual listing fees to the stock exchange for the F.Y. 2021-22 have been paid.  |
| <b>Stock Code</b>   | The equity shares of the Company are listed on the BSE Limited (BSE)<br>ISIN: INE653S01010   |
| <b>Market price data - high, low during each month in last financial year</b>                                   | <b>Annexure CG 1</b>   |
| <b>Share Performance of the Company in comparison to BSE Sensex</b>   | <b>Annexure CG 1</b>   |
| <b>In case the securities are suspended from trading, the directors report shall explain the reason thereof</b> | NA   |
| <b>Registrar and Share Transfer Agents</b>  | BIGSHARE SERVICES PRIVATE LIMITED<br>E-2/3, ANSA INDUSTRIAL ESTATE, SAKIVIHAR ROAD SAKI NAKA, ANDHERI, MUMBAI – 400 072<br>Email id : info@bigshareonline.com<br>Website : www.bigshareonline.com<br>Telephone No: 022 62638200  |
| <b>Share Transfer System</b>  | SEBI has mandated that w.e.f. 1st April, 2019, shares shall be transferred only in demat form. The entire share capital of the company is being held in demat form and hence there are no requests for transfer of shares in physical form.  |
| <b>Distribution of Shareholding</b>   | <b>Annexure CG 2</b>   |
| <b>Shareholding Pattern as on 31<sup>st</sup> March, 2021</b>   | <b>Annexure CG 3</b>   |
| <b>Dematerialisation of Shares and Liquidity</b>  | The equity shares of the Company are available in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company's equity shares are traded compulsorily in the dematerialized form. As on date, 1,00,38,405 equity shares of the Company have been dematerialized, representing 100% of the total number of shares.<br>The company also confirms that the promoters' holdings are also in dematerialized form and the same is in line with the circulars issued by SEBI. |



|   |   |
|---|---|
| <b>Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity</b> | NA  |
| <b>Commodity price risk or foreign exchange risk and hedging Activities</b>                                       | NA  |
| <b>Plant Locations</b>  | Shed No:40, Nethaji Apparel Park, Eettiveerampalayam, New Tirupur - 641 666   |
| <b>Address for Correspondence /Investor Correspondence</b>  | Company Secretary & Compliance Officer<br>Garment Mantra Lifestyle Limited<br>No.15, Murthy's Plaza, Kariagounder street, Khaderpet, Tirupur- 641601, Tamil Nadu, India<br>Tele Phone: 0421 2231896<br>Email id : Companysecretary@junctionfabrics.in |

| <b>Credit Ratings</b> |               |                |                  |         |
|-----------------------|---------------|----------------|------------------|---------|
| Instrument            | Amount in Cr. | Rating Agency  | Rating & Outlook | Remarks |
| Bank Loan Facilities  | 16.32         | CRISIL Limited | BB               | NIL     |

#### **OTHER DISCLOSURES**

##### **a) Related party transactions:**

Transactions with related parties, as per requirements of Indian Accounting Standard (Ind AS) 24 are disclosed in the notes to accounts annexed to the financial statements. All the transactions with related parties were in the ordinary course of business and on arm's length basis. In terms of Regulation 23 of Listing Regulations the Company has started obtaining prior approval of the Audit Committee for entering into any transaction with related parties. The Audit Committee has granted omnibus approval for certain transactions to be entered into with the related parties during the year. Statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The details pertaining to related party transactions are provided at point no. 20 of the Directors Report.

##### **b) Compliance:**

There was no non-compliance by the Company, penalties, imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

##### **c) Whistle Blower Policy:**

The details pertaining to Vigil Mechanism or Whistle Blower Policy established by the Company are placed in the website of the company [www.junctionfabrics.in](http://www.junctionfabrics.in).

The Company has provided opportunities to encourage employees to become whistle blowers. It has also ensured a mechanism within the same framework to protect them from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

##### **d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:**

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations, 2015 with regards to Corporate Governance and has fulfilled the following discretionary requirements specified in Part E of Schedule II under Regulation 27(1) of SEBI(Listing Obligation and Disclosure Requirements), 2015:

- The statutory financial statements of the Company are unqualified
- The internal auditors of the company make presentations to the Audit committee on their reports

##### **e) Policy for determining 'material' subsidiaries' and dealing with related party transactions:**

The Company has formed the policy for determining 'material' subsidiaries' and for dealing with related party transactions. The same has been placed on the website of the Company [www.junctionfabrics.in](http://www.junctionfabrics.in)

**f) Details of funds utilized through Preferential allotment:**

The company has raised Rs.16 crores through preferential allotment from both Promoters and non-promoters. The total fund raised from preferential allotment has been fully utilized to meet the short term and long term working capital requirement of the company.

**g) Certificate on qualification of directors:**

None of the Directors have been debarred or disqualified from being appointed or continuing as director of the Company by the Board/Ministry of Corporate affairs or any statutory authority. The certificate from Mr. G. Vasudevan, Practising company secretary on the same is annexed as **Annexure CG 4** to this report.

**h) Fees paid by the company and its subsidiaries, on consolidated basis to the Statutory auditor:**

The company has paid a consolidated amount of Rs. 80,000 as total fees for all services rendered by the statutory auditor and all entities in the network firm/network entity to which the statutory auditor is part.

**i) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has in place a Policy on prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

- Number of complaints filed during the financial year: NIL
- Number of complaints disposed of during the financial year: NIL
- Number of complaints pending on end of the financial year: NIL

**j) Disclosure of the compliance with corporate governance requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations, 2015:**

During the Financial Year under review, SEBI issued new Listing Regulations viz., Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. As required under the said Regulations, the Company has complied with the requirements specified in Regulations 17 to 27 and Regulation 46(2) of the SEBI Listing Regulations, 2015

**k) Declaration by Managing Director stating compliance with Code of Conduct:**

The Company has formulated and implemented a General Code of Conduct (copy available on the Company's Website at [www.junctionfabrics.in](http://www.junctionfabrics.in) for all its Directors and Senior Management of the Company in compliance with Listing Regulation. All the Board Members and Senior Management of the Company have affirmed compliance with the said Code of Conduct for the financial year ended March 31, 2021.

A declaration by the Managing Director affirming compliance with the said Code of Conduct by Board Members and Senior Management is annexed as **Annexure C** and forms part of this Report.

**l) Certificate from Company Secretary regarding compliance with Corporate Governance:**

This Corporate Governance Report forms part of the Annual Report. A certificate from Mr. G. Vasudevan, Practising Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated in Listing Regulations is annexed to this report as Annexure E which also forms part of this Annual Report.

**J) Instances of not accepting any recommendation of the Committee by the Board:**

The SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations, 2018 introduced requirement to disclose, along with the reasons thereof, where the Board has not accepted any recommendation of any committee of the Board which is mandatorily required

We hereby confirm that the Board has accepted all the recommendations received from committees of the Board which is mandatorily required and there is no recommendation which has not been accepted by the Board to comment on required to disclose.

**k) Details of Unclaimed Suspense Account:**

The Company does not have any unclaimed shares and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable.

## Annexure CG 1

**MARKET PRICE DATA HIGH-LOW DURING EACH MONTH IN LAST FINANCIAL YEAR AND SHARE PERFORMANCE IN COMPARISON TO BSE SENSEX:**

| Month          | Share Price at BSE |       | BSE Sensex |           |
|----------------|--------------------|-------|------------|-----------|
|                | High               | Low   | High       | Low       |
| April 2020     | 40                 | 30    | 33,887.25  | 27,500.79 |
| May 2020       | 40                 | 35    | 32,845.48  | 29,968.45 |
| June 2020      | 37                 | 33    | 35,706.55  | 32,348.10 |
| July 2020      | 42                 | 35    | 38,617.03  | 34,927.20 |
| August 2020    | 40                 | 38    | 40,010.17  | 36,911.23 |
| September 2020 | 65.70              | 39    | 39,359.51  | 36,495.98 |
| October 2020   | 76                 | 56    | 41,048.05  | 38,410.20 |
| November 2020  | 74.95              | 60    | 44,825.37  | 39,334.92 |
| December 2020  | 66                 | 54    | 47,896.97  | 44,118.10 |
| January 2021   | 94                 | 59.60 | 50,184.01  | 46,160.46 |
| February 2021  | 95                 | 83    | 52,516.76  | 46,433.65 |
| March 2021     | 110                | 85.05 | 51,821.84  | 48,236.35 |

## Annexure CG2

**DISTRIBUTION OF SHAREHOLDING**

| No of Shareholding of Nominal | No of Share Holders | % of Total | Share Amount | % of shares Held |
|-------------------------------|---------------------|------------|--------------|------------------|
| 1-5000                        | 461                 | 75.0814    | 85450        | 0.0851           |
| 5001-10000                    | 4                   | 0.6515     | 31690        | 0.0316           |
| 10001-20000                   | 8                   | 1.3029     | 108260       | 0.1078           |
| 20001-30000                   | 10                  | 1.6287     | 278000       | 0.2769           |
| 30001-40000                   | 2                   | 0.3257     | 67900        | 0.0676           |
| 40001-50000                   | 3                   | 0.4886     | 132390       | 0.1319           |
| 50001-100000                  | 24                  | 3.9088     | 1540030      | 1.5341           |
| 100001-999999999              | 102                 | 16.6124    | 98140330     | 97.7649          |

## Annexure CG 3

**SHAREHOLDING PATTERN AS ON MARCH 31, 2021:**

| Sno: | Category of ShareHolders | Number of Shareholders | Number of shares held | Number of shares held in dematerialized Form | % of shareholding |
|------|--------------------------|------------------------|-----------------------|--|-------------------|
| 1.   | Promoters / Directors    | 3                      | 4932345               | 4932345                                      | 49.13             |
| 2.   | Promoters                | 2                      | 30                    | 30   | 0.00              |
| 3.   | Public                   | 597                    | 5016552               | 5016552                                      | 49.97             |
| 4.   | Corporate bodies         | 7                      | 71174                 | 71174  | 0.71              |

## Annexure CG 4

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To

The Members,  
Garment Mantra Lifestyle Limited  
(Formerly known as Junction Fabrics and Apparels Limited)  
No.15, Murthy's Plaza Kariagounder Street, Khaderpet, Tirupur- 641601

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Garment Mantra Lifestyle Limited having CIN:L18101TZ2011PLC017586 and having registered office at No.15, Murthy's Plaza Kariagounder Street, Khaderpet Tirupur - 641601 (hereinafter referred to as 'the Company'), produced to us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in))) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

| S. No | DIN      | Name of the Director             | Designation          | Original Date of Appointment as per MCA |
|-------|----------|----------------------------------|----------------------|---|
| 1     | 02050297 | Prem Aggarwal                    | Managing Director    | 15/11/2011                              |
| 2     | 03373965 | Shikha Aggarwal Prem             | Whole-time Director  | 15/11/2011                              |
| 3     | 03107366 | Subramanian Thirumurugan         | Independent Director | 30/09/2020                              |
| 4     | 06520260 | Ramasubramaniam Senthilrajagopal | Independent Director | 30/09/2020                              |
| 5     | 07332067 | Ashmita Agarwal                  | Director             | 21/11/2015                              |
| 6     | 00022844 | Anil Kumar Goyal                 | Independent Director | 03/04/2020                              |

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

**For G.V. and Associates  
Company Secretaries**

SD/-

**Date: 05.07.2021  
Place: Coimbatore  
ICSI UDIN: F006699C000578787**

**G.Vasudevan  
Partner  
FCS No.: 6699 C P No.: 6522**

## Annexure E

### **Certificate on Compliance of Conditions of Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

#### **To the members of Garment Mantra Lifestyle Limited**

We have examined the compliance of conditions of Corporate Governance by Garment Mantra Lifestyle Limited, for the year ended on 31st March, 2021, as specified in relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On the basis of representation received from the Registrar and Share Transfer Agents of the Company, we state that no investor grievance is pending for a period exceeding one month.

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

**For G.V. and Associates  
Company Secretaries**

SD/-

**Date: 05.07.2021  
Place: Coimbatore  
ICSI UDIN: F006699C000578787**

**G.Vasudevan  
Partner  
FCS No.: 6699 C P No.: 6522**

## Annexure F

### PARTICULARS OF CONTRACTS /ARRANGEMENTS MADE WITH RELATED PARTY

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

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

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

There were no contracts or arrangements or transactions entered during the year ended 31<sup>st</sup> March, 2021, which were not at arm's length basis

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

| S. No | Name(s) of the Related Party                | Nature of Relationship                | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements/ transactions including the value, if any |             | Other Services (including Rent) | Office or Place of profit | Date(s) of approval by the Board, if any | Amount paid as advances, if any: |
|-------|---|---------------------------------------|---|---|--|-------------|---------------------------------|---------------------------|--|----------------------------------|
|       |   |                                       |   |   | Sales  | Purchases   |                                 |                           |  |                                  |
| 1     | Jannat Fabrics and Apparels Private Limited | Common Key Managerial Personnel       | Rent, Purchase                                  | For the Year  | -  | 260,406,511 | 1,20,000                        | -                         | -  | -                                |
| 2     | Beatle Apparels Prop: Romi Lodha            | Relative of the Director is a Partner | Purchase of Fabrics                             | For the Year  | -  | 24,709,787  | -                               | -                         | -  | -                                |
| 3     | Twenty TwentyLLP                            | Designated Partner                    | Rent, Purchase and Sale                         | For the Year  | -  | 112,779,50  | 15,60,000                       | -                         | -  | -                                |
| 4     | Mr. Prem Aggarwal, Managing Director        | Managing Director                     | Rent & Rental advance                           | For the Year  | -  | -           | 12,00,000                       | -                         | -  | -                                |

For and on behalf of the Board

Date : 22.06.2021

Place : Tirupur

-Sd-  
Prem Aggarwal  
Managing Director  
DIN No: 02050297

-Sd-  
Shikha Aggarwal Prem  
Whole time Director  
DIN No: 03373965

## Annexure G

### Particulars of employees:

#### Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

The Nomination and Remuneration committee continuously reviews the compensation of our directors. Remuneration paid to Directors:

| Name of the Director | Director Identification No | Title               | Remuneration for the year 2020-21 (in Rs.) | Ratio of Remuneration to MRE (Excluding WTD) |
|----------------------|----------------------------|---------------------|--|--|
| Prem Aggarwal        | 02050297                   | Managing Director   | 45,00,000                                  | 9.07   |
| Shikha Aggarwal      | 03373965                   | Whole Time Director | 45,00,000                                  | 9.07   |
| Ashmita Agarwal      | 07332067                   | Director            | 27,00,000                                  | 5.44   |

- MRE – Median remuneration of employees
- Based on annualized salary of employees employed during the year
- No payment of sitting fees was paid to Independent Directors during the year
- During the fiscal year 2020-21, no employee has received remuneration in excess of the highest paid director

## Independent Auditor's Report

To the Members of M/s. Garment Mantra Lifestyle Limited  
(Formerly Known as Junction Fabrics and Apparels Limited)  
Report on the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying standalone Ind AS financial statements of Garment Mantra Lifestyle Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

In light of lock down, social distancing or work from home restrictions amid covid-19, thereby putting restrictions in physical movement and visits to the company offices, Company has provided all the data / information / records as required by us for the purpose of audit using e-data sharing modes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Standalone Ind AS financial statements and our auditors' report thereon. Our opinion on the Standalone 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 Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone 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.

### Responsibilities of management and those charged with governance for the Standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and



prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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 Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone 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 Standalone 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 Standalone Ind AS financial statements in place and the operating effectiveness of such controls.

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

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

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of

the Companies Act, 2013, we give in the Annexure "B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- c) The Balance Sheet, the Statement of Profit and Loss (including comprehensive income), Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company or there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For N B T & Co.  
Chartered Accountants  
Firm Registration No. : 140489W

-Sd-  
Arpit Tapadiya  
Partner  
Membership No. 182428

Place : Mumbai  
Date : 22-06-2021  
UDIN : 21182428AAAAAO7107

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS STANDALONE IND AS FINANCIAL STATEMENTS OF GARMENT MANTRA LIFESTYLE LIMITED (FORMERLY KNOWN AS JUNCTION FABRICS AND APPARELS LIMITED)

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

We have audited the internal financial controls over financial reporting of GARMENT MANTRA LIFESTYLE LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls

over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N B T & Co.  
Chartered Accountants  
Firm Registration No. : 140489W

-Sd-  
Arpit Tapadiya  
Partner  
Membership No. 182428

Place : Mumbai  
Date : 22-06-2021  
UDIN : 21182428AAAAO7107

## “Annexure B” to the Independent Auditors’ Report

(Referred to in our report of even date to the members of **GARMENT MANTRA LIFESTYLE LIMITED (FORMERLY KNOWN AS JUNCTION FABRICS AND APPARELS LIMITED)** as at and for the year ended 31<sup>st</sup> March, 2021).

- |   |  |
|---|--|
| <p>i) <b>In respect of its Fixed Assets:</b></p> <p>a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.</p> <p>b) The Fixed Assets are physically verified by the Management in accordance with a phased program designed to cover all the items over a period of three years, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification as compared with available records.</p> <p>c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.</p> <p>ii) The physical verification of inventory has been conducted at reasonable intervals by the management during the year. (As per discussion and explanation given by management Inventory related is precious metals and they hold and store very carefully and physical verified regularly and also match with book balance and also no effect on verification during the lockdown as on 31<sup>st</sup> March 2021) and no discrepancies were noticed on such physical verification.</p> <p>iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in register maintained under section 189 of the Act and hence sub-clause (a), (b) and (c) of clause iii of Para 3 of the Order are not applicable.</p> <p>iv) In respect of loans, investment, guarantees and security the Company has complied with provision of section 185 and 186 of the Act.</p> <p>v) The company has not accepted any deposit from public within the meaning of Section 73,74,75 and 76 and clause (v) of Para 3 of the order is not applicable.</p> <p>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 manufacturing activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made detailed examination of the same.</p> | <p>vii) (a) The company is regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Sales-Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable except Professional tax outstanding more than six month.</p> <p>(b) According to the records of the company, there are no dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute.</p> <p>viii) The company has not defaulted in repayment of any dues to a financial institution, bank, and government. The company has not borrowed any amount by way of debentures.</p> <p>ix) The company has not raised any money by way of Initial public offer or further Public offer (Including debt instruments) during the year and as observed by us, money earlier raised through IPO is applied for the purpose mentioned in prospectus. Moneys raised by way of Term Loan were applied for the purpose for which the loan was obtained.</p> <p>x) On the basis of our examination and according to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers/employees has been noticed or reported during the year.</p> <p>xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.</p> <p>xii) The company is not Nidhi Company and accordingly the information and explanations given to us, provisions of Nidhi Rules, 2014 are not applicable to the company.</p> <p>xiii) On the basis of our examination and according to the information and explanations given to us, we report that all the transaction with the related parties are</p> |
|---|--|

in compliance with Section 177 and Section 188 of the Act, and the details have been disclosed in the Financial statements in Note no. 36 as required by the applicable accounting standards.

- xiv) The company has made preferential allotment of the 40,00,000 shares by converting its exactly issued share warrants at Rs 40 each and as observed by us, requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. However, No private placement of shares or issue of fully or partly paid convertible debentures has been done during the year
- xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, provisions of clause (xvi) of Para 3 of the Order are not applicable.

For N B T & Co.  
Chartered Accountants  
Firm Registration No. : 140489W

-Sd-  
Arpit Tapadiya  
Partner  
Membership No. 182428

Place : Mumbai  
Date : 22-06-2021  
UDIN : 21182428AAAAO7107

## STANDALONE BALANCE SHEET AS AT 31ST MARCH 2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars                                | Notes. | As at 31-03-2021    | As at 31-03-2020    | As at 01-04-2019    |
|--|--------|---------------------|---------------------|---------------------|
| <b>ASSETS</b>                              |        |                     |                     |                     |
| <b>(1) Non-Current Assets</b>              |        |                     |                     |                     |
| a) Property, Plant and Equipment           | 2      | 3,26,59,880         | 3,32,04,878         | 2,15,72,852         |
| b) Investment Property                     |        | -                   | -                   | -                   |
| c) Intangible Assets under development     |        | -                   | -                   | -                   |
| d) Financial Assets                        |        |                     |                     |                     |
| (i) Investments                            | 3      | 10,88,54,047        | 35,10,000           | 35,10,000           |
| (ii) Loans & Advances                      | 4      | 45,45,000           | 48,85,000           | 49,15,000           |
| (ii) Deposits                              | 5      | 63,970              | 63,970              | 27,220              |
| e) Other non current assets                | 6      | -                   | -                   | 9,49,897            |
| <b>(2) Current Assets</b>                  |        |                     |                     |                     |
| a) Inventories                             | 7      | 21,28,59,200        | 25,73,94,300        | 17,56,61,120        |
| b) Financial Assets                        |        |                     |                     |                     |
| (i) Trade Receivables                      | 8      | 24,29,36,520        | 18,04,45,448        | 8,82,74,315         |
| (ii) Cash and cash Equivalents             | 9      | 55,50,223           | 38,53,612           | 9,60,251            |
| (iii) Advances                             | 10     | 11,77,058           | 30,73,461           | 45,94,206           |
| c) Other current assets                    | 11     | 31,25,450           | 89,19,051           | 68,81,094           |
| <b>TOTAL ASSETS</b>                        |        | <b>61,17,71,348</b> | <b>49,53,49,721</b> | <b>30,73,45,955</b> |
| <b>EQUITY AND LIABILITIES</b>              |        |                     |                     |                     |
| <b>I. Equity</b>                           |        |                     |                     |                     |
| a) Equity Share Capital                    | 12     | 10,03,84,050        | 2,69,22,700         | 2,69,22,700         |
| b) Other Equity                            |        | 21,79,67,814        | 6,55,91,516         | 4,23,42,028         |
| c) Money received against share warrants   |        | -                   | 8,42,12,500         | -                   |
| <b>II. Liabilities</b>                     |        |                     |                     |                     |
| <b>(1) Non-Current Liabilities</b>         |        |                     |                     |                     |
| i) Financial Liabilities                   |        |                     |                     |                     |
| a) Borrowings                              | 13     | 1,97,33,293         | 2,68,00,587         | 4,41,20,408         |
| b) Other Financial Liabilities             |        | -                   | -                   | -                   |
| ii) Deferred Tax Liabilities (Net)         | 14     | 44,659              | 2,74,286            | 5,43,647            |
| iii) Other Non Current Liability           | 15     | 41,59,911           | 26,91,510           | 13,76,508           |
| <b>(2) Current Liabilities</b>             |        |                     |                     |                     |
| a) Financial Liabilities                   |        |                     |                     |                     |
| (i) Borrowings                             | 16     | 16,76,94,398        | 15,44,09,257        | 13,04,57,564        |
| (ii) Trade Payables                        | 17     | 7,65,38,045         | 12,28,32,312        | 5,48,95,058         |
| b) Other current liabilities               | 18     | 33,63,366           | 8,18,127            | 13,17,012           |
| c) Provisions                              | 19     | 2,18,85,813         | 1,07,96,926         | 53,71,031           |
| <b>TOTAL EQUITY AND LIABILITIES</b>        |        | <b>61,17,71,348</b> | <b>49,53,49,721</b> | <b>30,73,45,955</b> |
| Summary of significant accounting policies | 1      |                     |                     |                     |

The accompanying notes are integral part of these financial statements

In terms of our report attached

**For N B T & Co**

**Chartered Accountants**

-Sd-

**Arpit Tapadiya**

Partner

Membership No-182428

Firm Regd. No. 140489W

Place: Tirupur

Date : 22-06-2021

**For and on behalf of the Board of Directors**

-Sd-

**Prem Aggarwal**

Managing Director

DIN: 02050297

Place: Tirupur

Date : 22-06-2021

-Sd-

**Shikha Aggarwal**

Director

DIN: 03373965

**K. Lakshmi Priya**

Company Secretary

PAN:BBRPP6162M

-Sd-

**Aditya Aggarwal**

CFO

PAN: BQJPA0155L

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars |  | Notes. | 31.03.2021            | 31.03.2020          |
|-------------|--|--------|-----------------------|---------------------|
| <b>I</b>    | <b>INCOME</b>  |        |                       |                     |
|             | Revenue from Operations  | 20     | 1,06,29,68,040        | 93,55,51,254        |
|             | Other Income   | 21     | 16,62,097             | 6,00,000            |
|             | <b>TOTAL INCOME</b>  |        | <b>1,06,46,30,137</b> | <b>93,61,51,254</b> |
| <b>II</b>   | <b>EXPENSES</b>  |        |                       |                     |
|             | Cost of material consumed  | 22     | 83,45,55,242          | 86,82,86,508        |
|             | Changes in inventories of Finished Goods and Stock-in-Trade  | 23     | 4,55,07,998           | (6,54,86,254)       |
|             | Employee Benefit expenses  | 24     | 1,12,41,339           | 1,07,04,117         |
|             | Finance Cost   | 25     | 1,71,62,381           | 1,72,77,179         |
|             | Depreciation and Amortisation expenses   | 2      | 28,33,723             | 24,64,906           |
|             | Rent Expenses  | 26     | 28,76,100             | 35,17,300           |
|             | Other Expenses   | 27     | 7,52,49,389           | 6,53,71,343         |
|             | <b>TOTAL EXPENSES</b>  |        | <b>98,94,26,172</b>   | <b>90,21,35,098</b> |
|             | <b>PROFIT (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>  |        | <b>7,52,03,965</b>    | <b>3,40,16,155</b>  |
| <b>III.</b> | <b>EXCEPTIONAL ITEMS</b>   | 28     | -                     | -                   |
|             | <b>PROFIT (LOSS) BEFORE TAX</b>  |        | <b>7,52,03,965</b>    | <b>3,40,16,155</b>  |
| <b>IV</b>   | <b>TAX EXPENSE</b>   | 29     |                       |                     |
|             | (1) Current Tax  |        | 2,05,21,510           | 98,26,716           |
|             | (2) Deferred Tax   |        | (2,29,627)            | (2,69,361)          |
|             | (3) Short Provision for Income Tax of Earlier Year   |        | 2,54,294              | 2,08,279            |
|             | <b>TOTAL TAX EXPENSE</b>   |        | <b>2,05,46,177</b>    | <b>97,65,634</b>    |
|             | <b>PROFIT (LOSS) FOR THE PERIOD</b>  |        | <b>5,46,57,788</b>    | <b>2,42,50,521</b>  |
| <b>V</b>    | <b>OTHER COMPREHENSIVE INCOME</b>  |        |                       |                     |
|             | (i) Items that will not be reclassified to Profit or Loss  | 30     | 1,11,79,860           | (10,01,033)         |
| <b>VI</b>   | <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (IV+V)<br/>(Comprising Profit/Loss and Other Comprehensive Income for the period)</b> |        | <b>6,58,37,648</b>    | <b>2,32,49,488</b>  |
| <b>VII</b>  | <b>EARNINGS PER EQUITY SHARE OF RS 10 EACH (BASIC AND DILUTED)</b>   |        | 6.76                  | 9.01                |
|             | Summary of significant accounting policies   | 1      |                       |                     |

**The accompanying notes are integral part of these financial statements**

In terms of our report attached  
**For N B T & Co**  
**Chartered Accountants**

**For and on behalf of the Board of Directors**

-Sd-

**Arpit Tapadiya**  
 Partner  
 Membership No-182428  
 Firm Regd. No. 140489W

-Sd-

**Prem Aggarwal**  
 Managing Director  
 DIN: 02050297

-Sd-

**Shikha Aggarwal**  
 Director  
 DIN: 03373965

-Sd-

**Aditya Aggarwal**  
 CFO  
 PAN: BQJPA0155L

-Sd-

**K. Lakshmi Priya**  
 Company Secretary  
 PAN:BBRPP6162M

Place: Tirupur  
 Date : 22-06-2021

Place: Tirupur  
 Date : 22-06-2021



## Standalone Statement of Changes in Equity for the year ended 31st March 2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars                                       | Equity Instruments through Other Comprehensive Income | Reserves and Surplus       |                     |                     |
|---|---|----------------------------|---------------------|---------------------|
|   |   | Securities Premium Reserve | Retained Earnings   | TOTAL               |
| <b>Balance as at 1st April, 2019</b>              | -   | 60,00,000                  | 3,63,42,028         | 4,23,42,028         |
| Other Comprehensive Income for the year 2018-19   | -   | -                          | -                   | -                   |
| Restated balance as at 1st April, 2019            | -   | 60,00,000                  | 3,63,42,028         | 4,23,42,028         |
| Profit for the year 2019-2020                     | -   | -                          | 2,42,50,521         | 2,42,50,521         |
| Other Comprehensive Income for the year 2019-2020 | (10,01,033)   | -                          | -                   | (10,01,033)         |
| <b>Balance as at 31st March, 2020</b>             | (10,01,033)   | 60,00,000                  | 6,05,92,549         | 6,55,91,516         |
| Profit for the year 2020-21                       | -   | -                          | 5,46,57,788         | 5,46,57,788         |
| Add - Premium Received on Issue of Shares         | -   | 12,00,00,000               | -                   | 12,00,00,000        |
| Less: Bonus Issue                                 | -   | -                          | (3,34,61,350)       | (3,34,61,350)       |
| Other Comprehensive Income for the year 2020-21   | 1,11,79,860   | -                          | -                   | 1,11,79,860         |
| <b>Balance as at 31st March, 2021</b>             | <b>1,01,78,827</b>                                    | <b>12,60,00,000</b>        | <b>14,87,11,687</b> | <b>21,79,67,814</b> |

**For N B T & Co**

**Chartered Accountants**

-Sd-

**Arpit Tapadiya**

Partner

Membership No-182428

Firm Regd. No. 140489W

Place: Tirupur

Date : 22-06-2021

-Sd-

**Prem Aggarwal**

Managing Director

DIN: 02050297

Place: Tirupur

Date : 22-06-2021

-Sd-

**Shikha Aggarwal**

Director

DIN: 03373965

Place: Tirupur

Date : 22-06-2021

-Sd-

**Aditya Aggarwal**

CFO

PAN: BQJPA0155L

-Sd-

**K. Lakshmi Priya**

Company Secretary

PAN:BBRPP6162M

## STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars   | Note No. | 31.03.2021    | 31.03.2020    |
|---|----------|---------------|---------------|
| <b>Cash flow from operating activities</b>                        |          |               |               |
| <b>Net Profit before Tax</b>                                      |          | 7,52,03,965   | 3,40,16,155   |
| Discontinued operations   |          | -             | -             |
| <b>Profit before income tax including discontinued operations</b> |          | 7,52,03,965   | 3,40,16,155   |
| <b>Adjustments for</b>  |          |               |               |
| Depreciation and amortisation expense                             |          | 28,33,723     | 24,64,906     |
| Preliminary Expense Written Off                                   |          | -             | 9,49,897      |
| Provision for Gratuity  |          | 7,02,532      | 4,41,159      |
| Finance Cost  |          | 1,71,62,381   | 1,72,77,179   |
| <b>Operating Profit before Working Capital Changes</b>            |          | 9,59,02,601   | 5,51,49,296   |
| (Increase)/Decrease in trade receivables                          |          | (6,24,91,072) | (9,21,71,133) |
| (Increase)/Decrease in inventories                                |          | 4,45,35,100   | (8,17,33,180) |
| (Increase)/decrease in other current assets                       |          | 57,93,601     | (20,37,957)   |
| Increase/ (Decrease) in short Term borrowings                     |          | 1,32,85,140   | 2,39,51,693   |
| Increase/ (Decrease) in trade payables                            |          | (4,62,94,267) | 6,79,37,254   |
| Increase/(decrease) in provision                                  |          | 1,07,19,266   | 52,98,705     |
| Decrease/(Increase) in Current Advances                           |          | 18,96,403     | 15,20,745     |
| Increase in other current liabilities                             |          | 25,45,239     | (4,98,885)    |
| <b>Cash generated from operations</b>                             |          | (3,00,10,588) | (7,77,32,759) |
| Income taxes paid   |          | 2,07,50,274   | 1,00,34,995   |
| <b>Net cash inflow from operating activities</b>                  |          | 4,51,41,739   | (3,26,18,457) |
| <b>Cash flows from investing activities</b>                       |          |               |               |
| (Increase)/Decrease in investments                                |          | (9,30,28,697) | -             |
| (Increase)/Decrease in Property, Plant & Equipment                |          | (23,14,255)   | (1,40,96,933) |
| Deposit Given/(Released)  |          | -             | (36,750)      |
| Long Term Loans Recovered/(Given)                                 |          | 3,40,000      | 30,000        |
| <b>Net cash used in investing activities</b>                      |          | (9,50,02,952) | (1,41,03,683) |
| <b>Cash flow from financing activities</b>                        |          |               |               |
| Issue of Warrants   |          | 7,57,87,500   | 8,42,12,500   |
| Proceeds From long Term Borrowing (Net)                           |          | (70,67,294)   | (1,73,19,821) |
| Interest paid   |          | (1,71,62,381) | (1,72,77,179) |

| Particulars  | Note No. | 31.03.2021       | 31.03.2020       |
|--|----------|------------------|------------------|
| Net cash from financing activities                     |          | 5,15,57,825      | 4,96,15,500      |
| Net increase (decrease) in cash and cash equivalents   |          | 16,96,612        | 28,93,360        |
| Cash and cash equivalents at the beginning of the year |          | 38,53,612        | 9,60,251         |
| Cash and cash equivalents at end of the year           |          | <b>55,50,223</b> | <b>38,53,612</b> |

Note -

1. During the Year 2020-21 Company has converted the Share Warrant of Rs 160,000,000 into shares at a price of Rs.40 each by allotting 40,00,000 shares

In terms of our report attached  
**For N B T & Co**  
**Chartered Accountants**

**For and on behalf of the Board of Directors**

-Sd-

**Arpit Tapadiya**  
 Partner  
 Membership No-182428  
 Firm Regd. No. 140489W

-Sd-

**Prem Aggarwal**  
 Managing Director  
 DIN: 02050297

-Sd-

**Shikha Aggarwal**  
 Director  
 DIN: 03373965

-Sd-

**Aditya Aggarwal**  
 CFO  
 PAN: BQJPA0155L

-Sd-

**K. Lakshmi Priya**  
 Company Secretary  
 PAN:BBRPP6162M

Place: Tirupur  
 Date : 22-06-2021

Place: Tirupur  
 Date : 22-06-2021

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

## Note - 1

### Notes to Standalone Financial Statements

#### Company Background

Garment Mantra Lifestyle Limited formerly known as Junction Fabrics and Apparels Limited (the 'Company') is a listed public limited Company incorporated under the Indian Companies Act 1956. The Company is engaged in the business of manufacturing, selling and distribution of fabrics, hosiery garments and providing of related services.

The registered office of the Company is located at No.15, Murthy's Plaza Kariagounder Street, Khaderpet Tirupur Erode, Tamilnadu – 641601, India.

The financial statements were approved and authorized for issue in accordance with the resolution of the Company's Board of Directors on 22<sup>nd</sup> June, 2021.

#### Significant Accounting Policies

##### 1. Basis of preparation of financial statements

###### (a) Basis of Accounting:

The financial statements have been prepared and presented under the historical cost convention except for following assets and liabilities which have been measured at fair value;

1. **Certain Financial Assets and Liabilities (including derivative instruments),**
2. **Defined Benefit Plans**

The Financial Statements are prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013, amended from time to time.

The Company's Financial Statements are presented in Indian Rupees, which is also its functional currency and all values are rounded to the nearest rupee except when otherwise indicated.

The Company has adopted IND AS for the first time for their annual reporting through their financial statements.

###### (b) Use of Estimates:

In the application of accounting policy, the management is required to make judgment,

estimates and assumptions about the carrying amount of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The few critical estimations and judgments made in applying accounting policies are:

- i. **Property, Plant and Equipment:**  
Useful life of Property, Plant and Equipment and Intangible Assets are as specified in Specified in Schedule II to the Companies Act, 2013.
- ii. **Income Taxes:**  
Significant judgment is required in determining the amount for income tax expenses. There are many transactions and positions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amount that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
- iii. **Inventories:**  
Inventory Obsolescence is based on assessment of the future uses. In all cases, inventory is carried at the lower of cost and net realizable value.
- iv. **Impairment of Non-financial Assets:**  
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

estimates the asset's recoverable amount. An assets recoverable amount is higher of assets or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other asset or group of assets. Where carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered as impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flow are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

v. Impairment of Financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(c) Current/Non Current Classification:**

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

A. An assets 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 12 months after a reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle

a liability for at least 12 months after a reporting period.

All other assets are classified as non-current.

B. 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 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

C. Deferred tax asset 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 realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

**2. Property, Plant and Equipment**

For transition to Ind AS, the Company has elected to continue with the carrying value of property, Plant and Equipment ('PPE') recognized as of 1st April 2019 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost of the PPE as on the transition date.

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost include purchase price after deducting trade discount / rebate, import duty, non-refundable taxes, cost of replacing the component parts, borrowing cost and other directly attributable cost of bringing the asset to its working condition in the manner intended by the management.

An item of PPE is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss when asset is de-recognized.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

or greater than the asset's carrying amount, no depreciation charge is recognized till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with Ind AS 105 and the date that the asset is derecognized.

Depreciation is charged so as to allocate the cost of assets less their residual values, if any, over their estimated useful lives, using the written down value method except intangible assets. Depreciation on intangible assets is provided on straight line basis. The following useful lives are considered for the depreciation of property, plant and equipment:

| Description of the Asset | Estimated Useful Life |
|--------------------------|-----------------------|
| Furniture & fixtures     | 10 Years              |
| Buildings                | 60 Years              |
| Office Equipment         | 5 Years               |
| Air Conditioner          | 10 Years              |
| Electricity Fittings     | 10 Years              |

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised accordingly to reflect the new expectations.

The residual values, useful lives and methods of depreciation of properties, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

On disposal of an investment property, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Intangible assets under development:

The amount disclosed as 'Intangible asset under development' represents assets purchased/acquired and not available for use, as at the date of Statement of Financial Position.

An item of Intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from de-recognition of an intangible asset measured as the difference between the net disposals proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

### Impairment of Tangible (PPE) and Intangible Assets:

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets where it is not possible to estimate the recoverable amount of an individual asset), is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in Statement of Profit and Loss.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

### 3. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before the revenue is recognized.

#### Sale of Goods:

Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sale is recognized when no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### Dividend Income:

Dividend is recognized when right to receive is established, which is generally when shareholders approve the dividend.

#### Interest Income:

Interest income on financial assets measured at amortized cost is recognized on time proportion basis, using effective interest method.

### 4. Lease Accounting

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease, if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the

leased items (i.e. PPE), are generally capitalized at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between finance charges and a reduction in lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the Statement of Profit and Loss.

Lease in which significant portion of the risks and rewards of ownership are not transferred to the Company as lessee is classified as operating leases. Payments made under operating leases are charged to Statement of Profit and Loss over the period of lease on straight line basis other than those cases where the escalation are linked to expected general inflation in which case they are charged on contractual terms.

### 5. Inventory

- (a) Raw materials, work in progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are valued at net realizable value.
- (b). In determining cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost methods used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
- (c) Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, inappropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### 6. 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. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

#### Financial assets:

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

Financial assets of the Company comprise trade receivables. Cash and cash equivalents, bank balances, investment in equity shares of Companies, investment other than in equity shares, loans / advances to employees / related parties / others, security deposit, claims recoverable etc.

#### Initial recognition and measurement

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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss. When transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in Statement of Profit and Loss and in other cases spread over life of the financial instrument using effective interest method.

#### Subsequent measurement

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

- **Financial asset measured at amortised cost**
- **Financial asset at fair value through OCI**
- **Financial assets at fair value through profit or loss**

#### Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose

objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss in finance costs.

#### Financial assets at fair value through OCI (FVTOCI)

Financial assets are measured at fair value through other comprehensive income 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. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income (OCI). On Derecognition of the financial asset other than equity instruments, cumulative gain or loss previously recognized in OCI is reclassified to income statements.

#### Financial assets at fair value through profit or loss (FVTPL)

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of profit and loss.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds receivables.

#### Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model on the following:

Financial assets that are measured at amortized cost.

Financial assets measured at fair value through other comprehensive income (FVTOCI)

ECL is measured through a loss allowance on a following basis:-

The 12 month expected credit losses (expected credit losses that result from all possible default events on the financial instruments that are possible within 12 months after the reporting date)

Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The company follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Company to track changes in credit risk. However, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis.

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

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the statement of profit and loss.

### Financial liabilities and equity instruments:

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

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

#### Financial liabilities

The Company's financial liabilities include loans and borrowings including book overdraft, trade payable, accrued expenses and other payables.

#### Initial Recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognized in the Statement of Profit and Loss or in the "Expenditure Attributable to Construction" if another standard permits inclusion of such cost in the carrying amount of an asset over the period of the borrowings using the effective rate of interest.

#### Subsequent measurement

Subsequent measurement of financial liabilities depends upon the classification as described below:-

#### Financial Liabilities classified at Amortized Cost:

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

amortized cost at the end of subsequent accounting periods. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the Effective Interest Rate. Interest expense that is not capitalized as part of cost of assets is included as Finance costs in the Statement of Profit and Loss.

### **Financial Liabilities at Fair value through profit and loss (FVTPL)**

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

### **Derecognition**

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

### **Offsetting of financial instruments**

Financial assets and liabilities are offset and net amount is reported if there is currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, to realize assets and settle the liabilities simultaneously.

## **7. Transactions in Foreign Currency**

### **(a) Initial recognition:**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

### **(b). Measurement of foreign currency items at the Balance Sheet date:**

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at

the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

### **(c). Forward exchange contracts:**

The Company had not entered into any forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company had not entered into any derivative instruments for trading or speculative purposes.

## **8. Trade receivables**

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value (at carrying value) and subsequently measured at amortised cost using the effective interest method, less provision for impairment if require.

## **9. Employee Benefits**

### **A. Short Term Employee Benefits:**

All employee benefits payable wholly within twelvemonths of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

### **B. Post-employment benefits:**

#### **(a) Defined contribution plans :**

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the financial year to which they relate.

#### **(b) Defined benefit plans**

##### Provident fund scheme

The Company makes specified monthly contributions towards Employee Provident Fund scheme, for the eligible employees.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

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(c) **Gratuity scheme**

The Company has created provision for gratuity based on the report issued by Actuaries.

**10. Research and Development**

Research and Development expenditure of a revenue nature is expensed out under the respective heads of account in the year in which it is incurred. Fixed assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

**11. Provision for Taxation**

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realization.

**12. Provisions and Contingencies**

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**13. Earnings per Share**

The Basic and Diluted Earnings per Share ("EPS") is computed by dividing the profit after tax for the year by weighted average number of equity shares outstanding during the year.

**14. Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized. All other borrowing costs are expensed in the period they occur.

**15. Cash and Cash Equivalents**

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short-term highly liquid investments where the original maturity is three months or less.

**16. Government Grants and Subsidies**

The Company is not entitled to any subsidy from government authorities in respect of manufacturing units located in specified regions: Grants in the nature of subsidy which are nonrefundable are credited to the Statement of Profit and Loss, on accrual basis, where there is reasonable assurance that the Company will comply with all the necessary conditions attached to them. Grants in the nature of subsidy which are refundable are shown as Liabilities in the Balance Sheet.

**17. Measurement of EBITDA**

The Company has opted to present earnings before interest (finance cost), tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the year. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations.

**18. Segment Reporting**

i) **Business Segment**

- a. The business segment has been considered as the primary segment.
- b. The Company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

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- c. The Company's primary business comprises of manufacturing of knitted garments and trading of fabrics and since it is the only reportable segment as envisaged in Accounting Standard 17. 'Segment Reporting'. Accordingly, no separate disclosure for Segment Reporting to be made in the financial statements of the Company.

component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. The company provides products or services only through single establishment. Accordingly, no separate disclosure for Segment Reporting to be made in the financial statements of the Company.

ii) **Geographical Segment**

A geographical segment is a distinguishable

### 19. Details of Shareholders holding more than 5% equity shares in the Company

| Name of the share holders | As on 31.03.2021        |                       | As on 31.03.2020        |                       |
|---------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
|                           | Number of Equity Shares | Percentage of holding | Number of Equity Shares | Percentage of holding |
| Prem Dinanath Aggarwal    | 37,14,330               | 37.00                 | 10,51,220               | 39.05                 |
| Shikha Aggarwal           | 12,18,000               | 12.13                 | 2,37,000                | 8.80                  |
| Manju Jayantilal Lodha    | 1,28,657                | 1.28                  | 1,66,000                | 6.09                  |
| Jayantilal Hansraj Lodha  | 2,37,264                | 2.36                  | 1,44,000                | 5.35                  |
| <b>Total</b>              | <b>52,98,251</b>        |                       | <b>15,96,220</b>        |                       |

### 20 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2020-21, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

- Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act) Principal amount due to micro and small enterprise Rs. 31,69,725(PY Rs. 14,69,213)/- and Interest due on above- Nil (During 2019-20 Nil)
- Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period Nil (During 2019-20 Nil)
- Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 Nil (During 2019-20 Nil)
- The amount of interest accrued and remaining unpaid at the end of each accounting year Nil (During 2019-20 Nil)
- Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises Nil (During 2019-20 Nil)

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

21. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 2

#### Property, Plant and Equipment

| Particulars  | Buildings Owned    | Furniture & fixtures Owned |                  | Plant and Equipment Owned |                  | Vehicles Owned | Computer Owned | Miscellaneous Assets Owned | Total |
|--|--------------------|----------------------------|------------------|---------------------------|------------------|----------------|----------------|----------------------------|-------|
|  |                    | Owned                      | Owned            | Owned                     | Owned            |                |                |                            |       |
| <b>Gross Block</b>                                   |                    |                            |                  |                           |                  |                |                |                            |       |
| <b>Deemed cost as at 01.04.2019</b>                  | 1,41,32,780        | 85,53,105                  | 42,19,573        | 55,36,384                 | 6,73,644         | 4,700          |                | <b>3,31,20,187</b>         |       |
| Additions  | 1,04,95,599        | 13,14,286                  | 2,80,000         | 15,63,725                 | 4,43,322         | -              |                | <b>1,40,96,933</b>         |       |
| Disposals  | -                  | -                          | -                | -                         | -                | -              |                | -                          |       |
| Other adjustments (please specify)                   | -                  | -                          | -                | -                         | -                | -              |                | -                          |       |
| <b>At cost or fair value as at 31.03.2020</b>        | <b>2,46,28,379</b> | <b>98,67,392</b>           | <b>44,99,573</b> | <b>71,00,109</b>          | <b>11,16,966</b> | <b>4,700</b>   |                | <b>4,72,17,119</b>         |       |
| Additions  | <b>2,30,000</b>    | <b>16,96,222</b>           | -                | -                         | 3,88,033         | -              |                | <b>23,14,255</b>           |       |
| Disposals  | -                  | -                          | -                | -                         | -                | -              |                | -                          |       |
| <b>At cost or fair value as at 31.03.2021</b>        | <b>2,48,58,379</b> | <b>1,15,63,614</b>         | <b>44,99,573</b> | <b>71,00,109</b>          | <b>15,04,999</b> | <b>4,700</b>   |                | <b>4,95,31,374</b>         |       |
| <b>Depreciation Block</b>                            |                    |                            |                  |                           |                  |                |                |                            |       |
| As at 01.04.2019                                     | 49,37,010          | 22,61,407                  | 15,22,876        | 23,79,216                 | 4,42,360         | 4,466          |                | <b>1,15,47,335</b>         |       |
| Depreciation for the year                            | 4,82,923           | 8,84,921                   | 2,29,016         | 7,59,065                  | 1,08,981         | -              |                | <b>24,64,906</b>           |       |
| Disposals  | -                  | -                          | -                | -                         | -                | -              |                | -                          |       |
| <b>Accumulated depreciation as at 31.03.2020</b>     | <b>54,19,933</b>   | <b>31,46,328</b>           | <b>17,51,892</b> | <b>31,38,281</b>          | <b>5,51,341</b>  | <b>4,466</b>   |                | <b>1,40,12,241</b>         |       |
| Depreciation for the year                            | 7,05,710           | 10,58,520                  | 2,22,841         | 7,74,886                  | 97,296           | -              |                | <b>28,59,253</b>           |       |
| Disposals  | -                  | -                          | -                | -                         | -                | -              |                | -                          |       |
| <b>Accumulated depreciation as at the 31.03.2021</b> | <b>61,25,643</b>   | <b>42,04,848</b>           | <b>19,74,732</b> | <b>39,13,168</b>          | <b>6,48,637</b>  | <b>4,466</b>   |                | <b>1,68,71,494</b>         |       |
| <b>Net Block</b>                                     |                    |                            |                  |                           |                  |                |                |                            |       |
| As at 01.04.2019                                     | 91,95,770          | 62,91,698                  | 26,96,697        | 31,57,168                 | 2,31,284         | 234            |                | <b>2,15,72,852</b>         |       |
| As at 31.03.2020                                     | 1,92,08,446        | 67,21,064                  | 27,47,681        | 39,61,828                 | 5,65,625         | 234            |                | <b>3,32,04,878</b>         |       |
| As at 31.03.2021                                     | 1,87,32,736        | 73,58,766                  | 25,24,841        | 31,86,941                 | 8,56,362         | 234            |                | <b>3,26,59,880</b>         |       |

Note:-

- In accordance with the Indian Accounting Standard (Ind AS 36) on "Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said Ind AS. On the basis of review carried out by the management, there was no impairment loss on property, plant and equipment during the year ended 31st March, 2021
- The carrying value (Gross Block less accumulated depreciation and amortisation) as on 1st April, 2019 of the Property, plant and equipment is considered as a deemed cost on the date of transition.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

## Note 3

### Non Current Financial Assets - Investments

| Name of the Body Corporate   | Subsidiaries / Associates / Joint Ventures / Structured Entities / Others | No. of Shares and Face Value of Shares              |                  |   |                  |                     |                  |
|--|---|---|------------------|---|------------------|---------------------|------------------|
|  |   | 31.03.2021  |                  | 31.03.2020  |                  | 01.04.2019          |                  |
|  |   | Nos.  | Face Value (Rs.) | Nos.  | Face Value (Rs.) | Nos.                | Face Value (Rs.) |
| Investments measured at Amortised Cost                             |   | -   | -                | -   | -                | -                   | -                |
| Investments Measured at Fair Value Through Profit and Loss (FVTPL) |   | -   | -                | -   | -                | -                   | -                |
| Investments Measured at Fair Value Through OCI (FVTOCI)            |   |   |                  |   |                  |                     |                  |
| (i) Jannat Fabrics and Apparels P Ltd.,                            | Subsidiary  | 22,68,830   | 10               | -   | -                | 9,63,52,223         | -                |
| (ii) Twenty Twenty Trading LLP                                     | Subsidiary  | 42,76,405   | NA               | -   | -                | 89,91,824           | -                |
| <b>Other Investments (Carried at cost)</b>                         |   |   |                  |   |                  |                     |                  |
| (i) Netaji Apparel Park  | Others  | 1,775   | 10               | 1,775   | 10               | 35,10,000           | 35,10,000        |
|  |   | Aggregate amount of unquoted investments            |                  | Aggregate amount of unquoted investments            |                  | 10,88,54,047        | 35,10,000        |
|  |   | Aggregate amount of quoted investments              |                  | Aggregate amount of quoted investments              |                  | -                   | -                |
|  |   | Aggregate market value amount of quoted investments |                  | Aggregate market value amount of quoted investments |                  | -                   | -                |
|  |   | <b>Total</b>  |                  | <b>Total</b>  |                  | <b>10,88,54,047</b> | <b>35,10,000</b> |

### Note

During the year ended March 31, 2021, the Board of Directors of the Company had approved acquisition of 91.9% stake in Jannat Fabrics & Apparels Private Limited .

The Company entered into a strategic partnership with Twenty Twenty Trading LLP by way of acquisition of 74% stake. The said acquisition was done through purchasing the stake in LLP from its Promoters.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 4

#### Non Current Financial Assets - Loans & Advances

| PARTICULARS   | 31 March 2021       | 31 March 2020       | 1 April 2019        |
|---|---------------------|---------------------|---------------------|
| Secured, considered good  |                     | -                   | -                   |
| Unsecured, considered good  | 45,45,000.00        | 48,85,000.00        | 49,15,000.00        |
| Loans receivables, which have significant increase in credit risk | -                   | -                   | -                   |
| Credit impaired   | -                   | -                   | -                   |
| <b>Total</b>  | <b>45,45,000.00</b> | <b>48,85,000.00</b> | <b>49,15,000.00</b> |

### Note 5

#### Non Current Financial Assets - Deposits

| Particulars  | 31.03.2021    | 31.03.2020    | 01.04.2019    |
|--|---------------|---------------|---------------|
| Deposits to related party - unsecured, considered good | -             | -             | -             |
| Security Deposits                                      | 63,970        | 63,970        | 27,220        |
| Unsecured, considered doubtful                         | -             | -             | -             |
| Provision for doubtful deposits                        | -             | -             | -             |
| <b>Total</b>   | <b>63,970</b> | <b>63,970</b> | <b>27,220</b> |

### Note 6

#### Other non current assets

| Particulars  | 31.03.2021 | 31.03.2020 | 01.04.2019         |
|--|------------|------------|--------------------|
| Long term trade receivables (including trade receivables on deferred credit terms) | -          | -          | -                  |
| Preliminary Expenses not written off   | -          | -          | 9,49,897           |
| <b>Total</b>   | <b>-</b>   | <b>-</b>   | <b>9,49,897.00</b> |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

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## Note 7

### Inventories

| Particulars  | Note No. | 31.03.2021 |                        | 31.03.2020 |                        | 01.04.2019 |                        | Mode of Valuation              |
|--|----------|------------|------------------------|------------|------------------------|------------|------------------------|--------------------------------|
|  |          | Qty        | Value                  | Qty        | Value                  | Qty        | Value                  |                                |
| a. Raw Materials and components Valued at Rs.202/- per Kg.(P. Year Rs.203) | Kgs      | 1,52,632   | 3,08,31,664            | 1,47,088   | 2,98,58,766            | 70,895     | 1,36,11,840            |                                |
| b. Work-in-progress Valued at Rs.220/- per Kg.(P. Year Rs.224)             | Kgs      | 1,15,331   | 2,53,72,820            | 1,12,382   | 2,51,73,626            | 73,209     | 1,59,59,562            | Cost or NRV whichever is lower |
| c. Finished goods Valued at Rs.92.36/- Per Piece (P. Year Rs.99.58/-)      | Pieces   | 16,96,050  | 15,66,54,716           | 20,32,057  | 20,23,61,908           | 15,54,569  | 14,60,89,718           |                                |
| <b>Total</b>   |          |            | <b>21,28,59,200.00</b> |            | <b>25,73,94,300.00</b> |            | <b>17,56,61,120.00</b> |                                |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 8

#### Current Financial Assets - Trade Receivables

| Particulars   | As at<br>31.03.2021 | As at<br>31.03.2020 | As at<br>01.04.2019 |
|---|---------------------|---------------------|---------------------|
|   | Amount              | Amount              | Amount              |
| - From Related Parties  | -                   | -                   | -                   |
| - From Others   | 24,29,36,520        | 18,04,45,448        | 8,82,74,315         |
| Total   | 24,29,36,520        | 18,04,45,448        | 8,82,74,315         |
| <b>Break-up for security details:</b>                             |                     |                     |                     |
| Secured, considered good  | -                   | -                   | -                   |
| Unsecured, considered good  | 24,29,36,520        | 18,04,45,448        | 8,82,74,315         |
| Trade receivables, which have significant increase in credit risk | -                   | -                   | -                   |
| Credit impaired   | -                   | -                   | -                   |
| <b>Impairment allowance</b>                                       |                     |                     |                     |
| Credit Impaired   | -                   | -                   | -                   |
| <b>Ageing</b>   |                     |                     |                     |
| Not Exceeding Six Months  | 20,61,21,994        | 17,70,76,317        | 8,47,36,567         |
| Exceeding Six Months  | 3,68,14,526         | 33,69,131           | 35,37,748           |
| Total   | 24,29,36,520        | 18,04,45,448        | 8,82,74,315         |

### Note 9

#### Current Financial Assets - Cash and Cash Equivalents

| Particulars   | As at<br>31.03.2021 | As at<br>31.03.2020 | As at<br>01.04.2019 |
|---|---------------------|---------------------|---------------------|
|   | Amount              | Amount              | Amount              |
| Balances with Banks in current accounts (of the nature of cash and cash equivalents); | 51,17,942           | 30,69,553           | 61,082              |
| Cash on hand  | 4,32,281            | 7,84,058            | 8,99,169            |
| Total   | 55,50,223           | 38,53,612           | 9,60,251            |

### Note 10

#### Current Financial Assets - Advances

| Particulars   | As at<br>31.03.2021 | As at<br>31.03.2020 | As at<br>01.04.2019 |
|---|---------------------|---------------------|---------------------|
|   | Amount              | Amount              | Amount              |
| Loans and advances to employees                                   | -                   | -                   | -                   |
| Secured, considered good  | -                   | -                   | -                   |
| Unsecured, considered good  | 11,77,058           | 30,73,461           | 45,94,206           |
| Loans receivables, which have significant increase in credit risk | -                   | -                   | -                   |
| Credit impaired   | -                   | -                   | -                   |
| Grand Total   | 11,77,058           | 30,73,461           | 45,94,206           |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

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### Note 11

#### Other Current Assets

| Particulars                       | As at<br>31.03.2021 | As at<br>31.03.2020 | As at<br>01.04.2019 |
|-----------------------------------|---------------------|---------------------|---------------------|
| Deposits with Revenue Authorities | 31,25,450           | 89,19,051           | 68,81,094           |
| <b>Grand Total</b>                | <b>31,25,450</b>    | <b>89,19,051</b>    | <b>68,81,094</b>    |

### Note 12

#### A. EQUITY SHARE CAPITAL

|   | 31.03.2021  |              | 31.03.2020  |              | 01.04.2019 |             |
|---|-------------|--------------|-------------|--------------|------------|-------------|
|   | No.         | Amount       | No.         | Amount       | No.        | Amount      |
| Authorised Share Capital                    | 1,10,00,000 | 11,00,00,000 | 1,10,00,000 | 11,00,00,000 | 40,00,000  | 4,00,00,000 |
| Issued Subscribed and Paid-up Share Capital | 1,00,38,405 | 10,03,84,050 | 26,92,270   | 2,69,22,700  | 26,92,270  | 2,69,22,700 |
| Subscribed Share Capital                    | 1,00,38,405 | 10,03,84,050 | 26,92,270   | 2,69,22,700  | 26,92,270  | 2,69,22,700 |
| Fully Paid-up Share Capital                 | 1,00,38,405 | 10,03,84,050 | 26,92,270   | 2,69,22,700  | 26,92,270  | 2,69,22,700 |
| Subscribed but not fully paid-up            |             |              | -           | -            | -          | -           |

#### a.) Reconciliation of Shares outstanding at the beginning and at the end of the year

|                                      |             |              |           |             |           |             |
|--------------------------------------|-------------|--------------|-----------|-------------|-----------|-------------|
| Balance at the beginning of the year | 26,92,270   | 2,69,22,700  | 26,92,270 | 2,69,22,700 | 26,92,270 | 2,69,22,700 |
| Issued during the year               | 73,46,135   | 7,34,61,350  | -         | -           | -         | -           |
| Balance at the end of the year       | 1,00,38,405 | 10,03,84,050 | 26,92,270 | 2,69,22,700 | 26,92,270 | 2,69,22,700 |

#### b.) Terms/Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per equity share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### c.) Shares in the Company held by each shareholder holding more than five per cent shares

| Name of the Shareholder     | 31.03.2021       |               | 31.03.2020       |               | 01.04.2019       |               |
|-----------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                             | No.              | % of Holding  | No.              | % of Holding  | No.              | % of Holding  |
| Shri.Prem Dinanath Aggarwal | 37,14,330        | 37.00%        | 10,51,220        | 39.05%        | 10,51,220        | 39.05%        |
| Shikha Aggarwal Prem        | 12,18,000        | 12.13%        | 2,37,000         | 8.80%         | 2,37,000         | 8.80%         |
| Manju Jayantilal Lodha      | 1,28,657         | 1.28%         | 1,64,000         | 6.09%         | -                | -             |
| Jayantilal Hansraj Lodha    | 2,37,264         | 2.36%         | 1,44,000         | 5.35%         | -                | -             |
| <b>Total</b>                | <b>52,98,251</b> | <b>52.78%</b> | <b>15,96,220</b> | <b>59.29%</b> | <b>12,88,220</b> | <b>47.85%</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

As per the Companies Act, 2013, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders

- d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.
- e) There is no dividend paid or proposed during the year and during the previous year.
- f) **Details of Share Warrants**

The company has issued 4000000 share warrants of Rs.40/- to 44 individuals and received Rs.84212500/-

| Name of the Person     | 31.03.2021      |                      | 31.03.2020         |                      | 01.04.2019      |                      |
|------------------------|-----------------|----------------------|--------------------|----------------------|-----------------|----------------------|
|                        | Amount Received | % of Amount Received | Amount Received    | % of Amount Received | Amount Received | % of Amount Received |
| Shri.Prem Aggarwal     | -               | 0.00%                | 2,42,50,000        | 28.80%               | -               | 0.00%                |
| Shikha Aggarwal        | -               | 0.00%                | 2,30,50,000        | 27.37%               | -               | 0.00%                |
| Other Non - Promoters` | -               | 0.00%                | 3,69,12,500        | 43.83%               | -               | 0.00%                |
| <b>Total</b>           | <b>-</b>        | <b>0.00%</b>         | <b>8,42,12,500</b> | <b>100.00%</b>       | <b>-</b>        | <b>0.00%</b>         |

| B. OTHER EQUITY                                   | Equity Instruments through Other Comprehensive Income | Changes in Own Credit Risk of Financial Liabilities measured at FVPL | Reserves and Surplus       |                     |                     |
|---|---|--|----------------------------|---------------------|---------------------|
|   |   |  | Securities Premium Reserve | Retained Earnings   | TOTAL               |
| <b>Balance as at 1st April, 2019</b>              | -   | -  | 60,00,000                  | 3,63,42,028         | 4,23,42,028         |
| Other Comprehensive Income for the year 2018-19   |   | -  | -                          | -                   | -                   |
| Restated balance as at 1st April, 2019            | -   | -  | 60,00,000                  | 3,63,42,028         | 4,23,42,028         |
| Profit for the year 2019-2020                     | -   | -  | -                          | 2,42,50,521         | 2,42,50,521         |
| Other Comprehensive Income for the year 2019-2020 | (10,01,033)   |  | -                          | -                   | (10,01,033)         |
| <b>Balance as at 31st March, 2020</b>             | <b>(10,01,033)</b>                                    | <b>-</b>   | <b>60,00,000</b>           | <b>6,05,92,549</b>  | <b>6,55,91,516</b>  |
| Profit for the year 2020-21                       | -   | -  | -                          | 5,46,57,788         | 5,46,57,788         |
| Premium Received on Issue of Shares               | -   | -  | 12,00,00,000               | -                   | 12,00,00,000        |
| Bonus Issue                                       | -   | -  | -                          | (3,34,61,350)       | (3,34,61,350)       |
| Other Comprehensive Income for the year 2020-21   | 1,11,79,860   | -  | -                          | -                   | 1,11,79,860         |
| <b>Balance as at 31st March, 2021</b>             | <b>1,01,78,827</b>                                    | <b>-</b>   | <b>12,60,00,000</b>        | <b>14,87,11,687</b> | <b>21,79,67,814</b> |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

## 1. Securities Premium Reserve:

Securities Premium reserve is created on issue of equity share capital. The reserve will be utilised in accordance with provisions of the Companies Act, 2013.

In terms of our report attached

**For N B T & Co**  
**Chartered Accountants**

-Sd-

**Arpit Tapadiya**

Partner

Membership No-182428

Firm Regd. No. 140489W

**For and on behalf of the Board of Directors**

-Sd-

**Prem Aggarwal**

Managing Director

DIN: 02050297

-Sd-

**Shikha Aggarwal**

Director

DIN: 03373965

-Sd-

**Aditya Aggarwal**

CFO

PAN: BQJPA0155L

-Sd-

**K. Lakshmi Priya**

Company Secretary

PAN:BBRPP6162M

Place: Tirupur

Date : 22-06-2021

Place: Tirupur

Date : 22-06-2021

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 13

#### Non Current Financial Liabilities - Borrowings

| Particulars  | 31.03.2021                   | 31.03.2020                   | 01.04.2019                   |
|--|------------------------------|------------------------------|------------------------------|
| <b>Secured</b>   |                              |                              |                              |
| From Banks   | 1,18,83,293                  | 1,72,89,296                  | 2,25,10,408                  |
| From Others  | -                            | -                            | -                            |
| Loans and advances from Directors  | -                            | -                            | -                            |
|  | <u>1,18,83,293</u>           | <u>1,72,89,296</u>           | <u>2,25,10,408</u>           |
| <b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to above</b> |                              |                              |                              |
| 1. Period of default   | -                            | -                            | -                            |
| 2. Amount  | -                            | -                            | -                            |
| <b>Unsecured</b>   |                              |                              |                              |
| From Banks   | -                            | -                            | -                            |
| From Financial Institutions  | -                            | 29,31,291                    | -                            |
| From Directors   | 78,50,000                    | 65,80,000                    | 2,10,10,000                  |
| Terms of Repayment has not been entered into between the parties   |                              |                              |                              |
| From Other Related Parties   | -                            | -                            | 6,00,000                     |
| (None of the above, is guaranteed by Directors and / or others)  |                              |                              |                              |
| Terms of Repayment has not been entered into between the parties   |                              |                              |                              |
|  | <u>78,50,000</u>             | <u>95,11,291</u>             | <u>2,16,10,000</u>           |
| <b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to above</b> |                              |                              |                              |
| 1. Period of default   | -                            | -                            | -                            |
| 2. Amount  | -                            | -                            | -                            |
| <b>Total</b>   | <b><u>1,97,33,292.98</u></b> | <b><u>2,68,00,587.37</u></b> | <b><u>4,41,20,408.27</u></b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 14

#### Deferred Tax Liabilities (Net)

The balance comprises temporary differences attributable to:

| PARTICULARS   | 31 March 2021   | 31 March 2020   | 1 April 2019    |
|---|-----------------|-----------------|-----------------|
| Depreciation and amortisation expense                                     | (6,35,452)      | (6,65,737)      | (2,70,584)      |
| Disallowance under Section 43B and 40(a) (ia) of the Income Tax Act, 1961 | (3,25,528)      | (50,000)        | 92,016          |
| Provision for Gratuity  | 18,38,022       | 14,42,192       | 5,19,387        |
| Provision for Bonus   | 3,50,000        |                 |                 |
| Total   | 12,27,042       | 7,26,455        | 3,40,819        |
| Deferred Tax (Liability)/Assets Impact                                    | <b>3,08,822</b> | <b>1,82,834</b> | <b>1,07,017</b> |
| <b>Reflected in the Balance Sheet as follows:</b>                         |                 |                 |                 |
| Deferred Tax Liabilities(Net)   | <b>44,659</b>   | <b>2,74,286</b> | <b>5,43,647</b> |
| <b>Reconciliation of Deferred Tax Liabilities</b>                         |                 |                 |                 |
| At the start of the year  | 2,74,286        | 5,43,647        | 6,43,332        |
| Change/(Credit) to Statement of Profit and Loss                           | (2,29,627)      | (2,69,361)      | (99,685)        |
| <b>Net deferred tax assets / liabilities</b>                              | <b>44,659</b>   | <b>2,74,286</b> | <b>5,43,647</b> |

\* Earlier Year Effect has been given in current year

### Note 15

#### Other Non Current Liabilities

| Particulars        | Note No. | Current          |                  |                  |
|--------------------|----------|------------------|------------------|------------------|
|                    |          | 31.03.2021       | 31.03.2020       | 01.04.2019       |
| Gratuity Provision |          | 41,59,911        | 26,91,510        | 13,76,508        |
| <b>Total</b>       |          | <b>41,59,911</b> | <b>26,91,510</b> | <b>13,76,508</b> |

### Note 16

#### Current Financial Liabilities -Borrowings

| Particulars  | 31.03.2021   | 31.03.2020   | 01.04.2019   |
|--|--------------|--------------|--------------|
|  | Amount       | Amount       | Amount       |
| <b>Secured</b>   |              |              |              |
| <b>From banks</b>  |              |              |              |
| <b>(a) Loans repayable on demand</b>                                   | 15,47,42,092 | 13,64,74,833 | 12,15,04,434 |
| (Secured by hypothecation of inventories, book debts and machineries)  |              |              |              |
| (of the above, entire amount is guaranteed by Directors and/or others) |              |              |              |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars  | 31.03.2021             | 31.03.2020             | 01.04.2019             |
|--|------------------------|------------------------|------------------------|
|  | Amount                 | Amount                 | Amount                 |
| <b>(b) Term Loans</b>  | 19,86,933              | 14,60,513              | 1,42,276               |
| Terms of Repayment: 33 months)   |                        |                        |                        |
| (of the above, ` entire amount is guaranteed by Directors and / or others)   |                        |                        |                        |
| <b>From other parties</b>  | -                      | -                      | -                      |
| <b>From Director/Related Parties</b>   | -                      | -                      | -                      |
| <b>Current Maturities of Long Term Debt</b>  | 1,09,65,373            | 1,64,73,911            | 88,10,854              |
|  | 16,76,94,398           | 15,44,09,257           | 13,04,57,564           |
| <b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to above</b>             |                        |                        |                        |
| 1. Period of default   | -                      | -                      | -                      |
| 2. Amount  | -                      | -                      | -                      |
| <b>Unsecured</b>   |                        |                        |                        |
| From banks   | -                      | -                      | -                      |
| From other parties   | -                      | -                      | -                      |
| From Director/Related Parties  | -                      | -                      | -                      |
| <b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) &amp; (d)</b> |                        |                        |                        |
| 1. Period of default   | -                      | -                      | -                      |
| 2. Amount  | -                      | -                      | -                      |
| <b>Grand Total</b>   | <b>16,76,94,397.91</b> | <b>15,44,09,257.44</b> | <b>13,04,57,564.37</b> |

### Note 17

#### Current Financial Liabilities - Trade Payables

| Particulars  | 31.03.2021            | 31.03.2020             | 01.04.2019            |
|--|-----------------------|------------------------|-----------------------|
|  | Amount                | Amount                 | Amount                |
| <b>1. Total outstanding dues of micro enterprises and small enterprises</b>            | 31,69,725             | 14,69,213              | 22,467                |
| <b>2. Total outstanding dues of Other than micro enterprises and small enterprises</b> |                       |                        |                       |
| (i) Creditors for Goods  |                       |                        |                       |
| Payables within next 12 months   | 6,87,93,596           | 11,38,75,896           | 5,43,91,980           |
| Payables after 12 months   | -                     | -                      | -                     |
| (ii) Creditors for Expenses  |                       |                        |                       |
| Payables within next 12 months   | 45,11,476             | 72,21,627              | 4,80,611              |
| Payables after 12 months   | 63,248                | 2,65,575               | -                     |
| (iv) Creditors for others  |                       |                        |                       |
| Payables within next 12 months   | -                     | -                      | -                     |
| Payables after 12 months   | -                     | -                      | -                     |
| <b>Grand Total</b>   | <b>7,65,38,045.09</b> | <b>12,28,32,311.65</b> | <b>5,48,95,057.76</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 18

#### Other Current Liabilities

| Particulars                           | Note No. | Current             |                    |                     |
|---------------------------------------|----------|---------------------|--------------------|---------------------|
|                                       |          | 31.03.2021          | 31.03.2020         | 01.04.2019          |
| Advances from Contractors & Suppliers |          | 27,61,263           | 5,63,001           | 11,50,147           |
| Statutory Dues Payable                |          | 6,02,103            | 2,55,126           | 1,66,865            |
| <b>Grand Total</b>                    |          | <b>33,63,365.54</b> | <b>8,18,126.56</b> | <b>13,17,012.00</b> |

### Note 19

#### Provisions- Current

| Particulars                         | Note No. | Current            |                    |                  |
|-------------------------------------|----------|--------------------|--------------------|------------------|
|                                     |          | 31.03.2021         | 31.03.2020         | 01.04.2019       |
| (a) Provision for employee benefits |          | 5,74,472           | 5,50,000           | 6,00,000         |
| (b) Others (Specify nature)         |          |                    |                    |                  |
| - Provision for Taxation            |          | 2,05,21,510        | 98,26,716          | 44,78,011        |
| - Provision for Audit Fees          |          | 1,25,000           | 1,25,000           | 1,25,000         |
| - Provision for Gratuity            |          | 6,64,831           | 2,95,210           | 1,68,020         |
| <b>Grand Total</b>                  |          | <b>2,18,85,813</b> | <b>1,07,96,926</b> | <b>53,71,031</b> |

### Note 20

#### Revenue from Operations

| Particulars                    | 31/03/2021            | 31/03/2020          |
|--------------------------------|-----------------------|---------------------|
| <b>Sales</b>                   |                       |                     |
| Sales of Products              |                       |                     |
| -Domestic                      | 1,06,30,68,758        | 93,47,71,226        |
| -Export                        | -                     | -                   |
| Sales of Services              |                       |                     |
| -Domestic                      | 17,20,102             | 7,80,028            |
| -Export                        | -                     | -                   |
| <b>Other Operating Revenue</b> |                       |                     |
| Less: Discount                 | 18,20,819             | -                   |
| <b>Total</b>                   | <b>1,06,29,68,040</b> | <b>93,55,51,254</b> |

### Note 21

#### Other Income

| Particulars   | 31/03/2021       | 31/03/2020      |
|---------------|------------------|-----------------|
| Rental Income | 15,60,000        | 6,00,000        |
| Other Income  | 1,02,097         | -               |
| <b>Total</b>  | <b>16,62,097</b> | <b>6,00,000</b> |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 22

#### Cost of Material consumed

| Particulars  | 31/03/2021          | 31/03/2020          |
|--|---------------------|---------------------|
| <b>Cost of Material consumed</b>                       |                     |                     |
| <b>Raw Materials and Stores</b>                        |                     |                     |
| Opening Stock  | 2,98,58,766         | 1,36,11,840         |
| Purchase   | 83,55,28,140        | 88,45,33,434        |
| Less- Closing stock of materials meant for consumption | 3,08,31,664         | 2,98,58,766         |
| <b>Consumption of Material</b>                         | <b>83,45,55,242</b> | <b>86,82,86,508</b> |

### Note 23

#### Changes in inventories of finished goods and stock-in-trade

| Particulars                       | 31/03/2021         | 31/03/2020           |
|-----------------------------------|--------------------|----------------------|
| <b>Stock-in-Trade</b>             |                    |                      |
| Opening Stock of Work in Progress | 2,51,73,626        | 1,59,59,562          |
| Opening Stock of Finished Goods   | 20,23,61,908       | 14,60,89,718         |
| Closing Stock of Work in progress | 2,53,72,820        | 2,51,73,626          |
| Closing Stock of Finished Goods   | 15,66,54,716       | 20,23,61,908         |
| <b>Total</b>                      | <b>4,55,07,998</b> | <b>(6,54,86,254)</b> |

### Note 24

#### Employee Benefits Expense

| Particulars  | 31/03/2021         | 31/03/2020         |
|--|--------------------|--------------------|
| (A) Salaries, Wages And Incentives Incl Bonus  | 88,23,013          | 97,99,764          |
| (B) Contributions To -   |                    |                    |
| (I) Provident Fund   | 47,034             | 36,921             |
| (II) Superannuation Scheme   |                    |                    |
| (C) Gratuity Fund Contributions  | 7,02,532           | 4,41,159           |
| (D) Social Security And Other Benefit Plans For Overseas Employees                         | -                  | -                  |
| (E) Expense On Employee Stock Option Scheme (Esop) And Employee Stock Purchase Plan (Esp), | -                  | -                  |
| (F) Staff Welfare Expenses   | 16,68,760          | 4,26,273           |
| <b>Total</b>   | <b>1,12,41,339</b> | <b>1,07,04,117</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under

| Particulars   | 31/03/2021  | 31/03/2020       |
|---|---|------------------|
| Employer's Contribution to Provident Fund   | -   | -                |
| Defined Benefit Plan  |   |                  |
| <b>(i) Reconciliation of opening and closing balances of Defined Benefit Obligation</b>           |   |                  |
| Defined Benefit Obligation at beginning of the year   | 29,86,720   | 15,44,528        |
| Interest Cost   | 1,80,398  | 1,15,376         |
| Current Service Cost  | 5,22,134  | 3,25,783         |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions                | (16,059)  |                  |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions                  | 99,969  | 1,97,276         |
| Actuarial (Gains)/Losses on Obligations - Due to Experience Adjustment                            | 10,51,580   | 8,03,757         |
| <b>Present Value of Benefit Obligation at the End of the Period</b>                               | <b>48,24,742</b>                                  | <b>29,86,720</b> |
| <b>(ii) Expenses Recognized in the Statement of Profit or Loss for Current Period</b>             |   |                  |
| Current Service Cost  | 5,22,134  | 3,25,783         |
| Net Interest Cost   | 1,80,398  | 1,15,376         |
| Past Service Cost - Recognized  | -   | -                |
| (Gains)/Losses on Curtailments And Settlements  | -   | -                |
| <b>Expenses Recognized in the Statement of Profit or Loss</b>                                     | <b>7,02,532</b>                                   | <b>4,41,159</b>  |
| <b>(ii) Expenses Recognized in the Statement of Other Comprehensive Income for Current Period</b> |   |                  |
| Actuarial (Gains)/Losses on Obligation For the Period   | 11,35,490   | 10,01,033        |
| <b>Expenses Recognized in the Statement of OCI</b>  | <b>11,35,490</b>                                  | <b>10,01,033</b> |
| <b>Actuarial Assumptions</b>  |   |                  |
| Expected Return on Plan Assets  | NA  | NA               |
| Rate of Discounting   | 6.26%   | 6.04%            |
| Rate of Salary Increase   | 7.00%   | 6.00%            |
| Rate of Employee Turnover   | 10.00%  | 5.00%            |
| Retirement Age  | 58 Years  | 58 Years         |
| Mortality Rate During Employment  | Indian Assured Lives Mortality (2006-08) Ultimate |                  |
| Mortality Rate After Employment   | NA  | NA               |

### Note 25

#### Finance Cost

| Particulars           | 31/03/2021            | 31/03/2020            |
|-----------------------|-----------------------|-----------------------|
| Interest Expense      | 1,65,10,863           | 1,57,04,687           |
| Other Borrowing Costs | 6,51,518              | 15,72,492             |
| Chit Discounts        | -                     | -                     |
| <b>Total</b>          | <b>1,71,62,380.92</b> | <b>1,72,77,179.13</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 26

#### Rent Expense

| Particulars  | 31/03/2021          | 31/03/2020          |
|--------------|---------------------|---------------------|
| Rent         | 28,76,100           | 35,17,300           |
| <b>Total</b> | <b>28,76,100.00</b> | <b>35,17,300.00</b> |

### Note 27

#### Other Expenses

| Particulars                                      | 31/03/2021         | 31/03/2020         |
|--|--------------------|--------------------|
| <b>Administrative and General Expenses</b>       |                    |                    |
| Professional and Consultancy                     | 58,24,406          | 46,32,397          |
| Rates and Taxes                                  | 6,43,944           | 13,58,701          |
| Power and Fuel                                   | 3,55,755           | 2,41,932           |
| Printing and Stationery                          | 1,71,542           | 1,63,376           |
| Insurance Expenses                               | 5,71,431           | 3,96,392           |
| Postage and Telegram                             | 6,68,148           | 6,60,680           |
| Freight and forwarding Charges                   | 16,06,384          | 3,55,305           |
| Repairs To Buildings                             | 12,10,058          | 6,30,436           |
| Repairs To Machinery (Electrical Maintenance)    | 11,53,759          | 9,82,727           |
| Vehicle Maintenance                              | 2,37,752           | 5,22,400           |
| Other Maintenance                                | 5,49,364           | 6,15,387           |
| Other Manufacturing Expenses                     | 3,55,57,795        | 3,70,46,114        |
| Managing Director Remuneration                   | 45,00,000          | 30,00,000          |
| Directors Remuneration                           | 72,00,000          | 57,00,000          |
| Discount   | 8,02,568           | 13,16,235          |
| Security Charges                                 | 78,600             | 6,000              |
| Water Charges To Nap                             | 1,62,960           | 2,74,140           |
| Electricity And Lightings                        | 4,26,737           | 4,23,642           |
| Miscellaneous Expenses                           | 32,17,978          | 1,41,271           |
| Preliminary & Pre Operative Expenses written off | -                  | 9,49,897           |
| <b>Selling and Distribution Expenses</b>         |                    |                    |
| Advertisement and Sales promotion                | 84,48,854          | 25,40,687          |
| Travelling and Conveyance                        | 17,36,354          | 32,88,623          |
| <b>Auditor's Remuneration:</b>                   |                    |                    |
| (i) For audit                                    | 75,000             | 75,000             |
| (ii) For taxation matters                        | 50,000             | 50,000             |
| (iii) For Certification services                 | -                  | -                  |
| (vi) Company Law Matters & Others                | -                  | -                  |
| <b>Total</b>                                     | <b>7,52,49,389</b> | <b>6,53,71,343</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 28

#### Exceptional Items

| Particulars   | Note No. | 31/03/2021 | 31/03/2020 |
|---|----------|------------|------------|
| Convert stock in trade (land) in to Investment property |          | -          | -          |
| <b>Total</b>  |          | <b>-</b>   | <b>-</b>   |

### Note 29

#### Tax Expense

| Particulars   | Note No. | 31/03/2021         | 31/03/2020         |
|---|----------|--------------------|--------------------|
| Current tax expense   |          | 2,05,21,510        | 98,26,716          |
| Deferred Tax  |          | 2,29,627           | (2,69,361)         |
| Adjustment in respect of Previous Year  |          | 2,54,294           | 2,08,279           |
| <b>Total</b>  |          | <b>2,10,05,431</b> | <b>97,65,634</b>   |
| <b>Income tax expense attributable to:</b>  |          |                    |                    |
| Profit from Continuing Operations   |          | 5,46,57,788        | 2,42,50,521        |
| Profit from Discontinuing Operations  |          | -                  | -                  |
| <b>Total</b>  |          | <b>5,46,57,788</b> | <b>2,42,50,521</b> |
| <b>Total current tax expense comprises of the following:</b>  |          |                    |                    |
| Current Tax relating to current reporting period  |          | 2,05,21,510        | 98,26,716          |
| <b>Total Deferred Tax expense / (benefits) comprises of the following:</b>                            |          |                    |                    |
| Amount of deferred tax expense (income) relating to origination and reversal of temporary differences |          | (2,29,627)         | (2,69,361)         |

### Note 30

#### Other Comprehensive Income

| Particulars  | 31/03/2021         | 31/03/2020         |
|--|--------------------|--------------------|
| a) Items that will not be reclassified to Profit or Loss   |                    |                    |
| i) Re-measurement gains/ (losses) on defined benefit plans | (11,35,490)        | (10,01,033)        |
| ii) Fair value gains/ (losses) on equity instruments       | 1,23,15,350        | -                  |
| <b>Total</b>   | <b>1,11,79,860</b> | <b>(10,01,033)</b> |

### 31 Contingent Liabilities and Capital Commitment

(i) There is no contingent liabilities as at 31st March, 2021, as at 31st March, 2020 and as at 1st April, 2019.

(ii) **Capital Commitments**

There is no capital commitments as at 31st March, 2021, as at 31st March, 2020 and as at 1st April, 2019.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

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| Particulars  | 31/03/2021         | 31/03/2020         |
|--|--------------------|--------------------|
| Net Profit after tax attributable to Equity Shareholders for Basic EPS and Diluted EPS (Rs. In Lacs) | 5,46,57,788        | 2,42,50,521        |
|  | <b>5,46,57,788</b> | <b>2,42,50,521</b> |
| Weighted Average Number of Equity Shares (Face Value Rs. 10/-)                                       | 80,87,615          | 26,92,270          |
| Earning Per Share in Rupees - Basic and diluted  | 6.76               | 9.01               |
| Face Value of per Equity Share (in Rs.)  | 10.00              | 10.00              |

33 **Employee Benefit Expenses:**

### Short Term Employee Benefit Expenses

| Particulars  | 31/03/2021         | 31/03/2020         |
|--|--------------------|--------------------|
| (A) Salaries, Wages And Incentives Incl Bonus  | 88,23,013          | 97,99,764          |
| (B) Contributions To -   |                    |                    |
| (I) Provident Fund   | 47,034             | 36,921             |
| (II) Superannuation Scheme   |                    |                    |
| (C) Gratuity Fund Contributions  | 7,02,532           | 4,41,159           |
| (D) Social Security And Other Benefit Plans For Overseas Employees                         | -                  | -                  |
| (E) Expense On Employee Stock Option Scheme (Esop) And Employee Stock Purchase Plan (Esp), | -                  | -                  |
| (F) Staff Welfare Expenses   | 16,68,760          | 4,26,273           |
| <b>Total</b>   | <b>1,12,41,339</b> | <b>1,07,04,117</b> |

34 **Segment Information:**

No separate disclosure for Segment Reporting to be made in the financial statements of the Company.

35 **Provisions:**

**Disclosures as required by Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets:-**

### Movement in Provisions:

| Nature of Provision       | 31.03.2021         | 31.03.2020       | 01.04.2019       |
|---------------------------|--------------------|------------------|------------------|
| Income Tax Provision:     |                    |                  |                  |
| Provision during the year | 2,05,21,510        | 98,26,716        | 44,78,011        |
| <b>Total</b>              | <b>2,05,21,510</b> | <b>98,26,716</b> | <b>44,78,011</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### 36 Related Party Disclosure:

Parties which significantly influence / are influenced by the company (either individually or with others) -

| (i) | Key Management Personnel             | Designation          |
|-----|--------------------------------------|----------------------|
| a   | Miss. K. Lakshmi Priya               | Company Secretary    |
| b   | Mr. Aditya Aggarwal                  | CFO                  |
| c   | Mr.Prem Dinanath Aggarwal            | Managing Director    |
| d   | Miss Shikha Aggarwal                 | Director             |
| e   | Ms.Ashmita Agarwal                   | Director             |
| f   | Mr. Anil Kumar Goyal                 | Independent Director |
| g   | Mr. Subramanian Thirumurugan         | Independent Director |
| h   | Mr. Ramasubramaniam Senthilrajagopal | Independent Director |

(ii) Companies/Entities under the Control of Key Management Personnel

- a Jannat Fabrics and Apparels Private Limited
- b Beatle Apparels
- c Twenty Twenty LLP

Note:- Related party transaction with related parties during the year ended on 31.03.2021

| (iii) | Details of Transactions | 31.03.2021<br>Rs. | 31.03.2020<br>Rs. |
|-------|-------------------------|-------------------|-------------------|
| 1     | <b>Loan Taken</b>       | 2,33,84,273       | 5,29,05,470       |
| 2     | <b>Loans Repaid</b>     | 1,15,34,273       | 6,79,28,000       |
| 3     | <b>Remuneration</b>     | 1,30,40,000       | 91,79,990         |
| 4     | <b>Rent</b>             | 13,20,000         | 16,70,000         |
| 5     | <b>Purchases</b>        | 39,78,95,807      | 21,21,93,971      |
| 6     | <b>Rent Received</b>    | 15,60,000         | 7,08,000          |
| 7     | <b>Sales</b>            | -                 | 12,81,790         |
|       | Outstanding Balances    |                   |                   |
|       | Unsecured Loans         | 78,50,000         | 65,80,000         |
|       | Trade Payable           | 2,79,62,712       | 89,62,512         |

\* Negative Balance Exhibits Debit Balance Outstanding

| (iii) | Details of Transactions | 31.03.2021<br>Rs. | 31.03.2020<br>Rs. |
|-------|-------------------------|-------------------|-------------------|
| 1     | <b>Loan Taken</b>       |                   |                   |
|       | Mr. Prem Aggarwal       | 1,05,21,103       | 3,51,60,000       |
|       | Mrs. Shikha Aggarwal    | 1,50,300          | 1,02,68,000       |
|       | Mr. Aditya Aggarwal     | 62,870            | -                 |
|       | Ms.Ashmita Agarwal      | 1,26,50,000       | 74,77,470         |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| (iii) | Details of Transactions                     | 31.03.2021<br>Rs. | 31.03.2020<br>Rs. |
|-------|---|-------------------|-------------------|
| 2     | <b>Loans Repaid</b>                         |                   |                   |
|       | Mr. Prem Aggarwal                           | 1,13,21,103       | 4,80,60,000       |
|       | Mrs. Shikha Aggarwal                        | 1,50,300          | 1,06,28,000       |
|       | Mr. Aditya Aggarwal                         | 62,870            | 6,00,000          |
|       | Ms.Ashmita Agarwal                          |                   | 86,40,000         |
| 3     | <b>Remuneration</b>                         |                   |                   |
|       | Mr. Prem Aggarwal                           | 45,00,000         | 30,00,000         |
|       | Mrs. Shikha Aggarwal                        | 45,00,000         | 30,00,000         |
|       | Mr. Aditya Aggarwal                         | 8,00,000          | -                 |
|       | Miss. K. Lakshmi Priya                      | 5,40,000          | 4,79,990          |
|       | Ms.Ashmita Agarwal                          | 27,00,000         | 27,00,000         |
| 4     | <b>Rent</b>                                 |                   |                   |
|       | Mr. Prem Aggarwal                           | 12,00,000         | 12,00,000         |
|       | Mr. Aditya Aggarwal                         | -                 | 3,50,000          |
|       | Jannat Fabrics and Apparels Private Limited | 1,20,000          | 1,20,000          |
| 5     | <b>Purchases</b>                            |                   |                   |
|       | Jannat Fabrics and Apparels Private Limited | 26,04,06,511      | 20,27,31,621      |
|       | Twenty Twenty Trading LLP                   | 11,27,79,509      | 5,26,156          |
|       | Beatle Apparels                             | 2,47,09,787       | 89,36,194         |
| 6     | <b>Sales</b>                                |                   |                   |
|       | Twenty Twenty Trading LLP                   | -                 | 12,81,790         |
| 7     | <b>Rent Received</b>                        |                   |                   |
|       | Twenty Twenty Trading LLP                   | 15,60,000         | 7,08,000          |

### 37 Operating Leases :

The Company has taken certain premises under cancellable lease which later than one year but not later than five years. The rental expense under such operating leases during the year Rs.28,76,100- (Previous Year 35,17,300/-).

- 38** In accordance with the India Accounting Standards (AS-2) "Valuation of Inventories", in relation to Raw materials, work in progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### 39 First Time adoption to Ind AS

#### 1 Basis of preparation

For all period upto the year ended 31st March, 2020, the Company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended 31st March, 2021 are the Company's first annual Ind AS financial statements and have been prepared in accordance with Ind AS.

Accordingly, the Company has prepared financial statements, which comply with Ind AS, applicable for periods beginning on or after 1st April, 2019 as described in the accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April, 2019, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP Balance Sheet as at 1st April, 2019 and its previous Indian GAAP financial statements for the year ended 31st March, 2020.

#### 2 Exemptions Applied

Ind AS 101 "First - time Adoption of Indian Accounting Standards "allows first -time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions: Property, plant and equipment:- The Company has elected to apply Indian GAAP carrying amount as deemed cost on the date of transition to Ind AS for its property, plant and equipment.

#### 3 Mandatory exceptions applied

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements.

1) Estimates:- The Company's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1st April, 2019 are consistent with the estimates as at the same date made in conformity with Indian GAAP except where Ind AS required a different basis for estimates as compared to the Indian GAAP.

2) Classification and measurement of financial assets:- The Company has classified the financial assets in accordance with Ind AS 109 "Financial Instruments" on the basis of facts and circumstances that exist at the date of transition to Ind AS.

#### 4 Derecognition of financial assets and financial liabilities:

The Company has opted for historical cost of Property, Plant and Equipment / intangible assets as per Previous GAAP as the deemed cost on the opening balance sheet date. The carrying amounts of those assets are given below

Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2019 (the transition date).



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### 5 Impairment of financial assets

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

- Deemed Cost for PPE, CWIP and Intangible Assets under development:

| S. No. | Class of Property Plant and Equipment                       | W.D.V.<br>As at 31.03.2021 |
|--------|---|----------------------------|
| 1      | Building  | 1,87,32,736                |
| 2      | Furniture & Fittings, Electrical Fittings, Office Equipment | 73,58,766                  |
| 3      | Plant and Equipment   | 25,24,841                  |
| 4      | Vehicles  | 31,86,941                  |
| 5      | Computer  | 8,56,362                   |
| 6      | Miscellaneous Assets  | 234                        |
|        | <b>Total</b>  | <b>3,26,59,880</b>         |

a. Transition to IND AS:

As stated in Note 2 (a) above, the Company's financial statements for the year ended 31st March, 2021 are the first financial statements prepared in compliance with IND AS.

All applicable INDAS have been applied consistently. The resulting difference between the carrying amounts of assets and liabilities under Ind AS and Indian GAAP as of transition date have been recognised directly in equity at the transition date.

Reconciliation:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to IND AS in accordance with IND AS 101:

- Equity as at 1st April, 2019
- Equity as at 31st March, 2020
- Profit for the year ended 31st march 2020, and
- Explanations of material adjustments

In the reconciliation mentioned below, certain reclassifications have been made to Indian GAAP Financial information to align with Ind AS presentation:

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

Note no - 40 Disclosure as required by IND AS 101 First time adoption of Indian Accounting Standard

### I EQUITY RECONCILIATION : 31ST MARCH, 2020

| Particulars                               | As at<br>31-03-2020 IGAAP | Adjustment           | As at<br>31-03-2020 INDAS |
|---|---------------------------|----------------------|---------------------------|
| <b>ASSETS</b>                             |                           |                      |                           |
| (1) Non-Current Assets                    |                           |                      |                           |
| Property, Plant and Equipment             | 3,32,04,878               | -                    | 3,32,04,878               |
| Intangible Assets under development       | -                         | -                    | -                         |
| Financial Assets                          |                           |                      |                           |
| (i) Investments                           | 35,10,000                 | -                    | 35,10,000                 |
| (ii) Long Term Loan & Advances            | 48,85,000                 | -                    | 48,85,000                 |
| Other Non Current Asset                   |                           |                      |                           |
| Deferred Tax Assets (net)                 | 63,970                    | (63,970)             | -                         |
| (2) Current Assets                        |                           |                      |                           |
| Inventories                               | 25,73,94,300              | -                    | 25,73,94,300              |
| Financial Assets                          |                           |                      |                           |
| (i) Investments                           | -                         | -                    | -                         |
| (i) Trade Receivables                     | 18,04,45,448              | -                    | 18,04,45,448              |
| (ii) Cash and cash Equivalents            | 38,53,612                 | -                    | 38,53,612                 |
| (iii) Bank balances other than (ii) above | -                         | -                    | -                         |
| (iv) Loans                                | -                         | -                    | -                         |
| (v) Others financial assets               | -                         | -                    | -                         |
| Other current assets                      | 1,19,92,513               | (30,73,461)          | 89,19,051                 |
| <b>TOTAL ASSETS</b>                       | <b>49,53,49,721</b>       | <b>(31,37,431)</b>   | <b>49,22,12,290</b>       |
| <b>EQUITY AND LIABILITIES</b>             |                           |                      |                           |
| Equity                                    |                           |                      |                           |
| Equity Share Capital                      | 2,69,22,700               | -                    | 2,69,22,700               |
| Other Equity                              | 6,55,91,516               | (0)                  | 6,55,91,516               |
| Money received against share warrants     | 8,42,12,500               | -                    | 8,42,12,500               |
| Total Equity                              | <b>17,67,26,716</b>       | (0)                  | <b>17,67,26,716</b>       |
| Liabilities                               |                           |                      |                           |
| (1) Non-Current Liabilities               |                           |                      |                           |
| Long Term Borrowings                      | 2,68,00,587               | -                    | 2,68,00,587               |
| Deferred Tax Liabilities (Net)            | 2,74,286                  | -                    | 2,74,286                  |
| (2) Current Liabilities                   |                           |                      |                           |
| Financial Liabilities                     |                           |                      |                           |
| (i) Borrowings                            | 13,79,35,346              | 0                    | 13,79,35,346              |
| (ii) Trade Payables                       | 12,28,32,312              | -                    | 12,28,32,312              |
| (iii) Other Financial Liabilities         | -                         | -                    | -                         |
| Other Current Liabilities                 | 1,72,92,038               | (1,64,73,911)        | 8,18,127                  |
| Provisions                                | 1,34,88,436               | (26,91,510)          | 1,07,96,926               |
| Total Liabilities                         | <b>31,86,23,005</b>       | <b>(1,91,65,421)</b> | <b>29,94,57,584</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>       | <b>49,53,49,721</b>       | <b>(1,91,65,421)</b> | <b>47,61,84,300</b>       |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### II EQUITY RECONCILIATION : 1ST APRIL, 2019

| Particulars                   |   | As at<br>31-03-2019 IGAAP | Adjustment         | As at<br>31-03-2019 INDAS |
|-------------------------------|---|---------------------------|--------------------|---------------------------|
| <b>ASSETS</b>                 |   |                           |                    |                           |
| (1)                           | Non-Current Assets                        |                           |                    |                           |
|                               | Property, Plant and Equipment             | 2,15,72,852               | -                  | 2,15,72,852               |
|                               | Investment Property                       | -                         | -                  | -                         |
|                               | Intangible Assets under development       | -                         | -                  | -                         |
|                               | Financial Assets                          |                           |                    |                           |
|                               | (i) Investments                           | 35,10,000                 | -                  | 35,10,000                 |
|                               | (ii) Advances                             | 49,15,000                 | -                  | 49,15,000                 |
|                               | Deferred Tax Assets (Net)                 | -                         | -                  | -                         |
|                               | Non Current Asset                         | 9,77,117                  | (27,220)           | 9,49,897                  |
| (2)                           | Current Assets                            |                           | -                  |                           |
|                               | Inventories                               | 17,56,61,120              | -                  | 17,56,61,120              |
|                               | Financial Assets                          |                           | -                  |                           |
|                               | (i) Investments                           | -                         | -                  | -                         |
|                               | (i) Trade Receivables                     | 8,82,74,315               | -                  | 8,82,74,315               |
|                               | (ii) Cash and cash Equivalents            | 9,60,251                  | -                  | 9,60,251                  |
|                               | (iii) Bank balances other than (ii) above | -                         | -                  | -                         |
|                               | (iv) Loans                                | -                         | -                  | -                         |
|                               | (v) Others financial assets               | -                         | -                  | -                         |
|                               | Current Tax Assets (Net)                  | -                         | -                  | -                         |
|                               | Other current assets                      | 1,14,75,300               | (45,94,206)        | 68,81,094                 |
|                               | Assets classified as held for sale        |                           | -                  |                           |
|                               | <b>TOTAL ASSETS</b>                       | <b>30,73,45,955</b>       | <b>(46,21,426)</b> | <b>30,27,24,529</b>       |
| <b>EQUITY AND LIABILITIES</b> |   |                           |                    |                           |
|                               | Equity                                    |                           | -                  |                           |
|                               | Equity Share Capital                      | 2,69,22,700               | -                  | 2,69,22,700               |
|                               | Preference Shares                         | -                         | -                  | -                         |
|                               | Other Equity                              | 4,23,42,028               | -                  | 4,23,42,028               |
|                               | <b>Total Equity</b>                       | <b>6,92,64,728</b>        | <b>-</b>           | <b>6,92,64,728</b>        |
|                               | Liabilities                               |                           |                    |                           |
| (1)                           | Non-Current Liabilities                   |                           |                    |                           |
|                               | Long Term Borrowings                      | 4,41,20,408               |                    | 4,41,20,408               |
|                               | Deferred Tax Liabilities (Net)            | 5,43,647                  | -                  | 5,43,647                  |
|                               | Other non-current liabilities             | -                         | -                  | -                         |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars                       | As at<br>31-03-2019 IGAAP | Adjustment         | As at<br>31-03-2019 INDAS |
|-----------------------------------|---------------------------|--------------------|---------------------------|
| (2) Current Liabilities           |                           | -                  |                           |
| Financial Liabilities             |                           | -                  |                           |
| (i) Borrowings                    | 12,16,46,710              | 88,10,854          | 13,04,57,564              |
| (ii) Trade Payables               | 5,48,95,057               | -                  | 5,48,95,057               |
| (iii) Other Financial Liabilities | -                         | -                  | -                         |
| Other Current Liabilities         | 1,01,27,866               | (88,10,854)        | 13,17,012                 |
| Provisions                        | 67,47,539                 | (13,76,508)        | 53,71,031                 |
| Current Tax Liabilities (Net)     | -                         | -                  | -                         |
| Total Liabilities                 | <b>23,80,81,227</b>       | <b>(13,76,508)</b> | <b>23,67,04,719</b>       |
| TOTAL EQUITY AND LIABILITIES      | <b>30,73,45,955</b>       | <b>(13,76,508)</b> | <b>30,59,69,447</b>       |

### iii Effect of Ind AS adoption on statements of Profit and Loss for the year ended 31.03.2020

| Particulars  | Previous GAAP       | Effect of Transition<br>to Ind AS | IND AS              |
|--|---------------------|-----------------------------------|---------------------|
| <b>I INCOME</b>  |                     |                                   |                     |
| Revenue from Operations  | 93,55,51,254        | -                                 | 93,55,51,254        |
| Other Income   | 6,00,000            | -                                 | 6,00,000            |
| <b>TOTAL INCOME</b>  | <b>93,61,51,254</b> | <b>-</b>                          | <b>93,61,51,254</b> |
| <b>II EXPENSES</b>   |                     |                                   |                     |
| Cost of Material consumed  | 86,82,86,508        | -                                 | 86,82,86,508        |
| Changes in inventories of Finished Goods,<br>Stock-in-Trade and Work-in-Progress   | (6,54,86,254)       | -                                 | (6,54,86,254)       |
| Employee Benefit expenses  | 1,17,05,150         | (10,01,033)                       | 1,07,04,117         |
| Finance Cost   | 1,72,77,179         | -                                 | 1,72,77,179         |
| Depreciation and Amortisation expenses   | 24,64,906           | -                                 | 24,64,906           |
| Other Expenses   | 6,88,88,643         | (35,17,300)                       | 6,53,71,343         |
| <b>TOTAL EXPENSES</b>  | <b>90,31,36,131</b> | <b>(45,18,333)</b>                | <b>89,86,17,798</b> |
| <b>PROFIT BEFORE TAX</b>   | <b>3,30,15,122</b>  | <b>45,18,333</b>                  | <b>3,75,33,455</b>  |
| <b>III TAX EXPENSE</b>   |                     |                                   |                     |
| (1) Current Tax  | 98,26,716           | -                                 | 98,26,716           |
| (2) Deferred Tax   | (2,69,361)          | -                                 | (2,69,361)          |
| (3) Short Provision for Income Tax of Earlier Year                                 | 2,08,279            | -                                 | 2,08,279            |
| <b>TOTAL TAX EXPENSE</b>   | <b>97,65,634</b>    | <b>-</b>                          | <b>97,65,634</b>    |
| <b>PROFIT FOR THE YEAR</b>   | <b>2,32,49,488</b>  | <b>45,18,333</b>                  | <b>2,77,67,821</b>  |
| <b>IV OTHER COMPREHENSIVE INCOME</b>   |                     |                                   |                     |
| (i) Items that will not be reclassified to Profit<br>or Loss                       | -                   |                                   |                     |
| (a) Gains and Losses on Investments in Equity<br>Instrument is classified as FVOCI | -                   | (10,01,033)                       | (10,01,033)         |
| <b>OTHER COMPREHENSIVE INCOME TOTAL</b>  | <b>-</b>            | <b>(10,01,033)</b>                | <b>(10,01,033)</b>  |
| <b>TOTAL COMPREHENSIVE INCOME</b>  | <b>2,32,49,488</b>  | <b>35,17,300</b>                  | <b>2,67,66,788</b>  |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### 40 A. Financial risk management

The Company's activities are exposed to a variety of market risk (including foreign currency risk and interest risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### i. Market Risk

Market rate is the risk that arises from changes in market prices, such as commodity prices, foreign exchange rates, interest rates etc. and will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising returns.

#### a. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently company not take any loan facility and use own fund for its business so interest risk is very low.

#### b. Foreign Currency Exchange Rate Risk

Company not do any transaction in foreign currency so company has no risk.

#### ii. Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Company performs on-going credit evaluation of its counterparties' financial conditions. The Company's major classes of financial assets are cash and bank balances, trade receivables, Security deposits, Advances to Suppliers and Employees, Unbilled Revenues and prepayments.

As at the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

As at the reporting date, substantially all the cash and bank balances as detailed in Note 8 to the financial information are held in major Banks which are regulated and located in the India, which management believes are of high credit quality.

#### iii. Liquidity Risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company has obtained fund based and non-fund based working capital credit facility from various banks. Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Company arise in respect of the trade and other payables. Trade and other payables are all payable within 12 months.

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows.

The Company has a system of regularly forecasting cash inflows and outflows and all liquidity requirements are planned.

Forecast for trade and other payables is regularly monitored to ensure timely funding.

All payments are made within due dates.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### 41 Capital Risk Management

The Company manages its capital to ensure that the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Currently, Company have no debt in company and use own capital and reserve and surplus.

### 42 Financial Instruments measurements and disclosures

| a) Financial Instruments by Category As on March 31, 2021 | FVTPL    | FVOCI               | Amortised cost      | Total carrying value |
|---|----------|---------------------|---------------------|----------------------|
| <b>Financial Assets:</b>                                  |          |                     |                     |                      |
| <b>Measured at Fair Value</b>                             |          |                     |                     |                      |
| <b>Investments</b>  |          |                     |                     |                      |
| Unquoted Equity Share                                     | -        | 10,53,44,047        | -                   | <b>10,53,44,047</b>  |
| <b>Not Measured at Fair Value</b>                         |          |                     |                     |                      |
| Unquoted Equity Share                                     |          |                     | 35,10,000           | <b>35,10,000</b>     |
| Long Term Advances  |          | -                   | 45,45,000           | <b>45,45,000</b>     |
| Trade Receivables   | -        | -                   | 24,29,36,520        | <b>24,29,36,520</b>  |
| Cash and cash equivalents                                 | -        | -                   | 55,50,223           | <b>55,50,223</b>     |
| Deposits  | -        | -                   | -                   | -                    |
| Short Term Advances                                       | -        | -                   | 11,77,058           | <b>11,77,058</b>     |
| <b>Total</b>  | <b>-</b> | <b>10,53,44,047</b> | <b>25,77,18,802</b> | <b>36,30,62,849</b>  |
| <b>Financial liabilities:</b>                             |          |                     |                     |                      |
| <b>Not measured at fair value</b>                         |          |                     |                     |                      |
| Long Term Borrowings                                      | -        | -                   | 1,97,33,293         | <b>1,97,33,293</b>   |
| Short Term Borrowings                                     |          |                     | 16,76,94,398        | <b>16,76,94,398</b>  |
| Trade Payable   | -        | -                   | 7,65,38,045         | <b>7,65,38,045</b>   |
| Other Current Liabilities                                 | -        | -                   | 1,09,65,373         | <b>1,09,65,373</b>   |
| <b>Total</b>  | <b>-</b> | <b>-</b>            | <b>27,49,31,109</b> | <b>27,49,31,109</b>  |

| Financial Instruments by Category As on March 31, 2020 | FVTPL    | FVOCI    | Amortised cost      | Total carrying value |
|--|----------|----------|---------------------|----------------------|
| <b>Financial Assets:</b>                               |          |          |                     |                      |
| <b>Measured at Fair Value</b>                          |          |          |                     |                      |
| <b>Investments</b>                                     | -        | -        | -                   | -                    |
| <b>Not Measured at Fair Value</b>                      |          |          |                     |                      |
| Unquoted Equity Shares                                 |          |          | 35,10,000           |                      |
| Long Term Advances                                     | -        | -        | 48,85,000           | <b>48,85,000</b>     |
| Trade Receivables                                      | -        | -        | 18,04,45,448        | <b>18,04,45,448</b>  |
| Cash and cash equivalents                              | -        | -        | 38,53,612           | <b>38,53,612</b>     |
| Deposits   | -        | -        | -                   | -                    |
| Short Term Advances                                    | -        | -        | 30,73,461           | <b>30,73,461</b>     |
| <b>Total</b>   | <b>-</b> | <b>-</b> | <b>19,57,67,521</b> | <b>19,57,67,521</b>  |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

|  |              |              |                       |                             |
|--|--------------|--------------|-----------------------|-----------------------------|
| <b>Financial liabilities:</b>            |              |              |                       |                             |
| <b>Not measured at fair value</b>        |              |              |                       |                             |
| Long Term Borrowings                     | -            | -            | 2,68,00,587           | <b>2,68,00,587</b>          |
| Short Term Borrowings                    |              |              | 15,44,09,257          | <b>15,44,09,257</b>         |
| Trade Payable                            | -            | -            | 12,28,32,312          | <b>12,28,32,312</b>         |
| Other Current Liabilities                | -            | -            | 1,64,73,911           | <b>1,64,73,911</b>          |
| <b>Total</b>                             | -            | -            | <b>32,05,16,068</b>   | <b>32,05,16,068</b>         |
| <b>Financial Instruments by Category</b> | <b>FVTPL</b> | <b>FVOCI</b> | <b>Amortised cost</b> | <b>Total carrying value</b> |
| <b>As on April 01, 2019</b>              |              |              |                       |                             |
| <b>Financial Assets:</b>                 |              |              |                       |                             |
| <b>Measured at Fair Value</b>            |              |              |                       |                             |
| <b>Investments</b>                       | -            | -            | -                     | -                           |
| <b>Not Measured at Fair Value</b>        |              |              |                       |                             |
| Unquoted Equity Shares                   |              |              | 35,10,000             |                             |
| Long Term Advances                       | -            | -            | 49,15,000             | <b>49,15,000</b>            |
| Trade Receivables                        | -            | -            | 8,82,74,315           | <b>8,82,74,315</b>          |
| Cash and cash equivalents                | -            | -            | 9,60,251              | <b>9,60,251</b>             |
| Deposits                                 | -            | -            | -                     | -                           |
| Short Term Advances                      | -            | -            | 45,94,206             | <b>45,94,206</b>            |
| <b>Total</b>                             | -            | -            | <b>10,22,53,772</b>   | <b>10,22,53,772</b>         |
| <b>Financial liabilities:</b>            |              |              |                       |                             |
| <b>Not measured at fair value</b>        |              |              |                       |                             |
| Long Term Borrowings                     |              |              | 4,41,20,408           | <b>4,41,20,408</b>          |
| Short Term Borrowings                    |              |              | 13,04,57,564          | <b>13,04,57,564</b>         |
| Trade Payable                            | -            | -            | 5,48,95,058           | <b>5,48,95,058</b>          |
| Other Current Liabilities                | -            | -            | 88,10,854             | <b>88,10,854</b>            |
| <b>Total</b>                             | -            | -            | <b>23,82,83,884</b>   | <b>23,82,83,884</b>         |

b) **Fair value hierarchy**

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis, it also includes the financial instruments which are measured at amortised cost for which fair values are disclosed.

| <b>As on March 31, 2021</b>                         | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b>         | <b>Total</b>           |
|---|----------------|----------------|------------------------|------------------------|
| <b>Financial Assets:</b>                            |                |                |                        |                        |
| <b>Measured at Fair Value</b>                       |                |                |                        |                        |
| <b>Investments</b>                                  |                |                |                        |                        |
| Equity Share  | -              | -              | 10,53,44,047.00        | <b>10,53,44,047.00</b> |
| <b>Not Measured at Fair Value (Refer Footnotes)</b> |                |                |                        |                        |
| <b>Total</b>  | -              | -              | <b>10,53,44,047.00</b> | <b>10,53,44,047.00</b> |
| <b>Financial liabilities:</b>                       |                |                |                        |                        |
| <b>Not Measured at Fair Value (Refer Footnotes)</b> |                |                |                        |                        |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

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| As on March 31, 2020                                | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
| <b>Financial Assets:</b>                            |         |         |         |       |
| <b>Measured at Fair Value</b>                       |         |         |         |       |
| <b>Investments</b>                                  | -       | -       | -       | -     |
| <b>Not Measured at Fair Value (Refer Footnotes)</b> |         |         |         |       |
| <b>Total</b>  | -       | -       | -       | -     |

### Financial liabilities:

#### Not Measured at Fair Value (Refer Footnotes)

| As on April 01, 2019                                | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
| <b>Financial Assets:</b>                            |         |         |         |       |
| <b>Measured at Fair Value</b>                       |         |         |         |       |
| <b>Investments</b>                                  | -       | -       | -       | -     |
| <b>Not Measured at Fair Value (Refer Footnotes)</b> |         |         |         |       |
| <b>Total</b>  | -       | -       | -       | -     |
| <b>Financial liabilities:</b>                       |         |         |         |       |
| <b>Not Measured at Fair Value (Refer Footnotes)</b> |         |         |         |       |
| <b>Footnotes:</b>                                   |         |         |         |       |

i) The Company has not disclosed the fair value of financial instruments such as trade receivables, trade payables, advances, security deposits, other current assets and liabilities etc. because their carrying amounts are a reasonable approximation of fair value.

#### c) Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- i) **Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices in an active market. This included listed equity instruments, traded debentures and mutual funds that have quoted price. The fair value of all equity instruments (including debentures) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.
- ii) **Level 2:** Level 2 hierarchy includes financial instruments that are not traded in an active market (for example, traded bonds/ debentures, over the counter derivatives). The fair value in this hierarchy is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level
- ii) **Level 3:** If one or more of the significant Inputs is not based on observable market data, the instrument is included in level 3. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Financial instruments such as unlisted equity shares, loans are included in this hierarchy.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### d) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- a) the use of quoted market prices for the equity instruments
- b) the fair value of the unlisted shares are determined based on the income approach or the comparable mark approach. For these unquoted investments categorised under Level 3, their respective cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.
- c) the fair value of the remaining financial instruments is determined using the discounted cash flow analysis

### 43 Gratuity And Other Post-Employment Benefit Plans

The Company operates gratuity plan in a way wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. Company only provides from provision and when a sum is payable is paid immediately, No such fund has been created for the purpose of Gratuity Payment.

The Company provides for provision based on the actuarial valuation report.

**The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and Balance Sheet :**

Net benefit expense recognised through the Statement of Profit and Loss

|                                     | 31.03.2021 | 31.03.2020 |
|-------------------------------------|------------|------------|
| Current Services Cost               | 5,22,134   | 3,25,783   |
| Interest Cost                       | 1,80,398   | 1,15,376   |
| Actuarial Losses/(Gains)            | 11,35,490  | 10,01,033  |
| Total                               | 18,38,022  | 14,42,192  |
| Expense Recognized in Profit & Loss | 7,02,532   | 4,41,159   |
| Expense Recognized Through OCI      | 11,35,490  | 10,01,033  |

Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:

|  | 31.03.2021 | 31.03.2020 |
|--|------------|------------|
| Opening defined benefit obligation                           | 29,86,720  | 15,44,528  |
| Interest Cost  | 1,80,398   | 1,15,376   |
| Current Service Cost   | 5,22,134   | 3,25,783   |
| Actuarial (gain)/ loss on account of:                        |            |            |
| Changes in demographic assumptions                           |            |            |
| Changes in financial assumptions                             | (16,059)   | -          |
| Experience adjustments                                       | 99,969     | 1,97,276   |
|  | 10,51,580  | 8,03,757   |
| Present Value of Benefit Obligation at the End of the Period | 48,24,742  | 29,86,720  |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

|   | 31.03.2021 | 31.03.2020 |
|---|------------|------------|
| Balance Sheet Reconciliation                          |            |            |
| Opening Net Liability                                 | 29,86,720  | 15,44,528  |
| Expense Recognized in Statement of Profit or Loss     | 7,02,532   | 4,41,159   |
| Expense Recognized in Other Comprehensive Income      | 11,35,490  | 10,01,033  |
| Benefit Paid  | -          | -          |
| Net Liability/(Asset) Recognized in the Balance Sheet | 48,24,742  | 29,86,720  |

**44** i. Non-current assets

All non-current assets of the company are located in India.

ii Going Concern-

The annual financial statement have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations will occur in ordinary course of business

iii Events after the reporting period-

There are no events after the balance sheet date that require disclosures.

iv. Approval of financial statements

These financial statements were approved by the board of directors and authorised for issue on 22nd June 2021

## Independent Auditor's Report

To the Members of M/s. Garment Mantra Lifestyle Limited  
(Formerly Known as Junction Fabrics and Apparels Limited)

Report on the Consolidated Ind AS Financial Statements

### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Garment Mantra Lifestyle Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2021 and their total comprehensive income (comprising of Consolidated profit and other comprehensive income), their Consolidated changes in equity and their Consolidated cash flows for the year ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group 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 Consolidated Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

In light of lock down, social distancing or work from home restrictions amid covid-19, thereby putting restrictions

in physical movement and visits to the company offices, Company has provided all the data / information / records as required by us for the purpose of audit using e-data sharing modes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Consolidated Ind AS financial statements and our auditors' report thereon. Our opinion on the Consolidated 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 Consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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

### Responsibilities of management and those charged with governance for the Consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This

responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Ind AS financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated 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 Consolidated 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 Holding Company has adequate internal financial controls with reference to Consolidated Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 Holding Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- c) The Balance Sheet, the Statement of Profit and Loss (including comprehensive income), Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group does not have any pending litigations which would impact its financial position
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries or there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.
  - iv. The Holding Company has provided requisite disclosures in the consolidated Ind AS financial statements. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Holding Company and as produced to us by the Management.

For N B T & Co.

Chartered Accountants

Firm Registration No. : 140489W

-Sd-

Arpit Tapadiya

Partner

Membership No. 182428

Place : Mumbai

Date : 22-06-2021

UDIN : 21182428AAAAAP4798

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF GARMENT MANTRA LIFESTYLE LIMITED (FORMERLY KNOWN AS JUNCTION FABRICS AND APPARELS LIMITED)**

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

We have audited the internal financial controls over financial reporting of **GARMENT MANTRA LIFESTYLE LIMITED** (“the Holding Company”) and its subsidiary companies as of March 31, 2021 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

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

The respective Board of Directors of the Holding Company and its subsidiary companies, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing issued by the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Holding Company and its subsidiary companies has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021,

based on the internal control over financial reporting criteria established by the Holding 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 N B T & Co.  
Chartered Accountants  
Firm Registration No. : 140489W

-Sd-  
Arpit Tapadiya  
Partner  
Membership No. 182428

Place : Mumbai  
Date : 22-06-2021  
UDIN : 21182428AAAAAP4798

## **“Annexure B” to the Independent Auditors’ Report**

**(Referred to in our report of even date to the members of GARMENT MANTRA LIFESTYLE LIMITED (FORMERLY KNOWN AS JUNCTION FABRICS AND APPARELS LIMITED) as at and for the year ended 31<sup>st</sup> March, 2021).**

- i) In respect of its Fixed Assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - b) The Fixed Assets are physically verified by the Management in accordance with a phased program designed to cover all the items over a period of three years, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification as compared with available records.
  - c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii) The physical verification of inventory has been conducted at reasonable intervals by the management during the year. (As per discussion and explanation given by management Inventory related is precious metals and they hold and store very carefully and physical verified regularly and also match with book balance and also no effect on verification during the lockdown as on 31<sup>st</sup> March 2021) and no discrepancies were noticed on such physical verification.
- iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in register maintained under section 189 of the Act except to the advance Rs. 67,00,000 provided to Beatle Appeals towards purchases.
- iv) In respect of loans, investment, guarantees and security the Company has complied with provision of section 185 and 186 of the Act.
- v) The company has not accepted any deposit from public within the meaning of Section 73,74,75 and 76 and clause (v) of Para 3 of the order is 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 manufacturing activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made detailed examination of the same.
- vii) (a) The company is regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Sales-Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable except Professional tax outstanding more than six month.
  - (b) According to the records of the company, there are no dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute.
- viii) The company has not defaulted in repayment of any dues to a financial institution, bank, and government. The company has not borrowed any amount by way of debentures.
- ix) The company has not raised any money by way of Initial public offer or further Public offer (Including debt instruments) during the year and as observed by us, money earlier raised through IPO is applied for the purpose mentioned in prospectus. Moneys raised by way of Term Loan were applied for the purpose for which the loan was obtained.
- x) On the basis of our examination and according to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers/employees has been noticed or reported during the year.
- xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) The company is not Nidhi Company and accordingly the information and explanations given to us, provisions of Nidhi Rules, 2014 are not applicable to the company.



- xiii) On the basis of our examination and according to the information and explanations given to us, we report that all the transaction with the related parties are in compliance with Section 177 and Section 188 of the Act, and the details have been disclosed in the Financial statements in Note no. 36 as required by the applicable accounting standards.
- xiv) The company has made preferential allotment of the 40,00,000 shares by converting its exactly issued share warrants at Rs 40 each and as observed by us, requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. However, No private placement of shares or issue of fully or partly paid convertible debentures has been done during the year
- xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, provisions of clause (xvi) of Para 3 of the Order are not applicable.

For N B T & Co.  
Chartered Accountants  
Firm Registration No. : 140489W

-Sd-  
Arpit Tapadiya  
Partner  
Membership No. 182428

Place : Mumbai  
Date : 22-06-2021  
UDIN : 21182428AAAAAP4798

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars                              | Notes. | As at 31-03-2021    | As at 31-03-2020    | As at 01-04-2019    |
|--|--------|---------------------|---------------------|---------------------|
| <b>ASSETS</b>                            |        |                     |                     |                     |
| <b>(1) Non-Current Assets</b>            |        |                     |                     |                     |
| a) Property, Plant and Equipment         | 2      | 6,48,05,543         | 6,01,53,377         | 4,57,08,982         |
| b) Investment Property                   |        | -                   | -                   | -                   |
| c) Intangible Assets under development   |        | -                   | -                   | -                   |
| d) Financial Assets                      |        |                     |                     |                     |
| (i) Investments                          | 3      | 52,85,000           | 52,85,000           | 52,85,000           |
| (ii) Loans & Advances                    | 4      | 1,31,36,375         | 1,17,09,060         | 49,35,000           |
| (iii) Deposits                           | 5      | 63,970              | 63,970              | 27,220              |
| f) Other non current assets              | 6      | -                   | -                   | 9,49,897            |
| g) Deferred Tax Assets (net)             | 7      | 20,04,525           | 14,99,395           | 9,13,252            |
| <b>(2) Current Assets</b>                |        |                     |                     |                     |
| a) Inventories                           | 8      | 49,51,56,206        | 55,94,12,200        | 36,36,16,780        |
| b) Financial Assets                      |        |                     |                     |                     |
| (i) Trade Receivables                    | 9      | 32,95,60,676        | 23,86,28,159        | 13,37,19,316        |
| (ii) Cash and cash Equivalents           | 10     | 1,38,67,341         | 80,55,061           | 13,65,590           |
| (iii) Advances                           | 11     | 1,99,25,377         | 2,24,13,147         | 2,52,51,368         |
| c) Other current assets                  | 12     | 1,20,90,352         | 1,63,99,146         | 93,24,314           |
| <b>TOTAL ASSETS</b>                      |        | <b>95,58,95,365</b> | <b>92,36,18,515</b> | <b>59,10,96,720</b> |
| <b>EQUITY AND LIABILITIES</b>            |        |                     |                     |                     |
| <b>I. Equity</b>                         |        |                     |                     |                     |
| a) Equity Share Capital                  | 12     | 10,03,84,050        | 2,69,22,700         | 2,69,22,700         |
| b) Other Equity                          |        | 21,99,95,214        | 6,55,91,515         | 4,23,42,028         |
| c) Money received against share warrants |        | -                   | 8,42,12,500         | -                   |
| d) Non Controlling Interest              | 14     | 2,06,402            | 7,59,29,548         | 5,81,84,117         |
| <b>II. Liabilities</b>                   |        |                     |                     |                     |
| <b>(1) Non-Current Liabilities</b>       |        |                     |                     |                     |
| i) Financial Liabilities                 |        |                     |                     |                     |
| a) Borrowings                            | 15     | 9,60,60,496         | 8,21,02,093         | 6,26,83,175         |
| b) Other Financial Liabilities           |        | -                   | -                   | -                   |
| ii) Deferred Tax Liabilities (Net)       |        | -                   | -                   | -                   |
| iii) Other Non Current Liability         | 16     | 42,59,911           | 27,91,510           | 14,76,508           |
| <b>(2) Current Liabilities</b>           |        |                     |                     |                     |
| a) Financial Liabilities                 |        |                     |                     |                     |
| (i) Borrowings                           | 17     | 29,04,54,074        | 26,69,31,575        | 21,63,74,727        |
| (ii) Trade Payables                      | 18     | 20,28,93,421        | 29,47,82,780        | 17,01,54,204        |
| b) Other current liabilities             | 19     | 53,89,580           | 39,86,967           | 23,12,645           |
| c) Provisions                            | 20     | 3,62,52,217         | 2,03,67,327         | 1,06,46,616         |
| <b>TOTAL EQUITY AND LIABILITIES</b>      |        | <b>95,58,95,365</b> | <b>92,36,18,515</b> | <b>59,10,96,720</b> |

Summary of significant accounting policies 1

The accompanying notes are integral part of these financial statements

In terms of our report attached  
**For N B T & Co**  
**Chartered Accountants**

-Sd-  
**Arpit Tapadiya**  
 Partner  
 Membership No-182428  
 Firm Regd. No. 140489W

Place: Tirupur  
 Date : 22-06-2021

**For and on behalf of the Board of Directors**

-Sd-  
**Prem Aggarwal**  
 Managing Director  
 DIN: 02050297

Place: Tirupur  
 Date : 22-06-2021

-Sd-  
**Shikha Aggarwal**  
 Director  
 DIN: 03373965

-Sd-  
**K. Lakshmi Priya**  
 Company Secretary  
 PAN:BBRPP6162M

-Sd-  
**Aditya Aggarwal**  
 CFO  
 PAN: BQJPA0155L

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars   | Notes. | 31.03.2021            | 31.03.2020            |
|---|--------|-----------------------|-----------------------|
| <b>I INCOME</b>   |        |                       |                       |
| Revenue from Operations   | 20     | 1,67,70,14,476        | 1,49,99,35,754        |
| Other Income  | 21     | 18,56,016             | 13,72,715             |
| <b>TOTAL INCOME</b>   |        | <b>1,67,88,70,491</b> | <b>1,50,13,08,470</b> |
| <b>II EXPENSES</b>  |        |                       |                       |
| Cost of material consumed   | 22     | 1,17,15,17,214        | 1,23,91,25,614        |
| Purchase of Stock in Trade  |        | 15,09,27,963          | 12,75,32,634          |
| Changes in inventories of Finished Goods and Stock-in-Trade   | 23     | (82,73,204)           | (13,06,97,674)        |
| Employee Benefit expenses   | 24     | 2,56,36,656           | 2,30,61,109           |
| Finance Cost  | 25     | 3,53,52,940           | 3,14,98,084           |
| Depreciation and Amortisation expenses  | 2      | 70,36,314             | 68,98,659             |
| Rent Expenses   | 26     | 90,61,138             | 73,73,700             |
| Manufacturing Expenses  |        | 10,32,64,552          | 8,11,23,855           |
| Power & Fuel  |        | 23,16,106             | 26,56,125             |
| Other Expenses  | 27     | 7,21,76,613           | 5,56,73,530           |
| <b>TOTAL EXPENSES</b>   |        | <b>1,56,90,16,293</b> | <b>1,44,42,45,636</b> |
| <b>PROFIT (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>   |        | <b>10,98,54,199</b>   | <b>5,70,62,833</b>    |
| <b>III. EXCEPTIONAL ITEMS</b>   | 28     | -                     | -                     |
| <b>PROFIT (LOSS) BEFORE TAX</b>   |        | <b>10,98,54,199</b>   | <b>5,70,62,833</b>    |
| <b>IV TAX EXPENSE</b>   | 29     |                       |                       |
| (1) Current Tax   |        | 3,10,58,855           | 1,68,54,099           |
| (2) Deferred Tax  |        | (5,31,716)            | (5,86,143)            |
| (3) Short Provision for Income Tax of Earlier Year  |        | 8,18,968              | 4,76,705              |
| <b>TOTAL TAX EXPENSE</b>  |        | <b>3,13,46,107</b>    | <b>1,67,44,661</b>    |
| <b>PROFIT (LOSS) FOR THE PERIOD</b>   |        | <b>7,85,08,092</b>    | <b>4,03,18,172</b>    |
| <b>V OTHER COMPREHENSIVE INCOME</b>   |        |                       |                       |
| (i) Items that will not be reclassified to Profit or Loss   | 30     | (11,35,490)           | (10,01,033)           |
| <b>VI TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (IV+V) (Comprising Profit/Loss and Other Comprehensive Income for the period)</b> |        | <b>7,73,72,602</b>    | <b>3,93,17,139</b>    |
| <b>Profit/ (loss) attributable to</b>   |        |                       |                       |
| - Owners of the Company   |        | <b>5,88,14,341</b>    | <b>2,32,49,488</b>    |
| -Non-controlling interest   |        | <b>30,96,451</b>      | <b>1,60,67,652</b>    |
| '- Pre Acquisition Profits  |        | <b>1,54,61,810</b>    | -                     |
| <b>VII EARNINGS PER EQUITY SHARE OF RS 10 EACH (BASIC AND DILUTED)</b>  |        | <b>9.71</b>           | <b>14.98</b>          |
| Summary of significant accounting policies  | 1      |                       |                       |

The accompanying notes are integral part of these financial statements

In terms of our report attached  
**For N B T & Co**  
 Chartered Accountants

**For and on behalf of the Board of Directors**

-Sd-  
**Arpit Tapadiya**  
 Partner  
 Membership No-182428  
 Firm Regd. No. 140489W

-Sd-  
**Prem Aggarwal**  
 Managing Director  
 DIN: 02050297

-Sd-  
**Shikha Aggarwal**  
 Director  
 DIN: 03373965

-Sd-  
**Aditya Aggarwal**  
 CFO  
 PAN: BQJPA0155L

Place: Tirupur  
 Date : 22-06-2021

Place: Tirupur  
 Date : 22-06-2021

-Sd-  
**K. Lakshmi Priya**  
 Company Secretary  
 PAN:BBRPP6162M

## Consolidated Statement of Changes in Equity for the year ended 31st March 2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars  | Equity Instruments through Other Comprehensive Income | Reserves and Surplus       |                     | TOTAL               |
|--|---|----------------------------|---------------------|---------------------|
|  |   | Securities Premium Reserve | Retained Earnings   |                     |
| Balance as at 1st April, 2019                                | -   | 60,00,000                  | 3,63,42,028         | 4,23,42,028         |
| Other Comprehensive Income for the year 2018-19              |   | -                          | -                   | -                   |
| Restated balance as at 1st April, 2019                       | -   | 60,00,000                  | 3,63,42,028         | 4,23,42,028         |
| Profit for the year 2019-2020                                | -   | -                          | 2,42,50,521         | 2,42,50,521         |
| Other Comprehensive Income for the year 2019-2020            | (10,01,033)   | -                          | -                   | (10,01,033)         |
| Balance as at 31st March, 2020                               | (10,01,033)   | 60,00,000                  | 6,05,92,548         | 6,55,91,515         |
| Profit for the year 2020-21                                  |   |                            | 7,54,11,641         | 7,54,11,641         |
| Less: Excess Amount paid on Acquisition                      |   |                            | (9,24,701)          | (9,24,701)          |
| Less: Pre Acquisition Profits                                |   |                            | (1,54,61,810)       | (1,54,61,810)       |
| Add - Premium Received on Issue of Shares                    | -   | 12,00,00,000               | -                   | 12,00,00,000        |
| Less: Bonus Issue  |   |                            | (3,34,61,350)       | (3,34,61,350)       |
| Other Comprehensive Income for the year 2020-21              | (11,35,490)   | -                          | -                   | (11,35,490)         |
| Transferable Subsidiary Reserves to Non Controlling Interest | -   | -                          | 99,75,409           | 99,75,409           |
| <b>Balance as at 31st March, 2021</b>                        | <b>(21,36,523)</b>                                    | <b>12,60,00,000</b>        | <b>16,94,65,539</b> | <b>21,99,95,214</b> |

**For N B T & Co**

**Chartered Accountants**

-Sd-

**Arpit Tapadiya**

Partner

Membership No-182428

Firm Regd. No. 140489W

Place: Tirupur

Date : 22-06-2021

-Sd-

**Prem Aggarwal**

Managing Director

DIN: 02050297

Place: Tirupur

Date : 22-06-2021

-Sd-

**Shikha Aggarwal**

Director

DIN: 03373965

-Sd-

**K. Lakshmi Priya**

Company Secretary

PAN:BBRPP6162M

-Sd-

**Aditya Aggarwal**

CFO

PAN: BQJPA0155L

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars   | Note No. | 31.03.2021    |               | 31.03.2020     |                |
|---|----------|---------------|---------------|----------------|----------------|
| <b>Cash flow from operating activities</b>                        |          |               |               |                |                |
| <b>Net Profit before Tax</b>                                      |          |               | 10,98,54,199  |                | 5,70,62,833    |
| Discontinued operations   |          |               | -             |                | -              |
| <b>Profit before income tax including discontinued operations</b> |          |               | 10,98,54,199  |                | 5,70,62,833    |
| <b>Adjustments for</b>  |          |               |               |                |                |
| Depreciation and amortisation expense                             |          | 70,36,314     |               | 68,98,659      |                |
| Preliminary Expense Written Off                                   |          | -             |               | 9,49,897       |                |
| Provision for Gratuity  |          | 13,43,355     |               | 11,54,760      |                |
| Finance Cost  |          | 3,53,52,940   | 4,37,32,609   | 3,14,98,084    | 4,05,01,400    |
| <b>Operating Profit before Working Capital Changes</b>            |          |               | 15,35,86,808  |                | 9,75,64,234    |
| (Increase)/Decrease in trade receivables                          |          | (9,09,32,517) |               | (10,49,08,843) |                |
| (Increase)/Decrease in inventories                                |          | 6,42,55,994   |               | (19,57,95,420) |                |
| (Increase)/decrease in other current assets                       |          | 43,08,794     |               | (70,74,832)    |                |
| Increase/ (Decrease) in short Term borrowings                     |          | 2,35,22,499   |               | 5,05,56,848    |                |
| Increase/ (Decrease) in trade payables                            |          | (9,18,89,359) |               | 12,46,28,576   |                |
| Increase/(decrease) in provision                                  |          | 1,55,96,098   |               | 95,93,521      |                |
| Decrease/(Increase) in Current Advances                           |          | 24,87,770     |               | 28,38,221      |                |
| Increase in other current liabilities                             |          | 14,02,613     |               | 16,74,322      |                |
| <b>Cash generated from operations</b>                             |          |               | (7,12,48,108) |                | (11,84,87,608) |
| Income taxes paid   |          |               | 3,25,99,467   |                | 1,80,44,405    |
| <b>Net cash inflow from operating activities</b>                  |          |               | 4,97,39,233   |                | (3,89,67,779)  |
| <b>Cash flows from investing activities</b>                       |          |               |               |                |                |
| (Increase)/Decrease in investments                                |          | (9,30,28,713) |               | -              |                |
| (Increase)/Decrease in Property, Plant & Equipment                |          | (38,63,889)   |               | (2,13,43,054)  |                |
| Deposit Given/(Released)  |          | -             |               | (36,750)       |                |
| Long Term Loans Recovered/(Given)                                 |          | (14,27,315)   |               | (67,74,060)    |                |
| <b>Net cash used in investing activities</b>                      |          |               | (9,83,19,916) |                | (2,81,53,864)  |
| <b>Cash flow from financing activities</b>                        |          |               |               |                |                |
| Capital Drawing   |          | -             |               | (50,000)       |                |
| Profit Withdrawal   |          | -             |               | (67,221)       |                |
| Issue of Warrants   |          | 7,57,87,500   |               | 8,42,12,500    |                |
| Proceeds From long Term Borrowing (Net)                           |          | 1,39,58,404   |               | 2,12,13,917    |                |
| Interest paid   |          | (3,53,52,940) |               | (3,14,98,084)  |                |
| <b>Net cash from financing activities</b>                         |          |               | 5,43,92,963   |                | 7,38,11,113    |

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars   | Note No. | 31.03.2021         | 31.03.2020       |
|---|----------|--------------------|------------------|
| <b>Net increase (decrease) in cash and cash equivalents</b>   |          | 58,12,280          | 66,89,470        |
| <b>Cash and cash equivalents at the beginning of the year</b>   |          | 80,55,061          | 13,65,590        |
| <b>Cash and cash equivalents at end of the year</b>   |          | <b>1,38,67,341</b> | <b>80,55,061</b> |
| Note -  |          |                    |                  |
| 1. During the Year 2020-21 Company has converted the Share Warrant of Rs 160,000,000 into shares at a price of Rs.40 each by allotting 40,00,000 shares |          |                    |                  |

In terms of our report attached  
**For N B T & Co**  
**Chartered Accountants**

-Sd-  
**Arpit Tapadiya**  
 Partner  
 Membership No-182428  
 Firm Regd. No. 140489W

Place: Tirupur  
 Date : 22-06-2021

**For and on behalf of the Board of Directors**

-Sd-  
**Prem Aggarwal**  
 Managing Director  
 DIN: 02050297

Place: Tirupur  
 Date : 22-06-2021

-Sd-  
**Shikha Aggarwal**  
 Director  
 DIN: 03373965

-Sd-  
**K. Lakshmi Priya**  
 Company Secretary  
 PAN:BBRPP6162M

-Sd-  
**Aditya Aggarwal**  
 CFO  
 PAN: BQJPA0155L

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note - 1

#### Notes to Consolidated Ind AS Financial Statements

##### Company Background

Garment Mantra Lifestyle Limited formerly known as Junction Fabrics and Apparels Limited (the 'Company') is a listed public limited Company incorporated under the Indian Companies Act 1956. The Company is engaged in the business of manufacturing, selling and distribution of fabrics, hosiery garments and providing of related services.

The registered office of the Company is located at No.15, Murthy's Plaza Kariagounder Street, Khaderpet Tirupur Erode, Tamilnadu – 641601, India.

The Consolidated Ind AS financial statements were approved and authorized for issue in accordance with the resolution of the Company's Board of Directors on 22<sup>nd</sup> June, 2021.

##### Significant Accounting Policies

#### 1. Basis of preparation of Consolidated Ind AS financial statements

##### (a) Basis of Accounting:

The Consolidated Ind AS financial statements have been prepared and presented under the historical cost convention except for following assets and liabilities which have been measured at fair value;

1. **Certain Financial Assets and Liabilities (including derivative instruments),**
2. **Defined Benefit Plans**

The Consolidated Ind AS Financial Statements are prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013, amended from time to time.

The Company's Consolidated Ind AS Financial Statements are presented in Indian Rupees, which is also its functional currency and all values are rounded to the nearest rupee except when otherwise indicated.

The Company has adopted IND AS for the first time for their annual reporting through their Consolidated Ind AS financial statements.

##### (b) Use of Estimates:

In the application of accounting policy, the management is required to make judgment, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The few critical estimations and judgments made in applying accounting policies are:

- i. **Property, Plant and Equipment:**  
Useful life of Property, Plant and Equipment and Intangible Assets are as specified in Specified in Schedule II to the Companies Act, 2013.
- ii. **Income Taxes:**  
Significant judgment is required in determining the amount for income tax expenses. There are many transactions and positions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amount that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
- iii. **Inventories:**  
Inventory Obsolescence is based on assessment of the future uses. In all cases, inventory is carried at the lower of cost and net realizable value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

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### iv. Impairment of Non-financial Assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An assets recoverable amount is higher of assets or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other asset or group of assets. Where carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered as impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flow are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

### v. Impairment of Financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### (c) Current/Non Current Classification:

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

### A. An assets 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 12 months after a reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after a reporting period.

All other assets are classified as non-current.

### B. 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 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

### C. Deferred tax asset 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 realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

## 2. Property, Plant and Equipment

For transition to Ind AS, the Company has elected to continue with the carrying value of property, Plant and Equipment ('PPE') recognized as of 1st April 2019 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost of the PPE as on the transition date.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

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Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost include purchase price after deducting trade discount / rebate, import duty, non-refundable taxes, cost of replacing the component parts, borrowing cost and other directly attributable cost of bringing the asset to its working condition in the manner intended by the management.

An item of PPE is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss when asset is de-recognized.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognized till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with Ind AS 105 and the date that the asset is derecognized.

Depreciation is charged so as to allocate the cost of assets less their residual values, if any, over their estimated useful lives, using the written down value method except intangible assets. Depreciation on intangible assets is provided on straight line basis. The following useful lives are considered for the depreciation of property, plant and equipment:

| Description of the Asset | Estimated Useful Life |
|--------------------------|-----------------------|
| Furniture & fixtures     | 10 Years              |
| Buildings                | 60 Years              |
| Office Equipment         | 5 Years               |
| Air Conditioner          | 10 Years              |
| Electricity Fittings     | 10 Years              |

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised accordingly to reflect the new expectations.

The residual values, useful lives and methods of depreciation of properties, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

On disposal of an investment property, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### Intangible assets under development:

The amount disclosed as 'Intangible asset under development' represents assets purchased/acquired and not available for use, as at the date of Statement of Financial Position.

An item of Intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from de-recognition of an intangible asset measured as the difference between the net disposals proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

### Impairment of Tangible (PPE) and Intangible Assets:

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets where it is not possible to estimate the recoverable amount of an individual asset), is estimated and compared

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with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in Statement of Profit and Loss.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

### 3. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before the revenue is recognized.

#### Sale of Goods:

Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sale is recognized when no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or

receivable, net of returns and allowances, trade discounts and volume rebates.

#### Dividend Income:

Dividend is recognized when right to receive is established, which is generally when shareholders approve the dividend.

#### Interest Income:

Interest income on financial assets measured at amortized cost is recognized on time proportion basis, using effective interest method.

### 4. Lease Accounting

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease, if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased items (i.e. PPE), are generally capitalized at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between finance charges and a reduction in lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the Statement of Profit and Loss.

Lease in which significant portion of the risks and rewards of ownership are not transferred to the Company as lessee is classified as operating leases. Payments made under operating leases are charged to Statement of Profit and Loss over the period of lease on straight line basis other than those cases where the escalation are linked to expected general inflation in which case they are charged on contractual terms.

### 5. Inventory

- (a) Raw materials, work in progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

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However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are valued at net realizable value.

- (b). In determining cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost methods used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
- (c) Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, inappropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

### 6. 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. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

#### Financial assets:

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

Financial assets of the Company comprise trade receivables. Cash and cash equivalents, bank balances, investment in equity shares of Companies, investment other than in equity shares, loans / advances to employees / related parties / others, security deposit, claims recoverable etc.

### Initial recognition and measurement

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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss. When transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in Statement of Profit and Loss and in other cases spread over life of the financial instrument using effective interest method.

### Subsequent measurement

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

- **Financial asset measured at amortized cost**
- **Financial asset at fair value through OCI**
- **Financial assets at fair value through profit or loss**

#### Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss in finance costs.

#### Financial assets at fair value through OCI (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows

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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. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income (OCI). On Derecognition of the financial asset other than equity instruments, cumulative gain or loss previously recognized in OCI is reclassified to income statements.

### Financial assets at fair value through profit or loss (FVTPL)

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of profit and loss.

### De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds receivables.

Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model on the following:

Financial assets that are measured at amortized cost.

Financial assets measured at fair value through other comprehensive income (FVTOCI)

ECL is measured through a loss allowance on a following basis:-

The 12 month expected credit losses (expected credit losses that result from all possible default events on the financial instruments that are possible within 12 months after the reporting date)

Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The company follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Company to track changes in credit risk. However, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis.

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

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the statement of profit and loss.

### Financial liabilities and equity instruments:

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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### Equity instruments

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

### Financial liabilities

The Company's financial liabilities include loans and borrowings including book overdraft, trade payable, accrued expenses and other payables.

### Initial Recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognized in the Statement of Profit and Loss or in the "Expenditure Attributable to Construction" if another standard permits inclusion of such cost in the carrying amount of an asset over the period of the borrowings using the effective rate of interest.

### Subsequent measurement

Subsequent measurement of financial liabilities depends upon the classification as described below:-

#### Financial Liabilities classified at Amortized Cost:

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the Effective Interest Rate. Interest expense that is not capitalized as part of cost of assets is included as Finance costs in the Statement of Profit and Loss.

#### Financial Liabilities at Fair value through profit and loss (FVTPL)

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

### Derecognition

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

### Offsetting of financial instruments

Financial assets and liabilities are offset and net amount is reported if there is currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, to realize assets and settle the liabilities simultaneously.

## 7. Transactions in Foreign Currency

### (a) Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

### (b). Measurement of foreign currency items at the Balance Sheet date:

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

### (c). Forward exchange contracts:

The Company had not entered into any forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company had not entered into any derivative instruments for trading or speculative purposes.

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### 8. Trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value (at carrying value) and subsequently measured at amortised cost using the effective interest method, less provision for impairment if require.

### 9. Employee Benefits

#### A. Short Term Employee Benefits:

All employee benefits payable wholly within twelvemonths of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

#### B. Post-employment benefits:

##### (a) Defined contribution plans :

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the financial year to which they relate.

##### (b) Defined benefit plans

###### Provident fund scheme

The Company makes specified monthly contributions towards Employee Provident Fund scheme, for the eligible employees.

##### (c) Gratuity scheme

The Company has created provision for gratuity based on the report issued by Actuaries.

### 10. Research and Development

Research and Development expenditure of a revenue nature is expensed out under the respective heads of account in the year in which it is incurred. Fixed assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

### 11. Provision for Taxation

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realization.

### 12. Provisions and Contingencies

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

### 13. Earnings per Share

The Basic and Diluted Earnings per Share ("EPS") is computed by dividing the profit after tax for the year by weighted average number of equity shares outstanding during the year.

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### 14. Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized. All other borrowing costs are expensed in the period they occur.

### 15. Cash and Cash Equivalents

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short-term highly liquid investments where the original maturity is three months or less.

### 16. Government Grants and Subsidies

The Company is not entitled to any subsidy from government authorities in respect of manufacturing units located in specified regions: Grants in the nature of subsidy which are nonrefundable are credited to the Statement of Profit and Loss, on accrual basis, where there is reasonable assurance that the Company will comply with all the necessary conditions attached to them. Grants in the nature of subsidy which are refundable are shown as Liabilities in the Balance Sheet.

### 17. Measurement of EBITDA

The Company has opted to present earnings before interest (finance cost), tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the year. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations.

### 18. Segment Reporting

#### i) Business Segment

- a. The business segment has been considered as the primary segment.
- b. The Company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.
- c. The Company's primary business comprises of manufacturing of knitted garments and trading of fabrics and since it is the only reportable segment as envisaged in Accounting Standard 17. 'Segment Reporting'. Accordingly, no separate disclosure for Segment Reporting to be made in the Consolidated Ind AS financial statements of the Company.

#### ii) Geographical Segment

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. The company provides products or services only through single establishment. Accordingly, no separate disclosure for Segment Reporting to be made in the Consolidated Ind AS financial statements of the Company.

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### 19. Details of Shareholders holding more than 5% equity shares in the Company

| Name of the share holders | As on 31.03.2021        |                       | As on 31.03.2020        |                       |
|---------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
|                           | Number of Equity Shares | Percentage of holding | Number of Equity Shares | Percentage of holding |
| Prem Dinanath Aggarwal    | 37,14,330               | 37.00                 | 10,51,220               | 39.05                 |
| Shikha Aggarwal           | 12,18,000               | 12.13                 | 2,37,000                | 8.80                  |
| Manju Jayantilal Lodha    | 1,28,657                | 1.28                  | 1,66,000                | 6.09                  |
| Jayantilal Hansraj Lodha  | 2,37,264                | 2.36                  | 1,44,000                | 5.35                  |
| <b>Total</b>              | <b>52,98,251</b>        |                       | <b>15,96,220</b>        |                       |

**21 : Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2020-21, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.**

- (i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act) Principal amount due to micro and small enterprise Rs. 31,69,725(PY Rs. 14,69,213)/- and Interest due on above- Nil (During 2019-20 Nil)
- (ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period Nil (During 2019-20 Nil)
- (iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 Nil (During 2019-20 Nil)
- (iv) The amount of interest accrued and remaining unpaid at the end of each accounting year Nil (During 2019-20 Nil)
- (v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises Nil (During 2019-20 Nil)

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

24. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

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### Note 2

#### Property, Plant and Equipment

| Particulars  | Buildings          |                    | Furniture & fixtures |                    | Plant and Equipment |                 | Vehicles         |                 | Computer           |                     | Miscellaneous Assets |       | Goodwill |       | Software |       | Office Equipments |       | Total |       |   |   |  |
|--|--------------------|--------------------|----------------------|--------------------|---------------------|-----------------|------------------|-----------------|--------------------|---------------------|----------------------|-------|----------|-------|----------|-------|-------------------|-------|-------|-------|---|---|--|
|  | Owned              | Owned              | Owned                | Owned              | Owned               | Owned           | Owned            | Owned           | Owned              | Owned               | Owned                | Owned | Owned    | Owned | Owned    | Owned | Owned             | Owned | Owned | Owned |   |   |  |
| <b>Gross Block</b>                                   |                    |                    |                      |                    |                     |                 |                  |                 |                    |                     |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| Deemed cost as at 01.04.2019                         | 4,03,14,307        | 1,75,22,094        | 1,60,15,991          | 77,90,132          | 14,95,940           | 1,10,573        | -                | 16,000          | 45,900             | 8,33,10,938         |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| Additions  | 1,04,95,599        | 40,42,687          | 14,89,609            | 38,81,859          | 6,01,729            | -               | -                | 4,80,850        | 3,50,721           | 2,13,43,054         |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| Disposals  | -                  | -                  | -                    | -                  | -                   | -               | -                | -               | -                  | -                   | -                    | -     | -        | -     | -        | -     | -                 | -     | -     | -     | - | - |  |
| Other adjustments (please specify)                   | -                  | -                  | -                    | -                  | -                   | -               | -                | -               | -                  | -                   | -                    | -     | -        | -     | -        | -     | -                 | -     | -     | -     | - | - |  |
| <b>At cost or fair value as at 31.03.2020</b>        | <b>5,08,09,906</b> | <b>2,15,64,781</b> | <b>1,75,05,600</b>   | <b>1,16,71,991</b> | <b>20,97,669</b>    | <b>1,10,573</b> | <b>4,96,850</b>  | <b>4,96,850</b> | <b>3,96,621</b>    | <b>10,46,53,991</b> |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| Additions  | 2,30,000           | 18,45,225          | 4,21,990             | 5,54,922           | 6,32,933            | -               | 78,24,592        | 75,920          | 1,02,899           | 1,16,88,481         |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| Disposals  | -                  | -                  | -                    | -                  | -                   | -               | -                | -               | -                  | -                   | -                    | -     | -        | -     | -        | -     | -                 | -     | -     | -     | - | - |  |
| <b>At cost or fair value as at 31.03.2021</b>        | <b>5,10,39,906</b> | <b>2,34,10,006</b> | <b>1,79,27,590</b>   | <b>1,22,26,913</b> | <b>27,30,602</b>    | <b>1,10,573</b> | <b>78,24,592</b> | <b>5,72,770</b> | <b>4,99,520</b>    | <b>11,63,42,472</b> |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| <b>Depreciation Block</b>                            |                    |                    |                      |                    |                     |                 |                  |                 |                    |                     |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| As at 01.04.2019                                     | 1,59,98,521        | 63,49,811          | 96,84,136            | 43,42,116          | 11,36,536           | 90,040          | -                | 333             | 462                | 3,76,01,955         |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| Depreciation for the year                            | 19,19,724          | 23,12,130          | 10,47,658            | 13,93,493          | 1,86,494            | -               | -                | 12,802          | 26,358             | 68,98,659           |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| Disposals  | -                  | -                  | -                    | -                  | -                   | -               | -                | -               | -                  | -                   | -                    | -     | -        | -     | -        | -     | -                 | -     | -     | -     | - | - |  |
| <b>Accumulated depreciation as at 31.03.2020</b>     | <b>1,79,18,245</b> | <b>86,61,941</b>   | <b>1,07,31,795</b>   | <b>57,35,609</b>   | <b>13,23,030</b>    | <b>90,040</b>   | <b>13,135</b>    | <b>26,820</b>   | <b>4,45,00,615</b> |                     |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| Depreciation for the year                            | 20,05,978          | 22,95,700          | 9,66,238             | 14,13,298          | 2,10,537            | -               | -                | 95,389          | 49,174             | 70,36,314           |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| Disposals  | -                  | -                  | -                    | -                  | -                   | -               | -                | -               | -                  | -                   | -                    | -     | -        | -     | -        | -     | -                 | -     | -     | -     | - | - |  |
| <b>Accumulated depreciation as at the 31.03.2021</b> | <b>1,99,24,223</b> | <b>1,09,57,641</b> | <b>1,16,98,033</b>   | <b>71,48,907</b>   | <b>15,33,567</b>    | <b>90,040</b>   | <b>1,08,524</b>  | <b>1,08,524</b> | <b>75,994</b>      | <b>5,15,36,929</b>  |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| <b>Net Block</b>                                     |                    |                    |                      |                    |                     |                 |                  |                 |                    |                     |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| As at 01.04.2019                                     | 2,43,15,786        | 1,11,72,283        | 63,31,855            | 34,48,016          | 3,59,404            | 20,533          | -                | 15,667          | 45,438             | 4,57,08,982         |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| As at 31.03.2020                                     | 3,28,91,661        | 1,29,02,840        | 67,73,805            | 59,36,382          | 7,74,639            | 20,533          | -                | 4,83,715        | 3,69,801           | 6,01,53,377         |                      |       |          |       |          |       |                   |       |       |       |   |   |  |
| As at 31.03.2021                                     | 3,11,15,683        | 1,24,52,365        | 62,29,558            | 50,78,006          | 11,97,034           | 20,533          | 78,24,592        | 4,64,246        | 4,23,526           | 6,48,05,543         |                      |       |          |       |          |       |                   |       |       |       |   |   |  |

Note:-

- In accordance with the Indian Accounting Standard (Ind AS 36) on "Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said Ind AS. On the basis of review carried out by the management, there was no impairment loss on property, plant and equipment during the year ended 31st March, 2021
- The carrying value (Gross Block less accumulated depreciation and amortisation) as on 1st April, 2019 of the Property, plant and equipment is considered as a deemed cost on the date of transition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

## Note 3

### Non Current Financial Assets - Investments

| Name of the Body Corporate   | Subsidiaries / Associates / Joint Ventures / Structured Entities / Others | No. of Shares and Face Value of Shares              |                  |   |                  |   |                  |                  |                  |                  |                  |                  |
|--|---|---|------------------|---|------------------|---|------------------|------------------|------------------|------------------|------------------|------------------|
|  |   | 31.03.2021  |                  | 31.03.2020  |                  | 01.04.2019  |                  | 31.03.2021       | 31.03.2020       | 01.04.2019       |                  |                  |
|  |   | Nos.  | Face Value (Rs.) | Nos.  | Face Value (Rs.) | Nos.  | Face Value (Rs.) | Face Value (Rs.) | Face Value (Rs.) | Face Value (Rs.) |                  |                  |
| Investments measured at Amortised Cost                             |   | -   | -                | -   | -                | -   | -                | -                | -                | -                | -                | -                |
| Investments Measured at Fair Value Through Profit and Loss (FVTPL) |   | -   | -                | -   | -                | -   | -                | -                | -                | -                | -                | -                |
| Investments Measured at Fair Value Through OCI (FVTOCI)            |   | -   | -                | -   | -                | -   | -                | -                | -                | -                | -                | -                |
| <b>Other Investments (Carried at cost)</b>                         |   |   |                  |   |                  |   |                  |                  |                  |                  |                  |                  |
| (i) Netaji Apparel Park  | Others  | 3,550   | 10               | 3,550   | 10               | 3,550   | 10               | 52,85,000        | 52,85,000        | 52,85,000        | 52,85,000        | 52,85,000        |
|  |   | Aggregate amount of unquoted investments            |                  | Aggregate amount of unquoted investments            |                  | Aggregate amount of unquoted investments            |                  | -                | -                | -                | -                | -                |
|  |   | Aggregate market value amount of quoted investments |                  | Aggregate market value amount of quoted investments |                  | Aggregate market value amount of quoted investments |                  | -                | -                | -                | -                | -                |
|  |   | <b>Total</b>  |                  | <b>Total</b>  |                  | <b>Total</b>  |                  | <b>52,85,000</b> | <b>52,85,000</b> | <b>52,85,000</b> | <b>52,85,000</b> | <b>52,85,000</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 4

#### Non Current Financial Assets - Loans & Advances

| PARTICULARS   | 31.03.2021         | 31.03.2020         | 01.04.2019       |
|---|--------------------|--------------------|------------------|
| Secured, considered good  |                    | -                  | -                |
| Unsecured, considered good  | 1,31,36,375        | 1,17,09,060        | 49,35,000        |
| Loans receivables, which have significant increase in credit risk | -                  | -                  | -                |
| Credit impaired   | -                  | -                  | -                |
|   | <b>1,31,36,375</b> | <b>1,17,09,060</b> | <b>49,35,000</b> |

### Note 5

#### Non Current Financial Assets - Deposits

| Particulars  | 31.03.2021    | 31.03.2020    | 01.04.2019    |
|--|---------------|---------------|---------------|
| Deposits to related party - unsecured, considered good | -             | -             | -             |
| Security Deposits                                      | 63,970        | 63,970        | 27,220        |
| Unsecured, considered doubtful                         | -             | -             | -             |
| Provision for doubtful deposits                        | -             | -             | -             |
| <b>Total</b>   | <b>63,970</b> | <b>63,970</b> | <b>27,220</b> |

### Note 6

#### Other non current assets

| Particulars  | 31.03.2021 | 31.03.2020 | 01.04.2019         |
|--|------------|------------|--------------------|
| Long term trade receivables (including trade receivables on deferred credit terms) | -          | -          | -                  |
| Preliminary Expenses not written off   | -          | -          | 9,49,897           |
| <b>Total</b>   | <b>-</b>   | <b>-</b>   | <b>9,49,897.00</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 7

#### Inventories

| Particulars  | Note No. | 31.03.2021   |                        | 31.03.2020   |                        | 01.04.2019   |                        | Mode of Valuation              |
|--|----------|--------------|------------------------|--------------|------------------------|--------------|------------------------|--------------------------------|
|  |          | Qty          | Value                  | Qty          | Value                  | Qty          | Value                  |                                |
| a. Raw Materials and components Valued at Rs.202/- per Kg.(P. Year Rs.203) |          | 2,30,881     | 4,74,98,528            | 5,32,425     | 12,00,27,726           | 2,45,972     | 5,49,29,980            |                                |
| b. Work-in-progress Valued at Rs.220/- per Kg.(P. Year Rs.224)             | Kgs      | 2,30,881     | 4,74,98,528            | 5,32,425     | 12,00,27,726           | 2,45,972     | 5,49,29,980            | Cost or NRV whichever is lower |
|  |          | 2,01,066     | 4,62,06,400            | 3,70,008     | 9,06,10,656            | 2,14,533     | 5,15,72,942            |                                |
| c. Finished goods Valued at Rs.92.36/- Per Piece (P. Year Rs.99.58/-)      | Kgs      | 2,01,066     | 4,62,06,400            | 3,70,008     | 9,06,10,656            | 2,14,533     | 5,15,72,942            |                                |
|  |          | 32,92,643    | 40,14,51,278           | 28,86,872    | 34,87,73,818           | 22,91,139    | 25,71,13,858           |                                |
|  | Pieces   | 32,92,643.00 | 40,14,51,278.00        | 28,86,872.00 | 34,87,73,818.00        | 22,91,139.00 | 25,71,13,858.00        |                                |
| <b>Total</b>   |          |              | <b>49,51,56,206.00</b> |              | <b>55,94,12,200.17</b> |              | <b>36,36,16,780.00</b> |                                |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 8

#### Current Financial Assets - Trade Receivables

| Particulars   | As at<br>31.03.2021 | As at<br>31.03.2020 | As at<br>01.04.2019 |
|---|---------------------|---------------------|---------------------|
|   | Amount              | Amount              | Amount              |
| - From Related Parties  | -                   | -                   | -                   |
| - From Others   | 32,95,60,676        | 23,86,28,159        | 13,37,19,316        |
| Total   | 32,95,60,676        | 23,86,28,159        | 13,37,19,316        |
| <b>Break-up for security details:</b>                             |                     |                     |                     |
| Secured, considered good  | -                   | -                   | -                   |
| Unsecured, considered good  | 32,95,60,676        | 23,86,28,159        | 13,37,19,316        |
| Trade receivables, which have significant increase in credit risk | -                   | -                   | -                   |
| Credit impaired   | -                   | -                   | -                   |
| <b>Impairment allowance</b>                                       |                     |                     |                     |
| Credit Impaired   | -                   | -                   | -                   |
| <b>Ageing</b>   |                     |                     |                     |
| Not Exceeding Six Months  | 29,24,50,909        | 23,01,37,073        | 12,86,11,600        |
| Exceeding Six Months  | 3,71,09,767         | 84,91,086           | 51,07,716           |
| Total   | <b>32,95,60,676</b> | <b>23,86,28,159</b> | <b>13,37,19,316</b> |

### Note 9

#### Current Financial Assets - Cash and Cash Equivalents

| Particulars   | As at<br>31.03.2021 | As at<br>31.03.2020 | As at<br>01.04.2019 |
|---|---------------------|---------------------|---------------------|
|   | Amount              | Amount              | Amount              |
| Balances with Banks in current accounts (of the nature of cash and cash equivalents); | 1,28,20,496         | 59,92,700           | 3,18,162            |
| Cash on hand  | 10,46,845           | 20,62,360           | 10,47,428           |
| <b>Total</b>  | <b>1,38,67,341</b>  | <b>80,55,061</b>    | <b>13,65,590</b>    |

### Note 10

#### Current Financial Assets - Advances

| Particulars   | As at<br>31.03.2021 | As at<br>31.03.2020 | As at<br>01.04.2019 |
|---|---------------------|---------------------|---------------------|
|   | Amount              | Amount              | Amount              |
| Loans and advances to employees                                   | -                   | -                   | -                   |
| Secured, considered good  | -                   | -                   | -                   |
| Unsecured, considered good  | 1,99,25,377         | 2,24,13,147         | 2,52,51,368         |
| Loans receivables, which have significant increase in credit risk | -                   | -                   | -                   |
| Credit impaired   | -                   | -                   | -                   |
| <b>Grand Total</b>  | <b>1,99,25,377</b>  | <b>2,24,13,147</b>  | <b>2,52,51,368</b>  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 11

#### Other Current Assets

| Particulars                       | As at<br>31.03.2021 | As at<br>31.03.2020 | As at<br>01.04.2019 |
|-----------------------------------|---------------------|---------------------|---------------------|
| Prepaid Expenses                  | 32,13,000           | 36,52,950           | 6,00,000            |
| Advance to Supplies               | 3,05,000            | 4,34,243            | -                   |
| Deposits with Revenue Authorities | 85,72,352           | 1,23,11,953         | 87,24,314           |
| <b>Grand Total</b>                | <b>1,20,90,352</b>  | <b>1,63,99,146</b>  | <b>93,24,314</b>    |

### Note 12

| A. EQUITY SHARE CAPITAL                     | 31.03.2021  |              | 31.03.2020  |              | 01.04.2019 |             |
|---|-------------|--------------|-------------|--------------|------------|-------------|
|   | No.         | Amount       | No.         | Amount       | No.        | Amount      |
| Authorised Share Capital                    | 1,10,00,000 | 11,00,00,000 | 1,10,00,000 | 11,00,00,000 | 40,00,000  | 4,00,00,000 |
| Issued Subscribed and Paid-up Share Capital | 1,00,38,405 | 10,03,84,050 | 26,92,270   | 2,69,22,700  | 26,92,270  | 2,69,22,700 |
| Subscribed Share Capital                    | 1,00,38,405 | 10,03,84,050 | 26,92,270   | 2,69,22,700  | 26,92,270  | 2,69,22,700 |
| Fully Paid-up Share Capital                 | 1,00,38,405 | 10,03,84,050 | 26,92,270   | 2,69,22,700  | 26,92,270  | 2,69,22,700 |
| Subscribed but not fully paid-up            |             |              | -           | -            | -          | -           |

#### a.) Reconciliation of Shares outstanding at the beginning and at the end of the year

|                                      |             |                 |           |             |           |             |
|--------------------------------------|-------------|-----------------|-----------|-------------|-----------|-------------|
| Balance at the beginning of the year | 26,92,270   | 2,69,22,700     | 26,92,270 | 2,69,22,700 | 26,92,270 | 2,69,22,700 |
| Issued during the year               | 73,46,135   | 7,34,61,350     | -         | -           | -         | -           |
| Balance at the end of the year       | 1,00,38,405 | 10,03,84,050.00 | 26,92,270 | 2,69,22,700 | 26,92,270 | 2,69,22,700 |

#### b.) Terms/Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per equity share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### c.) Shares in the Company held by each shareholder holding more than five per cent shares

| Name of the Shareholder     | 31.03.2021       |               | 31.03.2020       |               | 01.04.2019       |               |
|-----------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                             | No.              | % of Holding  | No.              | % of Holding  | No.              | % of Holding  |
| Shri.Prem Dinanath Aggarwal | 37,14,330        | 37.00%        | 10,51,220        | 39.05%        | 10,51,220        | 39.05%        |
| Shikha Aggarwal Prem        | 12,18,000        | 12.13%        | 2,37,000         | 8.80%         | 2,37,000         | 8.80%         |
| Manju Jayantilal Lodha      | 1,28,657         | 1.28%         | 1,64,000         | 6.09%         | -                | -             |
| Jayantilal Hansraj Lodha    | 2,37,264         | 2.36%         | 1,44,000         | 5.35%         | -                | -             |
| <b>Total</b>                | <b>52,98,251</b> | <b>52.78%</b> | <b>15,96,220</b> | <b>59.29%</b> | <b>12,88,220</b> | <b>47.85%</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

As per the Companies Act, 2013, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders

- d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.
- e) There is no dividend paid or proposed during the year and during the previous year.

### f) Details of Share Warrants

During the year the company has issued 400000 share warrants of Rs.40/- to 44 individuals and received Rs.84212500/-

| Name of the Person     | 31.03.2021      |                      | 31.03.2020         |                      | 01.04.2019      |                      |
|------------------------|-----------------|----------------------|--------------------|----------------------|-----------------|----------------------|
|                        | Amount Received | % of Amount Received | Amount Received    | % of Amount Received | Amount Received | % of Amount Received |
| Shri.Prem Aggarwal     | -               | 0.00%                | 2,42,50,000        | 28.80%               | -               | 0.00%                |
| Shikha Aggarwal        | -               | 0.00%                | 2,30,50,000        | 27.37%               | -               | 0.00%                |
| Other Non - Promoters` | -               | 0.00%                | 3,69,12,500        | 43.83%               | -               | 0.00%                |
| <b>Total</b>           | <b>-</b>        | <b>0.00%</b>         | <b>8,42,12,500</b> | <b>100.00%</b>       | <b>-</b>        | <b>0.00%</b>         |

### B.

| OTHER EQUITY   | Equity Instruments through Other Comprehensive Income | Changes in Own Credit Risk of Financial Liabilities measured at FVPL | Reserves and Surplus       |                     |                     |
|--|---|--|----------------------------|---------------------|---------------------|
|  |   |  | Securities Premium Reserve | Retained Earnings   | TOTAL               |
| <b>Balance as at 1st April, 2019</b>                         | -   | -  | 60,00,000                  | 3,63,42,028         | 4,23,42,028         |
| Other Comprehensive Income for the year 2018-19              | -   | -  | -                          | -                   | -                   |
| Restated balance as at 1st April, 2019                       | -   | -  | 60,00,000                  | 3,63,42,028         | 4,23,42,028         |
| Profit for the year 2019-2020                                | -   | -  | -                          | 2,42,50,521         | 2,42,50,521         |
| Other Comprehensive Income for the year 2019-2020            | (10,01,033)   | -  | -                          | -                   | (10,01,033)         |
| <b>Balance as at 31st March, 2020</b>                        | <b>(10,01,033)</b>                                    | <b>-</b>   | <b>60,00,000</b>           | <b>6,05,92,548</b>  | <b>6,55,91,515</b>  |
| Profit for the year 2020-21                                  | -   | -  | -                          | 7,54,11,641         | 7,54,11,641         |
| - Excess Amount Paid for Acquisition                         | -   | -  | -                          | (9,24,701)          | (9,24,701)          |
| - Pre Acquisition Profits                                    | -   | -  | -                          | (1,54,61,810)       | (1,54,61,810)       |
| Premium Received on Issue of Shares                          | -   | -  | 12,00,00,000               | -                   | 12,00,00,000        |
| Bonus Issue  | -   | -  | -                          | (3,34,61,350)       | (3,34,61,350)       |
| Other Comprehensive Income for the year 2020-21              | (11,35,490)   | -  | -                          | -                   | (11,35,490)         |
| Transferable Subsidiary Reserves to Non Controlling Interest | -   | -  | -                          | 99,75,409           | 99,75,409           |
| <b>Balance as at 31st March, 2021</b>                        | <b>(21,36,523)</b>                                    | <b>-</b>   | <b>12,60,00,000</b>        | <b>16,94,65,539</b> | <b>21,99,95,214</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Nature and Purpose of Reserve

#### 1. Securities Premium Reserve:

Securities Premium reserve is created on issue of equity share capital. The reserve will be utilised in accordance with provisions of the Companies Act, 2013.

In terms of our report attached  
**For N B T & Co**  
**Chartered Accountants**

**For and on behalf of the Board of Directors**

-Sd-  
**Arpit Tapadiya**  
 Partner  
 Membership No-182428  
 Firm Regd. No. 140489W

-Sd-  
**Prem Aggarwal**  
 Managing Director  
 DIN: 02050297

-Sd-  
**Shikha Aggarwal**  
 Director  
 DIN: 03373965

-Sd-  
**Aditya Aggarwal**  
 CFO  
 PAN: BQJPA0155L

Place: Tirupur  
 Date : 22-06-2021

Place: Tirupur  
 Date : 22-06-2021

-Sd-  
**K. Lakshmi Priya**  
 Company Secretary  
 PAN:BBRPP6162M



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 15

#### Non Controlling Interest

| Particulars                                 | Note No. | Current         |                    |                    |
|---|----------|-----------------|--------------------|--------------------|
|   |          | 31.03.2021      | 31.03.2020         | 01.04.2019         |
| Jannat Fabrics and Apparels Private Limited |          | 70,98,806       | 7,01,70,806        | 5,79,48,588        |
| Twenty Twenty Trading LLP                   |          | 31,91,212       | 57,58,742          | 2,35,529           |
| Less -                                      |          |                 |                    |                    |
| Profit on Upstream Transaction              |          | 1,08,207        | -                  | -                  |
| Amount Transferable from Reserves           |          | 99,75,409       | -                  | -                  |
| <b>Total</b>                                |          | <b>2,06,402</b> | <b>7,59,29,548</b> | <b>5,81,84,117</b> |

### Note 13

#### Non Current Financial Liabilities - Borrowings

| Particulars  |  | 31.03.2021         | 31.03.2020         | 01.04.2019         |
|--|--|--------------------|--------------------|--------------------|
| <b>Secured</b>   |  |                    |                    |                    |
| From Banks   |  | 1,39,36,997        | 1,92,21,366        | 2,25,10,408        |
| From Others  |  | -                  | -                  | -                  |
| Loans and advances from Directors  |  | -                  | -                  | -                  |
|  |  | 1,39,36,997        | 1,92,21,366        | 2,25,10,408        |
| <b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to above</b> |  |                    |                    |                    |
| 1. Period of default   |  | -                  | -                  | -                  |
| 2. Amount  |  | -                  | -                  | -                  |
| <b>Unsecured</b>   |  |                    |                    |                    |
| From Banks   |  | 49,30,442          | 88,79,582          | -                  |
| From Financial Institutions  |  | 1,03,73,653        | 1,89,62,173        | -                  |
| From Directors   |  | 5,91,52,244        | 99,75,000          | 3,90,74,767        |
| Terms of Repayment has not been entered into between the parties   |  |                    |                    |                    |
| From Other Related Parties   |  | 76,67,160          | 2,50,63,972        | 10,98,000          |
| (None of the above, is guaranteed by Directors and / or others)  |  |                    |                    |                    |
| Terms of Repayment has not been entered into between the parties   |  |                    |                    |                    |
|  |  | 8,21,23,499        | 6,28,80,727        | 4,01,72,767        |
| <b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to above</b> |  |                    |                    |                    |
| 1. Period of default   |  | -                  | -                  | -                  |
| 2. Amount  |  | -                  | -                  | -                  |
| <b>Total</b>   |  | <b>9,60,60,496</b> | <b>8,21,02,093</b> | <b>6,26,83,175</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 14

#### Deferred Tax Assets (Net)

The balance comprises temporary differences attributable to:

| PARTICULARS                                     | 31 March 2021    | 31 March 2020    | 1 April 2019    |
|---|------------------|------------------|-----------------|
| At the start of the year                        | 14,99,395        | 9,13,252         | 5,41,366        |
| Change/(Credit) to Statement of Profit and Loss | 5,05,130         | 5,86,143         | 3,71,886        |
| <b>Net deferred tax assets / liabilities</b>    | <b>20,04,525</b> | <b>14,99,395</b> | <b>9,13,252</b> |

### Note 15

#### Other Non Current Liabilities

| Particulars        | Current          |                  |                  |
|--------------------|------------------|------------------|------------------|
|                    | 31.03.2021       | 31.03.2020       | 01.04.2019       |
| Gratuity Provision | 42,59,911        | 27,91,510        | 14,76,508        |
| <b>Total</b>       | <b>42,59,911</b> | <b>27,91,510</b> | <b>14,76,508</b> |

### Note 16

#### Current Financial Liabilities -Borrowings

| Particulars  | 31.03.2021<br>Amount | 31.03.2020<br>Amount | 01.04.2019<br>Amount |
|--|----------------------|----------------------|----------------------|
| <b>Secured</b>   |                      |                      |                      |
| <b>From banks</b>  |                      |                      |                      |
| <b>(a) Loans repayable on demand</b>                                       | 23,84,38,787         | 23,04,71,757         | 20,74,21,597         |
| (Secured by hypothecation of inventories, book debts and machineries)      |                      |                      |                      |
| (of the above, entire amount is guaranteed by Directors and/or others)     |                      |                      |                      |
| <b>(b) Term Loans</b>  | 2,05,86,933          | 14,60,513            | 1,42,276             |
| Terms of Repayment: 33 months)   |                      |                      |                      |
| (of the above, ` entire amount is guaranteed by Directors and / or others) |                      |                      |                      |
| <b>From other parties</b>  | -                    | -                    | -                    |
| <b>From Director/Related Parties</b>                                       | -                    | -                    | -                    |
| <b>Current Maturities of Long Term Debt</b>                                | 3,14,28,354          | 3,49,99,305          | 88,10,854            |
|  | 29,04,54,074         | 26,69,31,575         | 21,63,74,727         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to above                    |  |                     |                     |                     |
|--|--|---------------------|---------------------|---------------------|
| 1. Period of default   |  | -                   | -                   | -                   |
| 2. Amount  |  | -                   | -                   | -                   |
| <b>Unsecured</b>   |  |                     |                     |                     |
| From banks   |  | -                   | -                   | -                   |
| From other parties   |  | -                   | -                   | -                   |
| From Director/Related Parties  |  | -                   | -                   | -                   |
| <b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) &amp; (d)</b> |  |                     |                     |                     |
| 1. Period of default   |  | -                   | -                   | -                   |
| 2. Amount  |  | -                   | -                   | -                   |
| <b>Grand Total</b>   |  | <b>29,04,54,074</b> | <b>26,69,31,575</b> | <b>21,63,74,727</b> |

### Note 17

#### Current Financial Liabilities - Trade Payables

| Particulars  | 31.03.2021          | 31.03.2020          | 01.04.2019          |
|--|---------------------|---------------------|---------------------|
|  | Amount              | Amount              | Amount              |
| <b>(i) Total outstanding dues of micro enterprises and small enterprises -</b> | 31,69,725           | 14,69,213           | 22,467              |
| (ii) Creditors for Goods   |                     |                     |                     |
| Payables within next 12 months   | 19,19,63,672        | 28,12,91,018        | 16,35,24,002        |
| Payables after 12 months   | -                   | -                   | -                   |
| (iii) Creditors for Expenses   |                     |                     |                     |
| Payables within next 12 months   | 76,96,776           | 1,17,56,975         | 66,07,735           |
| Payables after 12 months   | 63,248              | 2,65,575            | -                   |
| (iv) Creditors for others  |                     |                     |                     |
| Payables within next 12 months   | -                   | -                   | -                   |
| Payables after 12 months   | -                   | -                   | -                   |
| <b>Grand Total</b>   | <b>20,28,93,421</b> | <b>29,47,82,780</b> | <b>17,01,54,203</b> |

### Note 18

#### Other Current Liabilities

| Particulars                           | Current          |                  |                  |
|---------------------------------------|------------------|------------------|------------------|
|                                       | 31.03.2021       | 31.03.2020       | 01.04.2019       |
| Advances from Contractors & Suppliers | 42,68,784        | 34,21,461        | 18,16,147        |
| Statutory Dues Payable                | 11,20,796        | 5,65,506         | 4,96,498         |
| <b>Grand Total</b>                    | <b>53,89,579</b> | <b>39,86,966</b> | <b>23,12,645</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 19

#### Provisions- Current

| Particulars                         | Current            |                    |                    |
|-------------------------------------|--------------------|--------------------|--------------------|
|                                     | 31.03.2021         | 31.03.2020         | 01.04.2019         |
| (a) Provision for employee benefits | 17,26,724          | 9,70,412           | 8,35,931           |
| (b) Others (Specify nature)         |                    |                    |                    |
| - Provision for Taxation            | 3,11,58,855        | 1,70,51,771        | 83,06,332          |
| - Provision for Audit Fees          | 1,36,050           | 1,25,000           | 1,25,000           |
| - Provision for Gratuity            | 32,30,588          | 22,20,144          | 13,79,353          |
| <b>Grand Total</b>                  | <b>3,62,52,217</b> | <b>2,03,67,327</b> | <b>1,06,46,616</b> |

### Note 20

#### Revenue from Operations

| Particulars                    | 31/03/2021            | 31/03/2020            |
|--------------------------------|-----------------------|-----------------------|
| <b>Sales</b>                   |                       |                       |
| Sales of Products              |                       |                       |
| -Domestic                      | 1,67,71,15,193        | 1,49,91,54,759        |
| -Export                        | -                     | -                     |
| Sales of Services              |                       |                       |
| -Domestic                      | 17,20,102             | 7,80,995              |
| -Export                        | -                     | -                     |
| <b>Other Operating Revenue</b> |                       |                       |
| Less: Discount                 | 18,20,819             | -                     |
| <b>Total</b>                   | <b>1,67,70,14,476</b> | <b>1,49,99,35,754</b> |

### Note 21

#### Other Income

| Particulars   | 31/03/2021       | 31/03/2020       |
|---------------|------------------|------------------|
| Rental Income | 16,80,000        | 7,20,000         |
| Other Income  | 1,76,016         | 6,52,715         |
| <b>Total</b>  | <b>18,56,016</b> | <b>13,72,715</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 22

#### Cost of Material consumed

| Particulars  | 31/03/2021            | 31/03/2020            |
|--|-----------------------|-----------------------|
| <b>Cost of Material consumed</b>                       |                       |                       |
| <b>Raw Materials and Stores</b>                        |                       |                       |
| Opening Stock  | 12,00,27,726          | 5,49,29,980           |
| Purchase   | 1,09,40,37,149        | 1,30,36,11,964        |
| Less- Closing stock of materials meant for consumption | 4,74,98,528           | 12,00,27,726          |
| <b>Consumption of Material</b>                         | <b>1,16,65,66,347</b> | <b>1,23,85,14,218</b> |
| <b>Packing Materials and Accessories</b>               |                       |                       |
| Opening Stock  | -                     | -                     |
| Purchases  | 49,50,867             | 6,11,396              |
| Less: Closing stock                                    | -                     | -                     |
| Consumption of Packing Material                        | 49,50,867             | 6,11,396              |
| <b>Total Consumption</b>                               | <b>1,17,15,17,214</b> | <b>1,23,91,25,614</b> |

### Note 25

#### Purchase of Stock In Trade

| Particulars  | 31/03/2021             | 31/03/2020             |
|--------------|------------------------|------------------------|
| Purchases    | 15,09,27,963           | 12,75,32,634           |
| <b>Total</b> | <b>15,09,27,963.45</b> | <b>12,75,32,634.49</b> |

### Note 23

#### Changes in inventories of finished goods and stock-in-trade

| Particulars                       | 31/03/2021         | 31/03/2020            |
|-----------------------------------|--------------------|-----------------------|
| <b>Stock-in-Trade</b>             |                    |                       |
| Opening Stock of Work in Progress | 9,06,10,656        | 5,15,72,942           |
| Opening Stock of Finished Goods   | 34,87,73,818       | 25,71,13,858          |
| Closing Stock of Work in progress | 4,62,06,400        | 9,06,10,656           |
| Closing Stock of Finished Goods   | 40,14,51,278       | 34,87,73,818          |
| <b>Total</b>                      | <b>(82,73,204)</b> | <b>(13,06,97,674)</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 24

#### Employee Benefits Expense

| Particulars   | 31/03/2021         | 31/03/2020         |
|---|--------------------|--------------------|
| (A) Salaries, Wages And Incentives Incl Bonus   | 2,05,28,481        | 2,03,48,372        |
| (B) Contributions To -  |                    |                    |
| (I) Provident Fund  | 1,69,500           | 1,30,049           |
| (II) Superannuation Scheme  |                    |                    |
| (C) Gratuity Fund Contributions   | 13,43,355          | 11,54,760          |
| (D) Social Security And Other Benefit Plans For Overseas Employees                          | -                  | -                  |
| (E) Expense On Employee Stock Option Scheme (Esop) And Employee Stock Purchase Plan (Espp), | -                  | -                  |
| (F) Staff Welfare Expenses  | 35,95,320          | 14,27,928          |
| <b>Total</b>  | <b>2,56,36,656</b> | <b>2,30,61,109</b> |

### Note 25

#### Finance Cost

| Particulars           | 31/03/2021         | 31/03/2020         |
|-----------------------|--------------------|--------------------|
| Interest Expense      | 3,47,01,422        | 2,99,25,592        |
| Other Borrowing Costs | 6,51,518           | 15,72,492          |
| Chit Discounts        | -                  | -                  |
| <b>Total</b>          | <b>3,53,52,940</b> | <b>3,14,98,083</b> |

### Note 26

#### Rent Expense

| Particulars  | 31/03/2021       | 31/03/2020       |
|--------------|------------------|------------------|
| Rent         | 90,61,138        | 73,73,700        |
| <b>Total</b> | <b>90,61,138</b> | <b>73,73,700</b> |

### Note 26

#### Manufacturing Expenses

| Particulars            | 31/03/2021          | 31/03/2020         |
|------------------------|---------------------|--------------------|
| Manufacturing Expenses | 10,32,64,552        | 8,11,23,855        |
| <b>Total</b>           | <b>10,32,64,552</b> | <b>8,11,23,854</b> |

### Note 26

#### Power & Fuel

| Particulars  | 31/03/2021       | 31/03/2020       |
|--------------|------------------|------------------|
| Electricity  | 10,38,065        | 15,51,874        |
| Fuel         | 12,78,041        | 11,04,251        |
| <b>Total</b> | <b>23,16,105</b> | <b>26,56,125</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 27

#### Other Expenses

| Particulars                                      | 31/03/2021         | 31/03/2020         |
|--|--------------------|--------------------|
| <b>Administrative and General Expenses</b>       |                    |                    |
| Professional & Consultancy Fee                   | 86,82,182          | 1,17,13,136        |
| Insurance Expenses                               | 9,46,283           | 8,64,198           |
| Freight and forwarding Charges                   | 80,54,252          | 12,52,521          |
| Director's/Partner's Remuneration                | 1,98,00,000        | 1,50,00,000        |
| Water Charges                                    | 3,71,827           | 5,08,860           |
| Rates and Taxes                                  | 9,02,449           | 14,27,749          |
| Printing and Stationery                          | 1,71,542           | 1,63,376           |
| Postage  | 7,24,677           | 6,80,210           |
| Miscellaneous Expenses                           | 32,17,978          | 1,41,271           |
| Preliminary & Pre Operative Expenses written off | -                  | 9,49,897           |
| Advertisement and Sales promotion                | 94,84,328          | 25,86,207          |
| Telephones & Mobile Charges                      | 1,25,270           | 1,51,857           |
| Office Expenses                                  | 23,54,791          | 2,44,225           |
| Travelling and Conveyance                        | 21,87,136          | 65,30,963          |
| Labour   | 9,46,201           | 30,18,751          |
| Jobwork Expenses                                 | 12,86,902          | 10,01,907          |
| Packing Expense                                  | 26,53,967          | 8,16,645           |
| Bank Charges                                     | 2,88,171           | 1,68,316           |
| Commission & Discount                            | 19,23,135          | 14,19,741          |
| Other Administrative Charges                     | 11,16,154          | 5,40,088           |
| Repairs & Maintenance                            | 67,03,318          | 62,38,613          |
| <b>Auditor's Remuneration:</b>                   |                    |                    |
| (i) For audit                                    | 1,61,050           | 1,80,000           |
| (ii) For taxation matters                        | 75,000             | 75,000             |
| (iii) For Certification services                 | -                  | -                  |
| (vi) Company Law Matters & Others                | -                  | -                  |
| <b>Total</b>                                     | <b>7,21,76,613</b> | <b>5,56,73,530</b> |

### Note 28

#### Exceptional Items

| Particulars   | 31/03/2021 | 31/03/2020 |
|---|------------|------------|
| Convert stock in trade (land) in to Investment property | -          | -          |
| <b>Total</b>  | <b>-</b>   | <b>-</b>   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### Note 29

#### Tax Expense

| Particulars   | 31/03/2021         | 31/03/2020         |
|---|--------------------|--------------------|
| Current tax expense   | 3,10,58,855        | 1,68,54,099        |
| Deferred Tax  | (5,31,716)         | (5,86,143)         |
| Adjustment in respect of Previous Year  | 8,18,968           | 4,76,705           |
| <b>Total</b>  | <b>3,13,46,107</b> | <b>1,67,44,661</b> |
| <b>Income tax expense attributable to:</b>  |                    |                    |
| Profit from Continuing Operations   | 7,85,08,092        | 4,03,18,172        |
| Profit from Discontinuing Operations  | -                  | -                  |
| <b>Total</b>  | <b>7,85,08,092</b> | <b>4,03,18,172</b> |
| <b>Total current tax expense comprises of the following:</b>  |                    |                    |
| Current Tax relating to current reporting period  | 3,10,58,855        | 1,68,54,099        |
| <b>Total Deferred Tax expense / (benefits) comprises of the following:</b>                            |                    |                    |
| Amount of deferred tax expense (income) relating to origination and reversal of temporary differences | (5,31,716)         | (5,86,143)         |

### Note 30

#### Other Comprehensive Income

| Particulars  | 31/03/2021         | 31/03/2020         |
|--|--------------------|--------------------|
| a) Items that will not be reclassified to Profit or Loss   |                    |                    |
| i) Re-measurement gains/ (losses) on defined benefit plans | (11,35,490)        | (10,01,033)        |
| ii) Fair value gains/ (losses) on equity instruments       |                    | -                  |
| <b>Total</b>   | <b>(11,35,490)</b> | <b>(10,01,033)</b> |

### 31 Contingent Liabilities and Capital Commitment

(i) There is no contingent liabilities as at 31st March, 2021, as at 31st March, 2020 and as at 1st April, 2019.

#### (ii) Capital Commitments

There is no capital commitments as at 31st March, 2021, as at 31st March, 2020 and as at 1st April, 2019.

### 32 Earnings Per Share:

| Particulars  | 31/03/2021         | 31/03/2020         |
|--|--------------------|--------------------|
| Net Profit after tax attributable to Equity Shareholders for Basic EPS and Diluted EPS (Rs. In Lacs) | 7,85,08,092        | 4,03,18,172        |
| <b>Total</b>   | <b>7,85,08,092</b> | <b>4,03,18,172</b> |
| Weighted Average Number of Equity Shares (Face Value Rs. 10/-)                                       | 80,87,615          | 26,92,270          |
| Earning Per Share in Rupees - Basic and diluted  | 9.71               | 14.98              |
| Face Value of per Equity Share (in Rs.)  | 10.00              | 10.00              |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### 33 Employee Benefit Expenses:

#### Short Term Employee Benefit Expenses

| Particulars  | 31/03/2021         | 31/03/2020         |
|--|--------------------|--------------------|
| (A) Salaries, Wages And Incentives Incl Bonus  | 2,05,28,481        | 2,03,48,372        |
| (B) Contributions To -   |                    |                    |
| (I) Provident Fund   | 1,69,500           | 1,30,049           |
| (II) Superannuation Scheme   |                    |                    |
| (C) Gratuity Fund Contributions  | 13,43,355          | 11,54,760          |
| (D) Social Security And Other Benefit Plans For Overseas Employees                         | -                  | -                  |
| (E) Expense On Employee Stock Option Scheme (Esop) And Employee Stock Purchase Plan (Esp), | -                  | -                  |
| (F) Staff Welfare Expenses   | 35,95,320          | 14,27,928          |
| <b>Total</b>   | <b>2,56,36,656</b> | <b>2,30,61,109</b> |

### 34 Segment Information:

No separate disclosure for Segment Reporting to be made in the financial statements of the Company.

### 35 Provisions:

Disclosures as required by Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets:-

#### Movement in Provisions:

| Nature of Provision       | 31.03.2021         | 31.03.2020         | 01.04.2019       |
|---------------------------|--------------------|--------------------|------------------|
| Income Tax Provision:     |                    |                    |                  |
| Provision during the year | 3,10,58,855        | 1,68,54,099        | 44,78,011        |
| <b>Total</b>              | <b>3,10,58,855</b> | <b>1,68,54,099</b> | <b>44,78,011</b> |

### 36 Related Party Disclosure:

Parties which significantly influence / are influenced by the company (either individually or with others) -

#### (i) Key Management Personnel

|  | <u>Designation</u>   |
|--|----------------------|
| a Miss. K. Lakshmi Priya               | Company Secretary    |
| b Mr. Aditya Aggarwal                  | CFO                  |
| c Mr.Prem Dinanath Aggarwal            | Managing Director    |
| d Miss Shikha Aggarwal                 | Director             |
| e Ms.Ashmita Agarwal                   | Director             |
| f Mr. Anil Kumar Goyal                 | Independent Director |
| g Mr. Subramanian Thirumurugan         | Independent Director |
| h Mr. Ramasubramaniam Senthilrajagopal | Independent Director |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

(ii) Companies/Entities under the Control of Key Management Personnel

a Beatle Apparels

Note:- Related party transaction with related parties during the year ended on 31.03.2021

| (iii) Details of Transactions | 31.03.2021<br>Rs. | 31.03.2020<br>Rs. |
|-------------------------------|-------------------|-------------------|
| Loan Taken                    | 95,34,273         | 5,29,05,470       |
| Loans Repaid                  | 89,28,973         | 6,79,28,000       |
| Remuneration/Professional Fee | 1,45,70,000       | 1,84,39,990       |
| Rent                          | 12,00,000         | 25,00,000         |
| Purchases                     | 3,93,09,107       | 89,59,904         |
| Interest Paid                 | 12,19,566         | 24,56,031         |

| Outstanding Balances             |             |           |
|----------------------------------|-------------|-----------|
| Unsecured Loans                  | 6,21,52,244 | 99,75,000 |
| Expense Payable                  | 30,00,000   | -         |
| Trade Payable                    | 1,77,00,177 | 89,62,512 |
| Advance for Purchase of Material | -           |           |

### Disclosure in respect of Major Related Party Balances as on 31st March, 2021

|                                      |             |             |
|--------------------------------------|-------------|-------------|
| <b>Loan Taken</b>                    | 95,34,273   | 5,29,05,470 |
| Mr. Prem Aggarwal                    | 52,21,103   | 3,51,60,000 |
| Mrs. Shikha Aggarwal                 | 300         | 1,02,68,000 |
| Mr. Aditya Aggarwal                  | 62,870      | -           |
| Ms.Ashmita Agarwal                   | 42,50,000   | 74,77,470   |
| <b>Loans Repaid</b>                  | 89,28,973   | 6,79,28,000 |
| Mr. Prem Aggarwal                    | 13,21,103   | 4,80,60,000 |
| Mrs. Shikha Aggarwal                 | -           | 1,06,28,000 |
| Ms.Ashmita Agarwal                   | 75,45,000   | 86,40,000   |
| Mr. Aditya Aggarwal                  | 62,870      | 6,00,000    |
| <b>Remuneration/Professional Fee</b> | 1,45,70,000 | 1,84,39,990 |
| Mr. Prem Aggarwal                    | 45,00,000   | 51,00,000   |
| Mrs. Shikha Aggarwal                 | 37,50,000   | 45,00,000   |
| Mr. Aditya Aggarwal                  | 26,00,000   | 27,00,000   |
| Miss. K. Lakshmi Priya               | 2,70,000    | 4,79,990    |
| Ms.Ashmita Agarwal                   | 22,50,000   | 45,00,000   |
| Ms. Tanvi Aggarwal                   | 12,00,000   | 11,60,000   |
| <b>Rent</b>                          | 12,00,000   | 25,00,000   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

|                      |             |           |
|----------------------|-------------|-----------|
| Mr. Prem Aggarwal    | 6,00,000    | 12,00,000 |
| Mrs. Shikha Aggarwal | 3,00,000    | 6,00,000  |
| Mr. Aditya Aggarwal  | 3,00,000    | 7,00,000  |
| <b>Purchases</b>     | 3,93,09,107 | 89,59,904 |
| Beatle Apparels      | 3,93,09,107 | 89,59,904 |
| <b>Interest Paid</b> | 12,19,566   | 24,56,031 |
| Mr. Prem Aggarwal    | 1,43,354    | 14,11,932 |
| Mrs. Shikha Aggarwal | 1,29,146    | 1,00,503  |
| Mr. Aditya Aggarwal  | 9,47,066    | 9,43,596  |

\* Negative Balance Exhibits Debit Balance Outstanding

### 37 Operating Leases :

The Company has taken certain premises under cancellable lease which later than one year but not later than five years. The rental expense under such operating leases during the year Rs.28,76,100- (Previous Year 35,17,300/-).

38 In accordance with the India Accounting Standards (AS-2) "Valuation of Inventories", in relation to Raw materials, work in progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value.

### 39 First Time adoption to Ind AS

#### 1 Basis of preparation

For all period upto the year ended 31st March, 2020, the Company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended 31st March, 2021 are the Company's first annual Ind AS financial statements and have been prepared in accordance with Ind AS.

Accordingly, the Company has prepared financial statements, which comply with Ind AS, applicable for periods beginning on or after 1st April, 2019 as described in the accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April, 2019, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP Balance Sheet as at 1st April, 2019 and its previous Indian GAAP financial statements for the year ended 31st March, 2020.

#### 2 Exemptions Applied

Ind AS 101 "First - time Adoption of Indian Accounting Standards" allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions: Property, plant and equipment:- The Company has elected to apply Indian GAAP carrying amount as deemed cost on the date of transition to Ind AS for its property, plant and equipment.

#### 3 Mandatory exceptions applied

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements.

- 1) Estimates:- The Company's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1st April, 2019 are consistent with the estimates as at the same date made in conformity with Indian GAAP except where Ind AS required a different basis for estimates as compared to the Indian GAAP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

2) Classification and measurement of financial assets:- The Company has classified the financial assets in accordance with Ind AS 109 "Financial Instruments" on the basis of facts and circumstances that exist at the date of transition to Ind AS.

#### 4 Derecognition of financial assets and financial liabilities:

Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2019 (the transition date).

#### 5 Impairment of financial assets

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

• Deemed Cost for PPE, CWIP and Intangible Assets under development:

The Company has opted for historical cost of Property, Plant and Equipment / intangible assets as per Previous GAAP as the deemed cost on the opening balance sheet date. The carrying amounts of those assets are given below

| S. No. | Class of Property Plant and Equipment                       | W.D.V.             |
|--------|---|--------------------|
|        |   | As at 31.03.2021   |
| 1      | Building  | 3,11,15,683        |
| 2      | Furniture & Fittings, Electrical Fittings, Office Equipment | 1,24,52,365        |
| 3      | Plant and Equipment   | 62,29,558          |
| 4      | Vehicles  | 50,78,006          |
| 5      | Computer  | 11,97,034          |
| 6      | Goodwill  | 78,24,592          |
| 7      | Software  | 4,64,246           |
| 8      | Office Equipments   | 4,23,526           |
| 9      | Miscellaneous Assets  | 20,533             |
|        | <b>Total</b>  | <b>6,48,05,543</b> |

#### a. Transition to IND AS:

As stated in Note 2 (a) above, the Company's financial statements for the year ended 31st March, 2021 are the first financial statements prepared in compliance with IND AS.

All applicable INDAS have been applied consistently. The resulting difference between the carrying amounts of assets and liabilities under Ind AS and Indian GAAP as of transition date have been recognised directly in equity at the transition date.

Reconciliation:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to IND AS in accordance with IND AS 101:

- Equity as at 1st April, 2019
- Equity as at 31st March, 2020
- Profit for the year ended 31st March 2020, and
- Explanations of material adjustments

In the reconciliation mentioned below, certain reclassifications have been made to Indian GAAP Financial information to align with Ind AS presentation:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### 36 A. Financial risk management

The Company's activities are exposed to a variety of market risk (including foreign currency risk and interest risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### i. Market Risk

Market rate is the risk that arises from changes in market prices, such as commodity prices, foreign exchange rates, interest rates etc. and will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising returns.

#### a. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently company not take any loan facility and use own fund for its business so interest risk is very low.

#### b. Foreign Currency Exchange Rate Risk

Company not do any transaction in foreign currency so company has no risk.

#### ii. Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Company performs on-going credit evaluation of its counterparties' financial conditions. The Company's major classes of financial assets are cash and bank balances, trade receivables, Security deposits, Advances to Suppliers and Employees, Unbilled Revenues and prepayments.

As at the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

As at the reporting date, substantially all the cash and bank balances as detailed in Note 8 to the financial information are held in major Banks which are regulated and located in the India, which management believes are of high credit quality.

#### iii. Liquidity Risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company has obtained fund based and non-fund based working capital credit facility from various banks. Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Company arise in respect of the trade and other payables. Trade and other payables are all payable within 12 months.

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows.

The Company has a system of regularly forecasting cash inflows and outflows and all liquidity requirements are planned.

Forecast for trade and other payables is regularly monitored to ensure timely funding.

All payments are made within due dates.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

Note no - 40 Disclosure as required by IND AS 101 First time adoption of Indian Accounting Standard

### I EQUITY RECONCILIATION : 31ST MARCH, 2020

| Particulars                   |   | As at<br>31-03-2020<br>IGAAP | Adjustment         | As at<br>31-03-2020<br>INDAS |
|-------------------------------|---|------------------------------|--------------------|------------------------------|
| <b>ASSETS</b>                 |   |                              |                    |                              |
| (1)                           | Non-Current Assets                        |                              |                    |                              |
|                               | Property, Plant and Equipment             | 3,32,04,878                  | 2,69,48,498.27     | 6,01,53,377                  |
|                               | Intangible Assets under development       | -                            | -                  | -                            |
|                               | Financial Assets                          |                              |                    |                              |
|                               | (i) Investments                           | 35,10,000                    | 17,75,000          | 52,85,000                    |
|                               | (ii) Long Term Loan & Advances            | 48,85,000                    | 68,24,060          | 1,17,09,060                  |
|                               | Other Non Current Asset                   |                              |                    |                              |
|                               | Deferred Tax Assets (net)                 | 63,970                       | (63,970)           | -                            |
| (2)                           | Current Assets                            |                              |                    |                              |
|                               | Inventories                               | 55,94,12,200                 | -                  | 55,94,12,200                 |
|                               | Financial Assets                          |                              |                    |                              |
|                               | (i) Investments                           | -                            | -                  | -                            |
|                               | (i) Trade Receivables                     | 23,86,28,159                 | -                  | 23,86,28,159                 |
|                               | (ii) Cash and cash Equivalents            | 80,55,061                    | -                  | 80,55,061                    |
|                               | (iii) Bank balances other than (ii) above | -                            | -                  | -                            |
|                               | (iv) Loans                                | -                            | -                  | -                            |
|                               | (v) Others financial assets               | -                            | -                  | -                            |
|                               | Other current assets                      | 1,19,92,513                  | 44,06,633          | 1,63,99,146                  |
|                               | <b>TOTAL ASSETS</b>                       | <b>85,97,51,781</b>          | <b>3,98,90,222</b> | <b>89,96,42,003</b>          |
| <b>EQUITY AND LIABILITIES</b> |   |                              |                    |                              |
| Equity                        |   |                              |                    |                              |
|                               | Equity Share Capital                      | 2,69,22,700                  | -                  | 2,69,22,700                  |
|                               | Other Equity                              | 6,55,91,516                  | (1)                | 6,55,91,515                  |
|                               | Money received against share warrants     | 8,42,12,500                  | -                  | 8,42,12,500                  |
|                               | Total Equity                              | <b>17,67,26,716</b>          | (1)                | <b>17,67,26,715</b>          |
| Liabilities                   |   |                              |                    |                              |
| (1)                           | Non-Current Liabilities                   |                              |                    |                              |
|                               | Long Term Borrowings                      | 2,68,00,587                  | 5,53,01,505        | 8,21,02,093                  |
|                               | Deferred Tax Liabilities (Net)            | 2,74,286                     | (2,74,286)         | -                            |
| (2)                           | Current Liabilities                       |                              |                    |                              |
|                               | Financial Liabilities                     |                              |                    |                              |
|                               | (i) Borrowings                            | 13,79,35,346                 | 0                  | 13,79,35,346                 |
|                               | (ii) Trade Payables                       | 29,47,82,780                 | -                  | 29,47,82,780                 |
|                               | (iii) Other Financial Liabilities         | -                            | -                  | -                            |
|                               | Other Current Liabilities                 | 1,72,92,038                  | (1,33,05,071)      | 39,86,967                    |
|                               | Provisions                                | 1,34,88,436                  | 68,78,891          | 2,03,67,327                  |
|                               | Total Liabilities                         | <b>49,05,73,474</b>          | <b>4,86,01,039</b> | <b>53,91,74,513</b>          |
|                               | <b>TOTAL EQUITY AND LIABILITIES</b>       | <b>66,73,00,190</b>          | <b>4,86,01,039</b> | <b>71,59,01,228</b>          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### II EQUITY RECONCILIATION : 1ST APRIL, 2019

| Particulars                   |   | As at<br>31-03-2019<br>IGAAP | Adjustment         | As at<br>31-03-2019<br>INDAS |
|-------------------------------|---|------------------------------|--------------------|------------------------------|
| <b>ASSETS</b>                 |   |                              |                    |                              |
| (1)                           | Non-Current Assets                        |                              |                    |                              |
|                               | Property, Plant and Equipment             | 2,15,72,852                  | 2,41,36,131        | 4,57,08,982                  |
|                               | Investment Property                       | -                            | -                  | -                            |
|                               | Intangible Assets under development       | -                            | -                  | -                            |
|                               | Financial Assets                          |                              |                    |                              |
|                               | (i) Investments                           | 35,10,000                    | 17,75,000          | 52,85,000                    |
|                               | (ii) Advances                             | 49,15,000                    | 20,000             | 49,35,000                    |
|                               | Deferred Tax Assets (Net)                 | -                            | -                  | -                            |
|                               | Non Current Asset                         | 9,77,117                     | (27,220)           | 9,49,897                     |
| (2)                           | Current Assets                            |                              | -                  |                              |
|                               | Inventories                               | 36,36,16,780                 | -                  | 36,36,16,780                 |
|                               | Financial Assets                          |                              | -                  |                              |
|                               | (i) Investments                           | -                            | -                  | -                            |
|                               | (i) Trade Receivables                     | 13,37,19,316                 | -                  | 13,37,19,316                 |
|                               | (ii) Cash and cash Equivalents            | 13,65,590                    | -                  | 13,65,590                    |
|                               | (iii) Bank balances other than (ii) above | -                            | -                  | -                            |
|                               | (iv) Loans                                | -                            | -                  | -                            |
|                               | (v) Others financial assets               | -                            | -                  | -                            |
|                               | Current Tax Assets (Net)                  | -                            | -                  | -                            |
|                               | Other current assets                      | 1,14,75,300                  | (21,50,986)        | 93,24,314                    |
|                               | Assets classified as held for sale        |                              | -                  |                              |
|                               | <b>TOTAL ASSETS</b>                       | <b>54,11,51,955</b>          | <b>2,37,52,924</b> | <b>56,49,04,879</b>          |
| <b>EQUITY AND LIABILITIES</b> |   |                              |                    |                              |
| Equity                        |   |                              |                    |                              |
|                               | Equity Share Capital                      | 2,69,22,700                  | -                  | 2,69,22,700                  |
|                               | Preference Shares                         | -                            | -                  | -                            |
|                               | Other Equity                              | 4,23,42,028                  | -                  | 4,23,42,028                  |
|                               | <b>Total Equity</b>                       | <b>6,92,64,728</b>           | <b>-</b>           | <b>6,92,64,728</b>           |
| Liabilities                   |   |                              |                    |                              |
| (1)                           | Non-Current Liabilities                   |                              |                    |                              |
|                               | Long Term Borrowings                      | 4,41,20,408                  |                    | 6,26,83,175                  |
|                               | Deferred Tax Liabilities (Net)            | 5,43,647                     | (5,43,647)         | -                            |
|                               | Other non-current liabilities             | -                            | -                  | -                            |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Particulars                       | As at<br>31-03-2019<br>IGAAP | Adjustment          | As at<br>31-03-2019<br>INDAS |
|-----------------------------------|------------------------------|---------------------|------------------------------|
| (2) Current Liabilities           |                              | -                   |                              |
| Financial Liabilities             |                              | -                   |                              |
| (i) Borrowings                    | 12,16,46,710                 | 9,47,28,017         | 21,63,74,727                 |
| (ii) Trade Payables               | 5,48,95,057                  | 11,52,59,146        | 17,01,54,203                 |
| (iii) Other Financial Liabilities | -                            | -                   | -                            |
| Other Current Liabilities         | 1,01,27,866                  | (78,15,221)         | 23,12,645                    |
| Provisions                        | 67,47,539                    | 38,99,077           | 1,06,46,616                  |
| Current Tax Liabilities (Net)     | -                            | -                   | -                            |
| Total Liabilities                 | <b>23,80,81,227</b>          | <b>22,40,90,139</b> | <b>46,21,71,367</b>          |
| TOTAL EQUITY AND LIABILITIES      | <b>30,73,45,955</b>          | <b>22,40,90,139</b> | <b>53,14,36,094</b>          |

### iii Effect of Ind AS adoption on statements of Profit and Loss for the year ended 31.03.2020

| Particulars   | Previous GAAP         | Effect of<br>Transition to<br>Ind AS | IND AS                |
|---|-----------------------|--------------------------------------|-----------------------|
| <b>I INCOME</b>   |                       |                                      |                       |
| Revenue from Operations   | 1,49,99,35,754        | -                                    | 1,49,99,35,754        |
| Other Income  | 13,72,715             | -                                    | 13,72,715             |
| <b>TOTAL INCOME</b>   | <b>1,50,13,08,470</b> | <b>-</b>                             | <b>1,50,13,08,470</b> |
| <b>II EXPENSES</b>  |                       |                                      |                       |
| Cost of Material consumed   | 86,82,86,508          | 37,08,39,106                         | 1,23,91,25,614        |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress   | (6,54,86,254)         | (6,52,11,420)                        | (13,06,97,674)        |
| Employee Benefit expenses   | 1,17,05,150           | 1,13,55,959                          | 2,30,61,109           |
| Finance Cost  | 1,72,77,179           | 1,42,20,905                          | 3,14,98,084           |
| Depreciation and Amortisation expenses  | 24,64,906             | 44,33,754                            | 68,98,659             |
| Other Expenses  | 6,88,88,643           | (1,32,15,112)                        | 5,56,73,530           |
| <b>TOTAL EXPENSES</b>   | <b>90,31,36,131</b>   | <b>32,24,23,190</b>                  | <b>1,22,55,59,322</b> |
| <b>PROFIT BEFORE TAX</b>  | <b>59,81,72,338</b>   | <b>(32,24,23,190)</b>                | <b>27,57,49,148</b>   |
| <b>III TAX EXPENSE</b>  |                       |                                      |                       |
| (1) Current Tax   | 1,68,54,099           | -                                    | 1,68,54,099           |
| (2) Deferred Tax  | (5,86,143)            | -                                    | (5,86,143)            |
| (3) Short Provision for Income Tax of Earlier Year                              | 2,08,279              | 2,68,426                             | 4,76,705              |
| <b>TOTAL TAX EXPENSE</b>  | <b>1,64,76,235</b>    | <b>2,68,426</b>                      | <b>1,67,44,661</b>    |
| <b>PROFIT FOR THE YEAR</b>  | <b>58,16,96,103</b>   | <b>(32,26,91,616)</b>                | <b>25,90,04,487</b>   |
| <b>IV OTHER COMPREHENSIVE INCOME</b>  |                       |                                      |                       |
| (i) Items that will not be reclassified to Profit or Loss                       | -                     |                                      |                       |
| (a) Gains and Losses on Investments in Equity Instrument is classified as FVOCI | -                     | (10,01,033)                          | (10,01,033)           |
| OTHER COMPREHENSIVE INCOME TOTAL  | -                     | (10,01,033)                          | (10,01,033)           |
| <b>TOTAL COMPREHENSIVE INCOME</b>   | <b>58,16,96,103</b>   | <b>(32,36,92,649)</b>                | <b>25,80,03,454</b>   |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

### 41 Financial Instruments measurements and disclosures

| a) Financial Instruments by Category     | FVTPL        | FVOCI        | Amortised cost        | Total carrying value        |
|--|--------------|--------------|-----------------------|-----------------------------|
| <b>As on March 31, 2021</b>              |              |              |                       |                             |
| <b>Financial Assets:</b>                 |              |              |                       |                             |
| <b>Measured at Fair Value</b>            | -            | -            | -                     | -                           |
| <b>Not Measured at Fair Value</b>        |              |              |                       |                             |
| Unquoted Equity Share                    |              |              | 52,85,000             | <b>52,85,000</b>            |
| Long Term Advances                       |              | -            | 1,31,36,375           | <b>1,31,36,375</b>          |
| Trade Receivables                        | -            | -            | 32,95,60,676          | <b>32,95,60,676</b>         |
| Cash and cash equivalents                | -            | -            | 1,38,67,341           | <b>1,38,67,341</b>          |
| Deposits                                 | -            | -            | 63,970                | <b>63,970</b>               |
| Short Term Advances                      | -            | -            | 1,99,25,377           | <b>1,99,25,377</b>          |
| <b>Total</b>                             | -            | -            | <b>38,18,38,739</b>   | <b>38,18,38,739</b>         |
| <b>Financial liabilities:</b>            |              |              |                       |                             |
| <b>Not measured at fair value</b>        |              |              |                       |                             |
| Long Term Borrowings                     | -            | -            | 9,60,60,496           | <b>9,60,60,496</b>          |
| Short Term Borrowings                    |              |              | 29,04,54,074          | <b>29,04,54,074</b>         |
| Trade Payable                            | -            | -            | 20,28,93,421          | <b>20,28,93,421</b>         |
| Other Current Liabilities                | -            | -            | 3,14,28,354           | <b>3,14,28,354</b>          |
| <b>Total</b>                             | -            | -            | <b>62,08,36,345</b>   | <b>62,08,36,345</b>         |
| <b>Financial Instruments by Category</b> | <b>FVTPL</b> | <b>FVOCI</b> | <b>Amortised cost</b> | <b>Total carrying value</b> |
| <b>As on March 31, 2020</b>              |              |              |                       |                             |
| <b>Financial Assets:</b>                 |              |              |                       |                             |
| <b>Measured at Fair Value</b>            |              |              |                       |                             |
| <b>Investments</b>                       | -            | -            | -                     | -                           |
| <b>Not Measured at Fair Value</b>        |              |              |                       |                             |
| Unquoted Equity Shares                   |              |              | 52,85,000             | <b>52,85,000</b>            |
| Long Term Advances                       | -            | -            | 1,17,09,060           | <b>1,17,09,060</b>          |
| Trade Receivables                        | -            | -            | 23,86,28,159          | <b>23,86,28,159</b>         |
| Cash and cash equivalents                | -            | -            | 80,55,061             | <b>80,55,061</b>            |
| Deposits                                 | -            | -            | 63,970                | <b>63,970</b>               |
| Short Term Advances                      | -            | -            | 2,24,13,147           | <b>2,24,13,147</b>          |
| <b>Total</b>                             | -            | -            | <b>28,61,54,397</b>   | <b>28,61,54,397</b>         |
| <b>Financial liabilities:</b>            |              |              |                       |                             |
| <b>Not measured at fair value</b>        |              |              |                       |                             |
| Long Term Borrowings                     | -            | -            | 8,21,02,093           | <b>8,21,02,093</b>          |
| Short Term Borrowings                    |              |              | 26,69,31,575          | <b>26,69,31,575</b>         |
| Trade Payable                            | -            | -            | 29,47,82,780          | <b>29,47,82,780</b>         |
| Other Current Liabilities                | -            | -            | 3,49,99,305           | <b>3,49,99,305</b>          |
| <b>Total</b>                             | -            | -            | <b>67,88,15,753</b>   | <b>67,88,15,753</b>         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

| Financial Instruments by Category<br>As on April 01, 2019 | FVTPL | FVOCI | Amortised<br>cost   | Total carrying<br>value |
|---|-------|-------|---------------------|-------------------------|
| <b>Financial Assets:</b>                                  |       |       |                     |                         |
| <b>Measured at Fair Value</b>                             |       |       |                     |                         |
| <b>Investments</b>  | -     | -     | -                   | -                       |
| <b>Not Measured at Fair Value</b>                         |       |       |                     |                         |
| Unquoted Equity Shares                                    | -     | -     | 52,85,000           | <b>52,85,000</b>        |
| Long Term Advances  | -     | -     | 49,35,000           | <b>49,35,000</b>        |
| Trade Receivables   | -     | -     | 13,37,19,316        | <b>13,37,19,316</b>     |
| Cash and cash equivalents                                 | -     | -     | 13,65,590           | <b>13,65,590</b>        |
| Deposits  | -     | -     | 27,220              | <b>27,220</b>           |
| Short Term Advances                                       | -     | -     | 2,52,51,368         | <b>2,52,51,368</b>      |
| <b>Total</b>  | -     | -     | <b>17,05,83,494</b> | <b>17,05,83,494</b>     |
| <b>Financial liabilities:</b>                             |       |       |                     |                         |
| <b>Not measured at fair value</b>                         |       |       |                     |                         |
| Long Term Borrowings                                      |       |       | 6,26,83,175         | <b>6,26,83,175</b>      |
| Short Term Borrowings                                     |       |       | 21,63,74,727        | <b>21,63,74,727</b>     |
| Trade Payable   | -     | -     | 17,01,54,204        | <b>17,01,54,204</b>     |
| Other Current Liabilities                                 | -     | -     | 88,10,854           | <b>88,10,854</b>        |
| <b>Total</b>  | -     | -     | <b>45,80,22,961</b> | <b>45,80,22,961</b>     |
| b) <b>Fair value hierarchy</b>                            |       |       |                     |                         |

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis, it also includes the financial instruments which are measured at amortised cost for which fair values are disclosed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

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| As on March 31, 2021  | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
| <b>Financial Assets:</b>  |         |         |         |       |
| <b>Measured at Fair Value</b>   |         |         |         |       |
| <b>Investments</b>  |         |         |         |       |
| Equity Share  | -       | -       | -       | -     |
| <b>Not Measured at Fair Value (Refer Footnotes)</b>   |         |         |         |       |
| <b>Total</b>  | -       | -       | -       | -     |
| <b>Financial liabilities:</b>   |         |         |         |       |
| <b>Not Measured at Fair Value (Refer Footnotes)</b>   |         |         |         |       |
| As on March 31, 2020  | Level 1 | Level 2 | Level 3 | Total |
| <b>Financial Assets:</b>  |         |         |         |       |
| <b>Measured at Fair Value</b>   |         |         |         |       |
| <b>Investments</b>  | -       | -       | -       | -     |
| <b>Not Measured at Fair Value (Refer Footnotes)</b>   |         |         |         |       |
| <b>Total</b>  | -       | -       | -       | -     |
| <b>Financial liabilities:</b>   |         |         |         |       |
| <b>Not Measured at Fair Value (Refer Footnotes)</b>   |         |         |         |       |
| As on April 01, 2019  | Level 1 | Level 2 | Level 3 | Total |
| <b>Financial Assets:</b>  |         |         |         |       |
| <b>Measured at Fair Value</b>   |         |         |         |       |
| <b>Investments</b>  | -       | -       | -       | -     |
| <b>Not Measured at Fair Value (Refer Footnotes)</b>   |         |         |         |       |
| <b>Total</b>  | -       | -       | -       | -     |
| <b>Financial liabilities:</b>   |         |         |         |       |
| <b>Not Measured at Fair Value (Refer Footnotes)</b>   |         |         |         |       |
| <b>Footnotes:</b>   |         |         |         |       |
| i) The Company has not disclosed the fair value of financial instruments such as trade receivables, trade payables, advances, security deposits, other current assets and liabilities etc. because their carrying amounts are a reasonable approximation of fair value. |         |         |         |       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

(Formerly Known as Junction Fabrics and Apparels Limited)

c) **Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- i) **Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices in an active market. This included listed equity instruments, traded debentures and mutual funds that have quoted price. The fair value of all equity instruments (including debentures) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.
- ii) **Level 2:** Level 2 hierarchy includes financial instruments that are not traded in an active market (for example, traded bonds/ debentures, over the counter derivatives). The fair value in this hierarchy is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level
- ii) **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Financial instruments such as unlisted equity shares, loans are included in this hierarchy.

d) **Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- a) the use of quoted market prices for the equity instruments
- b) the fair value of the unlisted shares are determined based on the income approach or the comparable mark approach. For these unquoted investments categorised under Level 3, their respective cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.
- c) the fair value of the remaining financial instruments is determined using the discounted cash flow analysis

**42 Gratuity And Other Post-Employment Benefit Plans**

The Company operates gratuity plan in a way wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. Company only provides from provision and when a sum is payable is paid immediately, No such fund has been created for the purpose of Gratuity Payment.

The Company provides for provision based on the actuarial valuation report.

**The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and Balance Sheet :**

Net benefit expense recognised through the Statement of Profit and Loss

|                                     | 31.03.2021 | 31.03.2020 |
|-------------------------------------|------------|------------|
| Current Services Cost               | 9,26,912   | 6,67,579   |
| Interest Cost                       | 3,12,448   | 2,09,375   |
| Actuarial Losses/(Gains)            | 12,39,485  | 12,78,839  |
| Total                               | 24,78,845  | 21,55,793  |
| Expense Recognized in Profit & Loss | 13,43,355  | 11,54,760  |
| Expense Recognized Through OCI      | 11,35,490  | 10,01,033  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31-03-2021

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Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:

|  | 31.03.2021 | 31.03.2020 |
|--|------------|------------|
| Opening defined benefit obligation                           | 49,11,654  | 27,55,861  |
| Interest Cost  | 3,12,448   | 2,09,375   |
| Current Service Cost   | 9,26,912   | 6,67,579   |
| Actuarial (gain)/ loss on account of:                        |            |            |
| Changes in demographic assumptions                           |            |            |
| Changes in financial assumptions                             | (11,851)   | -          |
| Experience adjustments                                       | 1,45,584   | 4,75,082   |
|  | 11,05,752  | 8,03,757   |
| Present Value of Benefit Obligation at the End of the Period | 73,90,499  | 49,11,654  |
| Balance Sheet Reconciliation                                 |            |            |
| Opening Net Liability  | 49,11,654  | 27,55,861  |
| Expense Recognized in Statement of Profit or Loss            | 13,43,355  | 11,54,760  |
| Expense Recognized in Other Comprehensive Income             | 11,35,490  | 10,01,033  |
| Benefit Paid   | -          | -          |
| Net Liability/(Asset) Recognized in the Balance Sheet        | 73,90,499  | 49,11,654  |

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- i. Non-current assets  
All non-current assets of the company are located in India.
  - ii. Going Concern-  
The annual financial statement have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations will occur in ordinary course of business
  - iii. Events after the reporting period-  
There are no events after the balance sheet date that require disclosures.
  - iv. Approval of financial statements  
These financial statements were approved by the board of directors and authorised for issue on 22nd June 2021.