



8<sup>th</sup> July, 2020

**National Stock Exchange of India Ltd.**

Listing Department  
Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai 400 051  
**Company Symbol: ICIL**

**BSE Limited**

Department of Corporate Services  
Floor 25, Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai - 400 001  
**Scrip Code No.: 521016**

**Sub.: Annual Report 2019-20 along with Notice of Annual General Meeting to be held on 30<sup>th</sup> July, 2020 through VC/OAVM**

Dear Sir/Madam,

In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its Circular dated 5<sup>th</sup> May, 2020, read with Circulars dated 8<sup>th</sup> April, 2020 and 13<sup>th</sup> April, 2020 (collectively referred to as "MCA Circulars"), permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. As intimated to the stock exchanges on July 5, 2020, Thirty-first (31<sup>st</sup>) Annual General Meeting (AGM) of Indo Count Industries Limited ("the Company") will be held on Thursday, July 30, 2020 at 12:30 p.m. (IST) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) in compliance with aforesaid MCA circulars and applicable SEBI circular. The VC/OAVM facility will be through National Securities Depository Limited ("NSDL").

Pursuant to Regulation 34(1)(a) of Listing Regulations, we are enclosing herewith the Annual Report for the Financial Year 2019-20 along with the Notice of 31<sup>st</sup> AGM. The said Annual Report and Notice of AGM are also available on the website of the Company at [www.indocount.com](http://www.indocount.com). The web-links to the same are given below:

Annual Report 2019-20: <https://www.indocount.com/images/investor/IndoCount-Annual-Report-19-20.pdf>

Notice of 31<sup>st</sup> AGM: <https://www.indocount.com/images/investor/AGM-Notice-2019-20.pdf>

The Record Date for Final Dividend of Re. 0.60/- per Equity Share of Rs. 2/- each for FY 2019-20 is Thursday, July 23, 2020. The dividend, if declared at the 31<sup>st</sup> AGM will be paid to the members holding shares as on close of business hours of Thursday, July 23, 2020 within 30 days of the date of 31<sup>st</sup> AGM.

The Company is providing electronic voting (remote e-voting) facility to the members through electronic voting platform of National Securities Depository Limited (NSDL). Members holding shares either in physical form or dematerialized form as on cut-off date i.e. Thursday, July 23, 2020 may cast their votes electronically on the resolutions included in the Notice of 31<sup>st</sup> AGM. The remote e-voting shall commence from 9.00 a.m. (IST) on Monday, July 27, 2020 and shall end at 5.00 p.m. on Wednesday, July 29, 2020.

Kindly take same on record.

Yours faithfully,  
For **Indo Count Industries Limited**

**Amruta Avasare**  
**Company Secretary & Compliance Officer**  
**Membership No.: A18844**  
Encl.: A/a

## Indo Count Industries Ltd

**Head Office:** 301, Arcadia, 3rd Floor, Nariman Point, Mumbai - 400 021, Maharashtra, India; **T:** 022 4341 9500, **F:** 022 2282 3098  
**Marketing Office:** Dosti Imperia, 2nd floor, Manpada, Ghodbunder Road, Thane (w) - 400 607, Maharashtra, India; **T:** 022 4151 1800, **F:** 022 2172 0121  
**Home Textile Division:** T3, Kagal - Hatkanangale Five Star, MIDC Ind. Area, Kolhapur - 416216, Maharashtra, India; **T:** 0231 662 7900, **F:** 0231 662 7979  
**Spinning Division:** D1, MIDC, Gokul Shirgaon, Kolhapur - 416234, Maharashtra, India; **T:** 0231 268 7400, **F:** 0231 267 2161  
**Regd. Office:** Office No. 1, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Dist. Kolhapur - 416 109, Maharashtra, India; **T:** 0230 2463100 / 2461929  
**CIN:** L72200PN1988PLC068972, **E:** [info@indocount.com](mailto:info@indocount.com), **W:** [www.indocount.com](http://www.indocount.com)

Annual Report  
**2019-20**



Complete Comfort



**Stable and  
Sustainable**

**Indo Count Industries Limited**



Complete Comfort

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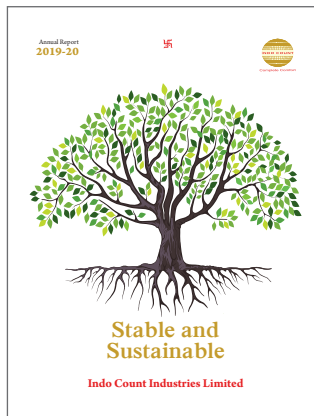
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Please find our online version at <https://www.indocount.com/investors/financial-reporting/annual-reports>



Or simply scan to download



The cover visual shows a banyan tree. This perennial plant stands for deep-rooted strength and growth. Indo Count aptly represents the qualities of a Banyan tree through its strong foundation on which the organisation rests and flourishes. The sturdy tree trunk shows the numerous seasons the tree has weathered. Similarly, Indo Count has passed through the thick and thin and emerged successful each time. The green shoots of the tree are a good sign of its growth, both vertical and horizontal. The same way Indo Count has grown through the length and breadth of its graph, enriching its knowledge and adding experience every single time.

#### Company Information & AGM details

CIN	L72200PN1988PLC068972
BSE Symbol	521016
NSE Symbol	ICIL
Dividend Recommended	30%
31 <sup>st</sup> AGM through Video Conferencing/OAVM	Date: July 30, 2020 Time: 12.30 p.m. (IST)
VC Platform & Voting	NSDL

#### Disclaimer

This Annual Report contains statements about expected future events and financials of Indo Count Industries Limited, which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

**VALUE-DRIVEN CULTURE.**

**RESILIENT BUSINESS MODEL.**

**TEAM EXPERTISE.**

**PRUDENT FINANCIAL MANAGEMENT.**

**FOCUS ON SUSTAINABILITY.**

These are the supreme ingredients that have made us ***stable and sustainable***, amidst uncertainties. They are the core of our organisational strategy and in everything we do which helps in delivering long-term value to our stakeholders.

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Despite the challenging business landscape of 2019-20, we remained undeterred on our path, delivering stable financial performance. We took a longer view of the business with a clear roadmap and further strengthened the core. This enabled us to demonstrate resilience amidst tough times and achieve growth.

Moving forward, we will continue to be agile and a committed organisation, by consistently evolving to serve our customers better. We will do this with our relentless focus on operational excellence, cost competitiveness, innovation and new product development centered around customers' needs. We have been growing and creating value along the way for our stakeholders.

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# CHAIRMAN'S MESSAGE



**MR. ANIL KUMAR JAIN**  
*Executive Chairman*

Today the world is working its way through the turbulent times while adapting to the new normal. At Indo Count, we continue to strive on the growth path and fulfil stakeholder expectations.

## OUR PERFORMANCE

In the year 2019-20, our strategic priorities were driven by value, focus and discipline. Despite challenging business environment, the year concluded on a good note with your Company recording one of the highest turnover along with 7% volume growth.

The revenue from operations registered growth of 10% while EBIDTA was higher by 43%. Our net debt to equity ratio has also improved from 0.31x to 0.20x. We have continued rewarding our shareholders who have instilled faith and trust in us with final dividend of ₹ 0.60 per share (subject to approval of the members of the Company). Your Company's marquee customer base, wider geographic reach and penetration through innovative, modern aesthetic products have led to improved performance during the year under review.

## GLOBAL CONTEXT

The year 2019-20 was a challenging year for the global economy with rising trade barriers, geopolitical tensions and weakened economic activities. Just when several measures were being introduced to revive the growth, the world was hit by the

**Value-driven growth has always been the primary ingredient of our strong and sustainable foundation. It is the key enabler of our resilience and responsibility.**

global COVID-19 pandemic. This led to worldwide lockdowns and complete discontinuation of inter-geography commercial activities.

The present situation is complex and fluid. The US and EU nations dominate the larger chunk of textile and apparel imports. India continued being among the top three exporters. With extensive lockdowns across the globe, the consumer spending has taken a major hit, business operations across sectors have paused and exports have declined. This has led to an obvious impact on the textile industry, demand and supply. However, it is estimated that Developed markets will recover faster.

## IMPACT OF COVID-19

The COVID-19 pandemic has affected every aspect of business and life. The world may not be the same again with the lasting impact of pandemic. But, testing times bring out the best in mankind. The real need of the hour is to remain resilient to the continuously evolving situation while ensuring health, safety and wellness of our employees and all stakeholders.

As the world fights this situation collectively, we at Indo Count, are responding to this unprecedented disruption with our commitment and unwavering focus to serve our customers in an efficient, effective and sustainable manner. The health and safety of all our staff and workers was top priority to us. Appropriate actions were taken at each step to ensure safety and security of our team in the best possible way including adoption of remote work. We resumed partial manufacturing operations after ~30 days of temporary closure of factories due to the pandemic. We diligently followed the SOPs laid down by the Government to run the plants.

**At Indo Count, sustainability is a part of our core culture and we have adopted it in every action and activity of our organisation. Right from procurement to processes, from people to environment, every step across our value chain is done keeping sustainability in mind.**

Value-driven growth has always been the primary ingredient of our strong and sustainable foundation. It is the key enabler of our resilience and responsibility. It has further helped us in navigating through the challenges and stepping into the 'new normal'. As we move ahead, our value system will further build our reliability and stability, ultimately strengthening our relationship matrix with all our key stakeholders.

## ADVANTAGE INDIA

Last five years have witnessed India's market share in home textile exports rising from 9% to 11%. The Indian manufacturers are gaining traction as brands seek to de-risk themselves from single geography supply chain. India is in a favourable position on the basis of its superior quality products and capability to grow. Apart from these various other factors like availability of raw material, expertise across the value chain, competitive manufacturing costs and access to skilled labour continues to favour India.

## ACTIVE AND ADAPTIVE

Just like the strength of a tree is known by its firm roots, an organisation's strength lies in its foundation. Over the last decade, we have emerged as the leaders in offering innovative bedding solutions from India. Apart from our

sound balance sheet, our service expertise, experience and capacities have played an important role in bringing stability and agility to the organisation.

Our innovation, R&D, knowledge capital and superior quality have helped us carve a niche in building a portfolio of value-added, modern and functional products. We are on a constant endeavour to understand the evolving trends of our customers.

We strive to actively adapt the changes required in our product portfolio and launch products that resonate customer demand. This has helped us gain a competitive edge and engaging relations with our marquee global customers.

Our growth is spearheaded by our strong brand recalls as we make a steady progress. Our aspirational brand 'Boutique Living' provides premium bedding and superior comfort through more than 500 stores across India.

## RISK MITIGATION

Risks and uncertainties form an inherent aspect of any business. We have a robust governance and risk management framework to alleviate the risk at the time of its occurrence. It also helps in evaluating and analysing various factors of volatility pertaining to our business. This approach of



Complete Comfort

understanding and evaluating the environment is a core value at Indo Count. It helps underpin our plans and strategies and empowers us to make better and well-informed choices in terms of decisions.

## SUSTAINABILITY

Sustainability is one of the most important agenda globally. At Indo Count, sustainability is a part of our core culture and we have adopted it in every action and activity of our organisation. Right from procurement to processes, from people to environment, every step across our value chain is done keeping sustainability in mind. We initiated a program in the agricultural sector – Project GAGAN – aimed at improving sustainability in cotton farming for farmers. The other objective of this project is to ensure supply of sustainable fibre.

We partnered with Walmart in Project GIGATON, where suppliers set goals for reducing emissions across six pillars (energy, waste, packaging, agriculture, forests, and product use) and have received Walmart’s recognition being a Giga-Guru partner.

Our various sustainability initiatives have always been leading and guiding us by setting standards through HIGG Index. HIGG is a global online platform wherein the Company discloses its performance across 8 different modules to customers. Your Company’s home textile facilities have achieved Level 3 which is a superior Verified score in HIGG Index.

Your Company has collaborated with the School of Design of the University of Leeds, a recognised leader in textiles and sleep research. This will enable us to enhance our innovation capabilities to deliver new and exciting products into the home textile sector. Further, we have adopted various measures viz. state-of-the-art, multi-effect evaporator to ensure: zero-discharge effluent treatment plant, a reverse osmosis (RO) plant for recycling waste and water, facilities for rainwater harvesting and solar power as a part of sustainability measures.

**The year concluded on a good note with your Company recording one of the highest turnover along with 7% volume growth. The revenue from operations registered growth of 10% while EBIDTA was higher by 43%.**

## CSR - EVERY SMILE COUNTS...

Indo Count is committed to create a larger societal value. It stands as a responsible corporate citizen to serve towards the greater purpose of prosperity in the society it grows.

During the year, our focus areas continued to be Education and Healthcare benefiting more than 50,000 students and 3,00,000 people. The Company initiated sustainable cotton farming in Warora Taluka of Chandrapur District in Maharashtra state to help farmers increase the yield and earn a sustainable livelihood. This program has benefited more than 1,500 farmers across 10 villages and we aim to extend this benefit to 30 villages. We also contributed towards this pandemic by way of distribution of masks, provision of food etc.

## OUTLOOK

In adversity lies opportunity and as we navigate through the crisis, we are quite optimistic to see opportunities generating in the near term. I remain confident that we are well positioned with appropriate strategies and resources to continue delivering value to all the stakeholders and contributing to the broader vision of growth. We will continue to emphasise on increasing utilisation levels and growing the share of value-added businesses.

The market requirement and consumer mindset may not be the same post easing of the lockdown. As a proactive response, we are continuously studying the consumer landscape and overall markets, and thereafter quickly

adapting to the changed dynamics. We believe in serving our customers globally by offering them the right product at the right time and place thus fulfilling their aspirations and needs.

Strengthened with a diverse portfolio, financial prudence, robust governance along with aspiring innovations, we are well placed to address all challenges and materialise opportunities. We are well-equipped with all the competencies to satisfy our customers and together, will mutually help businesses revive and maintain our market share.

## VOTE OF THANKS

I take this opportunity to acknowledge and thank our Employees for their dedication, commitment and contributions which have enabled us to achieve the results. I also thank our customers, vendors, bankers, Central and State Government and all other stakeholders for their undeterred confidence, trust and support. I thank all our colleagues for their guidance during the year.

As I conclude, I would like to place on record appreciation for all the efforts taken by the COVID warriors for bravely fighting this pandemic. I urge everyone to stay safe, take care and continue to follow all precautionary measures.

With regards,  
**Anil Kumar Jain**  
*Executive Chairman*

# FUTURE VISIBILITY



The lockdown due to Covid-19 has impacted almost all industries alike. Many things have changed around us like work from home, social distancing, and emphasis on health and safety among others. At Indo Count all the safety protocols from the Government have been implemented across its plants and offices.

Amidst this backdrop, we remain optimistic and confident that with our proactive steps and timely decisions will enable us to build a sustainable long-term future.

Our approach is centered around four key actions:

1. Safety of our employees and communities
2. Alignment with unique customer needs
3. Cash conservation through cost control and working capital
4. Providing incessant support to our customers and supply chain partners

Our liquid balance sheet strength has kept us in a strong position to navigate through these challenging times. We have been able to comfortably service our existing debt without any moratorium. We are well positioned to leverage this opportunity with a strong customer base, capital adequacy, wider geographic distribution and extensive sectoral understanding of product development to quickly adapt to the changing customer ecosystem.

We are also keenly focusing on e-commerce, digital marketing, developing health and hygiene products and other innovative ways to reach out to our customers and strengthen our relationships with them. Investments made in building our competencies in the past are expected to reap benefits in the years to come.

The Indian home textile manufacturers are expected to gain traction as dependency on a single geography for supply is expected to reduce. India is well positioned with competitive advantages resulting from abundant availability of raw materials and skilled manpower along with steady capability and capacity available for growth.

**WE ARE ALSO KEENLY FOCUSING ON E-COMMERCE, DIGITAL MARKETING, DEVELOPING HEALTH AND HYGIENE PRODUCTS AND OTHER INNOVATIVE WAYS TO REACH OUT TO OUR CUSTOMERS AND STRENGTHEN OUR RELATIONSHIPS WITH THEM**



# OUR SNAPSHOT

Established in 1988 and head-quartered in India (Mumbai), Indo Count Industries Limited (ICIL) is one of the leading Home Textile manufacturers with an extensive product range. The product portfolio spans across bed sheets, fashion bedding, utility bedding and institutional bedding. The manufacturing skill extends across the entire value chain. We export to over 54 countries across six continents.

Over the years, we have constantly progressed to maximise our unique value proposition whilst building a widespread network of customers, sound financials excellent reputation and strong corporate governance control.



### VISION

To be one of the leading players in the global home textiles industry on the strengths of technology, experience and innovation



### MISSION

We are committed to provide all our customers superior product quality, timely services and value for money through our technological and organisational strengths



### PRINCIPLES

- Complete Comfort to customers
- Focus on customer satisfaction
- Foster stability and sustainability



## KEY DIFFERENTIATORS

### Global player:

- Renowned player with strong focus on bed linen
- Established business with global prestigious clients
- Strong product positioning
- Continuous product development through innovation and R&D

### Strong domain expertise:

- Complete end-to-end solution in bedding
- Efficient marketing and branding
- Widespread global distribution
- Enhanced customer service experience

### Operationally efficient:

- Proficient and scalable operations
- Experienced management with a competitive track record
- Progressive investments in state-of-the-art technology
- Training and development of human resource

## ISO 9001:2015

QUALITY MANAGEMENT SYSTEM

## OHSAS 18001:2007

OCCUPATIONAL HEALTH AND SAFETY  
MANAGEMENT SERIES

## ISO 14001:2015

ENVIRONMENTAL MANAGEMENT SYSTEM

## ISO/IEC 17025:2005

NATIONAL ACCREDITATION BOARD FOR TESTING  
AND CALIBRATION LABORATORIES (NABL)  
CERTIFICATION FOR KAGAL FACILITY, KOLHAPUR

## SA 8000:2014

MANAGEMENT SYSTEM CERTIFICATION



# RESILIENT BUSINESS MODEL

OUR STRATEGY AND BUSINESS MODEL ENABLE US TO DELIVER GROWTH THAT IS CONSISTENT, COMPETITIVE, PROFITABLE AND RESPONSIBLE IN THE LONG-TERM.

## INPUTS

## PROCESS



### FINANCIAL CAPITAL

This capital refers to our equity and debt

₹ **1,320 crore**

TOTAL CAPITAL EMPLOYED

₹ **985 crore**

NET WORTH



### MANUFACTURED CAPITAL

This capital refers to state-of-the-art infrastructure and core assets

- State-of-the art facilities in and around Kolhapur
- Showroom and design studios at New York (USA), Manchester (UK) and Dubai (UAE)
- Warehouses for retail and e-commerce fulfillment in USA, UK and India



### INTELLECTUAL CAPITAL

This capital refers to our investments towards innovation and R&D.

Investment in research enables us to deliver value-added products. Collaboration with University of LEEDS, UK, for developing new and exciting products into the home textile portfolio.



### HUMAN CAPITAL

This Capital refers to our culture, people, their development and our collective knowledge.

**5,000+**

TEAM SIZE



### RELATIONSHIP AND SOCIAL CAPITAL

This capital refers to investments in relationship-building and social welfare in the communities where we operate.

₹ **11.47 crore spent**

TOWARDS CSR ACTIVITIES OVER 5 YEARS



### NATURAL CAPITAL

This capital refers to investments towards conservation of natural resources. We have responsibly invested in solar and ETP to preserve the natural resources.

CONCEPT, DESIGN AND SAMPLING

PROCUREMENT OF COTTON

SPINNING COTTON INTO YARN

WEAVING FABRICS

DYEING / PROCESSING / PRINTING INTO FINISHED FABRIC

CUTTING AND SEWING THE FABRIC INTO FINISHED PRODUCTS

QUALITY ASSURANCE

BRANDING, MARKETING AND SALES PROMOTION

● **OUTPUT**

● **OUTCOME**

- **Revenue:** ₹ 2,135 crores
- **EBIDTA:** ₹ 238 crores
- **PAT:** ₹ 73 crores
- **Debt to Equity ratio:** 0.20x

**61.8 million metres**  
SALES VOLUME DURING THIS YEAR

**90 million metres**  
CAPACITY

**14 In-House BRANDS DEVELOPED**

Boutique Living, Heirlooms of India, Atlas, Revival, The Pure Collection, Haven, Linen Closet, Simply Put, Whole Comfort, True Grip, Purity Home, The Cotton Exchange, Color Sense, Kids Corner

**4 LICENSED BRANDS**

Morris & Co., Harlequin, Sanderson, Scion

- Enhancement of employee skillsets
- Health & Safety training
- Zero accidents

**50,000+**  
NO. OF STUDENTS GAINING ACCESS TO E-LEARNING INITIATIVE

**500+**  
STORES PAN INDIA

~ **39,39,455 Units**  
TOTAL POWER SAVINGS SINCE INSTALLATION

~ ₹ **29.55 million**  
TOTAL COSTS SAVED SINCE INSTALLATION

Prudent capital allocation for growth

Comprehensive product portfolio that includes bed sheets, fashion bedding, utility bedding and institutional bedding

- Building the value-added product portfolio
- Efficient quality control
- Increased automation
- Sustainability across the entire value chain

- Skilful and talented employees
- Passionate associates aligned to core values

- Enhanced quality of life
- Strengthened our customer relationship
- Effective stakeholders' engagement
- Presence through global outlets across 54 countries

- Steady progress on the creation of a sustainable value chain
- Mitigating global warming
- Reduction in cost of power and water resources
- Zero discharge effluent treatment plant (ETP) and a reverse osmosis (RO) plant for recycling waste and water.

# SUSTAINABLE GROWTH ENABLERS



Being one of the leading players in the textile industry brings its own set of challenges. But every challenge throws up opportunities, which we seize using our strengths even as we confront the risks.



## FOOTPRINTS

We export to 54 countries across 6 continents. Our strong product positioning, differentiated through innovation, R&D and continuous product development enables us to stand out in the market.



## AVAILABILITY

The Company's presence on the e-commerce platform Amazon helps to enhance the product reach. Besides, our investment in the state-of-the-art IT technologies, further allows us to derive real-time insights on demand and lets us plan our deliverables as per the outcome.



## FOCUS

Our strong brand recall value and focus on bed linen products help us get more business leading to more repeat orders.



## FINANCIAL STRENGTH

Our healthy liquidity position helps us remain stable even in the toughest times.



## RESEARCH AND INNOVATION

Strong R&D and innovation capabilities have enabled us to develop a value-added diversified product bouquet. This results in fulfilling the unique customer requirements and make us the preferred partner of choice. Additionally, our partnership with University of LEEDs further enhances our competitiveness.



## BRAND

Our long-standing reputation comes from our unrelenting focus on quality, reliability, and excellence. Our in-house brands are licensed and hold a strong position in the domestic as well as international markets.



## QUALITY

We are recognised for our quality and enduring nature of our products. Our world-class facilities equipped with latest technologies ensures the unmatched quality to customers.



# AWARDS AND RECOGNITIONS



Indo Count has been felicitated with numerous prestigious awards from TEXPROCIL. During the year, your Company was honoured with three awards for its commendable performance in 2018-19. These awards are the testament of our consistent growth story in the Home Textiles space over the last decade.

## TEXPROCIL AWARDS

- Bestowed **Gold Trophy** for the **Highest Export Performance** in madeups bed linen/bed sheets/quilts under Category III
- Received **Gold Trophy** for the **Special Achievement Award** in made-ups
- Conferred **Silver Plaque** for the **Second Highest Export Performance** in yarn-counts 50s and below



Mr. Anil Kumar Jain, Executive Chairman (second from the left), Mr. Mohit Jain, Executive Vice Chairman (extreme left) receiving award from Ms. Smriti Irani, Hon'ble Minister of Textiles

## RECOGNITIONS FROM CUSTOMERS

- Awarded 'Best Collaboration in Design & Product development' by KOHL's, a large retailer in the US
- Received 'Platinum Certification Status' for sheets and fashion bedding category by JC Penney, another large retailer in the US

## ENVIRONMENTAL AWARDS

- Vasundhara Award
- Jalbindu Award

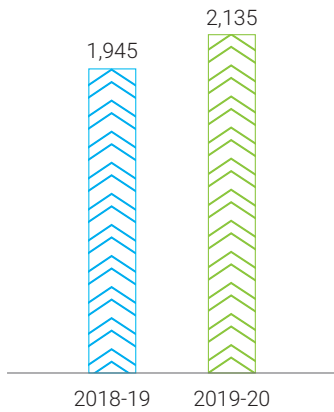
# FINANCIAL HIGHLIGHTS



(Consolidated)

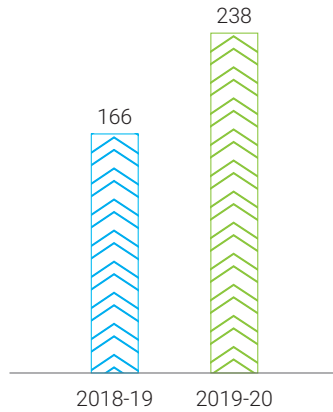
Revenue  
(₹ crore)

**10%** ↑  
YoY



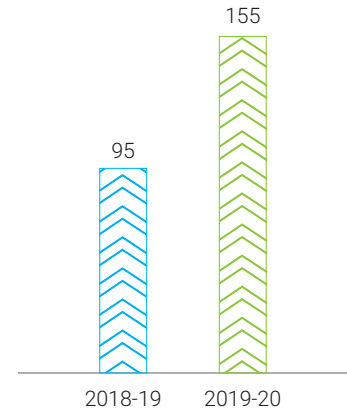
EBIDTA  
(crore ₹)

**43%** ↑  
YoY



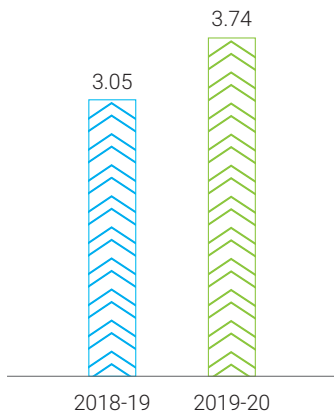
PBT before exceptional items  
(crore ₹)

**63%** ↑  
YoY



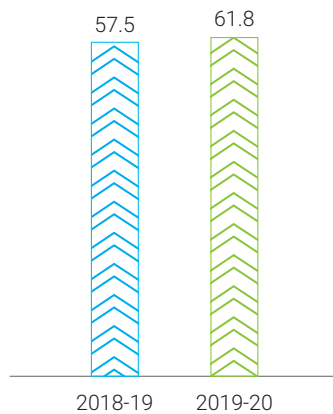
EPS  
(₹ in)

**23%** ↑  
YoY

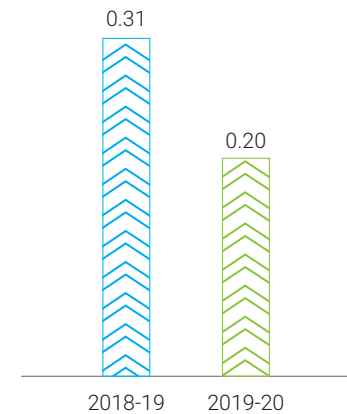


Volume  
(million meters)

**10%** ↑  
YoY



Net Debt Equity ratio  
(x)



**Note:** EBIDTA: Earnings before interest, depreciation, tax and amortisation | PBT: Profit before tax | EPS: Earnings per share

# PRODUCT PORTFOLIO



## BED SHEETS

- Flat sheet
- Fitted sheet
- Pillow cases

## FASHION BEDDING

- Comforters
- Duvets
- Shams
- Quilts
- Coverlets
- Decorative pillows

## UTILITY BEDDING

- Mattress pads
- Protectors
- Pillows
- Down Alt Comforters

## INSTITUTIONAL BEDDING

- Basic white sheets
- Shams & Pillows
- Bed skirts
- Duvet covers





# In-House BRANDS



*A Natural Progression*



simply→put®

whole  comfort™



— THE —  
COTTON  
EXCHANGE  




color sense®



KIDS  
CORNER®



## LICENSED LIFESTYLE BRANDS



HARLEQUIN

scion



## INNOVATIONS AND TECHNOLOGIES

AllerCot™  
EVER FRESH

AIREOLUX™

TRUE  
GRIP™  
STAYS IN PLACE

aero™  
BALANCE

*Signature Saten*

NATURAL  
SHEETS



DURATEC ■

DryMax™  
COMPLETE COMFORT

BIO-OILS

INFINITY®

The Complete  
Sheet

Dura Shine

ECOPRESS ■

ProShield™  
SHIELD & CLEAR

Active Cooling  
sleep cool



# BOUTIQUE LIVING

**'Boutique Living'** is an aspirational brand launched for Indian consumer to offer them refined quality of bed linen. With R&D capabilities, technical know-how and in-house production, we offer superior products. Our wide range of products promises a sleeping experience like never before, led by superior quality, design and advance technology.

We provide premium bedding through various offline platforms in multi brand outlets (MBOs) and select large format stores (LFS) and online e-commerce platforms.

**AVAILABLE OVER 500 STORES ACROSS INDIA.**

**AVAILABLE ONLINE ON : [www.boutiquelivingindia.com](http://www.boutiquelivingindia.com)**

## THE PRODUCT RANGE COMPRISES

**BED SHEETS & DUVETS**

**QUILTS & COMFORTERS**

**DOHARS & FITTED SHEETS**

**BED IN A BAG**

**PILLOWS & TOWELS**





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# SUSTAINABILITY: OUR DNA



At Indo Count, our strategic endeavours drive business growth while ensuring reduced environmental footprint and positive social impact. Our initiatives round the year are the blueprint for achieving sustainable growth, thus creating value for us as well as the society.



## PROJECT GAGAN: A SUSTAINABLE COTTON INITIATIVE

The programme aims at improving awareness among the farmers to cultivate cotton in a more sustainable method. In step with this mindset, we launched an initiative called 'GAGAN' to help farmers to cultivate sustainable cotton through our Better Cotton Initiative (BCI). We have adopted villages of Warora Taluka of Chandrapur, District in Maharashtra wherein we try to improve their cotton yield. The objective of this program is to improvise farm production through judicious use of water, pesticides and fertilisers. We have also dedicated a Ginning Mill to facilitate the farmers and have made necessary systems for ensuring a secure supply chain.



## GIGATON

We partnered with Walmart in Project GIGATON with the prime objective of ensuring environmental sustainability by way of reducing green house gas emissions emitting from the manufacturing operations. We set goals for reducing emissions across six pillars – energy, waste, packaging, agriculture, forests and product. This would translate into achieving credits from Walmart based on the progress we make. We have been successfully awarded as "Giga Guru" consistently from the past two years.



## HIGG INDEX

Indo Count is associated with SAC (Sustainable Apparel Coalition) through HIGG index tool. Two of our facilities at Gokul and Kagal have been certified with the Sustainable Apparel Coalition. The Higg Index delivers a holistic overview that empowers us to make meaningful improvements that protect the well-being of our factory workers, local communities, and the environment.



## MADE IN GREEN

MADE IN GREEN by OEKO-TEX® is a traceable product label for all kinds of textiles. A MADE IN GREEN product ID proves that the product has been tested for harmful substances. This is achieved by certification according to STANDARD 100 by OEKO-TEX®. It also guarantees that the textile product has been manufactured using sustainable processes under socially responsible working conditions. This is carried out through certification in accordance with STeP by OEKO-TEX®. The unique product ID can be used to trace the product. It can thus be shown where the different stages of product manufacturing have taken place. This is a latest sustainability benchmarking being demanded by majority of customers and we are proud to commit that a large number of our products manufactured come under Made in Green category.



RO



## ENVIRONMENTAL INITIATIVES

**Conservation of Natural Resource by Water Recycling:** Installed Biological Effluent Treatment Plant with 3 Stage RO system.

**90%**

PROCESSED WATER IS RECYCLED AND REUSED

**Zero Discharge of Effluents:** Installed Multi Effect Evaporator to handle the RO rejects, ensuring no unwanted discharge of effluent to environment.

**Fresh Water Consumption:** Recovery of water from the cooling cylinder from various machines resulted in water saving.

**50%**

REDUCTION IN WATER CONSUMPTION ANNUALLY

**Rainwater Harvesting :** Installed Rainwater Harvesting System to reduce intake of fresh water.



## ENERGY SAVING

**Solar Energy:** Installed solar panels leading to savings in power.

**39,39,455 units**

TOTAL POWER SAVINGS SINCE INSTALLATION

**Voltage:** Reduced lighting voltage from 240 volts AC to 220 volts AC leading to a savings of 8% or 90 Kwh per day.

**32,400 Kwh**

ANNUAL POWER SAVINGS



## UTILITIES SAVING INITIATIVES

**Sludge Drier:** Installed Sludge Drier, a unique initiative that resulted in reduction of sludge disposal from 500 tons/month to almost 50 tons/month. This has helped in reduction of transportation, fuel and sludge disposal. The average number of trucks used for sludge disposal has been reduced from 30 to 1 per month.



ETP

# EVERY SMILE COUNTS...



## Our efforts towards community empowerment

With our participatory and collaborative approach in CSR, we continue to improve lives of community in local areas where we operate.

Our CSR activities revolve around the following aspects:

- Education ● Healthcare ● Water & Sanitation ● Woman Empowerment ● Environment



### EDUCATION

*We believe education is necessary and fundamental right of every human being.*

#### E-learning

We developed and adopted multifaceted approach through E-learning to increase attendance, stimulate learning among students.

Besides, E-learning various other initiatives include:

- Distribution of school bags
- Improving infrastructure in schools including schools for the visually challenged students
- Providing educational support to the visually challenged students



*An effort to bring light in the lives of visually challenged students by Mr. Kamal Mitra (3rd from right), Director and member of CSR Committee, ICIL Board*



*Inquisitive students interacting with Dr. S.K. Panda (Independent Director and member of CSR Committee, ICIL Board) in the E-learning centre at the Municipal primary school, Kagal, Kolhapur*

**100+**  
SCHOOLS COVERED

**50,000+**  
STUDENTS BENEFITED  
EVERY YEAR THROUGH  
E-LEARNING





## HEALTHCARE

**We constantly promote preventive and curative healthcare initiatives along with awareness regarding hygiene and sanitation, which is an integral part of CSR activities.**

Our healthcare projects fall under two broad categories:

- i. Operating mobile vans for provision of healthcare in the remote rural areas
- ii. Upgrading facilities in the district hospitals in the rural and urban areas

Four mobile vans, equipped with doctor, nurse, pharmacist, diagnostic equipment and medicines run in remote villages. The villagers wait in queues to avail the facilities and it demonstrates the need for the vans in villages and its benefits reaching to the community.

Various hospitals in local areas are not well equipped understanding the needs, we supported hospitals by providing medical equipment, upgrading existing facilities and improving infrastructure. We also believe that health and hygiene for a woman and its new born is very vital, and similar is the criticality for the heart patients. Hence, we have prioritised contributing towards maternity and cardiology wards.



*Initiatives to provide free health-check ups for the community*



*Dr.(Mrs.) Vajjayanti Pandit (sitting next to the patient), Independent Director and Chairperson of CSR Committee, ICIL Board addressing medical needs of the needy and interacting with doctors*



*Doctor examining patients at Cardiac Ward, CPR Hospital, Kolhapur through machine provided by Indo Count*

**~100**  
VILLAGES COVERED

**~3 lakh**  
PATIENTS TREATED  
TILL DATE



## GAGAN

**We have always believed that we need to support farmers producing cotton, raw material for our business. We thus started with sustainability initiative GAGAN.**



Mr. K. R. Lalpuria (left to the farmer) Executive Director, CEO & member of CSR committee, ICIL Board, with farmers on field for the GAGAN project



Mr K. R. Lalpuria giving Bhagwat Gita and Shawl to farmer as a token of appreciation at farmers meet at District Chandrapur



## WATER AND SANITATION

**Clean drinking water, hygiene, and sanitation play an important part in maintaining good health. We work with local partners to ensure that every person has access to these basic necessities.**

The Company has been maintaining RO systems and clean drinking water purifiers. Under the flagship programme of 'Swachh Bharat Abhiyan', Indo Count Foundation tied up with local town and village Gram Panchayat to create several sanitation programmes. We aim to foster cleaner and healthier environment for the villages and towns around us.



Providing RO purifiers to ensure safe drinking water



## WOMEN EMPOWERMENT

**We believe in growing together!**

We aspire to make women financially independent by providing skill development training in sewing and enhancing their stitching skills.



Dr. (Mrs.) Vaijayanti Pandit, Chairperson of CSR Committee interacting and encouraging women to meet their aspiration

## CSR APPRECIATIONS

The collective efforts of Indo Count Foundation under the guidance of CSR Committee, have been recognised by the local authorities and the community at large. These initiatives have been impactful in reaching out to the needy.



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# CORPORATE INFORMATION

## Board of Directors

Mr. Anil Kumar Jain  
Executive Chairman

Mr. Mohit Jain  
Executive Vice Chairman

Mr. Kailash R. Lalpuria  
Executive Director & CEO

Mr. Kamal Mitra  
Director (Works)

## Independent Directors

Mr. Dilip J. Thakkar

Mr. Prem Malik

Mr. Sushilkumar Jiwrajka

Dr. (Mrs.) Vaijayanti Pandit

Dr. Sanjay Kumar Panda

Mr. Siddharth Mehta

Mr. P. N. Shah  
(upto August 15, 2019)

Mr. R. Anand  
(Upto August 15, 2019)

## Chief Financial Officer

Mr. K. Muralidharan

## Company Secretary & Compliance Officer

Mrs. Amruta Avasare

## Auditors

Suresh Kumar Mittal & Co.

## Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd. C 101, 247 Park  
L.B.S. Marg, Vikhroli (West), Mumbai 400083

## Registered Office

Office No. 1, Plot No. 266, Village Alte Kumbhoj Road,  
Taluka Hatkanangale, District Kolhapur 416109,  
Maharashtra, India.

## Corporate Office

301, 3rd Floor, "Arcadia", Nariman Point,  
Mumbai 400021, Maharashtra, India.

## Plant Locations

D-1, MIDC

Gokul Shirgaon,  
Kolhapur 416234  
Maharashtra, India

T-3, MIDC

Kagal-Hatkanangale,  
Kolhapur 416216  
Maharashtra, India

## Bankers

Union Bank of India

State Bank of India

HDFC Bank Ltd.

Bank of Baroda

CITI Bank

HSBC

Export-Import Bank of India

## Corporate Identification Number

L72200PN1988PLC068972

## Email

[info@indocount.com](mailto:info@indocount.com)

## Website

[www.indocount.com](http://www.indocount.com)

# MANAGEMENT DISCUSSION AND ANALYSIS

## A Review of Global Economy

The year 2019 witnessed a moderate growth of 2.9% as compared to 3.6%, in 2018. It is further estimated to be revised down to -3% in 2020. This can be primarily attributed to factors such as global slowdown, rising trade barriers, oil price volatility and novel Covid-19 pandemic. Worldwide lockdown has been implemented to contain the spread along with adequate policy support. However, with supply chain disruption, the health crisis has created a severe impact on the economic activity. As a result, the advanced economies are estimated to register negative growth rate of -6.1% in 2020 as compared to 1.7% in 2019. The, Emerging Markets and Developing Economies (EMDEs) are projected to contract to -1.0% in 2020 owing to the health shock, tight global financial conditions and low commodity prices.

(Source: International Monetary Fund)

On the other side, fiscal stimulus measures as well as ongoing accommodative monetary policies may offset some of the downsides and push aggregate demand. Further, the liquidity measures will reduce systemic stress and aid the economies to recover once the outbreak withers.

## A Run-through of Key Global Economies

**US:** The growth of the US economy is estimated to soften considerably in 2020, amidst the reducing investment and exports as well as Covid-19 pandemic and the resultant lockdown. While the escalating tariffs have increased trade costs, the uncertainty of policy implementations has weighed on investment and confidence. Additionally, the impact of the pandemic is observed in the form of increasing unemployment rate, severe plunges in the stock market and an emergency rate cut by the Federal Reserve.

To stabilize the economy, Fed lowered its benchmark interest rate to a range between 0.0% and 0.25%. Additionally, to support smooth market functioning and effective transmission of monetary policy, it expanded purchase of Treasury and mortgage-backed securities. However, the re-opening of the economy and relative improvement in unemployment claims helped improve consumers' assessment.

(Source: IMF)

**Euro Area:** GDP growth is projected to revise downwards in 2020 owing to disruptive impact of Covid-19 which is predicted to weigh on the key growth drivers through the first half of 2020. Also, the lack of clarity on the UK's prospects for trading with the EU and other partners and a slowing global economy are expected to hamper near term growth outlook.

Governments have reacted decisively to the pandemic by implementing fiscal measures aiming at limiting the social and economic damage. The measures like lowering interest rates and steps to support business access to finance will help to ease some of the impacts of the Coronavirus.

(Source: British Chamber of Commerce)

## A Comprehensive Outlook

According to IMF, the global economic growth is estimated to rebound to 5.8% in 2021 as the outbreak wanes. Also, policy support by the Government will play a significant role to help economies recover. The advanced economy group is foreseen to grow at 4.5%, while growth for the emerging market group is forecast at 6.6% in 2021.

## A Review of the Indian Economy

According to the IMF, India's GDP growth moderated to 4.2% for the financial year 2019-20 from 6.1% in 2018-19. Although, a sharp pickup in India's business activity in January 2020 indicated impetus returning to Asia's third-largest economy. The forecast is tilted to the downside owing to global slowdown, stress in the financial sector, weak consumption, subdued manufacturing growth and nation-wide lockdown to tame Covid-19 outbreak.

On a positive note, the central bank has eased policy, while the Government has widened budget deficit goals to spur economic growth. In addition, the Government took various initiatives to encourage consumption. Likewise, the policy measures such as augmenting FDIs and competitiveness, promoting access to finance for small enterprises and improving infrastructure can result in productivity gains and boost growth.

## A Comprehensive Outlook

According to IMF, GDP growth will slip to 1.9% in 2020-21 before rebounding to 7.4% in 2021-22. The growth is projected to increase gradually as the pandemic fades reflecting a modest rebound in the domestic demand. Also, monetary and fiscal policy measures taken by the Government will begin to pay off gradually.

## The Indian Textile Industry

The textile industry in India is one of the world's largest, with estimated market size of US\$ 11.92 billion in FY20 (up to July 2019). Textile industry plays a significant role in the economy contributing to over 13% of the industrial output and ~15% to the export earnings in FY19.

The industry is closely linked and dependent on the agriculture sector in order to source raw materials such as cotton. This is

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

a sustainable bet wherein the entire ecosystem (the producer and end-consumer) are dependent on the by-product of agriculture. Hence, the growth and all-round development of the textile industry is one of the crucial parameters that contribute to the growth of Indian economy.

The Covid-19 pandemic has majorly impacted exports and domestic market with declining sales volume. The country's export numbers are affected with disruption caused by Covid-19 in the US and EU, the two largest markets for exports in value terms. Additionally, domestic consumption has weakened due to nation-wide closure. Moreover, domestic prices and margins are likely to be negatively impacted if exporters dump their inventories in the market. This could create short term blips such as reduced employment of casual labour and decreased consumption.

However, to minimise the impact, the National Committee on Textile & Clothing (NCTC) has requested the Government to announce a relief packages for the sector to mitigate the crisis.



(Source : National Committee on Textile and Clothing)

### Indian Textile Trade in the EU

The Indian textile companies experience greater trade barriers as opposed to the competitors like Bangladesh, Vietnam and Pakistan. The average tariff on textile products faced by India in the EU is 9.6%.

India's export to the European Union (EU) accounts for 45% of the total textile products. It is dominated by home linen, knitted T-shirts, woven women's suits and blouses, sacks



EU Imports of Cotton Textiles from India in January 2020

and bags of packing goods. EU-28 has continued to be the largest market for Indian textile and apparel products.

### Indian Textile Trade in the US

The US has been the one of the leading market's for Indian textiles and apparel products. India's export to the US was about 47% for garments, followed by home textiles making an extensive share of 38%.



Million Export CAGR over the last five years

### Competitive Advantage

The businesses and end-users have a plethora of segments and portfolios of the product to choose from, in the textile industry. This, along with the competitive advantage of skilled and availability of manpower gives India an upper hand over its counterparts. Additionally, increasing awareness for sustainable solutions among the consumers will continue to be the main area of focus in the future. The Covid-19 outbreak and the drastic slowdown in the global economy have increased the cost of textile production. Additionally, the customers are de-risking their dependence on single geography supply. This, in turn, has offered an opportunity for the Indian textile sector to capture the market share of China in the developed world, especially in the European Union and the United States.

### Competitive Advantage for India in the Home Textiles Market

- **Abundance of Raw Material:** The fundamental strength of the textile industry in India is its strong production base of a wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool as well as from synthetic/ man-made fibres like polyester, viscose, nylon and acrylic. Moreover, a shift towards organic and other sustainable cotton fibre gives India an advantage being a largest cotton producing country
- **Aspirational Buying:** Consumer buying habits have changed significantly from need-based to aspirations based. Consumers are moving towards branded products, especially in the fashion segment
- **Rising Per Capita Income:** Higher disposable incomes and preferences for brands mainly in the emerging markets is a driving force for discretionary spending and a movement towards sophisticated and premium products

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- **Structural Shift:** Owing to the Covid-19 pandemic, many brands are anticipated to reduce their dependency on a single geography. India being a second largest home textile exporter as well as major cotton producer in the world is likely to benefit from this structural shift

### Global Home Textiles Industry Overview

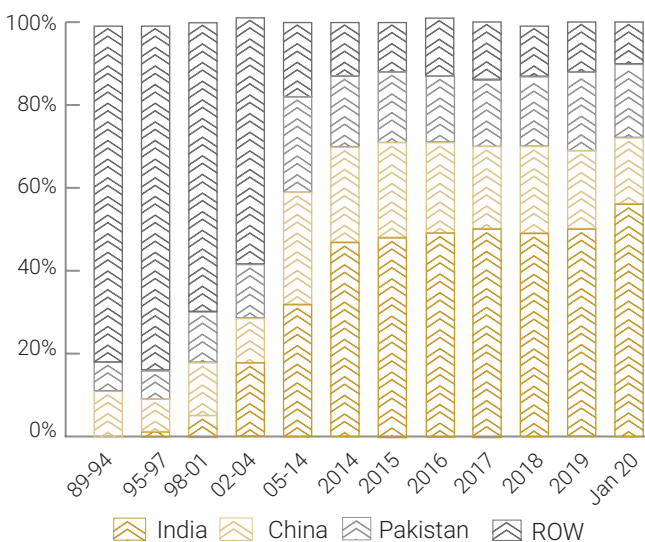
The home textiles form a major segment of the overall textile industry. It consists of a wide range of categories such as furnishing fabrics, curtains, carpets, table covers, kitchen accessories, made-ups, bedspreads, bath linen, and other home furnishings. The global home textiles market size was valued at USD 94.73 billion in 2018 and is expected to register a CAGR of 5.01% from 2019 to 2025.

The US and Europe are the biggest consumers, constituting 60% of the home textile imports, while nations like India, China and Pakistan are among the key suppliers. With the combined market share of over 41%, the US and Europe dominate the global apparel market while, Asian countries such as China, India and Japan, collectively account for a market share of 21%.

(Source: Wazir Advisory, MarketWatch and Grandview Research)

Cotton Bed Spread	CY16	CY17	CY18	CY19	Jan-20	Feb-20	Mar-20
India	14.1	14.6	14.8	16.7	17.0	21.5	31.2
China	57.1	57.8	60.1	58.1	58.3	49.8	29.8
ROW	28.8	27.6	25.1	25.2	24.7	28.7	39.0
Cotton Sheets	CY16	CY17	CY18	CY19	Jan-20	Feb-20	Mar-20
India	48.7	49.7	49.4	49.7	56.3	56.5	56.3
China	21.6	20.3	21.3	19.4	15.6	15.2	8.0
ROW	29.7	29.9	29.2	30.9	28.1	28.3	35.7
Cotton Pillow Cases	CY16	CY17	CY18	CY19	Jan-20	Feb-20	Mar-20
India	50.4	51.8	50.1	53.3	61.0	57.6	54.2
China	20.8	19.9	23.1	18.7	15.8	15.6	8.6
ROW	28.8	28.3	26.9	28.0	23.2	26.8	37.2

Exhibit 12 : Market Share for US Imports of Cotton Sheets - Yearly



Source: OTEXA, JM Financial; Note : For category 361 as per OTEXA

### US Home Textiles Imports

India and China are the dominant players in the US home textile imports. The imported items include cotton terry towels, other cotton manufactures (including table and kitchen linens, bedspread, curtains, upholstery), cotton sheets, cotton bedspreads & quilts, MMF floor coverings, other MMF furnishings and wool-floor coverings.

The US is one of the largest markets for India's export of home textile with ~50% market. However, it still sources 50% of its home textiles and made-ups requirements from China. In 2019, due to the US-China trade war, China's share in US made-ups imports reduced by 1.65% in comparison with the previous year. This helped India in increasing its import by 1.21% as opposed to that in 2018-19.

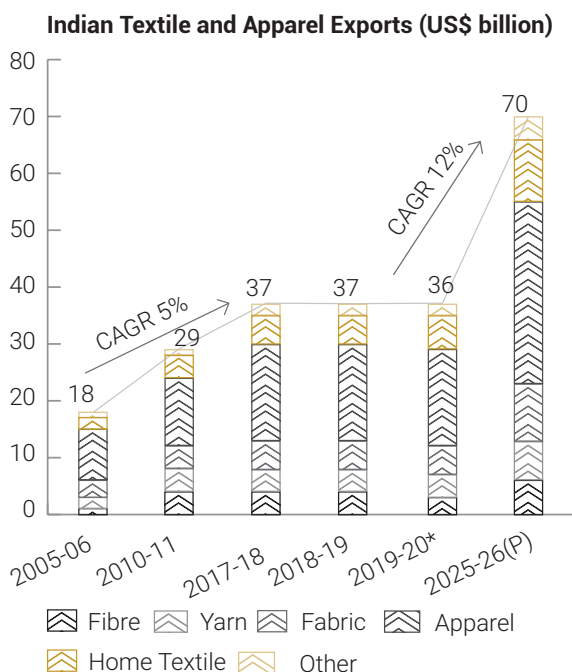
### Indian Home Textiles Industry Overview

Home textiles segment has become one of the most attractive segments in the textiles industry in the recent past.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

It has also emerged as one of the most fashion-sensitive segments in the textiles industry. India is globally recognised for its extensive variety, exquisite designs in home textiles and furnishing fabrics. The country is on the verge of a big boom in the affordable housing sector and there is a fair share of growth in employment opportunities, especially in the services sector. Thus, leading to high disposable income in the hands of young consumers. A combined result of these factors has seen the demand for home textile products growing by a healthy 30-40% per annum.

The market for home textiles and furnishing fabrics in India is extremely wide and varied in terms of prices, designs and colours. While the affluent consumers prefer refined international taste in terms of quality and design, with price no constraint, the mid and economy-segment consumers offer huge volumes for reasonably priced products. With the growing awareness towards sustainability, safety, hygiene and functionality, the demand for better quality home textiles with features like stain-resistance, flame retardant and fragrance, among others is increasing.



Source: Ministry of Textile and Wazir Analysis (Estimated\*)

### A Global Overview of the Cotton Industry

The financial year 2019-20 can be considered as a year with uncertainties and volatilities in the global cotton

market. According to a report of UK-based Textile Outlook International, cotton prices will remain weak in the 2019-20 and 2020-21 seasons as supplies of cotton outstrip demand and surpluses grow.

one of the factors affecting the price of cotton is the weak demand caused by uncertainty arising from the US-China trade war. Moreover, the Coronavirus pandemic can delay China's ability to increase purchases in the near-term.

On the other hand, it is projected that a surge in global cotton production will be led by yields rebounding in India and an increase in plantings in the US. As a result, global cotton production will exceed demand, stocks will rise, and this will put downward pressure on the cotton price. This pressure on prices will continue into 2020-21 as demand is forecast to remain weak while yields are expected to improve. Global 2020-21 cotton ending stocks is forecasted at highest in six years as per the report released by US department of agriculture (USDA). The world stocks are estimated to increase for the second consecutive season in 2020-21 to 104.7 million bales, 4% above 2019-20

### World Cotton Production (million 480 lb. bales)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20 (March)
India	25.9	27.0	29.0	25.8	29.5
China	22.0	22.8	27.5	27.8	27.3
United States	12.9	17.2	20.9	18.4	19.8
Pakistan	7.0	7.7	8.2	7.6	6.6

(Source: Cotton Incorporated)

### An Overview of the Indian Cotton Industry

The Cotton Association of India (CAI), in its December estimate of the crop for 2019-20, has retained its estimate at 354.50 lakhs bales of 170 kg each at the same level. It has also retained the cotton export for the season at 42 lakhs bales. The projection of import is maintained at 25 lakhs bales which have been lowered by 7 lakhs bales as compared to that estimated the precedent year.

The domestic cotton spinning industry is highly dependent on exports. Out of which, 30% of the produced is exported mainly to China. Thus, China accounts for nearly one-third of the exports in recent years. However, the coronavirus outbreak in China has not spared India's cotton yarn exports as the outbreak has led to a consequent lockdown in parts of China has resulted in a shutdown of production units in the country, trickling down the demand.

(Source: Financial Express)

**MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

**India's cotton balance sheet (million tonnes)**

Particulars	2016-17	2017-18	2018-19	2019-20P
Production	5.9	6.3	5.8	6.6
Consumption	5.2	5.3	5.3	5.4
<b>Surplus/Defeciet</b>	<b>0.7</b>	<b>1.1</b>	<b>0.4</b>	<b>1.3</b>
Exports	1.0	1.1	0.8	0.9
Ending Stocks	2.4	1.9	2.6	2.9

Source : USDA, JM Financial

**Global Bed Linen Segment Overview**

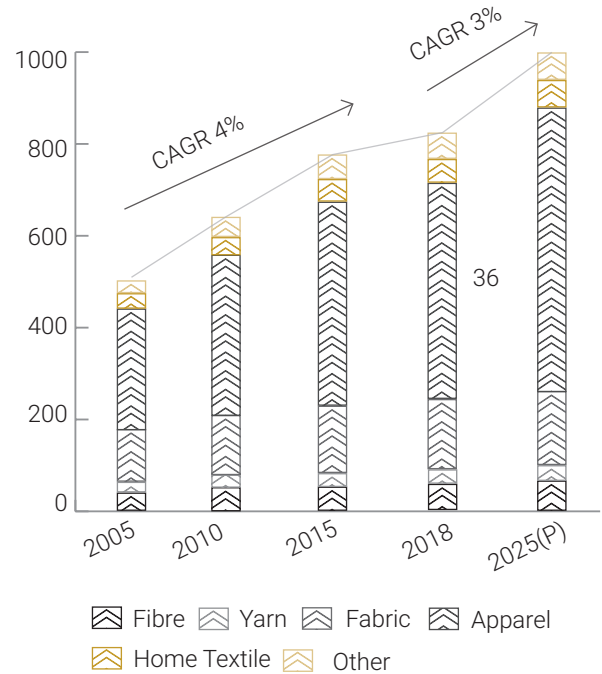
Bed linen makes up the largest segment in the home textiles market. It comprises bed covering, bed throws, blankets, cushion covers, cushions, duvets, duvet covers, mattress, mattress cover and pillows, among others. It is the fastest-growing segment projected to increase to around 61 billion dollars by 2020. The key factors responsible for growth are increased spending and a skewed interest for premium and designer bed linen with various functional benefits. In addition to this, people are also recognising several physical and mental benefits offered by good sleeping practices. Hence, justifying rise in the willingness to buy products that offer relaxing and rejuvenated sleep experiences. Also, changing home decor trends increased frequency of purchase, and shorter replacement cycles are also a few key reasons for the growth of the market.

**Global Textile and Apparel Industry**

According to the Grand View Research, the global textile market will register a CAGR of 4.3% from 2020 to 2027. The global textile market size was valued at US\$ 961.5 billion in 2019 and is estimated to exhibit a CAGR of 4.3% from 2020 to 2027 owing to the increased demand from developing countries such as China, India, Mexico and Bangladesh. Moreover, increasing disposable income and rapid urbanization has led to a rise in the number of supermarkets and retail stores, thereby driving the overall market growth.

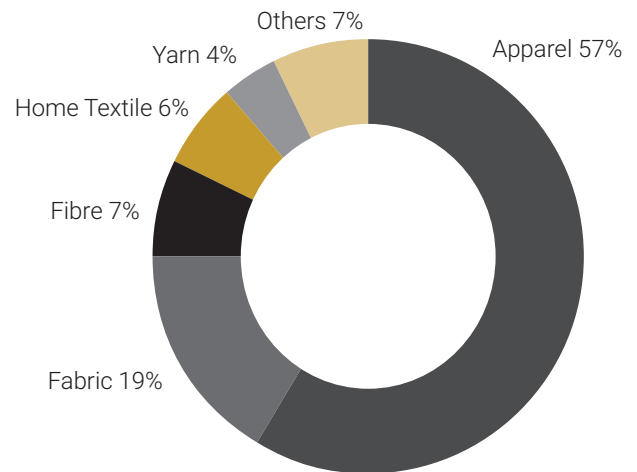
Asia Pacific is the largest market and is anticipated to register a substantial CAGR of 5.6% in terms of value over the forecast period. Manufacturers prefer setting up units in countries such as China, India, Bangladesh, and Pakistan on account of availability of cotton and low-cost labour.

**Global Textile and Apparel Trade (US\$ billion)**



Data Source : UN Comtrade & Wazir Analysis

**Category-wise share of Global T&A Trade(2018)**



Data Source : UN Comtrade & Wazir Analysis



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### An Incisive Outlook

The global textile market size is anticipated to reach US\$ 1,350.2 billion by 2027, registering a CAGR of 4.3%. The rising disposable income, population, and urbanization in emerging economies such as India, China, and Mexico are the growth drivers that have made the prospects look progressive and heartening.

### A Comprehensive Glance at the Sphere of Activities

Indo Count is one of the leading global players on the textile front underlining on bedding products. It offers a comprehensive product portfolio in the premium segment that comprises of bed sheets, fashion bedding, utility bedding and institutional bedding. It is the largest manufacturer and exporter of bed sheets, bed linen, quilts from India while being amongst top three-bed sheet suppliers to the US.

ICIL is the end-to-end solutions provider in home textiles, with state-of-the-art manufacturing facility in Kolhapur, Maharashtra. It sells products through marquee retailers.

The Company has established itself as a preferred partner over the years, through its focus on innovation, branding and sustainability initiatives. The Company has always placed its emphasis on enhancing customer experience by offering them innovative and value-added product portfolio.

### Milestones of Distinction

- Launched four brands namely, Heirlooms of India, ATLAS, Morris & Co. and Purity Home in the Fashion Bedding segment. Also, launched a utility bedding brand by the name of 'Whole Comfort' in the global markets
- Awarded 'Best Collaboration in Design & Product development' by KOHL's, a large retailer in the US
- Received 'Platinum Certification Status' for sheets and fashion bedding category by JC Penney, another large retailer in the US
- Tied up with the LEEDS University in the UK for R&D. With the expertise of LEEDS, it intends to bring path-breaking innovations for global customers
- Partnered with Walmart for Project GIGATON towards a sustainability initiative to avoid 1 billion metric tons of greenhouse gases from the global value chain by 2030

- Launched an initiative called 'GAGAN' to help farmers to cultivate Better Cotton Initiative (BCI) sustainable cotton. The programme aims at spreading the awareness among farmers to produce cotton through sustainable methods
- The Company had won TEXPROCIL Export Award 2018-2019 in the following categories:
  - Gold Trophy for the Highest export performance in Made Ups-Bed Linen/Bed Sheets/Quilts
  - Gold Trophy for the Special Achievement Award in Made-ups
  - Silver Plaque for the Second Highest exports performance in Yarn-Counts 50s and below

### Research and Development

Indo Count and the University of Leeds, UK (Leeds) collaborated for focussed and structured innovations in R&D. This partnership includes both fundamental and base level research as well as blue sky research in line with Company's mission to serve the customers better. The Company intends to use Lead's expertise and experience in research and product development and thereby deliver new innovative products to the customers.

### Operational and Financial Performance

The Company is focusing more on e-commerce, digital marketing, developing health and hygiene products and other innovative ways to reach out to its customers and strengthen relationship.

Also, progressive investments in state-of-the-art technologies, building capacities has enabled it to further enhance the operational efficiencies

Our sales volumes have increased by 7% at 61.8 million metres in FY2020 versus 57.5 million metres in FY2019. On a standalone basis, the total revenue stood at ₹ 2019.39 crore in FY2020 as compared to ₹ 1,822.93 crore in FY2019. The Company achieved EBIDTA of ₹ 232.27 crore in FY2020 as compared to ₹ 160.94 crore in FY2019 and net profit of ₹ 73.76 crore for FY2020.

At a consolidated level, the total revenue increased by 10% at ₹ 2,135 crore for FY2020 as against ₹ 1,945 crore in the previous year. It reported EBIDTA increased by 43% at ₹ 238 crore versus ₹ 166 crore in 2018-19 and Net Profit of ₹ 238 crore and ₹ 73 crore respectively for FY2020. EPS stood at ₹ 3.74 for the FY2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### Key Financial Parameters

Particulars	Standalone		Consolidated	
	FY 2020	FY 2019	FY 2020	FY 2019
Debtors turnover	47	55	41	48
Inventory turnover	105	117	109	124
Interest coverage ratio*	5.19	3.81	4.95	3.68
Current ratio	1.9	2.43	1.91	2.31
Debt equity ratio*	0.23	0.30	0.20	0.31
Operating profit margin (%)*	9.7	6.99	9.3	6.69
Net profit margin (%)	3.65	3.25	3.42	3.08
Return on net worth (%)	7.6	6.2	7.5	6.2

\* Reason for variation (>25%): Operating profit Margin improved due to higher revenue and profit margin during the year as compared to the previous Year ended March 31, 2019. Interest Coverage Ratio and Debt Equity Ratio have improved in the FY 2019-20 due to increased profits and reduction in Net Debt, respectively.

### Impact and Measures of Covid-19 pandemic

The Covid-19 outbreak impacted the operations of the Company, due to temporary stoppage and order valued approximately US\$ 11 million could not be executed in Q4 FY 2020 and stands postponed to FY 2021. However, retail stores have started opening in a phased manner from June 2020 and further visibility on the business would be seen in the next couple of months as operations normalises.

The consumption pattern has changed along with point of sales distribution to which the Company is adapting quickly through increased communication and making deeper insight into the market requirements. However, experienced Management team and liquid balance sheet strength has kept the Company in strong position to navigate through these challenging times. It is well positioned to leverage this opportunity with strong customer base, capital adequacy, wider geographic distribution, extensive sectoral understanding of product development as well as a relatively under leveraged balance sheet to quickly adapt to the changing customer ecosystem.

Further, the Company complies with all the Government rules and regulations to contain spread of Covid-19. Measures

like social distancing norms, wearing of face masks, regular sanitisation of premises and thermal screening before entering workplace to ensure the health, safety of workers and staff at workplace.

### Efforts to Reduce the Carbon Footprints

The Company as a part of the effort to combat global climate change initiated a new program in the agricultural sector. Project GAGAN is a sustainable cotton initiative that aims at improving sustainability in cotton farming for farmers. This initiative will help farmers in increasing productivity along with cautious usage of water, pesticides and fertilizers. The main objective of the project is backward integration from farm to fashion, create farmer awareness on cultivating cotton through sustainable methods. Thus, helping them remain attractively profitable and sustainable across the entire value chain.

The Company has always been leading in sustainability initiatives and setting standards through HIGG Index. HIGG Index is a self-assessment benchmark to measure metrics such as environmental sustainability, energy saving, water recycling, no discharge of effluents, gas emissions and water consumption. All these are taken into consideration and compared globally with all the manufacturers for assessing environmental and social sustainability throughout the supply chain. The Company's verified HIGG Index score is 78 (Level 3) and is one of the best scores globally across Home Textile Segment.

The Company has also partnered with Walmart in Project GIGATON. Through Project Gigaton, suppliers can set goals for reducing emissions across 6 pillars and get Walmart recognition (Energy, waste, packaging, agriculture, forests, and product use). Indo Count's recognition status has been updated to Giga-Guru.

### Risk Management

The Company recognises that risk is inherent in every business activity. However, managing it with efficacy is vital in order to achieve strategic objectives and long-term sustainable growth. The major risk areas are periodically and systematically reviewed by the management and risk-management committee. Some of the major risks have been entailed below:

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Strategic Risk	Probable Impact	Mitigation Strategy	Impact
Economic Risk	The slowdown in the global economy can hamper the demand and would also impact the revenue	<ul style="list-style-type: none"> <li>Diversified presence across various countries that helps in mitigating any adverse impact</li> </ul>	Medium
Forex Risk	Any adverse impact in the currency fluctuation can affect the profitability of the Company	<ul style="list-style-type: none"> <li>Systematic and meticulous hedging policies</li> <li>Regular monitoring of the exposure to currency volatility</li> <li>Manages the risks pro-actively</li> <li>Enters foreign currency forward contracts after receiving orders from the client</li> </ul>	Medium
Cost Risk	Raw material cost volatility may impact the overall cost of production	<ul style="list-style-type: none"> <li>Books raw materials once the order is confirmed</li> <li>Holds sufficient inventory to protect itself from short term spikes</li> </ul>	Low
Competition Risk	Increasing competition can impact market share	<ul style="list-style-type: none"> <li>Offers end-to-end solutions</li> <li>Continues to focus on increasing the market share through innovative products, strong R&amp;D</li> </ul>	Low
Environmental Risk	Failure to fulfill environmental regulatory obligations may impact overall operational efficiencies	<ul style="list-style-type: none"> <li>Adheres to a diverse set of laws and regulations laid down by governments and regulatory bodies at the local, state and national levels</li> <li>Monitors regulatory changes to ensure compliance with all applicable regulations</li> <li>Upgrades its technological equipment frequently</li> <li>Received 'Giga Guru' status for contributions made towards environmental sustainability</li> </ul>	Medium
Business Continuity Risk	Disruptions to conduct business due to fire, natural calamity, breakdown of infrastructure and pandemic among others can lead to muted demand	<ul style="list-style-type: none"> <li>Business Continuity plan to mitigate the severe impact on the business</li> </ul>	Low
Credit Risk	Failure to make timely payments, or the credit rating or risk profile otherwise deteriorates	<ul style="list-style-type: none"> <li>Strengthening processes for credit control</li> <li>Analytics to provide lead indicators for potential defaulters</li> <li>Effective collections and accounting accuracy to enable credit monitoring</li> </ul>	Medium

### The Cornerstone of Excellence

The human resources have always been of supreme importance at ICIL as they are the growth-drivers and the mainstay of the organization. The prominence on the people of the organisation stems from the belief that they are the authors of the Company's success story. Integral to the Company's approach, human resource development is its distinctive strategy. The strategy ensures developing and nurturing a team of competent, passionate and inspiring leaders who would turn to be the scribes of a promising

future's slate. Thus, building a future-ready organisation through the true to type learning, innovation and world-class execution.

The Company believes that the alignment of all employees to a shared vision and purpose is crucial for succeeding in the marketplace. Further, it recognises the mutuality of interests with key stakeholders and is committed to building harmonious employee relations.

ICIL is confident that its 2204 employees will relentlessly strive to meet the growth agenda, deliver world-class performance

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

and innovate newer things. They will thus uphold human dignity, foster team spirit and discharge their role as 'trustees' of all stakeholders with true faith and allegiance.

### Internal Control Systems

The Company's well-articulated internal control systems ensure the achievement of its operational, compliance and reporting objectives. It has adequate policies and procedures in place, for its current size as well as the future growing needs. These policies and procedures play a pivotal role in the deployment of internal controls. They are regularly reviewed to ensure both, relevance and comprehensiveness, and compliance is ingrained into the management review process. The audit committee regularly reviews the adequacy of controls of the key processes. It makes note of the audit observations and takes corrective actions, if necessary. It maintains a constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively.

### Cautionary Statement

Statements in this report on Management Discussion and Analysis relating to the Company's objectives, projections, estimates, expectations or predictions may be forward-looking within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results might differ materially from those expressed or implied depending upon factors such as climatic conditions, global and domestic demand-supply conditions, raw materials cost, availability and prices of finished goods, foreign exchange market movements, changes in government regulations, tax structure, economic and political developments within India and the countries where the Company conducts its business and other factors such as litigation and industrial relations. The Company assumes no responsibility in respect of forward-looking statements herein which may undergo changes in future based on subsequent developments, information or events.

# BOARD'S REPORT

Dear Members

On behalf of the Board of Directors ("the Board"), it gives me immense pleasure to present the Thirty First Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended March 31, 2020.

## FINANCIAL RESULTS

(₹ In crore, except EPS)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations	1,965.07	1,812.54	2,080.13	1,934.21
Other Income	54.32	10.39	54.63	10.49
Total Revenue	2,019.39	1,822.93	2134.76	1,944.70
EBIDTA	232.27	160.94	237.85	166.23
Less: Finance Cost	36.93	33.71	39.25	35.60
Less: Depreciation	40.65	32.58	43.46	35.27
Less: Exceptional Items	98.46	-	98.46	-
Profit before Tax	56.23	94.65	56.68	95.36
Tax Expenses / (Credit)	(17.53)	35.43	(16.42)	35.52
Net Profit	73.76	59.22	73.10	59.84
Other comprehensive Income (net of tax)	(47.11)	(28.58)	(48.59)	(32.60)
Total Comprehensive Income	26.65	30.64	24.51	27.24
Basic & Diluted EPS (in ₹)	3.74	3.00	3.74	3.05

## OPERATIONAL AND FINANCIAL PERFORMANCE

At a consolidated level, the revenue from operations increased by 7.54% to ₹ 2,080.13 crore for FY 2019-20 as against ₹ 1,934.21 crore in the previous year. The EBIDTA of your Company registered growth of 43.08% to ₹ 237.85 crore for FY 2019-20 as against ₹ 166.23 crore in the previous year. However, due to the exceptional item, net profit increased by 22.16% from ₹ 59.84 crore to ₹ 73.10 crore for the year ended March 31, 2020.

On a standalone basis, revenue from operations increased by 8.41% to ₹ 1,965.07 crore for the year ended March 31, 2020 as against ₹ 1,812.54 crore in the previous year. Further, your Company achieved EBIDTA and Net Profit of ₹ 232.27 crore and ₹ 73.76 crore respectively for the year ended March 31, 2020 as compared to EBIDTA and Net profit of ₹ 160.94 crore and ₹ 59.22 crore respectively.

The financial and operational performance overview and outlook is provided in detail in the Management Discussion and Analysis forming part of this Annual Report.

## COVID-19 PANDEMIC

In the month of March, 2020, the outbreak of Novel Coronavirus (COVID-19) pandemic developed rapidly into a global crisis. This led to declaration of the lockdowns by the

governments in the countries all over the world. Your Company immediately shifted its focus on ensuring the health, safety and well-being of all employees. The manufacturing plants of the Company at Kolhapur were temporarily closed from March, 23, 2020 to contain the spread of COVID-19 as per Central/State Government directions. The partial manufacturing operations at the Company's Home Textile and Spinning Plant were resumed w.e.f. April 26, 2020 and April 27, 2020 respectively with limited workforce subject to the conditions prescribed by the Government/Local Authorities. Although there are uncertainties due to the pandemic, healthy capital adequacy, stable liquidity position, good customer base, wider geographical distribution and innovative product mix will help your Company to navigate through the challenges in future. The impact of COVID-19 is discussed in the Management Discussion and Analysis forming part of this Annual Report.

## DIVIDEND

Continuing the past trend of declaring dividend, your Directors are pleased to recommend a Final Dividend @ 30% i.e. ₹ 0.60/- per equity share of face value of ₹ 2/- each amounting to ₹ 11.84 crore subject to the approval of members of the Company at the ensuing Annual General Meeting. The aforesaid dividend is in line with the Dividend Distribution Policy adopted by the Company.

## BOARD'S REPORT (Contd.)

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the Final Dividend after deduction of tax at source. For further details on TDS of Dividend, members are requested to refer Annexure III of the Notice of Annual General Meeting.

### DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), the Board of Directors of your Company had approved Dividend Distribution Policy, which is given separately and forms part of this Annual Report. The Dividend Distribution Policy is also uploaded on the website of the Company and web-link for the same is <https://www.indocount.com/images/investor/Dividend-Distribution-Policy1.pdf>

### TRANSFER TO RESERVES

During the year under review, no amount has been transferred to the Retained Earnings.

### AWARDS AND RECOGNITIONS

We are happy to inform you that during the year under review, your Company was honoured with 3 Awards for the year 2018-19 from TEXPROCIL viz. Gold Trophy for the highest export performance in made-ups bed linen/ bed sheets/quilts under category III, Gold Trophy for the special achievement award in made-ups and Silver Plaque for the second highest exports performance in yarn-counts 50s and below in category I. These awards are testament to our consistent growth story in Home Textiles over the last decade and development of innovative products addressing the demanding preferences of consumers.

### SHARE CAPITAL

As on March 31, 2020, the Authorised Share Capital of your Company was ₹ 60 crore comprising of 27,50,00,000 equity shares of ₹ 2/- each and 50,00,000 preference shares of ₹ 10/- each. Further, the total issued, subscribed and paid up share capital of your Company stood at ₹ 394,799,340/- comprising of 197,399,670 Equity Shares of ₹ 2/- each. During the year under review, there has been no change in the Authorised, Issued, Subscribed and Paid-up Share Capital of your Company.

Your Company has not issued any equity shares with differential voting rights, convertible securities, warrants or sweat equity shares. Further, your Company does not have any employee stock option scheme or employee stock purchase scheme.

### CREDIT RATING

As on March 31, 2020, for long term bank facilities of your Company, Credit Rating assigned by CARE and ICRA is "A+" (A plus) with Stable outlook. The said credit rating signifies adequate degree of safety regarding timely servicing of financial obligations. Such facilities carry low credit risk.

Further, for the Company's short term bank facilities, ICRA and CARE have assigned the rating as "A1" (A One) which signifies very strong degree of safety regarding timely servicing of financial obligations. Such facilities carry lowest credit risk.

### CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company are prepared in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015. The Audited Consolidated Financial Statements of the Company for the year ended March 31, 2020 along with the Auditors' Report forms part of this Annual Report.

The Audited Financial Statements of the Company and subsidiaries are available on the website of the Company at [www.indocount.com](http://www.indocount.com). Further, a copy of the Audited Financial Statements of the subsidiaries shall be made available for inspection at the registered office of the Company during business hours on any working day upto the date of Annual General Meeting. Any shareholder interested in obtaining a copy of separate Financial Statements of the subsidiaries shall make specific request in writing to the Company Secretary.

### SUBSIDIARIES

As on March 31, 2020, your Company has 6 direct subsidiaries viz. Pranavaditya Spinning Mills Limited, Indo Count Retail Ventures Private Limited, Indo Count Global Inc., Indo Count UK Limited, Indo Count Australia Pty Ltd. and Indo Count Global DMCC. During the year under review, your Company has acquired remaining 17.5% stake i.e. 1750 equity shares of Indo Count Retail Ventures Private Limited (ICRVPL) at par value of ₹ 10/- each. Pursuant to the said acquisition, ICRVPL became a wholly owned subsidiary of your Company w.e.f. March 9, 2020. Further, your Company has also acquired the business of ICRVPL as a going concern by way of slump sale by ICRVPL with effect from April 1, 2020 through a Business Transfer Agreement.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with rules made thereunder, a statement containing salient features of the financial position of subsidiaries is given in Form AOC-1 attached as



## BOARD'S REPORT (Contd.)

"Annexure 1" forming integral part of this Report. As required under Section 134 of the Companies Act, 2013, the said form also highlights performance of the subsidiaries.

Your Company does not have any Associate Company as defined under the Companies Act, 2013 and has not entered into any joint venture agreement during the year under review.

Though your Company does not have any material subsidiary, pursuant to Regulation 16 of the Listing Regulations, it has adopted a policy for determining material subsidiaries, which can be accessed at <https://www.indocount.com/images/investor/Policy-on-Material-Subsidiaries.pdf>

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Pradyumna Natvarlal Shah (DIN: 00096793) and Mr. Anand Ramanna (DIN: 00040325) were associated with the Company as Independent Directors for more than 25 years. Their first term of appointment as Independent Directors was upto August 15, 2019. Due to advanced age, they did not seek re-appointment for a second term. Hence, they ceased to be the Directors of the Company w.e.f. August 16, 2019 due to expiry of their first term. The Board places on record its appreciation for the immense contributions and valuable guidance given by Mr. P. N. Shah and Mr. R. Anand during their long association as Directors of the Company.

At the Annual General Meeting (AGM) held on August 13, 2019, Mr. Dilip J. Thakkar (DIN: 00007339), Mr. Prem Malik (DIN: 00023051) and Dr. (Mrs.) Vaijayanti Pandit (DIN: 06742237), were re-appointed as Non-Executive Independent Directors of the Company, for a second term of five consecutive years w.e.f. August 16, 2019. Further, Mr. Anil Kumar Jain (DIN: 00086106), Executive Chairman was re-appointed for a period of 3 years w.e.f. October 1, 2019 and Mr. Kamal Mitra (DIN: 01839261) was re-appointed as a Whole-time Director designated as "Director (Works)" for a period of 3 years w.e.f. October 1, 2019. The aforesaid re-appointment of Directors approved by the members of the Company at AGM held on August 13, 2019 were duly recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board.

Pursuant to the recommendation of Nomination and Remuneration Committee (NRC), the Board approved change in designation of Mr. Mohit Jain (DIN: 01473966) to Whole-time Director designated as "Executive Vice Chairman" of the Company, for a period of 3 years w.e.f. July 1, 2019. The same was duly approved by the members of the Company at the AGM held on August 13, 2019.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Kailash R. Lalpuria (DIN: 00059758), Executive Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered

himself for the re-appointment. The Board recommends his re-appointment for consideration of the members at the ensuing Annual General Meeting. As per Secretarial Standard – 2 and Listing Regulations, brief profile and other related information of Mr. Kailash Lalpuria, Executive Director retiring by rotation is provided in the Notice of ensuing AGM.

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence. In the opinion of the Board, all Independent Directors are independent of the management.

Pursuant to Rule 6 of Companies (Appointment and qualification of Directors) Rules, 2014 as amended w.e.f. December 1, 2019, all Independent Directors of the Company viz. Mr. Dilip J. Thakkar, Mr. Prem Malik, Mr. Sushil Kumar Jiwarajka, Dr. (Mrs.) Vaijayanti Pandit, Dr. Sanjay Kumar Panda and Mr. Siddharth Mehta have registered themselves in the Independent Directors databank maintained with the Indian Institute of Corporate Affairs (IICA). Further, in the opinion of the Board of Directors of the Company, all Independent Directors possess high integrity, expertise and experience including the proficiency required to discharge the duties and responsibilities as Directors of the Company.

As on March 31, 2020, Mr. Kailash R. Lalpuria, Executive Director & CEO, Mr. K. Muralidharan, Chief Financial Officer and Mrs. Amruta Avasare, Company Secretary are the Key Managerial Personnel of the Company in terms of Section 203 of the Companies Act, 2013.

### NUMBER OF BOARD MEETINGS

During the year under review, Four (4) Board Meetings were held on May 22, 2019, August 8, 2019, November 11, 2019 and February 11, 2020. The maximum interval between any two consecutive Board Meetings did not exceed 120 days.

### COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

Pursuant to Section 178 of the Companies Act, 2013, NRC has formulated "Nomination and Remuneration Policy" which deals *inter-alia* with appointment and remuneration of Directors, Key Managerial Personnel, Senior Management and other employees. The said policy is uploaded on the website of the Company and web-link thereto is [https://www.indocount.com/images/investor/Nomination-and-Remuneration-Policy\\_200427\\_075719.pdf](https://www.indocount.com/images/investor/Nomination-and-Remuneration-Policy_200427_075719.pdf)

## BOARD'S REPORT (Contd.)

The salient features of the policy are as under:

### I) Criteria for Directors

#### a) Appointment:

- i. NRC shall identify, ascertain and consider the integrity, qualification, expertise and experience of the person for the appointment as a Director of the Company and recommend to the Board his / her appointment. The Directors shall uphold ethical standards of integrity and probity and shall exercise their duties and responsibilities in the interest of the Company.
- ii. A person proposed to be appointed as Director should possess adequate qualification, expertise and experience for the position he / she is considered for appointment.  
They shall possess appropriate core skills/expertise/competencies/knowledge in one or more fields of finance, law, management, sales and marketing, administration, CSR, research and in the context of business and/or the sector in which the Company operates. The NRC has the discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- iii. Independent Director shall satisfy criteria of Independence specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the Listing Regulations and shall give declaration that he/she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his / her duties with an objective independent judgment and without any external influence. The NRC and the Board shall assess veracity of the said declaration and determine whether the directors are independent of the management.
- iv. The Company shall comply with the provisions of the Act and Listing Regulations and any other laws if applicable for appointment of Director of the Company. The Company shall ensure that provisions relating to limit of maximum directorships, age, term, etc. are complied with.

#### b) Remuneration of the Whole-time /Executive Director(s) / Managing Director:

- i. The remuneration including commission payable to the Whole Time /Executive Director(s) / Managing Director shall be determined and recommended by the NRC to the Board for approval.
- ii. While determining the remuneration of the Executive Directors, following factors shall be considered by the NRC/Board:
  - Role played by the individual in managing the Company including responding to the challenges faced by the Company
  - Individual performance and Company performance so that remuneration meets appropriate performance benchmarks
  - Reflective of size of the Company, complexity of the sector/ industry/ company's operations and the Company's financial position
  - Consistent with recognised best industry practices.
  - Peer remuneration
  - Remuneration involves balance between fixed and incentive pay reflecting performance objectives appropriate to the working of the Company and its goals
  - Remuneration is reasonable and sufficient to retain and motivate directors to run the Company successfully

#### c) Remuneration to Non-Executive / Independent Directors:

- i. Sitting Fees: Non-Executive Independent Directors ("NEIDs") shall be entitled to receive fees for attending meetings of the Board or Committee of the Board or for any other purposes as may be decided by the Board, of such sum as may be approved by the Board of Directors of the Company within the overall limits prescribed under the Companies Act, 2013 and the rules made thereunder, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ("Listing Regulations") or other applicable law.



## BOARD'S REPORT (Contd.)

- ii. Commission: Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs at a specified percentage of net profits of the Company (commission). Such commission may be paid to Non-Executive Independent Directors as may be decided by the Board of Directors on the recommendation of Nomination & Remuneration Committee (NRC), within the limits approved by the shareholders of the Company. The basis of payment of commission is Net profits of the Company.
- iii. Remuneration to NENIDs: The Non-Executive Non-Independent Director(s) of the Company may be entitled to receive remuneration by way of sitting fees or commission or reimbursement of expenses as may be recommended by NRC and approved by the Board of Directors of the Company within the overall limits approved by the shareholders of the Company. The said remuneration will be within the limits specified in the Companies Act, 2013 and rules made thereunder and Listing Regulations.

### II. Criteria for Key Managerial Personnel, Senior Management and other Employees

This section applies to the KMP (other than Managing Director, Whole-time Directors/Executive Directors)

#### a) Appointment:

- i. The NRC shall ascertain and consider the integrity, qualification, background and experience of the person for appointment as a KMP and at senior management position of the Company and recommend to the Board his / her appointment. The NRC has the discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

#### b) Remuneration of Key Managerial Personnel and Senior Management and other employees

- i. The NRC shall decide and recommend to the Board, remuneration of KMP & Senior Management Personnel to ensure that it is competitive, reasonable and sufficient to motivate and retain the employee.

### ANNUAL EVALUATION OF BOARD PERFORMANCE AND ITS COMMITTEES AND DIRECTORS

Criteria of performance evaluation of the Board and Directors are laid down by Nomination and Remuneration Committee (NRC) of the Company. Pursuant to the provisions of Companies (Amendment) Act, 2017, NRC decided to continue existing method of performance evaluation through circulation of performance evaluation sheets based on SEBI Guidance Note dated January 5, 2017 and that only Board should carry out performance evaluation of Board, Committees and Individual Directors.

An assessment sheet based on SEBI Guidance Note, containing the parameters of performance evaluation and rating scale was circulated to all the Directors. The Directors rated the performance against each criteria. Thereafter, consolidated score was arrived. Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out performance evaluation of its own, evaluation of working of the Committees and performance evaluation of all Directors in aforesaid manner. The performance of the Board, committees and individual directors was found satisfactory.

A meeting of Independent Directors of the Company was held on February 11, 2020 in which Independent Directors *inter-alia* evaluated performance of Executive Chairman, Executive Vice Chairman, other Whole-time Directors and the Board and Committees as a whole through performance evaluation sheets.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3)(c) and 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, state and confirm that:

1. In the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. Such accounting policies as mentioned in the notes to the Financial Statements for the year ended March 31, 2020 have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;

## BOARD'S REPORT (Contd.)

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual financial statements for the year ended March 31, 2020 have been prepared on a going concern basis;
5. Internal financial controls to be followed by the Company have been laid down and that the said financial controls were adequate and were operating effectively;
6. Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

### CORPORATE SOCIAL RESPONSIBILITY

The key philosophy of all our Corporate Social Responsibility (CSR) initiatives is guided by our belief "Every Smile Counts..." Our CSR projects focus on participatory and collaborative approach with the community. Over a period of 5 years, your Company has carried out CSR activities in the areas of Education, Healthcare, Women empowerment and Water and Sanitation.

In compliance with the provisions of Section 135 of the Act and the rules made thereunder, your Company has adopted a Corporate Social Responsibility (CSR) policy which is available on web-link <https://www.indocount.com/images/investor/ICIL-CSR-Policy1.pdf>

Your Company primarily implements the CSR projects through 'Indo Count Foundation' and has also collaborated with other trusts for carrying out CSR Activities. The Report on CSR activities carried out by your Company during the year under review is provided as "Annexure 2" to this Report.

### AUDIT COMMITTEE

During the year under review, Mr. P. N. Shah and Mr. R. Anand ceased to be the Chairman and member respectively of the Audit Committee w.e.f. August 9, 2019. Mr. Dilip J. Thakkar, Independent Director of the Company and member of the Audit Committee was appointed as a Chairman of the Audit Committee w.e.f. August 9, 2019.

As on March 31, 2020, the Audit Committee comprises of 4 Directors/ Members viz. Mr. Dilip J. Thakkar, Mr. Prem Malik, Mr. Siddharth Mehta, Independent Directors and Mr. Kailash R. Lalpuria, Executive Director. The said Composition is as per the provisions of Section 177 of the Companies Act, 2013

and Regulation 18 of the Listing Regulations. More details on Audit Committee are given in Corporate Governance Report. All the recommendations made by the Audit Committee during the year under review were accepted by the Board.

### STATUTORY AUDITORS

In accordance with the provisions of Section 139 of the Companies Act, 2013, at the Annual General Meeting held on August 21, 2017, M/s. Suresh Kumar Mittal & Co., Chartered Accountants (Firm Registration No. 500063N) were appointed as the Statutory Auditors of the Company for a period of 5 years till the conclusion of 33<sup>rd</sup> AGM subject to the ratification by the members at every AGM.

The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting was omitted vide notification dated May 7, 2018, issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Auditors in ensuing AGM of the Company.

The Company has received a letter from M/s. Suresh Kumar Mittal & Co., Chartered Accountants confirming that they are eligible for continuing as Statutory Auditors of the Company.

### AUDITORS' REPORT

The Auditors' Report on standalone and consolidated financial statements for the year ended March 31, 2020 forms integral part of this Annual Report. The Auditors' Report does not contain any qualifications, reservations, adverse remarks and disclaimer. Notes to the Financial Statements are self-explanatory and do not call for any further comments. The Statutory Auditors of the Company have not reported any fraud under Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment for the time being in force).

### SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules thereunder, the Board had appointed M/s. Kothari H. & Associates, Practicing Company Secretaries as Secretarial Auditors to conduct Secretarial Audit of the Company for the year ended March 31, 2020. The Secretarial Audit Report issued by Secretarial Auditors in Form No. MR-3 is provided as "Annexure 3" to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remark.

### SEGMENT

The Company operates only in a single segment i.e. Textile Segment.

## BOARD'S REPORT (Contd.)

### PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from public under Chapter V of the Companies Act, 2013.

### CORPORATE GOVERNANCE REPORT

Your Company has adopted best practices of Corporate Governance and complied with all the requirement of Corporate Governance laid down by SEBI. As per Regulation 34(3) read with Schedule V of the Listing Regulations, a Corporate Governance Report along with Statutory Auditors' Certificate confirming compliance of corporate governance for the year ended March 31, 2020 is provided separately and forms integral part of this Annual Report.

### MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 of the Listing Regulations, Management Discussion and Analysis containing Information *inter-alia* on industry trends, your company's performance, future outlook, opportunities and threats for the year ended March 31, 2020 is provided in a separate section forming integral part of this Annual Report.

### BUSINESS RESPONSIBILITY REPORT

Pursuant to the Regulation 34 of the Listing Regulations, Business Responsibility Report (BRR) for the year ended March 31, 2020 is provided separately and forms integral part of this Annual Report.

### EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, Extract of the Annual Return in Form No. MGT-9 for the year ended March 31, 2020 is annexed as an "Annexure 4" to this Report and is also available on the website of the Company at <https://www.indocount.com/investors/financial-reporting/annual-reports>

In accordance with the provisions of Section 134(3)(a) of the Act, copy of Annual Return for FY 2018-19 was hosted on the website of the Company and web-link to access the same is <https://www.indocount.com/images/investor/Annual-Return-Form-MGT-7-FY-2018-19.pdf>. Further, pursuant to Section 134(3)(a) of the Act, a copy of Annual Return for the year ended March 31, 2020 will be hosted on the website of the Company [www.indocount.com](http://www.indocount.com).

### SECRETARIAL STANDARDS

During the year under review, your Company has complied with all the applicable secretarial standards issued by the Institute of Company Secretaries of India. The same has also been confirmed by the Secretarial Auditors of the Company in the Secretarial Audit Report.

### RELATED PARTY TRANSACTIONS

All Related Party Transactions (RPT) entered during FY 2019-20 were on arm's length basis and in the ordinary course of business and in compliance with the applicable provisions of the Act and the Listing Regulations. During the year under review, your Company did not enter into any material RPT under the provisions of Section 188 of the Act and Listing Regulations, accordingly, the disclosure of related party transactions, as required under the provisions of Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company.

The prior omnibus approval of the Audit Committee is obtained for all Related Party Transactions. A statement of all Related Party Transactions is reviewed by the Audit Committee on a quarterly basis. Your Company has adopted a policy on Related Party Transactions which has been uploaded on the Company's website and can be accessed at [https://www.indocount.com/images/investor/ICIL-Policy-on-Related-Party-Transactions-Revised-11-02-2020\\_200507\\_081044.pdf](https://www.indocount.com/images/investor/ICIL-Policy-on-Related-Party-Transactions-Revised-11-02-2020_200507_081044.pdf)

### PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES, SECURITIES UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, your Company has neither given loan to any bodies corporates or any other persons nor provided any corporate guarantee or security under Section 186 of the Companies Act, 2013. As regards investments, during the year under review, your Company has acquired remaining 17.5% stake in Indo Count Retail Ventures Private Limited (ICRVPL) thereby making ICRVPL a wholly owned subsidiary of the Company. The said investment was within the limits specified under Section 186 of the Companies Act, 2013. Particulars of investments and disclosure required under Section 186(4) of the Companies Act, 2013 are provided in the notes to the standalone financial statements.

## BOARD'S REPORT (Contd.)

### RISK MANAGEMENT

Your Company recognises that risk is an integral part of the business and is committed to manage the risks in a proactive and efficient manner. Your Company has adopted Risk Management Policy for risk identification, assessment and mitigation. Major risks identified by the Company are systematically addressed through mitigating actions on a continuous basis. Some of the risks that the Company is exposed to are financial risks, raw material price risk, regulatory risks, forex risks and economy risks. Risk factors and its mitigation are covered extensively in the Management Discussion and Analysis. The Internal Audit Reports and Risk Management Framework are reviewed by the Audit Committee. Further, the Company also has in place Risk Management Committee to assess risks and to review risk management plans of the Company.

### VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, your Company has established a vigil mechanism for the Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected incidents of fraud or violation of Code of Conduct. The details of Vigil Mechanism/ Whistle Blower Policy are provided in the Corporate Governance Report. The Vigil Mechanism/Whistle Blower Policy may be accessed on the Company's website at <https://www.indocount.com/images/investor/Whistle-Blower-Policy-Vigil-Mechanism.pdf>

### POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your company always endeavours and provide conducive work environment that is free from discrimination and harassment including sexual harassment. Your Company has zero tolerance towards sexual harassment at workplace and has adopted a policy for prevention of Sexual Harassment of Women at workplace. The Company has set up an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to look into complaints relating to sexual harassment at workplace of any woman employee. During the year under review, no complaints pertaining to sexual harassment were received and no complaint was pending as on March 31, 2020.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required

under Section 134(3)(m) of the Companies Act, 2013 read with rules thereunder is given as "Annexure 5" forming part of this Report.

### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 regarding remuneration of Directors, Key Managerial Personnel and other related disclosure is given as "Annexure 6" to this Report.

Information required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 viz. Details of top ten employees of the Company in terms of remuneration drawn during FY 2019-20 and particulars of employees drawing remuneration in excess of the limits specified in Rule 5(2) of the said rules is provided in Annexure forming part of this Report. As per the provisions of Section 136 of the Companies Act, 2013, the Annual Report and Accounts are being sent to the members of the Company excluding the said Annexure. Any member interested in obtaining a copy of said Annexure may write to the Company Secretary at the Registered Office of the Company. The said annexure will be available for inspection by the members at the Registered Office of the Company twenty one days before and upto the date of ensuing Annual General Meeting during the business hours on working day.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company maintains adequate internal control system and procedures commensurate with its size and nature of operations. The internal control systems are designed to provide a reasonable assurance over reliability in financial reporting, ensure appropriate authorisation of transactions, safeguarding the assets of the Company and prevent misuse/ losses and legal compliances.

The internal control system includes a well-defined delegation of authority and a comprehensive Management Information System coupled with quarterly reviews of operational and financial performance, a well-structured budgeting process with regular monitoring of expenses and Internal Audit. The Internal Audit reports are periodically reviewed by the management and the Audit Committee and necessary improvements are undertaken, if required.

## BOARD'S REPORT (Contd.)

### SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the FY 2019-20 and the date of this Board's report. The global outbreak of COVID-19 pandemic has significantly impacted the economy. The management of your Company has considered internal and certain external sources of information and has used the principles of prudence in applying judgments, estimates and assumptions regarding the probable impact of the pandemic. The eventual outcome or impact of the pandemic may be different from

those estimated as on date of approval of these financial statements.

### GENERAL

Your Directors state that:

1. During the year under review, there was no change in the general nature of business of your Company.
2. Cost audit was not applicable to the Company during the year under review, however, pursuant to the Order made by the Central Government for the maintenance of cost records under section 148(1) of the Act, the prescribed accounts and records have been made and maintained.

### ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors wish to place on record their appreciation for dedicated service and contribution made by the employees of the Company at all levels.

Your Directors would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from its customers, suppliers, bankers, financial institutions, business partners and other stakeholders.

**On behalf of the Board of Directors**

**Anil Kumar Jain**

Executive Chairman

DIN: 00086106

Place: Mumbai

Date: June 12, 2020

## BOARD'S REPORT (Contd.)

**ANNEXURE 1**  
**FORM NO. AOC-1**

Statement Containing Salient Features of the Financial Statements of Subsidiaries/ Associates/ Joint Ventures  
(Pursuant to the first proviso to sub-section (3) of section 129 read with Rule 5 of Companies  
(Accounts) Rules, 2014) for year ended March 31, 2020

**PART A – SUBSIDIARIES**

(₹ In lakhs)

Sr. No.	Name of the Subsidiary	Reporting currency of the subsidiary concerned	Exchange Rate as on March 31, 2020	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% of Share-holding	Country
1	Pranavaditya Spinning Mills Limited	INR	NA	1924.13	1034.98	4352.71	1393.60	NIL	6941.13	(396.39)	(128.14)	(270.24)	NIL	74.53	India
2	Indo Count Retail Ventures Private Limited	INR	NA	1.00	(819.45)	482.01	1300.46	NIL	380.78	(330.65)	136.09	(462.94)	NIL	100	India
3	Indo Count Global Inc., USA	USD	75.665	446.18	2099.38	5131.90	2586.34	NIL	17128.16	611.21	91.51	519.70	NIL	100	USA
4	Indo Count UK Limited	GBP	93.5025	79.62	34.99	160.37	45.76	NIL	445.46	66.66	11.73	54.93	NIL	100	UK
5	Indo Count Australia Pty Limited	AUD	46.075	0.50	(0.04)	0.46	NIL	NIL	NIL	NIL	NIL	NIL	NIL	100	Australia
6	Indo Count Global DMCC	AED	20.536	530.65	(46.15)	492.66	8.16	NIL	273.61	57.98	NIL	57.98	NIL	100	U.A.E.

Notes:

- Reporting period of the Subsidiaries is April to March.
- There are no subsidiaries which have been liquidated or sold during the FY 2019-20.
- During the Financial Year 2019-20, Company has acquired remaining 17.5% of Equity shares of Indo Count Retail Ventures Private Limited (ICRVPL). Pursuant to said acquisition, ICRVPL became a wholly owned subsidiary of the Company.
- Indo Count Australia Pty Ltd has not commenced operations.

**PART B - ASSOCIATES / JOINT VENTURES – NIL**

## BOARD'S REPORT (Contd.)

### ANNEXURE 2

#### Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2019-20

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>Pursuant to the requirements of the Companies Act, 2013 and the rules made thereunder, your Company has framed a CSR Policy and web-link thereto is as given below:</p> <p><a href="https://www.indocount.com/images/investor/ICIL-CSR-Policy1.pdf">https://www.indocount.com/images/investor/ICIL-CSR-Policy1.pdf</a></p> <p>The key philosophy of Company's CSR initiatives is guided by our belief "Every Smile Counts ..."</p> <p>The focus areas for CSR are Education and Healthcare supported by CSR Activities in the areas of Women Empowerment, Water and Sanitation and Rural Development. Going forward, the Company will continue to focus on Education, Healthcare and Environment. The Company primarily undertakes CSR activities through its own trust "Indo Count Foundation" and collaborates with other associations/trusts/NGO as well.</p>
2	The Composition of the CSR Committee as on March 31, 2020.	<p>(1) Dr. (Mrs.) Vaijayanti Pandit – Chairperson (Independent Director)</p> <p>(2) Mr. Anil Kumar Jain – Member (Executive)</p> <p>(3) Mr. Kailash R. Lalpuria – Member (Executive)</p> <p>(4) Mr. Kamal Mitra – Member (Executive)</p> <p>(5) Dr. Sanjay Kumar Panda – Member (Independent Director)</p>
3	Average net profit of the Company for last three financial years.	Average net profit of the Company for last 3 financial years is ₹ 21,543 lakhs
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above).	₹ 430.87 lakhs for FY 2019-20
5	<p>Details of CSR spent during the financial year 2019-20</p> <p>(a) Total amount to be spent for the financial year 2019-20</p> <p>(b) Total amount spent</p> <p>(c) Amount unspent, if any</p>	<p>₹ 430.87 lakhs</p> <p>₹ 261.00 lakhs</p> <p>₹ 169.87 lakhs (This unspent amount has been carried forward to next year)</p>

## BOARD'S REPORT (Contd.)

Manner in which the amount spent during the financial year 2019-20 is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is Covered	Projects or Programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs Wise (₹ in lakhs)	Amount spent on the projects or programs Sub-heads: 1) Direct on projects or programs 2) Overheads (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent Direct or through Implementing Agency
1.	Promoting Education by implementation of E-learning systems in schools and donation to educational institutions	Education		150.00	71.69	71.69	Direct/ Implementing Agency
2.	Providing medical facilities through 4 medical vans reaching to distant villages, Providing infrastructure support & giving medical equipments at certain hospital(s)	Healthcare		200.00	116.71	116.71	Direct/ Implementing Agency
3.	Skill Development Centre for training women in sewing and stitching skills, enabling them to get employment and be independent, thereby improving standard of living	Enhancing vocational skills	In and around Kolhapur, Maharashtra (Local areas)	10.00	7.85	7.85	Direct/ Implementing Agency
4.	Promoting sanitation by building/ maintaining toilet blocks. Making available pure and safe drinking water to the community through installation/ maintenance of Aquaguard/ RO system in schools and public places	Water & Sanitation		5.00	3.59	3.59	Direct/ Implementing Agency
5.	Clean Environment MIDC Beautification, and Rural upliftment	Rural Development & Environment		35.00	24.11	24.11	Direct/ Implementing Agency



**BOARD'S REPORT (Contd.)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is Covered	Projects or Programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs Wise (₹ in lakhs)	Amount spent on the projects or programs Sub-heads: 1) Direct on projects or programs 2) Overheads (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent Direct or through Implementing Agency
6.	Kolhapur flood relief & other Disaster Management Activities	Disaster Management	Kolhapur, Maharashtra (Local area)	25.87	25.65	25.65	Direct
7.	GAGAN Project (For sustainability initiative for Upliftment of farmers)	Rural Development & Environment	Maharashtra	5.00	3.36	3.36	Direct/ Implementing agency
8.	Consultation fees of CSR Staff and other administration expenses				8.04	8.04	
	<b>Total</b>			<b>430.87</b>	<b>261.00</b>	<b>261.00</b>	

Your Company's CSR initiatives usually involve assessment of needs in local areas and then putting an enhanced sustainable model to ensure maximum benefit to the community and serving local areas in Kolhapur. Your Company follows participatory approach with the community in its CSR activities and strives to ensure that CSR projects are directed towards benefit and inclusive growth of community in local areas near Kolhapur. The Company has identified Education and Healthcare as CSR focus areas and projects identified by the Company in the said areas are long term and continuous projects which will enable the Company to increase its reach appropriately. Once the Company has started any CSR projects, the Company cannot withdraw from the same and there are certain recurring expenses to be incurred on the existing projects. It is necessary that existing CSR projects which are benefitting community at large should sustain over a long period of time. Considering the same, the Company has to maintain cautious approach ensuring sustainable results/benefits and value addition. Hence, amount spent on the CSR activities during 2019-20 has been less than the limits prescribed under the Companies Act, 2013.

However, the unspent amount of ₹ 169.87 lakhs of 2019-20 is carried forward to next year for spending in the wake of COVID-19 Pandemic or for long term projects. The Company shall assess the needs in COVID-19 evolving situation and shall take decision on spending to benefit needy people keeping in view the business exigencies and needs.

**RESPONSIBILITY STATEMENT**

We hereby confirm that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.

**Dr. (Mrs.) Vaijayanti Pandit**

Chairperson, CSR Committee  
DIN : 06742237

**Mr. Anil Kumar Jain**

Executive Chairman &  
Member of CSR Committee  
DIN : 00086106

**On Behalf of the Board of Directors**

**Mr. Kailash R. Lalpuria**

Executive Director and CEO &  
Member of CSR Committee  
DIN : 00059758

**Dated:** June 12, 2020

**Place:** Mumbai

## BOARD'S REPORT (Contd.)

## ANNEXURE 3

## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

[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,

**Indo Count Industries Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Indo Count Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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 March 31, 2020 ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- We have examined the books, papers, minute books, forms and returns filed and other records maintained by Indo Count Industries Limited for the financial year ended on March 31, 2020 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;
  - v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
    - 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. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
    - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**
    - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
    - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
    - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

## BOARD'S REPORT (Contd.)

- We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other Acts, Laws and Regulations as applicable specifically to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable specifically to the Company is:
  1. Textiles (Development and Regulation) Order, 2001
- We have also examined compliance with the applicable clauses of the following:
  - i. Secretarial Standards issued by The Institute of Company Secretaries of India.
  - ii. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Amendment made thereunder;

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

### We further report that:

The Board of Directors of the Company is duly constituted with 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 and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

**We further report that** based on the information provided the Company, and also on review of the compliance reports by the respective Department Heads, in our opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has not passed any resolution for:

- i. Public/Right/Preferential issue of shares / debentures/ sweat equity, etc.
- ii. Redemption / buy-back of securities.
- iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- iv. Merger / amalgamation / reconstruction, etc.
- v. Foreign technical collaborations.

For **KOTHARI H. & ASSOCIATES**  
Company Secretaries

**Hitesh Kothari**

Place: Mumbai  
Date: June 12, 2020

Membership No. 6038  
Certificate of Practice No. 5502  
UDIN: F006038B000339734

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Due to the Covid - 19 Pandemic and the restrictions faced due to the same, physical verification of documents / records have been impacted and hence reliance has been placed on the scanned / soft copies of various documents / records which were provided by the Company.

**BOARD'S REPORT (Contd.)****Annexure- A**

To,

The Members

**Indo Count Industries Limited.**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **KOTHARI H. & ASSOCIATES**  
Company Secretaries

**Hitesh Kothari**

Membership No. 6038

Certificate of Practice No. 5502

## BOARD'S REPORT (Contd.)

### ANNEXURE 4

#### FORM NO. MGT-9

#### EXTRACT OF ANNUAL RETURN

**As on the financial year ended on MARCH 31, 2020**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

CIN	L72200PN1988PLC068972
Registration Date	07/11/1988
Name of the Company	Indo Count Industries Limited
Category/ Sub-Category of the Company	Company having share capital
Address of the Registered office and contact details	Office No. 1, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Kolhapur, Maharashtra - 416109 Phone: 91-230-2463100/2461929 Email: <a href="mailto:info@indocount.com">info@indocount.com</a> Website: <a href="http://www.indocount.com">www.indocount.com</a>
Whether listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 078 Phone No: 022-49186270 Fax No: 022-49186060 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Website : <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

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

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product/service*	% to total turnover of the Company
1	Manufacture of bedding, quilts, pillows and sleeping bags etc.	13924	93.28

\* As per National Industrial Classification 2008 list.

## BOARD'S REPORT (Contd.)

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

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act, 2013
1	Pranavadiya Spinning Mills Limited Office No. 2, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra	L17119PN1990PLC058139	Subsidiary	74.53%	2(87)
2	Indo Count Retail Ventures Private Limited Office No.4, G. No.280/2, At Post Alte, Plot No.266, Taluka Hatkanangale, Dist. Kolhapur- 416112, Maharashtra	U52100PN2016PTC158599	Subsidiary	100%*	2(87)
3	Indo Count Global Inc. Suite# 1019, The Textile Building, 295, Fifth Avenue, New York, NY 10016	EIN 38-3830098	Subsidiary	100%	2(87)
4	Indo Count UK Ltd 1, Doughty Street, London, WC1N2PH, United Kingdom	9146756	Subsidiary	100%	2(87)
5	Indo Count Australia Pty Ltd Unit-1, 653-657 Mountain Highway, Bayswater VIC 3153, Australia.	600 172 334	Subsidiary	100%	2(87)
6	Indo Count Global DMCC Unit No: 2105, Platinum Tower, Jumeirah Lakes Towers, Dubai, UAE.	DMCC99185	Subsidiary	100%	2(87)

\* During the year 2019-20, Company has acquired remaining 17.5% equity stake i.e. 1750 equity shares of Indo Count Retail Ventures Private Limited.

## BOARD'S REPORT (Contd.)

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-wise Share Holding

Category of Shareholder	No. of Shares of Face value of ₹ 2/- each held at the beginning of the year (as on April 1, 2019)				No. of Shares of Face value of ₹ 2/- each held at the end of the year (as on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individuals / HUF	18350115	0	18350115	9.30	19042965	0	19042965	9.65	0.35
b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	35301330	0	35301330	17.88	35301330	0	35301330	17.88	0.00
e) Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(1)</b>	<b>53651445</b>	<b>0</b>	<b>53651445</b>	<b>27.18</b>	<b>54344295</b>	<b>0</b>	<b>54344295</b>	<b>27.53</b>	<b>0.35</b>
<b>2) Foreign</b>									
a) NRIs - Individuals	692850	0	692850	0.35	0	0	0	0.00	(0.35)
b) Other – Individual	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	62002455	0	62002455	31.41	62002455	0	62002455	31.41	0.00
d) Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(2)</b>	<b>62695305</b>	<b>0</b>	<b>62695305</b>	<b>31.76</b>	<b>62002455</b>	<b>0</b>	<b>62002455</b>	<b>31.41</b>	<b>(0.35)</b>
<b>Total Shareholding of Promoter and Promoter Group (A) = (A) (1)+(A)(2)</b>	<b>116346750</b>	<b>0</b>	<b>116346750</b>	<b>58.94</b>	<b>116346750</b>	<b>0</b>	<b>116346750</b>	<b>58.94</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds / UTI	504000	107000	611000	0.31	0	107000	107000	0.05	(0.26)
b) Banks/Financial Institutions	105093	37350	142443	0.07	193083	37350	230433	0.12	0.05
c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Foreign Institutional/ Portfolio Investors	18153081	0	18153081	9.20	15175287	0	15175287	7.69	(1.51)
f) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
g) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Any other									
Alternative Investment Fund	367630	0	367630	0.19	0	0	0	0.00	(0.19)
<b>Sub Total (B)(1)</b>	<b>19129804</b>	<b>144350</b>	<b>19274154</b>	<b>9.77</b>	<b>15368370</b>	<b>144350</b>	<b>15512720</b>	<b>7.86</b>	<b>(1.91)</b>

## BOARD'S REPORT (Contd.)

Category of Shareholder	No. of Shares of Face value of ₹ 2/- each held at the beginning of the year (as on April 1, 2019)				No. of Shares of Face value of ₹ 2/- each held at the end of the year (as on March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
<b>2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	13130314	58340	13188654	6.68	15651968	58340	15710308	7.96	1.28
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
<b>b) Individuals</b>									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakhs	25145155	4902502	30047657	15.22	23889298	4646712	28536010	14.46	(0.76)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakhs	12644031	0	12644031	6.41	15832418	0	15832418	8.02	1.61
<b>c) Any other (specify)</b>									
(c-i) Trusts	3000	0	3000	0.00	3000	0	3000	0.00	0.00
(c-ii) Foreign Nationals	400	0	400	0.00	400	0	400	0.00	0.00
(c-iii) Hindu Undivided Family	1389330	0	1389330	0.70	1587521	0	1587521	0.80	0.10
(c-iv) Non Resident Indians (Non-Repat)	806313	43000	849313	0.43	816717	0	816717	0.41	(0.02)
(c-v) Non Resident Indians (Repat)	2549432	0	2549432	1.29	2532225	43000	2575225	1.30	0.01
(c-vi) Clearing Member	600029	0	600029	0.30	238601	0	238601	0.12	(0.18)
(c-vii) NBFCs registered with RBI	506920	0	506920	0.26	240000	0	240000	0.13	(0.13)
<b>Sub Total (B)(2)</b>	<b>56774924</b>	<b>5003842</b>	<b>61778766</b>	<b>31.29</b>	<b>60792148</b>	<b>4748052</b>	<b>65540200</b>	<b>33.20</b>	<b>1.91</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>75904728</b>	<b>5148192</b>	<b>81052920</b>	<b>41.06</b>	<b>76160518</b>	<b>4892402</b>	<b>81052920</b>	<b>41.06</b>	<b>0.00</b>
C. Shares held by Custodians for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>192251478</b>	<b>5148192</b>	<b>197399670</b>	<b>100.00</b>	<b>192507268</b>	<b>4892402</b>	<b>197399670</b>	<b>100.00</b>	<b>0.00</b>



## BOARD'S REPORT (Contd.)

### (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the Year (As on March 31, 2020 )			% Change in Shareholding during the Year
		No. of Shares of face value of ₹ 2/- each	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares of face value of ₹ 2/- each	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Anil Kumar Jain	1867555	0.95	0.00	1867555	0.95	0.00	0.00
2	Gayatri Devi Jain	6685855	3.39	0.00	6685855	3.39	0.00	0.00
3	Mohit Jain	692850	0.35	0.00	692850	0.35	0.00	0.00
4	Shikha Jain	5248825	2.66	0.00	5248825	2.66	0.00	0.00
5	Shivani Patodia	2173750	1.10	0.00	2173750	1.10	0.00	0.00
6	Neha Singhvi	2279130	1.15	0.00	2279130	1.15	0.00	0.00
7	Sunita Jaipuria	20000	0.01	0.00	20000	0.01	0.00	0.00
8	Anil Kumar Jain (HUF)	75000	0.03	0.00	75000	0.03	0.00	0.00
9	Margo Finance Ltd.	1520020	0.77	0.00	1520020	0.77	0.00	0.00
10	Rini Investment and Finance Pvt. Ltd.	119100	0.06	0.00	119100	0.06	0.00	0.00
11	Indo Count Securities Ltd.	31041385	15.73	0.00	31041385	15.73	0.00	0.00
12	Sandridge Investments Limited	62002455	31.41	0.00	62002455	31.41	0.00	0.00
13	Yarntex Exports Ltd.	2312500	1.17	0.00	2312500	1.17	0.00	0.00
14	Slab Promoters Pvt Ltd	308325	0.16	0.00	308325	0.16	0.00	0.00
	<b>Total</b>	<b>116346750</b>	<b>58.94</b>	<b>0.00</b>	<b>116346750</b>	<b>58.94</b>	<b>0.00</b>	<b>0.00</b>

## BOARD'S REPORT (Contd.)

## (iii) Change in Promoters' Shareholding

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year as on April 1, 2019		Date wise increase/decrease in shareholding during the year specifying the reason for increase/decrease (e.g. allotment/ transfer/bonus / sweat equity etc.):			Cumulative shareholding during the year		Shareholding at the end of the year as on March 31, 2020	
		No. of Shares of face value of ₹ 2/- each	% of total shares of the Company	Date	No. of Shares	Reason	No. of Shares of face value of ₹ 2/- each	% of total shares of the Company	No. of Shares of face value of ₹ 2/- each	% of total shares of the Company
1	Anil Kumar Jain	1867555	0.95	NIL	NIL	NIL	1867555	0.95	1867555	0.95
2	Gayatri Devi Jain	6685855	3.39	NIL	NIL	NIL	6685855	3.39	6685855	3.39
3	Mohit Jain	692850	0.35	NIL	NIL	NIL	692850	0.35	692850	0.35
4	Shikha Mohit Jain	5248825	2.66	NIL	NIL	NIL	5248825	2.66	5248825	2.66
5	Shivani Patodia	2173750	1.10	NIL	NIL	NIL	2173750	1.10	2173750	1.10
6	Neha Singhvi	2279130	1.15	NIL	NIL	NIL	2279130	1.15	2279130	1.15
7	Sunita Jaipuria	20000	0.01	NIL	NIL	NIL	20000	0.01	20000	0.01
8	Anil Kumar Jain (HUF)	75000	0.03	NIL	NIL	NIL	75000	0.03	75000	0.03
9	Margo Finance Ltd.	1520020	0.77	NIL	NIL	NIL	1520020	0.77	1520020	0.77
10	Rini Investment and Finance Pvt. Ltd.	119100	0.06	NIL	NIL	NIL	119100	0.06	119100	0.06
11	Indo Count Securities Ltd.	31041385	15.73	NIL	NIL	NIL	31041385	15.73	31041385	15.73
12	Sandridge Investments Limited	62002455	31.41	NIL	NIL	NIL	62002455	31.41	62002455	31.41
13	Yarntex Exports Ltd.	2312500	1.17	NIL	NIL	NIL	2312500	1.17	2312500	1.17
14	Slab Promoters Pvt. Ltd	308325	0.16	NIL	NIL	NIL	308325	0.16	308325	0.16

**BOARD'S REPORT (Contd.)**
**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year as on April 1, 2019		Date wise increase/decrease in shareholding during the year specifying the reason for increase/decrease (e.g. allotment/ transfer/ bonus / sweat equity etc.):			Cumulative shareholding during the year		At the end of the year (or on the date of separation, if separated during the year) as on March 31, 2020	
		No. of Shares of face value of ₹ 2/- each	% of total shares of the Company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the Company	No. of Shares of face value of ₹ 2/- each	% of total shares of the Company
1	Elm Park Fund Ltd.	5170955	2.62	06.09.2019	13486	Purchase	5184441	2.63		
				13.09.2019	-9744	Sale	5174697	2.62		
				20.09.2019	93663	Purchase	5268360	2.67		
				27.09.2019	410792	Purchase	5679152	2.88		
				30.09.2019	200000	Purchase	5879152	2.98		
				04.10.2019	223679	Purchase	6102831	3.09		
				11.10.2019	132880	Purchase	6235711	3.16		
				18.10.2019	1182	Purchase	6236893	3.16	6236893	3.16
2	Long Term India Fund	5025000	2.54	NIL	NIL	NIL	5025000	2.54	5025000	2.54
3	Uniworth Finance and Securities Pvt Ltd	2866317	1.45	NIL	NIL	NIL	2866317	1.45	2866317	1.45
4	Mukul Agrawal	1900000	0.96	14.02.2020	200000	Purchase	2100000	1.06	2100000	1.06
5	Sushma Jain	1346000	0.68	NIL	NIL	NIL	1346000	0.68	1346000	0.68
6	Business Corporate Advisory Services LLP	1238908	0.62	12.07.2019	33211	Purchase	1272119	0.64		
				19.07.2019	6047	Purchase	1278166	0.65	1278166	0.65
7	Latwalla Investments Pvt Ltd	1100021	0.56	NIL	NIL	NIL	1100021	0.56	1100021	0.56
8	Altitude Investments Pvt Ltd	0	0.00	10.05.2019	1000000	Purchase	1000000	0.51	1000000	0.51
9	Hypnos Fund Limited	926270	0.47	NIL	NIL	NIL	926270	0.47	926270	0.47
10	Anubhav Poddar	350925	0.18	29.06.2019	30000	Purchase	380925	0.19		
				16.08.2019	5065	Purchase	385990	0.20		
				23.08.2019	323712	Purchase	709702	0.36		
				30.08.2019	190298	Purchase	900000	0.45	900000	0.45

## BOARD'S REPORT (Contd.)

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year as on April 1, 2019		Date wise increase/decrease in shareholding during the year specifying the reason for increase/decrease (e.g. allotment/ transfer/ bonus / sweat equity etc.):			Cumulative shareholding during the year		At the end of the year (or on the date of separation, if separated during the year) as on March 31, 2020	
		No. of Shares of face value of ₹ 2/- each	% of total shares of the Company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the Company	No. of Shares of face value of ₹ 2/- each	% of total shares of the Company
11	National Westminster Bank Plc as Trustee of the Jupiter India * Fund	3246992	1.64	15.11.2019	-79073	Sale	3167919	1.60		
				22.11.2019	-88044	Sale	3079875	1.56		
				29.11.2019	-325140	Sale	2754735	1.39		
				06.12.2019	-236819	Sale	2517916	1.27		
				13.12.2019	-52199	Sale	2465717	1.25		
				20.12.2019	-64824	Sale	2400893	1.22		
				27.12.2019	-114920	Sale	2285973	1.16		
				31.12.2019	-50984	Sale	2234989	1.13		
				03.01.2020	-239540	Sale	1995449	1.01		
				10.01.2020	-204318	Sale	1791131	0.91		
				17.01.2020	-781622	Sale	1009509	0.51		
				24.01.2020	-303942	Sale	705567	0.36		
				31.01.2020	-150947	Sale	554620	0.28		
				07.02.2020	-178595	Sale	376025	0.19		
14.02.2020	-376025	Sale	0	0.00	0	0.00				
12	Prescient Wealth Management Pvt Ltd *	1000000	0.51	03.05.2019	-1000000	Sale	0	0.00	0	0.00

\* Top ten as on 01.04.2019

## BOARD'S REPORT (Contd.)

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

Sr. No.	Name of Director/KMP	Shareholding at the beginning of the year (April 1, 2019)		Date wise increase/decrease in shareholding during the year specifying the reason for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	Cumulative shareholding during the year		At the end of the year (or on the date of separation, if separated during the year as on March 31, 2020)	
		No. of Shares of face value of ₹ 2/- each	% of total shares of the Company		No. of Shares	% of total shares of the Company	No. of Shares of face value of ₹ 2/- each	% of total shares of the Company
1	Mr. Anil Kumar Jain	1867555	0.95	NIL	1867555	0.95	1867555	0.95
2	Mr. Mohit Jain	692850	0.35	NIL	692850	0.35	692850	0.35
3	Mr. Kailash R. Lalpuria	0	0.00	NIL	0	0.00	0	0.00
4	Mr. Kamal Mitra	0	0.00	NIL	0	0.00	0	0.00
5	Mr. P. N. Shah*	0	0.00	NIL	0	0.00	0	0.00
6	Mr. R. Anand*	0	0.00	NIL	0	0.00	0	0.00
7	Mr. Dilip J. Thakkar	0	0.00	NIL	0	0.00	0	0.00
8	Mr. Prem Malik	2500	0.00	22.08.2019   500   Purchase 23.08.2019   500   Purchase 27.08.2019   1000   Purchase 15.11.2019   500   Purchase 31.12.2019   750   Purchase 03.03.2020   1000   Purchase	3000   0.00 3500   0.00 4500   0.00 5000   0.00 5750   0.00 6750   0.00	6750	0.00	
9	Mr. Sushil Kumar Jiwrajka	0	0.00	NIL	0	0.00	0	0.00
10	Dr. (Mrs.) Vajjayanti Pandit	0	0.00	NIL	0	0.00	0	0.00
11	Dr. Sanjay Kumar Panda	0	0.00	NIL	0	0.00	0	0.00
12	Mr. Siddharth Mehta	0	0.00	NIL	0	0.00	0	0.00
13	Mrs. Amruta Avasare Company Secretary	0	0.00	NIL	0	0.00	0	0.00
14	Mr. K. Muralidharan, CFO	0	0.00	NIL	0	0.00	0	0.00

**Note:** Shares held by relatives if any, are not included in the shareholding of Directors and Key Managerial Personnel.

\* ceased be directors w.e.f. August 16, 2019 and their shareholding mentioned in the last column is as on August 16, 2019.

## BOARD'S REPORT (Contd.)

## V. INDEBTEDNESS

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

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (as on April 1, 2019)</b>				
i) Principal Amount	30885.65	-	-	30885.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	53.58	-	-	53.58
<b>Total (i+ii+iii)</b>	<b>30939.23</b>	<b>-</b>	<b>-</b>	<b>30939.23</b>
<b>Change in Indebtedness during the financial year 2019-20</b>				
• Addition	15585.92	-	-	15585.92
• Reduction	11738.52	-	-	11738.52
<b>Net Change</b>	<b>3847.40</b>	<b>-</b>	<b>-</b>	<b>3847.40</b>
<b>Indebtedness at the end of the financial year (as on March 31, 2020)</b>				
i) Principal Amount	34785.28	-	-	34785.28
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.35	-	-	1.35
<b>Total (i+ii+iii)</b>	<b>34786.63</b>	<b>-</b>	<b>-</b>	<b>34786.63</b>

## BOARD'S REPORT (Contd.)

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

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

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total
		Mr. Anil Kumar Jain (Executive Chairman)	Mr. Mohit Jain (Executive Vice Chairman)	Mr. Kailash R. Lalpuria (Executive Director & CEO)	Mr. Kamal Mitra (Director-Works)	
1.	Gross salary					
-	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	581.52	294.84	204.00	51.75	1132.11
-	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
-	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission as % of profit	-	-	-	-	-
5.	Others	-	-	-	-	-
	<b>Total (A)</b>	<b>581.52</b>	<b>294.84</b>	<b>204.00</b>	<b>51.75</b>	<b>1132.11</b>
<b>Ceiling as per the Act</b>		As per Schedule V of the Companies Act, 2013 (as amended), in case of inadequacy of profit, the Company can pay remuneration to its Directors as per the special resolution passed by the shareholders of the Company.				

## BOARD'S REPORT (Contd.)

## B. Remuneration to other directors:

(₹ in lakhs)

Sr. No	Particulars	Name of Directors								Total
		Mr. P. N. Shah*	Mr. R. Anand*	Mr. Dilip J. Thakkar	Mr. Prem Malik	Mr. Sushil Kumar Jiwarajka	Dr. (Mrs.) Vaijayanti Pandit	Dr. Sanjay Kumar Panda	Mr. Siddharth Mehta	
1.	Independent Directors									
	• Fee for attending board / committee meetings	0.60	1.30	2.80	2.10	2.10	2.60	2.30	2.50	16.30
	• Commission #	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	7.00
	• Others, please Specify	-	-	-	-	-	-	-	-	-
	<b>Total(1)</b>	<b>1.10</b>	<b>1.80</b>	<b>3.80</b>	<b>3.10</b>	<b>3.10</b>	<b>3.60</b>	<b>3.30</b>	<b>3.50</b>	<b>23.30</b>
2.	Other Non-Executive Directors	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	• Fee for attending board / committee meetings	-	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-	-
	• Others, please Specify	-	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total (B)=(1+2)</b>	<b>1.10</b>	<b>1.80</b>	<b>3.80</b>	<b>3.10</b>	<b>3.10</b>	<b>3.60</b>	<b>3.30</b>	<b>3.50</b>	<b>23.30</b>
	<b>Overall Ceiling as per the Act</b>	As per Schedule V of the Companies Act, 2013 (as amended).								

# Commission for 2019-20

\* Ceased to be Directors w.e.f. August 16, 2019.



## BOARD'S REPORT (Contd.)

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(₹ in lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. K. Muralidharan (Chief Financial Officer)	Ms. Amruta Avasare (Company Secretary)	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	55.00	30.80	<b>85.80</b>
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>55.00</b>	<b>30.80</b>	<b>85.80</b>

Note : Mr. Kailash R. Lalpuria (DIN: 00059758), Executive Director has also been appointed as "Chief Executive Officer" (CEO) w.e.f. February 8, 2019 pursuant to Section 203 of the Companies Act, 2013. His remuneration as an Executive Director & CEO is provided in this section under Part A.

### PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2019-20, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

On behalf of the Board of Directors

Place: Mumbai  
Date: June 12, 2020

**Anil Kumar Jain**  
Executive Chairman  
DIN: 00086106

## BOARD'S REPORT (Contd.)

## ANNEXURE 5

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 for the year ended March 31, 2020 is provided hereunder:

**(A) CONSERVATION OF ENERGY:****(i) Steps taken or impact on conservation of energy**

We make continuous efforts for conservation of energy through various practices. Some of the measures for conservation of energy implemented in the areas of Spinning and Home Textiles are mentioned below:

**1. Power:**

- a) Expansion of Solar Power system installation which increases power generation per hour.
- b) Investment on compressed air to save power units.
- c) Power conservation through re-engineering of low pressure turbine.
- d) Solar street lamps installed.

**2. Water:**

- a) Water conservation through Cool water of Air conditioned used in process
- b) Work done on Humidification plant.

**3. Steam:**

- a) Steam saving equipment installed to CRP.

**(ii) Steps taken by the company for utilizing alternate sources of energy**

- a) Installation of Solar Panels.
- b) Installation of Back pressure turbine on low pressure process steam.

**(iii) Capital investment on conservation of Energy**

- a) Solar Power plant - power from solar radiations and feedback in power system.
- b) Back Pressure Turbine to generate power from Low Pressure process steam and feed back in power system.

**(B) TECHNOLOGY ABSORPTION:****(i) Efforts made towards technology absorption & benefits derived:**

- a) We are developing products across categories viz. Bed Sheets, Utility Bedding, Institutional Bedding etc. With holistic approach towards sustainability, the Company is developing sustainable products which are having lower environmental footprints. Some of the key product initiatives are DuraTec-Proprietary Dyeing & Processing technology for everlasting performance without compromising the feel of the product. An innovative Pure Earth colour technology is developed where colors are derives from Herbal/agricultural waste, A true Organic bedding shipped to couple of United states customers.

**The benefits derived like product improvement, cost reduction, product development or import substitution;**

We have developed an innovative range of products and Upgradation of products to new requirements has been possible because of R&D done in your Company on a continuous basis. The feedback also helps us to reach consumers with products satisfying their needs.

**(ii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

- a) The details of technology imported - The Company has not imported technology.
- b) The year of import - Not applicable
- c) Whether the technology been fully absorbed - Not applicable
- d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - Not applicable

**(iii) The expenditure incurred on Research and Development:**

The expenditure on Research and Development during the financial year 2019-20 is ₹ 319.23 lakhs including ₹ 0.11 lakhs which has been capitalised in the year 2019-20.

## BOARD'S REPORT (Contd.)

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

₹ In lakhs

Particulars	2019-20	2018-19
Foreign Exchange earned	1,73,777.93	1,60,010.96
Foreign Exchange outgo	9,590.34	9,113.62

More details are provided in Notes to financial statements.

On behalf of the Board of Directors

**Anil Kumar Jain**

Executive Chairman

DIN: 00086106

Place: Mumbai

Date: June 12, 2020

## BOARD'S REPORT (Contd.)

## ANNEXURE 6

**Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel), Rules, 2014**

(i)

Name of the Director	Designation	Remuneration of Directors / KMP for the year ended March 31, 2020 (₹ In lakhs)	Ratio to Median Remuneration	% increase in remuneration for the year ended March 31, 2020
Mr. Anil Kumar Jain	Executive Chairman	581.52	181.12	10.74
Mr. Mohit Jain	Managing Director	294.84	91.83	NA (Refer Note 1)
Mr. Kailash R. Lalpuria	Executive Director & CEO	204.00	63.54	NIL
Mr. Kamal Mitra	Director (Works)	51.75	16.12	NIL
Mr. P. N. Shah	Non-Executive Independent Director	1.10	0.34	NA (Refer Note 2)
Mr. R. Anand	Non-Executive Independent Director	1.80	0.56	
Mr. Dilip J. Thakkar	Non-Executive Independent Director	3.80	1.18	
Mr. Sushil Kumar Jiwrajka	Non-Executive Independent Director	3.10	0.97	
Mr. Prem Malik	Non-Executive Independent Director	3.10	0.97	
Dr. (Mrs.) Vajjayanti Pandit	Non-Executive Independent Director	3.60	1.12	
Dr. Sanjay Kumar Panda	Non-Executive Independent Director	3.30	1.03	
Mr. Siddharth Mehta	Non-Executive Independent Director	3.50	1.09	
Mr. K. Muralidharan	Chief Financial Officer	55.00	17.13	NIL
Mrs. Amruta Avasare	Company Secretary	30.80	9.59	NIL

**Note:** 1. The designation of Mr. Mohit Jain was changed from Vice Chairman in Non-Executive category to Whole-time Director designated as "Executive Vice Chairman" w.e.f. July 1, 2019 and hence, remuneration of 2019-20 cannot be compared with previous year.

2. There is no change in the remuneration of Independent Directors as amount of commission for 2019-20 and 2018-19 is same. The remuneration has varied only due to change in sitting fees on account of number of meetings attended by them. Further, Mr. P. N. Shah and Mr. R. Anand Ceased to be Directors w.e.f. August 16, 2019 due to expiry of their first term as Independent Directors and not seeking re-appointment for second term.

- (ii) **The percentage increase in the median remuneration of employees in the financial year 2019-20 – 6.42%.**
- (iii) **The number of permanent employees on the rolls of company- 2204 as on March 31, 2020**
- (iv) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof –** Average percentage increase in salaries of employees other than managerial personnel is 10.31%. Mr. Mohit Jain has been appointed as Executive Vice Chairman w.e.f. July 01, 2019 and number of managerial personnel have increased to 4 for 2019-20 as compared to 3 in 2018-19. Hence, managerial remuneration is not comparable with previous year.
- (v) **We affirm that the remuneration paid during the year 2019-20 is as per the Remuneration Policy of the Company.**

**On behalf of the Board of Directors**

Place: Mumbai  
Date: June 12, 2020

**Anil Kumar Jain**  
Executive Chairman  
DIN: 00086106

# DIVIDEND DISTRIBUTION POLICY

## 1. INTRODUCTION & PREAMBLE

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top five hundred listed entities based on market capitalisation (calculated as on March 31 every financial year) are required to formulate a Dividend Distribution Policy. Accordingly, this Dividend Distribution Policy of Indo Count Industries Limited (“the Company”) is framed to outline guiding factors, parameters and procedures for recommendation and distribution of dividend.

This policy is effective from February 11, 2017.

## 2. DEFINITIONS & INTERPRETATIONS

In this Policy, except where the context otherwise requires, the following words and expressions shall have the following meaning.

“**Act**” means Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“**Listing Regulations**” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Company**” means Indo Count Industries Limited.

“**Board or Board of Directors**” means Board of Directors of the Company as defined under the Companies Act, 2013.

“**Dividend**” includes Final and / or any Interim Dividend and / or special dividend.

“**Free reserves**” means such reserves which, as per the latest audited balance sheet of a Company, are available for distribution as dividend:

Provided that—

- (i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or
- (ii) any change in carrying amount of an asset or of a liability recognised in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves;

“**Shares**” or “**Equity Shares**” means the exiting equity shares and equity shares as may be allotted by the Company from time to time.

The words importing the singular include the plural and *vice versa* and pronouns importing a gender include each of the masculine, feminine and neuter genders and shall be interpreted in the wide sense in spirit of this Code.

## 3. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND & DIVIDEND POLICY

The decision regarding Dividend Pay-out determines the distribution of profits among shareholders of the Company and the amount of profit to be retained in business. The Board has the discretion to recommend dividend keeping in mind business considerations, internal and external factors, distributable surplus as per Companies Act, 2013, expansion and growth plans. The decision of the Board shall seek to balance the dual objective of appropriately rewarding shareholders through dividend and retaining profits to support future growth.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board:

- Proposed expansion plans
- Decisions to undertake acquisition, amalgamation, merger, joint ventures, new product launches which requires significant capital outflow
- Requirement of higher working capital for business purpose
- Proposal for buy back of securities
- In the event of loss or inadequacy of profits

## 4. FINANCIAL PARAMETERS, INTERNAL & EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARING DIVIDEND

While recommending dividend, the Board shall consider following financial parameters, internal & external factors:

- a) Distributable profits available as per Companies Act, 2013
- b) Cash flow generation
- c) Revenue, Cash Profit and Net Worth
- d) Company's liquidity position and future cash flow needs
- e) Cost of borrowings / financing
- f) Future business growth and expansion plans, capacity expansion
- g) Capital Expenditure
- h) Likelihood of crystallisation of contingent liabilities, if any
- i) Creation of Contingency Fund

- j) Past Dividend Pay-out ratios of the Company Dividend & Dividend Pay-out ratios of peers
- k) Acquisition of brands / Business
- l) Additional Investment in subsidiaries and associate companies
- m) Upgradation of technology & physical infrastructure
- n) Economic Environment, Capital Markets and Business Conditions in general
- o) Change in statutory provisions and guidelines with respect to dividend distribution, prevailing taxation policy or any amendments thereof pertaining to dividend.
- p) Stipulations/covenants of loan agreements
- q) Cost and availability of alternative sources of financing
- r) Bankruptcy of major customers, stricture of public liability and similar aspects affecting to the business or profit of the Company
- s) Any other relevant factors as the Board may deem fit

#### 5. UTILISATION OF RETAINED EARNINGS

The retained earnings can be utilised for following purposes:

- a) Funding organic and inorganic growth needs including working capital, repayment of debt
- b) Capacity expansion/ expansion plans
- c) Modernisation of existing capacity
- d) Purchase of new equipments or replacement of capital assets

- e) Payment of dividend in future years
- f) Issue of bonus shares
- g) Buyback of shares
- h) Any other purpose as the Board may deem fit

#### 6. PROCEDURE

After considering aforesaid financial parameters and internal & external factors, the Board may at its discretion, declare interim dividend / final dividend. The Company shall follow procedure prescribed under Companies Act, 2013 for payment of dividend.

#### 7. PROVISIONS FOR DIVIDEND WITH REGARD TO VARIOUS CLASS OF SHARES

This policy is applicable only for equity shares. The preference shareholders shall receive dividend at the fixed rate as per the terms of issue.

#### 8. CLARIFICATIONS, AMENDMENTS

This Policy has been framed in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case of any amendment in the Regulations, direction or clarification by SEBI, provision of this Policy shall be read and implemented in context of such amended or clarified positions.

The Board may from time to time review and amend any provisions of this policy.

#### 9. DISCLAIMER

This policy neither solicit investment in Company's securities nor is an assurance of guaranteed return for investment in equity shares of the Company.

# CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34(3) read with Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), a report on Corporate Governance for the year ended March 31, 2020 is given below:

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company is committed to the adoption of best governance practices and their adherence in true spirit at all times. Your Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and ethical behavior in all spheres of its operations and in all its communications with its stakeholders.

## 2. BOARD OF DIRECTORS

### a) Composition

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors.

As on March 31, 2020, the Board comprises of 10 Directors out of which 4 Directors are Executive and 6 Directors are Non-Executive Independent Directors including one Woman Director. The composition of the Board is in conformity with the requirements of Regulation 17 of the Listing Regulations. All Directors are competent and experienced personalities in their respective fields.

The Board is headed by Mr. Anil Kumar Jain, Executive Chairman of the Company. During the year under review, there were changes at the Board level as under:

- Due to advanced age, Mr. Pradyumna N. Shah (DIN: 00096793) and Mr. Anand Ramanna (DIN: 00040325), Independent Directors of

the Company did not seek re-appointment for a second term and hence they ceased to be the directors of the Company w.e.f. August 16, 2019 due to expiry of their first term.

- The designation of Mr. Mohit Jain (DIN: 01473966) was changed to Whole-time Director designated as "Executive Vice Chairman" of the Company for a period of 3 years w.e.f. July 1, 2019 and the same was approved by the members of the Company at the Annual General Meeting (AGM) of the Company held on August 13, 2019. Further, the approval of Ministry of Corporate Affairs/ Central Government was also received for his aforesaid change in designation/ appointment under Schedule V-Part I (point e) of the Companies Act, 2013.
- Mr. Anil Kumar Jain, Executive Chairman (DIN: 00086106) and Mr. Kamal Mitra, Director (Works) (DIN: 00059758), were re-appointed for further period of 3 years w.e.f. October 1, 2019 at the AGM held on August 13, 2019.
- Mr. Dilip J. Thakkar (DIN: 00007339), Mr. Prem Malik (DIN: 00023051) and Dr. (Mrs.) Vaijayanti Pandit (DIN: 06742237), Non-Executive Independent Directors were re-appointed for a second term of five consecutive years w.e.f. August 16, 2019 at the Annual General Meeting of the Company held on August 13, 2019.

The composition of the Board, details of other Directorships and Committee positions as on March 31, 2020 are given below:

Name of the Director	DIN	Category	Number of Directorships held in other public companies <sup>#</sup>	Number of Directorships held in other listed Companies along with nature of Directorship	Number of Membership/ Chairmanship of Board Committees <sup>@</sup>	
					Member	Chairman
Mr. Anil Kumar Jain Executive Chairman	00086106	Executive (Promoter)	2	1. Pranavaditya Spinning Mills Ltd - NENID 2. Margo Finance Limited - C & NENID	3	NIL
Mr. Mohit Anilkumar Jain Executive Vice Chairman	01473966	Executive (Promoter)	NIL	NIL	NIL	NIL

## CORPORATE GOVERNANCE REPORT (Contd.)

Name of the Director	DIN	Category	Number of Directorships held in other public companies <sup>#</sup>	Number of Directorships held in other listed Companies along with nature of Directorship	Number of Membership/ Chairmanship of Board Committees <sup>@</sup>	
					Member	Chairman
Mr. Kailash R. Lalpuria Executive Director & CEO	00059758	Executive	NIL	NIL	2	NIL
Mr. Kamal Mitra Director (Works)	01839261	Executive	1	1. Pranavaditya Spinning Mills Ltd - NENID	2	NIL
Pradyumna N. Shah*	00096793	NEID	4	NIL	NIL	4
Mr. Anand Ramanna*	00040325	NEID	1	NIL	1	NIL
Mr. Dilip J. Thakkar	00007339	NEID	5	1. Poddar Housing and Development Limited-NENID 2. Walchandnagar Industries Ltd-NEID 3. Premier Limited-NEID 4. AGC Networks Limited-NEID	4	3
Mr. Prem Malik	00023051	NEID	5	1. Lahoti Overseas Ltd-NEID 2. GTN Textiles Ltd-NEID 3. Patspin India Ltd-NEID	5	2
Mr. Sushil Kumar Jiwrajka	00016680	NEID	NIL	NIL	NIL	NIL
Dr. (Mrs.) Vajjayanti Pandit	06742237	NEID	8	1. Banswara Syntex Ltd-NEID 2. Automobile Corporation of Goa Ltd-NEID 3. I G Petrochemicals Ltd-NEID 4. Everest Kanto Cylinder Limited-NEID	7	1
Dr. Sanjay Kumar Panda	02586135	NEID	NIL	NIL	NIL	NIL
Mr. Siddharth Mehta	03072352	NEID	2	1. Bajaj Electricals Ltd-NEID 2. TCI Industries Ltd-NEID	2	1

Abbreviations: C = Chairman

NENID = Non-Executive Non-Independent Director

NEID = Non-Executive Independent Director

**Notes:**

\* Ceased from the Directorship of the Company w.e.f. August, 16, 2019.

<sup>#</sup>Number of Directorships held in other public companies excludes Directorship of Indo Count Industries Limited, Directorships in private companies, deemed public companies, foreign companies, companies under Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956) and alternate Directorships.

<sup>@</sup>Only Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of listed and unlisted public limited companies including Indo Count Industries Limited are considered. Further, number of Memberships does not include number of Chairmanships.



## CORPORATE GOVERNANCE REPORT (Contd.)

Memberships or Chairmanships of the stipulated Board Committees held by all Directors are within the limit specified under Regulation 26 (1) of the Listing Regulations. None of the Directors hold Directorships in more than 20 Companies including 10 Public Companies pursuant to the provisions of Section 165 of the Companies Act, 2013. Further, the other directorships held by all Directors including Independent Directors are within the limit prescribed under Listing Regulations.

During the year under review, all Independent Directors of the Company fulfill the criteria of Independence as specified under Section 149 (6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations and have furnished declaration of independence to that effect pursuant to Section 149 (7) of the Companies Act, 2013 and Regulation 25(8) of the Listing Regulations. The said declarations of independence were reviewed and taken on record by the Board and in the opinion of the Board, all Independent Directors of the Company fulfill the criteria of independence and all conditions specified in the Listing Regulations and are independent of the management.

### Inter- se relationship among Directors

There is no inter-se relationship amongst any of the Directors of the Company except Mr. Mohit Jain, Executive Vice Chairman who is son of Mr. Anil Kumar Jain, Executive Chairman of the Company.

### b) Independent Directors Meeting

During the year under review, a Meeting of Independent Directors of the Company was held on February 11, 2020 wherein all Independent Directors were present. At the said meeting, Independent Directors discussed and evaluated performance of Executive Chairman and other Whole-time Directors, the Board and its various Committees as a whole and also assessed the quality, quantity

and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform its duties effectively.

### c) Familiarisation Programme

Your Company has in place Familiarisation Programme for the Independent Directors to familiarise them about the Company and their role, rights and responsibilities in the Company. At the time of appointment of Directors (including Independent Directors), a formal letter of appointment is given to them, which *inter-alia* explains the role, function, duties and responsibilities expected from them as Directors of the Company. The draft letter of appointment containing terms and conditions of their appointment is available on the website of the Company [www.indocount.com](http://www.indocount.com). The Directors are also explained about the compliances required from him/her under the Companies Act, 2013, Listing Regulations and other applicable laws. The Chairman also does one to one discussion with the newly appointed Directors to familiarise them with the Company's operations. On the request of the individual director, site visits to plant locations are also organised by the Company for the directors to enable them to understand the operations of the Company. Further, on an ongoing basis, as a part of Agenda of Board meetings, discussions are made on various matters *inter-alia* covering the Company's business and operations, Industry and regulatory updates etc.

The Familiarisation Programme and details of Familiarisation Programme imparted during 2019-20 are uploaded on the website of the Company [www.indocount.com](http://www.indocount.com) and can be accessed through web-link: <https://www.indocount.com/images/investor/Familiarisation-Program-Imparted-2019-2020.pdf>

## CORPORATE GOVERNANCE REPORT (Contd.)

## d) Matrix of skills/competence/expertise of Directors

The following matrix summarises list of core skills/expertise/competencies identified by the Board as required in the context of its business and the sector in which the Company operates.

**Board Competency Matrix**

Industry Knowledge/Experience	Technical Skills/Expertise/Competencies	
Industry Experience	Finance & Accounting	Leadership
Knowledge of Sector (Textiles)	Legal & Governance	Business Administration
Knowledge of broad public policy direction	Sales and Marketing	Corporate Restructuring
Understanding of government legislation/ legislative process	Information Technology	Human Resource Management
Global Business	Public Relation	Strategy and Business Development
Supply Chain Management	Risk Management	Corporate Social Responsibility

The Company's Board comprises of qualified members, who possesses aforesaid knowledge, experience, technical skills, expertise and competencies for effective contribution to the Board and its Committee. Details of the skills/expertise/competencies possesses by the Directors who were part of the Board as on March 31, 2020 are as follows:

Name	Qualification	Yrs of Experience	Expertise
Mr. Anil Kumar Jain	B.Com (Hons.)	40+	Business & Corporate Strategy, Industry Experience, Textile field expertise
Mr. Mohit Anilkumar Jain	Graduate from Babson College, USA	18+	Global Marketing, Economics, Finance and Entrepreneurship
Mr. Kamal Mitra	Bachelor Degree in Textile Engineering	30+	Production and Technical, Textile field expertise
Mr. Kailash R. Lalpuria	Chartered Accountant	35+	Textile Sector, Strategic growth, Planning Joint Ventures, Developing Overseas Sales Team, Business Development, Sales and Marketing.
Mr. Dilip J. Thakkar	Chartered Accountant Fellow Member of Institute of Chartered Accountants of India	59+	Finance, FEMA and Taxation, Accounts & Audit
Mr. Prem Malik	Master in Arts (MA Hons.)	54+	Textile and Clothing industry, Business strategies
Dr. (Mrs.) Vaijayanti Pandit	PhD. in Management Studies and Diploma in Journalism and Mass Communications and Masters in Political Science.	36+	Management Studies, Political Science, Journalism and Mass Communications, CSR
Mr. Sushil Kumar Jiwarajka	Prominent Industrialist	36+	Business Development
Mr. Sanjay Kumar Panda	Retired IAS officer. Diploma in Forestry, PhD in Economics	37+	Textile sector, Economics, CSR
Mr. Siddharth Mehta	L.L.M. degree from Columbia University School Of Law, New York; General Course on Intellectual Property, World Intellectual Property Organisation, Geneva.	18+	Legal, Taxation, Financing, Merger & Acquisitions, Capital Markets & Regulatory Areas.

## CORPORATE GOVERNANCE REPORT (Contd.)

### e) Board Meetings

During the financial year 2019-20, Four (4) Board Meetings were held on May 22, 2019, August 8, 2019, November 11, 2019 and February 11, 2020. The maximum gap between any two consecutive board meetings did not exceed 120 days.

Physical Attendance of Directors at the Board Meetings and the Annual General Meeting (AGM) held during the year under review is as under:

Name of the Director	No. of Board Meetings Attended	Attendance at last AGM August 13, 2019
Mr. Anil Kumar Jain	3/4	No
Mr. Mohit Jain	4/4	No
Mr. Kailash R. Lalpuria	4/4	No
Mr. Kamal Mitra	3/4	Yes
Mr. P. N. Shah*	1/2	No
Mr. R. Anand*	2/2	No
Mr. Dilip J. Thakkar	4/4	No
Mr. Prem Malik	3/4	No
Mr. Sushil Kumar Jiwarajka	4/4	No
Dr. (Mrs.) Vajjayanti Pandit	4/4	No
Dr. Sanjay Kumar Panda	4/4	No
Mr. Siddharth Mehta	4/4	No

\* Ceased to be the Directors of the Company w.e.f. August 16, 2019.

Mr. Kamal Mitra based at Kolhapur chaired last AGM. In view unprecedented flood like situation in past few days before AGM in and around Kolhapur and difficulties in travelling, Executive Chairman and other Directors were unable to travel to Kolhapur to attend the last Annual General Meeting of the Company held on August 13, 2019.

The Leave of absence was granted to those Directors who were unable to attend particular board meetings and had requested for leave of absence.

Further, pursuant to Section 175 of the Companies Act, 2013, the Board passed two (2) circular resolutions on June 18, 2019 and July 4, 2019.

### f) Board Meetings Procedure

In order to ensure maximum presence of all Directors in the Board Meeting, dates of the Board Meetings are fixed in advance after consultation with individual directors and consideration of their convenience. The agenda papers along with relevant explanatory notes and supporting documents are circulated within prescribed time to all Directors.

Apart from any specific matter, the Board periodically reviews routine business items which includes approval of financial results along with Auditors review report, Action Taken Report on the decisions taken in previous meetings, operational performance of the Company, minutes of committee meetings, quarterly corporate governance report, statement of investor complaints, shareholding pattern, compliance report on all laws applicable to the Company, annual financial statements, annual budget, capital expenditure and other matters placed before the Board pursuant to Part A of Schedule II of Listing Regulations.

## 3. AUDIT COMMITTEE

### (a) Terms of reference

The terms of reference of the Audit Committee covers matters specified under Part C of Schedule II of Listing Regulations and Section 177 of the Companies Act, 2013 as amended from time to time. The terms of reference of Audit Committee *inter-alia* includes following matters:

#### Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and disclosure of its financial information.
- Reviewing with the Management the quarterly unaudited financial results and Auditors Review Report thereon and make necessary recommendation to the Board.
- Reviewing with the Management audited annual financial statements and Auditors' Report thereon and make necessary recommendation to the Board. This would, *inter-alia*, include reviewing changes in the accounting policies, if any, major accounting

## CORPORATE GOVERNANCE REPORT (Contd.)

estimates based on exercise of judgment by the Management, significant adjustments made in the financial statements arising out of audit findings, disclosure of related party transactions, compliance with legal and other regulatory requirements with respect to the financial statements.

- Reviewing the Management Discussion & Analysis of financial and operational performance and Board's Report.
- Scrutiny of inter-corporate loans and investments.
- Reviewing the utilisation of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on April 1, 2019.

### Internal Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's internal control system. Evaluation of Internal Financial Controls and Risk Management Systems, Review and discuss with management the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- Review adequacy of internal audit function, internal audit reports and discussion with Internal Auditors on significant findings and follow-up thereon.
- To oversee and review the functioning of a Vigil Mechanism / Whistle Blower Policy.
- Approval of Related Party Transactions (RPT) or any subsequent modifications of RPT and review of RPT on quarterly basis.
- Approval of appointment of Chief Financial Officer.

### Audit & Auditors

- Review and monitor Auditor's Independence and performance and effectiveness of Audit process.

- Reviewing with the management, performance of internal and statutory auditors, adequacy of internal control systems.
- Review the scope of the Statutory Auditor, the Internal Audit Plan with a view to ensure adequate coverage.
- Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- Review and recommend to the Board, appointment, remuneration and terms of appointment of the Auditors including Internal Auditors.
- Approval of such other services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.

### (b) Composition and Meetings

During the year under review, Mr. P. N. Shah and Mr. R. Anand ceased to be members of the Audit Committee w.e.f. August 9, 2019. Mr. Dilip J. Thakkar, Independent Director of the Company and member of the Audit Committee was appointed as Chairman of the Audit Committee w.e.f. August 9, 2019. As on March 31, 2020, the Audit Committee comprises of 4 Directors / Members out of which 3 are Independent Directors and 1 is Executive Director. Mr. Dilip J. Thakkar, Chairman of the Audit Committee is a Chartered Accountant and all Members of the Audit Committee are professionals, experienced and possess sound knowledge of finance, accounting practices and internal controls.

During the year under review, Four (4) Audit Committee Meetings were held on May 22, 2019, August 8, 2019, November 11, 2019 and February 11, 2020. The time gap between any two consecutive Audit Committee Meetings was not more than 120 days.

Composition of the Audit Committee as on March 31, 2020 and changes in composition along with Physical Attendance of members at the Audit Committee Meetings held during the year under review is as under:

## CORPORATE GOVERNANCE REPORT (Contd.)

Name of the Director	Category	Attendance at Audit Committee Meetings
Mr. Dilip J. Thakkar (Chairman)*	Non-Executive Independent	4/4
Mr. P. N. Shah**	Non-Executive Independent	1/2
Mr. R. Anand***	Non-Executive Independent	2/2
Mr. Prem Malik	Non-Executive Independent	3/4
Mr. Kailash R. Lalpuria	Executive	4/4
Mr. Siddharth Mehta	Non-Executive Independent	3/4

\*Appointed as Chairman of the Audit Committee w.e.f. August 9, 2019. Earlier, Mr. Dilip J. Thakkar was member of Audit Committee.

\*\*Ceased to be Chairman of the Audit Committee w.e.f. August 9, 2019.

\*\*\* Ceased to be member of the Audit Committee w.e.f. August 9, 2019.

The representatives/partner of the Statutory Auditors, Internal Auditors and Chief Financial Officer are invitees to the Audit Committee Meetings and they attend and participate in the Meetings. Mrs. Amruta Avasare, Company Secretary is Secretary to the Audit Committee and she attends the meetings.

In view unprecedented flood like situation in past few days before AGM in and around Kolhapur and difficulties in travelling, Chairman of the Audit Committee was unable to travel to Kolhapur to attend the Annual General Meeting of the Company held on August 13, 2019.

### 4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

#### a) Composition and Meetings

There was no change in the composition of Stakeholders' Relationship Committee during the year under review. As on March 31, 2020, the Stakeholders' Relationship Committee (SRC) consists of 3 Directors/Members viz. Dr. (Mrs.)

Vaijayanti Pandit, Non-Executive, Independent Director as Chairperson, Mr. Anil Kumar Jain, Executive Chairman as a Member and Mr. Kailash R. Lalpuria, Executive Director & CEO as a Member. During the year under review, 1 (One) meeting of Stakeholders' Relationship Committee was held on November 7, 2019 and the said meeting was attended by all members of the Committee.

#### b) Terms of Reference

The role of the Stakeholders' Relationship Committee ("SRC") *inter-alia* includes terms of reference as specified in Point B of Part D of Schedule II of Listing Regulations as under: .

- Resolving the grievances of the security holders of the Company.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.

#### c) Investor Complaints

Your Company takes all effective steps to resolve complaints from shareholders of the Company. The complaints are duly attended by the Company/ Registrar & Transfer Agent and the same are resolved within prescribed time.

During the year under review, Five (5) complaints were received from the shareholders which were duly resolved. As on March 31, 2020, no complaint was pending.

#### d) Compliance Officer

Mrs. Amruta Avasare, Company Secretary is Compliance Officer of the Company.

### 5. NOMINATION AND REMUNERATION COMMITTEE

#### (a) Brief description of terms of reference

The terms of reference of the Nomination and Remuneration Committee ("NRC") includes the matters stipulated in Point A of Part D of Schedule

## CORPORATE GOVERNANCE REPORT (Contd.)

II of the Listing Regulations and Section 178 of the Companies Act, 2013 as under:

- Formulation of the criteria for determining 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 (KMP) and other employees.
- Lay down criteria for identifying and selection of candidates for appointment as Directors/ Independent Directors and KMP and other Senior Management position.
- Recommendation to the Board about appointment, re-appointment, removal of Directors, Senior Management Personnel and KMP in accordance with the criteria laid down.
- Recommendation to the Board on remuneration payable to the Directors of the Company.
- Formulation of the criteria for evaluation of performance of every Director and carry out performance evaluation of Directors and to recommend to the Board on whether to extend or continue the term of appointment of Independent Director.
- Devising a policy on Board Diversity.
- Recommendation to the Board, all remuneration, in whatever form, payable to senior management.

### (b) Composition, Meetings and Attendance

During the year under review, w.e.f. August 9, 2019, Mr. R. Anand ceased to be member of the NRC and Dr. Sanjay Kumar Panda, Independent Director of the Company was appointed as a Member of the NRC w.e.f. August 9, 2019. As on March 31, 2020, NRC comprises of 4 Directors/Members. During the year under review, two (2) Meetings of NRC were held on May 21, 2019 and February 11, 2020.

Composition of NRC as on March 31, 2020 and Physical Attendance of members at the NRC Meetings held during the year under review is as under:

Name of the Director	Category	Attendance at the Nomination and Remuneration Committee Meetings
Mr. Prem Malik, Chairman	Non-Executive Independent	1/2
Dr. (Mrs) Vijayanti Pandit	Non-Executive Independent	2/2
Mr. Anil Kumar Jain#	Executive	2/2
Mr. R. Anand*	Non-Executive Independent	1/1
Dr. Sanjay Kumar Panda**	Non-Executive Independent	1/1

# Executive Chairman of the Company

\* Ceased to be member of the NRC w.e.f. August 9, 2019.

\*\* Appointed as a member of the NRC w.e.f. August 9, 2019.

### (c) Nomination and Remuneration Policy

Pursuant to Section 178 of the Companies Act, 2013, NRC has formulated "Nomination and Remuneration Policy" which deals *inter-alia* with nomination and remuneration of Directors, Key Managerial Personnel, Senior Management. The said policy is uploaded on the website of the Company and web-link thereto is [https://www.indocount.com/images/investor/Nomination-and-Remuneration-Policy\\_200427\\_075719.pdf](https://www.indocount.com/images/investor/Nomination-and-Remuneration-Policy_200427_075719.pdf)

### (d) Criteria for evaluation of Independent Directors

NRC has formulated following criteria for Performance evaluation of Independent Directors:

1. Participation at Board /Committee Meetings
2. Contributions at Meetings
3. Knowledge and skills
4. Discharging Role, Functions and Duties
5. Personal Attributes

More information on performance evaluation is given in the Board's Report.

## CORPORATE GOVERNANCE REPORT (Contd.)

### 6. Remuneration of Directors

At present, all Independent Directors of the Company are entitled for sitting fees of ₹ 50,000/- each for attending Board Meetings and ₹ 10,000/- each for attending all Committee Meetings and Independent Directors Meeting.

They are also entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the NRC within the limit of 1% of net profits u/s 198 of the Companies Act, 2013 as approved by the shareholders of the Company.

Details of remuneration paid/payable to all Directors of the Company for the financial year ended March 31, 2020 are as under:

Name of the Director	Tenure	Remuneration for the financial year ended March 31, 2020 (Amount in lakhs)					
		Basic Salary	Perquisites & Allowances	Provident Fund	Sitting Fees	Com-mission*	Total
Mr. Anil Kumar Jain	3 years (upto September 30, 2022)	216.00	339.60	25.92	NA	NIL	581.52
Mr. Mohit Jain	3 years (upto June 30, 2022)	117.00	163.80	14.04	NA	NIL	294.84
Mr. Kailash R. Lalpuria	3 years (upto May 3, 2021)	81.60	122.40	NIL	NA	NIL	204.00
Mr. Kamal Mitra	3 years (upto September 30, 2022)	30.00	18.15	3.60	NA	NIL	51.75
Mr. P. N. Shah	Ceased to be Director w.e.f. August 16, 2019 <sup>&amp;</sup>	NA	NA	NA	0.60	0.50	1.10
Mr. R. Anand		NA	NA	NA	1.30	0.50	1.80
Mr. Dilip J. Thakkar	5 years (upto August 15, 2024)	NA	NA	NA	2.80	1.00	3.80
Mr. Prem Malik	5 years (upto May 3, 2023)	NA	NA	NA	2.10	1.00	3.10
Dr. (Mrs.) Vijayanti Pandit		NA	NA	NA	2.60	1.00	3.60
Mr. Sushil Kumar Jiwrajka		NA	NA	NA	2.10	1.00	3.10
Dr. Sanjay Kumar Panda	5 years (upto August 2, 2023)	NA	NA	NA	2.30	1.00	3.30
Mr. Siddharth Mehta	5 years (upto August 2, 2023)	NA	NA	NA	2.50	1.00	3.50

\* Commission is for 2019-20 which will be paid during 2020-21.

<sup>&</sup> Due to expiry of first term as Independent Director and not seeking re-appointment for second term.

#### Notes:

- None of the Non-Executive Independent Directors are holding equity shares or convertible instruments of the Company as on March 31, 2020 except Mr. Prem Malik who is holding 6,750 Equity Shares of ₹ 2/- each of the Company.
- There is no separate provision for payment of severance fees. The notice period for the Executive Directors is governed by the service rules of the Company.
- The Non-Executive Independent Directors are paid sitting fees of ₹ 50,000/- each for attending Board Meetings and ₹ 10,000/- for all Committee Meetings and Independent Directors Meetings.
- Apart from commission, there are no variable components and performance linked incentives.
- None of the Non-Executive Independent Directors have any pecuniary relationship or transaction with the Company during the year under review.

## CORPORATE GOVERNANCE REPORT (Contd.)

### Criteria of making payment to Non-Executive Directors

The criteria for making payment to Non-Executive Directors of the Company is disclosed under web-link <https://www.indocount.com/images/investor/Criteria-of-making-payment-to-Non-Executive-Directors.pdf>

### Stock options

The Company does not have any Employee Stock Option Scheme.

## 7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility ("CSR") Committee. The terms of reference of CSR Committee, *inter-alia*, includes:

- formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- recommend the amount of expenditure to be incurred on the CSR activities, provide guidance on various CSR activities to be undertaken by the Company.
- monitor the CSR Policy of the Company and review of CSR expenditure from time to time.

During the year under review, Two (2) meetings of CSR Committee were held on May 21, 2019 and November 7, 2019.

Composition of CSR Committee as on March 31, 2020 and Physical Attendance of members at the CSR Committee Meetings held during the year under review is as under:

Name of the Director	Category	Attendance at the CSR Committee Meetings
Dr. (Mrs.) Vijayanti Pandit, Chairperson	Non-Executive, Independent	2/2
Mr. Anil Kumar Jain	Executive	2/2
Mr. Kamal Mitra	Executive	1/2
Mr. Kailash R. Lalpuria	Executive	2/2
Dr. Sanjay Kumar Panda	Non-Executive, Independent	1/2

Dr. Sanjay Kumar Panda however participated in CSR meeting of November 7, 2019 through teleconference/ skype call.

A Report on CSR Activities carried out by the Company during 2019-20 is provided as Annexure 2 to the Board's Report.

## 8. RISK MANAGEMENT COMMITTEE

As a matter of good Corporate Governance, though not mandatory, as per regulation 21 of Listing Regulations, the Board of Directors of the Company at its meeting held on 8<sup>th</sup> February, 2019 constituted Risk Management Committee (RMC) comprising of Mr. Kailash R. Lalpuria, Executive Director & CEO as Chairman, Mr. Prem Malik, Mr. Siddharth Mehta, Non-Executive Independent Directors and Mr. K. Muralidharan, Chief Financial Officer as its Members. During the year under review, One (1) meeting of RMC Committee was held on July 30, 2019 which was attended by Chairman and all members of RMC.

## 9. (a) Share Transfer Committee

The Committee deals with various matters relating to share transfers, transmission, issue of duplicate share certificates, change/ transposition/ deletion of name, split and consolidation of shares, re-materialisation of shares. The Share Transfer Committee meetings are held as and when required to approve the said matters. Further, considering the increase in volume of shareholders requests and timelines involved for approval, the Board at its meeting held on August 3, 2018 delegated the powers related to share transfers/transmissions, name deletion and any other matter for which Share Transfer Committee was empowered, severally to Mr. Anil Kumar Jain, Executive Chairman, Mr. Kailash Lalpuria, Executive Director and Mrs. Amruta Avasare, Company Secretary when it is not possible to hold Share Transfer Committee Meeting.

During FY 2019-20, Thirty Six (36) meetings of Share Transfer Committee were held on April 1, 2019, April 15, 2019, April 22, 2019, April 30, 2019, May 3, 2019, May 6, 2019, May 13, 2019, May 20, 2019, June 14, 2019,



## CORPORATE GOVERNANCE REPORT (Contd.)

June 17, 2019, July 1, 2019, July 10, 2019, July 15, 2019, July 29, 2019, August 12, 2019, August 30, 2019, September 23, 2019, September 30, 2019, October 11, 2019, October 14, 2019, October 22, 2019, October 30, 2019, November 2, 2019, November 11, 2019, November 28, 2019, December 4, 2019, January 3, 2020, January 23, 2020, February 3, 2020, February 10, 2020, February 13, 2020, February 22, 2020, March 2, 2020, March 5, 2020, March 9, 2020 and March 16, 2020.

### (b) Finance and Corporate Affairs Committee

The Company has constituted Finance and Corporate Affairs Committee (FCA) to deal with routine financial and administrative matters viz., *inter-alia* opening & closing bank accounts of the Company, change in signatories of bank accounts of the Company, to consider and approve borrowings from banks upto certain limits, creation of charge on assets of the Company, authorise employees of the Company to represent before government authorities. During the year under review, Mr. Mohit Jain, Executive Vice Chairman of the Company was appointed as a Member of the Committee w.e.f. November 11, 2019.

During FY 2019-20, Four (4) meetings of Finance and Corporate Affairs Committee were held on April 4, 2019, July 10, 2019, August 20, 2019 and December 9, 2019.

The Composition of FCA as on March 31, 2020 and physical Attendance of members at the Finance and Corporate Affairs Committee Meetings held during the year under review is as under:

Name of the Director	Category	Attendance
Mr. Anil Kumar Jain	Executive	4/4
Mr. Mohit Jain*	Executive	1/1
Mr. Kailash Lalpuria	Executive	4/4
Mr. Dilip J Thakkar	Non-Executive Independent	3/4

\* Appointed as a member of the Committee w.e.f. November 11, 2019

## 10. GENERAL BODY MEETINGS

### (a) Annual General Meetings:

The details of last three Annual General Meetings of the Company are given below:

Financial Year	Day, Date & Time	Venue
2016-17	Monday, August 21, 2017 at 12.30 p.m.	Hotel Vrishali Executive, Conference Hall, 1 <sup>st</sup> Floor, 39 A/2 Tarabai Park, District - Kolhapur-416003, Maharashtra
2017-18	Tuesday, September 11, 2018 at 12.30 p.m.	Hotel Vrishali Executive, Conference Hall, 39 A/2, Tarabai Park, District Kolhapur - 416 003, Maharashtra
2018-19	Tuesday, August 13, 2019 at 12.30 p.m.	Hotel Vrishali Executive, Conference Hall, 39 A/2, Tarabai Park, District Kolhapur - 416 003, Maharashtra

### (b) Special resolutions passed at the last three Annual General Meetings (AGM) of the Company:

- At the AGM held on August 21, 2017- One special resolution was passed as under :
  - To determine charges for service of documents in a particular mode to the members on their request.
- At the AGM held on September 11, 2018 - Seven special resolutions were passed as under :
  - Appointment of Mr. Kailash R. Lalpuria as Whole-time Director designated as "Executive Director" of the Company for a period of 3 years w.e.f. May 4, 2018
  - Appointment of Mr. Sushil Kumar Jiwrajka as an Independent Director of the Company for a second term of 5 consecutive years w.e.f. May 4, 2018
  - Continuation of existing term of Mr. P. N. Shah, Independent Director of the Company upto August 15, 2019

## CORPORATE GOVERNANCE REPORT (Contd.)

- (iv) Continuation of existing term of Mr. R. Anand, Independent Director of the Company upto August 15, 2019
  - (v) Continuation of existing term of Mr. Dilip J. Thakkar, Independent Director of the Company upto August 15, 2019
  - (vi) Continuation of existing term of Mr. Prem Malik, Independent Director of the Company upto August 15, 2019
  - (vii) Payment of Commission to Non-Executive Independent Directors of the Company sum not exceeding one percent, per annum of the net profits of the company
3. At the AGM held on August 13, 2019 – Seven special resolutions were passed as under:
- (i) Re-appointment of Mr. Anil Kumar Jain as “Executive Chairman” of the Company for a period of 3 years w.e.f. October 1, 2019
  - (ii) Re-appointment of Mr. Kamal Mitra, as a “Director (Works)” of the Company for a period of 3 years w.e.f. October 1, 2019
  - (iii) Change in designation of Mr. Mohit Jain to “Executive Vice Chairman” of the Company for a period of 3 years w.e.f. July 1, 2019
  - (iv) Re-appointment of Mr. Dilip J. Thakkar as a Non-Executive Independent Director of the Company for second term of five consecutive years w.e.f. August 16, 2019 to August 15, 2024
  - (v) Re-appointment of Mr. Prem Malik as a Non-Executive Independent Director of the Company for second term of five consecutive years w.e.f. August 16, 2019 to August 15, 2024
  - (vi) Re-appointment of Dr. (Mrs.) Vajjayanti Pandit as a Non-Executive Independent Director of the Company for second term of five consecutive years w.e.f. August 16, 2019 to August 15, 2024
  - (vii) Giving Unsecured Loan / Corporate Guarantee to Pranavadiya Spinning Mills Limited, Subsidiary of the Company upto ₹ 10 crore

(c) **Extraordinary General Meeting:** No Extraordinary General Meeting was held during the year under review.

(d) **Postal Ballot:** No Postal Ballot was held during the year under review. At present, no special resolution is proposed to be passed through Postal Ballot.

## 11. MEANS OF COMMUNICATION

**Website:** The Company's website [www.indocount.com](http://www.indocount.com) contains *inter-alia* updated information pertaining to quarterly, half-yearly and annual financial results, annual reports, press releases, investor presentations, details of investor calls and meets, shareholding pattern, important announcements. The said information is available in a user friendly and downloadable form in “Investor Section” of website.

**Financial Results:** Pursuant to Regulation 33 of the Listing Regulations, the quarterly, half yearly and annual financial results of the Company are submitted to BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) after approval of the Board of Directors of the Company. The results of the Company are published in one English daily newspaper (Business Standard) and one Marathi newspaper (Tarun Bharat / Navshakti) within 48 hours of approval thereof and is also available on the website of the Company [www.indocount.com](http://www.indocount.com)

**Annual Report:** Annual Report containing *inter-alia* Standalone Financial Statements, Auditors’ Report, Board’s Report, Management discussion and Analysis Report, Corporate Governance Report is sent to all Members of the Company within the required time frame, physically through post and via e-mail, wherever the e-mail ID is available in accordance with the “Green Initiative Circular” issued by MCA and is also available on the website of the Company [www.indocount.com](http://www.indocount.com). The shareholders have also been provided e-voting option for the resolutions to be passed at the general meeting.

**Designated Exclusive Email ID:** The Company has designated Email Id [icilinvestors@indocount.com](mailto:icilinvestors@indocount.com) exclusively for shareholder / investor grievances redressal.

**SCORES (SEBI Complaints Redressal System):** SEBI has commenced processing of investor complaints in a centralised web based complaints redress system i.e. SCORES. The Company supported SCORES by using it as a platform for communication between SEBI and the Company.

## CORPORATE GOVERNANCE REPORT (Contd.)

**Uploading on NEAPS & BSE Listing Centre:** The quarterly results, quarterly compliances and all other corporate communications to the Stock Exchanges are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE.

**Investor Presentations:** The quarterly and annual Investor Presentations are uploaded on the website of the stock exchanges and the Company.

### 12. DISCLOSURES

#### a) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and the Listing Regulations during the financial year 2019-20 were in the ordinary course of business and arm's length basis and omnibus approval of the Audit Committee was also obtained. During the financial year under review, there were no materially significant transactions with related parties having potential conflict with the interest of the Company at large. Necessary disclosures regarding Related Party Transactions are given in the notes to the Financial Statements.

The Company has formulated a policy for Related Party Transactions and the said policy was amended to include revised threshold limit as per MCA Notification and changes in Listing Regulations pertaining to RPT. During the year under review, the amended policy of RPT was reviewed by the Audit Committee and approved by the Board. The policy of RPT has been uploaded on the website of the Company. The web-link thereto is as under <https://www.indocount.com/images/investor/ICIL - Policy on Related Party Transactions-Revised-11-02-2020.pdf>

#### b) Statutory Compliance, Penalties and Strictures

The Company has complied with all the requirements of the Stock Exchanges / SEBI and other statutory authorities on all matters related to the capital markets during the last three years. There were no penalties or strictures imposed on the Company by the Stock Exchanges, the SEBI or any statutory authority on matters relating to capital markets during last three years. The Company has also obtained Annual Compliance Certificate for the year ended March 31, 2020 as per SEBI circular Ref CIR/CFD/CMD1/27/2019 dated February 8, 2019 from M/s. Kothari H. & Associates, Practicing Company Secretaries.

#### c) Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, your Company has formulated Vigil Mechanism / Whistle Blower Policy to enable Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct, that could adversely impact the Company's operations, business performance and / or reputation, in a secure and confidential manner. The said policy provides adequate safeguards against victimisation of Directors/employees and direct access to Chairman of Audit Committee, in exceptional cases. The Vigil Mechanism / Whistle Blower Policy is available on the website of the Company under the web-link <https://www.indocount.com/images/investor/Whistle-Blower-Policy-Vigil-Mechanism.pdf>

Your Company affirms that no Director/Employee of the Company has been denied access to the Chairman of the Audit Committee and no complaint has been received during the year under review.

#### d) Subsidiaries

During the year under review, the Company does not have material subsidiary as per the criteria specified in the Listing Regulations. However, the Company has adopted a policy on material subsidiaries and the same is uploaded on the website of the Company which can be accessed through the web-link <https://www.indocount.com/images/investor/Policy-on-Material-Subsidiaries.pdf>

#### e) Code of Conduct

Integrity, transparency and trust form part of the core beliefs of all activities at Indo Count, which has been the basis of its growth and development. The Company has adopted a Code of Conduct applicable to all its Directors and members of the Senior Management which is in consonance with the requirements of the Listing Regulations. The said code is available on the website of the Company and can be accessed through web-link [https://www.indocount.com/images/investor/Indo-Count-Code-of-Conduct\\_200428\\_062221.pdf](https://www.indocount.com/images/investor/Indo-Count-Code-of-Conduct_200428_062221.pdf)

All the Board Members and Senior Management Personnel have affirmed compliance with Code of

## CORPORATE GOVERNANCE REPORT (Contd.)

Conduct for Directors and Senior Management of the Company for the year ended March 31, 2020. A declaration to this effect signed by Mr. Kailash R. Lalpuria, Executive Director & CEO forms part of this Report as Annexure I.

**f) Compliance with Indian Accounting Standards (Ind-AS)**

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind-AS) notified by Ministry of Corporate Affairs from time to time. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

There is no deviation in following the treatments prescribed in Ind-AS in preparation of financial statements for the year 2019-20.

**g) Risk Management**

The risk assessment and minimisation procedures are in place and the Board is regularly informed about the business risks and the steps taken to mitigate the same. Further, the Board has constituted Risk Management Committee as per the details given in point 8 of this report. More details of Risk Management are included in Management Discussion and Analysis forming part of the Annual Report.

**h) CEO & CFO Certification**

Pursuant to Regulation 17(8) of the Listing Regulations, Mr. Kailash R. Lalpuria, Executive Director & CEO and Mr. K. Muralidharan, Chief Financial Officer have furnished certificate to the Board on financial statements for the year ended March 31, 2020 in the prescribed format. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on June 12, 2020.

**i) Reconciliation of Share Capital Audit Report**

In terms of the provisions of Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary. The said report is also submitted to BSE Limited and National Stock Exchange of India Limited.

**j) Code for Prevention of Insider Trading**

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, your Company has adopted a code of conduct to regulate, monitor and report trading by designated persons and their immediate relatives for prevention of Insider Trading in the shares of the Company. This code is applicable *inter-alia* to all Directors and Designated persons / employees of the Company who are expected to have access to unpublished price sensitive information. This code, *inter-alia*, prohibits purchase / sale / dealing in the equity shares of the Company by Designated persons and their immediate relatives while in possession of unpublished price sensitive information about the Company and during the time when trading window is closed. The Code also contains procedure for pre-clearance of trade, disclosure requirements etc.

The Code is available on the website of the Company at [www.indocount.com](http://www.indocount.com)

**k) Certificate on Non-disqualification of Directors**

M/s Kothari H. & Associates, Practising Company Secretaries have certified that for the financial year ended March 31 2020, none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India (SEBI) or Ministry of Corporate Affairs (MCA) or any such authority. A certificate issued by M/s Kothari H. & Associates to that effect is attached as Annexure II forming part of this report.

**l) Recommendations of the committees**

During FY 2019-20, the Board has accepted all recommendations made by the Audit Committee and Nomination and Remuneration Committee.

**m) Total fees paid to Statutory Auditors and all entities in network group**

The Statutory Auditors does not belong to any network group. During FY 2019-20, ₹ 32.45 lakhs was paid for all services by the Company and its subsidiaries on a consolidated basis to M/s. Suresh Kumar Mittal & Co., Statutory Auditors as per details given below :

## CORPORATE GOVERNANCE REPORT (Contd.)

Particulars of Fees	₹ in lakhs		
	Indo Count Industries Ltd	Pranavaditya Spinning Mills Ltd (Subsidiary)	Indo Count Retail Ventures Pvt. Ltd (Subsidiary)
For Statutory Audit	13.00	2.00	0.10
For quarterly review Reports	9.00	1.50	Not Applicable
For Tax Audit services	3.00	0.50	0.05
For any other services including reimbursement of expenses	3.16	0.13	NIL
<b>Total</b>	<b>28.16</b>	<b>4.13</b>	<b>0.15</b>

**n) Disclosure regarding Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

In order to prevent sexual harassment of women at workplace, your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace. The Company has set up an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to look into complaints relating to sexual harassment at workplace of any woman employee. During the year under review, no complaints pertaining to sexual harassment were received and no complaint was pending as on March 31, 2020.

**o) Compliance with Mandatory and Non-Mandatory Requirements**

The Company has complied with all mandatory requirements of Corporate Governance specified in the Listing Regulations. The Company has adopted discretionary requirements specified in Part E of Schedule II of the Listing Regulations as given below:

**The Board:** Since the Company has an Executive Chairman, requirements regarding Non-Executive Chairman are not applicable.

**Shareholder's Rights:** Quarterly, half-yearly, annual financial results of the Company are published in English and Marathi newspapers and are also forwarded to BSE and NSE. The said results are also uploaded on the website of the Company [www.indocount.com](http://www.indocount.com). Hence, the same are not sent to the shareholders of the Company.

**Modified Opinion in Audit Report:** There was no qualification or modified opinion in Independent Auditors Report on Financial Statements for the year ended March 31, 2020 nor in past 2 years.

**Separate posts of Chairperson and Chief Executive Officer:** As on March 31, 2020, Mr. Anil Kumar Jain is the Executive Chairman of the Company and Mr. Kailash R. Lalpuria is the Executive Director & CEO of the Company. Thus, there are separate posts for Chairman and Chief Executive Officer.

**Reporting of Internal Auditors:** The Internal Auditor of the Company is permanent invitee to the Audit Committee Meeting. He also attends each Audit Committee Meeting and presents his Internal audit observations to the Audit Committee. He directly interacts with Audit Committee Members during the meeting.

**p) Compliance with the requirements of Corporate Governance**

All the requirements of Corporate Governance specified in Regulation 17 to 27 of the Listing Regulations and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations have been complied with.

**q) The Management Discussion and Analysis Report is given separately and forms part of this Annual Report.**

### 13. CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

The certificate regarding compliance of the conditions of corporate governance for the year ended March 31, 2020 given by M/s. Suresh Kumar Mittal & Co., Statutory Auditors is given as Annexure III to this Report.

## CORPORATE GOVERNANCE REPORT (Contd.)

## 14. GENERAL SHAREHOLDERS' INFORMATION

31<sup>st</sup> Annual General Meeting

Thursday, July 30, 2020

Time : 12.30 p.m. (IST)

Financial Year : April 1 to March 31

Tentative Financial Calendar (for Financial Year 2020-21) for approval of:

Financial Results for Quarter ending June 30, 2020 (Unaudited)	On or before 14-08-2020
Financial Results for Quarter and half year ending September 30, 2020 (Unaudited)	On or before 14-11-2020
Financial Results for Quarter and nine months ending December 31, 2020 (Unaudited)	On or before 14-02-2021
Financial Results for Quarter and year ending March 31, 2021 (Audited)	On or before 30-05-2021

## Record Date

The Record date for the purpose of payment of Final Dividend for the financial year 2019-20 is Thursday, July 23, 2020.

## Dividend Payment Date

During the year under review, final dividend for FY 2018-19 was paid on August 19, 2019.

The Final Dividend for FY 2019-20, if declared at the ensuing Annual General Meeting, will be paid within thirty days from the date of Annual General Meeting.

## Listing on Stock Exchanges

BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 521016	The National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 NSE Symbol: ICIL
--	--

## Listing Fees

The Company has paid Listing Fees for FY 2019-20 to BSE and NSE.

## Annual Custody Fees

The Company has paid the annual Custody Fees to Central Depository Services (India) Limited and National Securities Depository Limited for FY 2019-20.

## International Securities Identification Number (ISIN)

for equity shares of the Company: **INE483B01026**  
(of face value of ₹2/- each)

## Corporate Identity Number (CIN)

L72200PN1988PLC068972

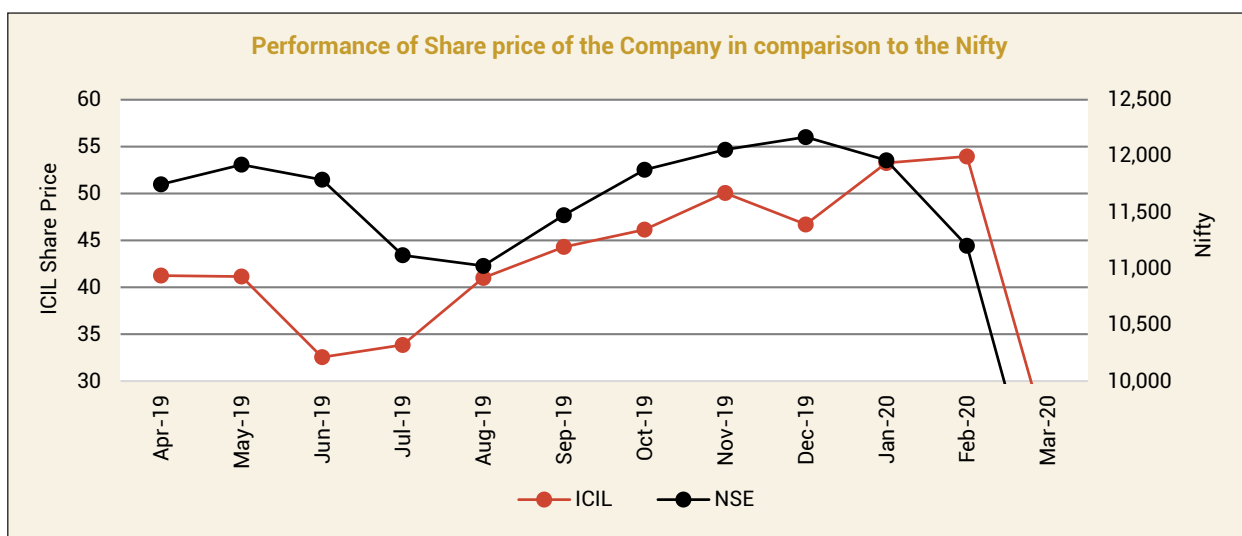
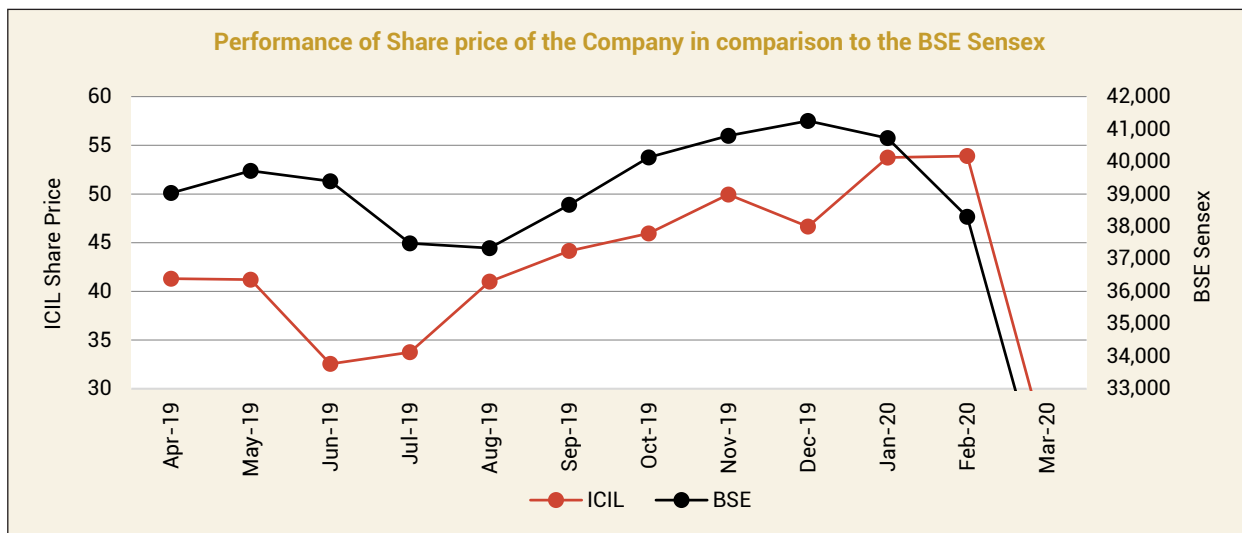
## Market Price Data

The monthly high and low price and numbers of shares traded at BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE) from April, 2019 to March, 2020 are as under:

Month	BSE			NSE		
	High (in ₹)	Low (in ₹)	Volume (Nos.)	High (in ₹)	Low (in ₹)	Volume (Nos.)
April-19	57.70	40.20	382078	57.00	40.50	3613344
May-19	45.75	35.80	1220668	45.45	36.15	3129396
June-19	41.85	31.00	500719	42.65	31.00	1852412
July-19	35.00	30.00	232713	35.00	30.40	1607392
August-19	49.00	31.20	472962	50.00	31.80	3678529
September-19	52.45	37.35	297565	52.50	38.50	4069713
October-19	46.50	38.50	190635	46.50	38.70	1767628
November-19	61.45	44.25	541262	61.40	44.40	5513143
December-19	52.00	43.10	233239	51.60	43.00	2087888
January-20	64.85	47.50	429708	64.95	46.95	6637523
February-20	67.10	47.20	759121	67.20	46.30	8597650
March-20	57.50	21.85	476297	56.60	22.10	4849089

Source: BSE & NSE website

**CORPORATE GOVERNANCE REPORT (Contd.)**



**Registrar & Transfer Agent**

Link Intime India Private Limited  
 C-101, 247 Park, L B S Marg, Vikhroli (West),  
 Mumbai – 400 083  
 Tel No: 022 - 49186270  
 Fax No: 022- 49186060  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**Share Transfer System**

W.e.f. April 1, 2019, as per SEBI press release dated March 27, 2019 the transfer of shares is done only in dematerialised mode except for transmission or transposition of securities. Transfer of equity shares in dematerialised form is done through the depositories without any involvement of

the Company. Share transfers received in physical form if any and complying with the requirements specified in said press release are processed by Link Intime India Private Limited, Registrar & Transfer Agents and the share certificates are generally returned to the transferee(s) within prescribed time provided that the transfer documents are complete in all respects. The Board has constituted Share Transfer Committee which approves share transfers, transmission, issue of duplicate share certificates, etc as and when physical cases of transfers/transmissions/name deletion/issue of duplicate share certificates are sent for approval by RTA. Pursuant to Regulation 40(9) of the Listing Regulations, every six months, a Company Secretary in practice undertakes audit of the share transfer related activities and the compliance certificate issued upon audit is submitted to BSE and NSE.

## CORPORATE GOVERNANCE REPORT (Contd.)

## Distribution of Shareholding as on March 31, 2020

No. of equity shares of face value of ₹2/- each	No. of Shareholders*	% of Shareholders	No. of shares held	% of shareholding
Upto 500	37035	73.84	6444300	3.26
501 – 1000	7843	15.64	5826737	2.95
1001 – 2000	2470	4.92	3756108	1.90
2001 – 3000	968	1.93	2471561	1.25
3001 – 4000	381	0.76	1360518	0.70
4001 – 5000	390	0.78	1852661	0.94
5001 – 10000	494	0.99	3688307	1.87
Above 10000	573	1.14	171999478	87.14
<b>Total</b>	<b>50154</b>	<b>100.00</b>	<b>197399670</b>	<b>100.00</b>

\*No. of shareholders are not consolidated as per PAN No. The Number of shareholders consolidated as per PAN are 49,230 as on March 31, 2020.

## Shareholding Pattern as on March 31, 2020

Category of Shareholder	As on March 31, 2020	
	No. of Equity shares (Face value of ₹2/- each)	As a percentage of total paid-up Share Capital
<b>A. Promoter and Promoter Group</b>	<b>116346750</b>	<b>58.94</b>
<b>B. Public Shareholding</b>		
<b>Institutions</b>		
Mutual Funds / UTI	107000	0.05
Alternative Investment Fund	0	0.00
Foreign Portfolio Investor (Corporate)	15175287	7.69
Financial Institutions / Banks	230433	0.12
<b>Non-Institutions</b>		
Individuals	44368428	22.48
NBFCs registered with RBI	240000	0.12
Foreign Nationals	400	0.00
Trusts	3000	0.00
Hindu Undivided Family	1587521	0.80
Non Resident Indians (NRI)	3391942	1.72
Clearing Member	238601	0.12
Bodies Corporate	15710308	7.96
<b>Sub-Total (B)</b>	<b>81052920</b>	<b>41.06</b>
<b>Total (A+B)</b>	<b>197399670</b>	<b>100.00</b>

## Dematerialisation of shares and liquidity

The equity shares of the company are available for dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The equity shares of the Company have been notified by SEBI for settlement only in the demat form for all investors from March 31, 2020.



## CORPORATE GOVERNANCE REPORT (Contd.)

As on March 31, 2020, 192507268 Equity Shares of the Company constituting 97.52 % of the paid-up share capital of the Company are held in dematerialised form and 2.48 % is held in Physical form. The Company's shares were regularly traded on the National Stock Exchange of India Limited and BSE Limited.

### Shares held in demat and physical mode as on March 31, 2020 is as under:

Category	Number of		% to total equity
	Shareholders	Shares	
<b>Demat Mode</b>			
NSDL	24221	129586145	65.65
CDSL	17085	62921123	31.87
<b>Total Demat</b>	<b>41306</b>	<b>192507268</b>	<b>97.52</b>
Physical Mode	8848	4892402	2.48
<b>Grand Total</b>	<b>50154</b>	<b>197399670</b>	<b>100.00</b>

### Outstanding GDR/ADR/warrants or any convertible instruments, conversion date and likely impact on equity

As on March 31, 2020, there are no outstanding GDR / ADR / warrants or any convertible instruments.

### Commodity Price Risk or Foreign Exchange Risk and Hedging Activity

The details are provided in Management Discussion and Analysis Report.

### Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of SEBI Listing Regulations:

Not Applicable.

### Credit Rating

As on March 31, 2020, the Credit Rating assigned by CARE and ICRA are "A+" (Single A Plus; Outlook: Stable) for long term bank facilities and "A1" (A one) for short term bank facilities. Company does not have any debt instruments for the year ended March 31, 2020.

### Plant Locations

- (1) D-1, MIDC, Gokul Shirgaon, Kolhapur-416234, Maharashtra
- (2) T-3, MIDC, Kagal, Hatkanangale, Kolhapur-416216, Maharashtra

### Address for correspondence

The Shareholders may contact Company or Registrar & Transfer Agent on below address:

### The Company Secretary

Indo Count Industries Limited  
301, 3<sup>rd</sup> Floor, "Arcadia", Nariman Point, Mumbai-400 021  
Phone : 022-4341 9500 / 501 • Fax : 022-2282 3098  
Email: [amruta.avasare@indocount.com](mailto:amruta.avasare@indocount.com)  
[icilinvestors@indocount.com](mailto:icilinvestors@indocount.com)  
Website: [www.indocount.com](http://www.indocount.com)

### Registrar & Transfer Agents

Link Intime India Private Limited  
C-101, 247 Park, L B S Marg, Vikhroli (W), Mumbai-400 083  
Tel No: 022-49186270 • Fax No: 022-49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**On behalf of the Board of Directors  
For INDO COUNT INDUSTRIES LIMITED**

**Anil Kumar Jain**

Dated: June 12, 2020  
Place : Mumbai

Executive Chairman  
DIN: 00086106

## ANNEXURE I

### DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board Members and Senior Management Personnel of Indo Count Industries Limited have affirmed compliance with the Code of Conduct for the year ended March 31, 2020.

**For INDO COUNT INDUSTRIES LIMITED**

**Kailash R. Lalpuria**

Executive Director & CEO  
DIN: 00059758

Place : Mumbai  
Dated: June 12, 2020

## CORPORATE GOVERNANCE REPORT (Contd.)

## ANNEXURE II

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,  
The Members of  
**Indo Count Industries Limited**  
Office No. 1, Plot No. 266,  
Village Alte, Kumbhoj Road,  
Taluka Hatkanangale,  
Kolhapur Maharashtra – 416 109

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Indo Count Industries Limited having CIN L72200PN1988PLC068972 and having registered office at Office No. 1, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Kolhapur, Maharashtra-416109 (hereinafter referred to as 'the Company'), produced before 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 March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Anil Kumar Jain	00086106	22/08/1990
2.	Mr. Mohit Anilkumar Jain	01473966	09/05/2016
3.	Mr. Kailash Ramniwas Lalpuria	00059758	04/05/2018
4.	Mr. Kamal Sukhamoy Mitra	01839261	01/10/2008
5.	Mr. Prem Sardarilal Malik	00023051	30/10/2009
6.	Mr. Dilip Jayantilal Thakkar	00007339	28/01/2003
7.	Mr. Sushilkumar Jiwrajka	00016680	04/05/2018
8.	Dr. Sanjay Kumar Panda	02586135	03/08/2018
9.	Mr. Siddharth Saumil Mehta	03072352	03/08/2018
10.	Dr. (Mrs.) Vajjayanti Ajit Pandit	06742237	25/11/2013
11.	Mr. Pradyumna Natvarlal Shah*	00096793	30/09/1992
12.	Mr. Anand Ramanna*	00040325	31/07/2007

\*Ceased to be Directors of the Company w.e.f. 16<sup>th</sup> August, 2019

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

**For Kothari H. & Associates**  
Company Secretaries

**Sonam Jain**  
(Partner)

Membership No.: F9871

CP No.: 12402

UDIN: F009871B000321371

Place: Mumbai

Date: June 5, 2020

**CORPORATE GOVERNANCE REPORT (Contd.)****ANNEXURE III****AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Members,  
**Indo Count Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Indo Count Industries Limited ("the Company"), for the financial year ended on March 31, 2020, as stipulated in Regulations 17 to 27 and clause (b) to (i) of Regulations 46(2) and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

**Managements' Responsibility**

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

**Auditor's Responsibility**

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountant of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC)1, Quality Control for Firms that performs Audits & Reviews of Historical Financial information and other Assurance & related service engagements.

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.

**Opinion**

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 Listing Regulations, as applicable.

**For Suresh Kumar Mittal & Co.**

Chartered Accountants  
Reg. No. : 500063N

**Ankur Bagla**

Partner

Membership Number: 521915  
UDIN: 20521915AAAABC5377

Place : New Delhi  
Dated : June 12, 2020

# BUSINESS RESPONSIBILITY REPORT

We are pleased to present Fifth Business Responsibility Report of the Company for the year ended March 31, 2020 as under:

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:** L72200PN1988PLC068972
- Name of the Company:** Indo Count Industries Limited
- Registered address:** Office No. 1, Village -Alte, Taluka- Hatkanangale, District- Kolhapur, 416109
- Website :** [www.indocount.com](http://www.indocount.com)
- E-mail id :** [info@indocount.com](mailto:info@indocount.com)
- Financial Year Reported:** April 1, 2019 to March 31, 2020
- Sector(s) that the Company is engaged in (industrial activity code-wise):**

Sector	Industrial Activity Code*			
	Group	Class	Sub-class	Description
Textiles	139	1392	13924	Manufacture of bedding, quilts pillows, sleeping bags
	131	1311	13111	Preparation and spinning of cotton fiber including blended cotton

\*As per National Industrial Classification 2008 – Ministry of Statistics and Programme implementation

- List three key products/services that the Company manufactures/provides (as in balance sheet):**  
Bed Sheets, Quilts and Comforters
- Total number of locations where business activity is undertaken by the Company**
  - Number of International Locations** – The Company has four foreign subsidiaries viz. in the USA, UK, Australia and Dubai. Further, the Company has 3 showrooms in USA, UK and Australia. The Company does not have any manufacturing unit outside India.
  - Number of National Locations:** The Company has 2 manufacturing facilities and 1 made-up stitching unit at Kolhapur, Maharashtra. The Registered office of the Company is also situated at Kolhapur. The Corporate Office and Marketing Office are housed in Mumbai and Thane respectively.
- Markets served by the Company** – The Company exports to more than 54 countries across the globe and on majority of revenue is derived from international market. The Company has been serving domestic market through its subsidiary i.e. Indo Count Retail Ventures Private Limited.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (INR):** ₹ 39.48 crore
- Total Turnover (INR):** ₹1965.07 crore (Standalone)
- Total profit after taxes (INR):** ₹73.76 crore (Standalone)
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax(%):**

The Company's total spending on CSR for the year ended March 31, 2020 was ₹ 2.61 crore which is 3.54 % of profit after tax.

- List of activities in which expenditure in 4 above has been incurred:-**

During FY 2019-20, CSR activities of your Company were carried out mainly in the following areas with main focus on Education and Healthcare:

- Education - Promoting education through E-learning
- Healthcare - Medical facilities through 4 mobile medical vans and providing medical equipments to hospitals, renovation of infrastructure facilities in hospitals
- Women Empowerment through enhancing vocational skills through Skill Development Centre
- Rural Upliftment
- Water and sanitation
- Project GAGAN for upliftment of farmers

The details of above CSR activities are provided in Annexure 2 to the Board's Report which is available on the website of the Company at [www.indocount.com](http://www.indocount.com)

## SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?**

As on March 31, 2020, the Company has 6 direct subsidiaries.

- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

The subsidiaries are separate entities and they follow BR initiatives if applicable to them.

- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? –**

The Company does not mandate its suppliers / distributors to participate in the Company's BR initiatives.

## BUSINESS RESPONSIBILITY REPORT (Contd.)

### SECTION D: BR INFORMATION

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

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

1. **DIN Number** : 00059758
2. **Name** : Mr. Kailash R. Lalpuria
3. **Designation** : Executive Director & CEO

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

No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Kailash R. Lalpuria
3	Designation	Executive Director & CEO
4	Telephone Number	+91 22 43419500
5	e-mail id	kklalpuria@indocount.com

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

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

Sl. No.	Questions	Ethics	Product Life Cycle Sustainability	Employee Well-Being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Community Development	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies are broadly based on National Voluntary Guidelines issued by Ministry of Corporate Affairs.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	The links on Code of Conduct, CSR Policy, are as under: <a href="http://www.indocount.com/investors/corporate-governance">http://www.indocount.com/investors/corporate-governance</a> The view of policies under other principles are restricted to the respective stakeholders								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The BRR Policies are reviewed internally.								

**BUSINESS RESPONSIBILITY REPORT (Contd.)**

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task	<b>Not Applicable</b>								
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

**3. Governance related to BR**

**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year-**

The Board of Directors of the Company or CEO assesses the BR performance of the Company annually.

**(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This is the fifth Business Responsibility Report (BRR) of the Company and it is published annually.

The BRR forms part of the Board's Report which is available on the website of the Company at [www.indocount.com](http://www.indocount.com)

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

This Principle is embodied in the Code of Conduct & Whistle Blower Policy.

**1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend**

**to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs /Others?**

Your Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings with its stakeholders. Your Company has adopted Code of Conduct, which is applicable to the Board of Directors and Senior Management Personnel of the Company. This Code requires all Directors and Senior Management of the Company to act honestly, ethically and with integrity. The Code also provides for avoiding any conflict of interest and to act in the best interest of the Company. All Directors and Senior Management Personnel affirm compliance with the Code of Conduct annually. The Company also has similar HR Code of Conduct applicable to all employees of the Company. The Company has adequate control mechanism in place to address the issues relating to ethics, bribery and corruption.

Your Company also has in place Vigil Mechanism / Whistle Blower Policy which serves as a mechanism for the Directors and all employees of the Company to report any genuine concerns about unethical behavior, actual or suspected fraud or violation of code of conduct. Further, Vendors, Channel Partners, Business Associates including contractors or Customers of the organisation, can make Protected Disclosures regarding any unethical behavior or improper practices being followed under the Policy.

The Code of Conduct and Vigil Mechanism is also extended to subsidiaries of the Company to the extent applicable.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

There were 5 complaints received from the shareholders pertaining to shares of the Company during the year under review and all of them were resolved satisfactorily and as on March 31, 2020, no complaint is pending with the Company. The Company / Registrar & Transfer Agent responds to the queries/complaints received from the shareholders in a timely and appropriate manner.

**Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

The policy is part of your Company's Environment, Health and Safety (EHS) Policy.

## BUSINESS RESPONSIBILITY REPORT (Contd.)

### 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Your Company is in the business of manufacturing of home textiles and its products broadly falls under the categories of Bed Sheets, Pillow Cover and Comforter. The products are made of cotton, hence eco-friendly, clean and leave no adverse impact on the mother earth.

Following are products relating to sustainability

1. Pure Earth Collection
2. Made in Green Product Range
3. Sustainably Processed Bed Linen

### 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

#### (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain

The Company constantly works towards reduction and optimal utilisation of energy, water, raw materials, logistics etc. by incorporating new techniques and innovative ideas. The Company has installed ETP plant and RO plant for recycling of water and Dryer for reduction of bio-sludge (waste) to reduce the quantity for landfill & thereby considerable reduction in ground contamination. Further, rain harvesting system from entire factory rooftop and hot/cooling water recycling back to the process helps in saving of water.

As consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at each product level.

With continuous innovation being our core strength in product development we have been successful in harnessing resources and make products that are more efficient to use and consume lesser resources during manufacturing.

Pure Earth collection is a truly sustainable product range which is developed by using waste extracts from food, fruits etc. and this is going to be the future in Sustainable Product category. Manufacturing of such products utilises lesser utility and zero petrochemical based dyes.

Made-In- Green products is a collection of products developed to give assurance to customers that the

product they are buying is fully traceable across supply chain from Sustainability point of view. All raw material used in manufacturing and packaging of these products are compliant to the latest Oekotex norms in sustainable form. This keeps end consumers feel happy and confident for their spending towards right product that contributes directly to a Sustainable Eco system.

Sustainably Processed Bedlinen- are a series of collection in bedlinen and Utility bedding that are processed with quite less amount of dyes/chemicals and still meet the functionality of an end consumer. These are aptly crafted and developed considering all finer details of utility and energy consumption during processing. These products consume almost half of chemical resources required to manufacture as compared to a regular sheet set

#### (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The products of the Company are made of cotton and does not have broad based impact on energy and water consumption by consumers. However the Company has taken measures to reduce consumption of water and energy.

We are one of the largest manufacturer of Bed Linen under Quick Dry & Wrinkle Free category. Quick dry & Wrinkle Free products helps end consumers widely by reducing their energy bills in home laundering and ironing, thereby reducing considerable environmental load for electricity and water wastage. This also economically benefits consumer. Overall this helps achieve sustainability on a wider spectrum.

### 3. Does the company have procedures in place for sustainable sourcing (including transportation)?

#### (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has formulated an operating procedure to approve vendors. Cotton and cotton yarn, Dyes & Chemicals, other main raw materials are all procured from approved vendors both local and international. The Quality Assurance Team of the Company conducts periodic audits of main vendors. The Company has longstanding business

## BUSINESS RESPONSIBILITY REPORT (Contd.)

relations with regular vendors. The Company enters into periodic freight contracts with the transporters for movement of materials. The company continually works with its vendors and suppliers to reduce the environment impacts of sourcing. We source a large majority of our input raw materials from Oekotex/GOTS compliant vendors. This keeps us ahead in achieving sustainability across one of the largest supply chain in the country.

#### 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

##### (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company works with small producers to augment quality and design capability of the vendors. At present, small quantity of Cotton / yarn is procured from local producers in and around Kolhapur.

We have been developing many suppliers in local community continuously to provide raw materials and services seamlessly to our growing demands and market base under stringent quality norms. A large quantum of our raw materials like fabrics are manufactured and sourced from communities surrounding our manufacturing hub. Also, vast majority of our services happen to be from local community which helps develop local community and create more opportunities in nearby areas.

This helps us in many ways – we are able to maneuver customer demands/changes in very short lead times, we are able to control and high accuracy status updates in real time and yes, with least time spent in non-value added activities like transportation and movement.

This is one of the key factor which makes us one of the most sustainable manufacturing textile company.

#### 5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has Installed Effluent Treatment, RO Plant & MEE for recycling of waste water.

All process effluents of sizing & pre-treatment are collected in the Equalisation tank & treated through the UASBR & biological treatment system followed by PSF & ACF filtration system. 50% ETP treated effluents are recycled through the RO & MEE plants & rest of 50% ETP treated effluents are sent to CETP for further treatment. We are also generating the Methane gas from UASBR & power is being generated from this gas. Further the sludge generated from the ETP is being dried in the dryer thus avoiding the disposal for landfill & thereby land contamination.

We are pleased to inform that Indo Count Industries Limited received the prestigious **"VASUNDHARA AWARD for 2018-19"** from Maharashtra Pollution Control Board (MPCB) towards the protection of environment and implementation of innovative & cleaner technologies in water, air & waste in sustainable way. During 2019-20, State level media has awarded us by **"JAL BINDU AWARD"** for considerable sustainable work in energy, water, waste water, waste management and excellent contribution in environment management. Maharashtra pollution Control Board awarded us Five Star rating for excellent work for Air Pollution control.

Also, We have been successful to achieve Level 3 (Highest Level) score in verified HIGG's Index score and this is a phenomenal achievement across textile companies. Higg Index is a tool widely accepted by global Customers/Retailers and is a symbol for Sustainability.

#### Principle 3–Businesses should promote the wellbeing of all employees.

This Principle is embodied in various policies for the benefit of the employees which are issued by the Human Resources function of the Company from time to time. The policies include Maternity Leave Policy, Employee Safety Policy, Group Mediclaim Policy, etc.

1. Please indicate the Total number of employees. - 2204
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. - 2907
3. Please indicate the Number of permanent women employees—65
4. Please indicate the Number of permanent employees with disabilities—NIL
5. Do you have an employee association that is recognised by management?—YES



## BUSINESS RESPONSIBILITY REPORT (Contd.)

6. **What percentage of your permanent employees is members of this recognized employee association? -**  
Around 53.04 % of all workers at plants.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?**

- (a) Permanent Employees – Around 50%
- (b) Permanent Women Employees – Around 15%
- (c) Casual/Temporary/Contractual Employees – Around 19%
- (d) Employees with Disabilities - NIL (Not Applicable)

Health and safety is of paramount important to the Company. All employees of the Company including temporary employees and employees at plants are provided with safety training. Training is imparted in case of new safety device before putting it to use. Training is provided to workers for Chemical Handling, PPE Training, machine Handling and Waste Handling Training. Safety Boards are displayed and operative instructions are displayed and firefighting training is also imparted to selected employees of each shift. Safety meeting is conducted at every quarter and mock drills are also conducted at regular intervals.

**Principle 4–Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

Certain aspect of this principle forms part of the CSR Policy.

1. **Has the company mapped its internal and external stakeholders?**

Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal

mechanism to engage with various stakeholders to understand their concern and expectations. Individual departments within the organisation have roles and responsibility identified and defined to engage with various stakeholders.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders and are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

Yes. Your Company recognises the vital role played by society at large in its growth and development and strives to discharge its social responsibility as a corporate citizen. Our CSR projects focus on participatory and collaborative approach with the community. Over a period of last three years, your Company through Indo Count Foundation has identified disadvantaged, vulnerable & marginalised stakeholders in and around Kolhapur, local area in which the company operates. In order to improve their standard of living, your Company has emphasised on CSR projects in the areas of Education, Healthcare, Water and sanitation and Women empowerment.

**Principle 5- Businesses should respect and promote human rights.**

This Principle is embodied in the Code of Conduct.

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

The Company remains committed to respect and protect human rights. The various aspects of the term “Human Rights” viz Freedom of Association, Collective Bargaining, Non-Discrimination, Gender Equality, Avoidance of Child and Forced Labour are covered in our Human Resource Policies/Practices and Code of Conduct. The HR practices extend to all subsidiaries of the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaints relating to human rights have been received in the FY 2019-20.

**Principle 6 - Business should respect, protect, and make efforts to restore the environment.**

This Principle is embodied in the Environment Policy.

## BUSINESS RESPONSIBILITY REPORT (Contd.)

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others.**

The Company strives to protect environment by adopting various eco-friendly measures. The subsidiaries are encouraged to adopt in sustainability initiatives of the Company.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Conservation and optimum utilisation of natural resources has been and continues to be the topmost priority for your Company. Your Company's Home Textile facility at Kagal received "LEED - Green Building Certification" from Green Building Council, USA which is the most well-known green building rating system in the world, and therefore a globally recognised symbol of sustainable achievement. Further, your Company has adopted various sustainability measures viz. State of Art Zero discharge Effluent Treatment Plant (ETP) and Reverse Osmosis (RO) plant Multiple Effect Evaporator (MEE) for recycling of waste water, Rain Water Harvesting, Solar power etc.

We are one of the leading industries wherein sustainability is driven across organisation as a part of its culture. From inception, this has been a part of our all decisions, as an organisation we have installed best in class technology, machineries and abatement process in manufacturing line to make sure we have minimal or zero environmental risks. We have invested larger part of our CAPEX in Solar Power Generation, almost 10% of our Energy needs are fulfilled internally through these generators.

**3. Does the company identify and assess potential environmental risks? - YES**

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company strives to preserve environment by striking a balance between economic growth and preservation of the environment. Both air and noise pollution have been greatly reduced with the new Acoustic systems that have been placed on our DG sets and Air compressors. Indo Count makes certain that no harmful substances

are discharged into the environment by using state-of-the-art Italian Zero discharge ETP plant for the Primary, secondary and tertiary treatment of effluents, producing clean water. Water conservation efforts also include rainwater harvesting and Hot water recycle process.

The Company files report with the appropriate government authorities in the manner as prescribed under applicable laws.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.**

All our process effluents are treated in highly scientific manner of biological treatment (Without any chemicals addition) followed by tertiary treatment of Reverse Osmosis plants & Multi Effect Evaporation systems. Some of our initiatives towards clean technology, energy efficiency include:

- Installed Effluent Treatment & RO Plant for recycling of waste water – This ensures zero discharge of effluents in to the environment (by reusing process water, utilisation of natural water resources is minimised).
- Paddle Dryer – This eliminates the land pollution / contamination from the sludge treatment wrt land fill treatment at land fill site.
- Installation of air pollution equipment like Bag filters followed by the dust collectors, Cyclomax and Electrostatic precipitators in the Boilers for controlling of suspended particulate matter of fine dust into the environment.
- Bio Gas to power generation - This power generation minimises the natural recourses including thermal pollution.
- Installed Acoustic System and Electrostatic Precipitator for reduction of Noise and Air Pollution.
- Each Plant has been equipped with Rain Water Harvesting System and Sewage Treatment Plant.
- Adoption of LEDs by installation in all new projects and retrofitting some of the existing ones.
- New technology and equipment across all our manufacturing processes greatly conserve energy
- Additional solar power system Installation having capacity of 1 MW power generation per hour and projected savings of 14 lakhs KW/year.
- In boiler Oxygen analyzers provided for increasing fuel efficiency

## BUSINESS RESPONSIBILITY REPORT (Contd.)

- Blow down TDS sensors and valves maintain optimal levels and save fuel by reducing heat loss
- VFD's allow for greater mechanical life, less down time, and increased energy conservation
- "Siren & Panel" gas leak detection provides greater fuel efficiency
- Transparent roofing sheet to increase natural luminance in plant to reduce power consumption in day time

Apart from above, steps taken by the Company on conservation of energy are explained in Annexure 6 to the Board's Report.

### 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Emissions/Waste generated by the company are within the permissible limits given by CPCB/ SPCB.

### 7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

As on March 31, 2020, there are no show cause/ legal notices received from CPCB/ SPCB which are pending / unresolved.

### Principle 7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

#### 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Your Company is a member of various trade bodies, chambers or association; major ones being:

- TEXPROCIL (The Cotton Textile Export Promotion Council)
- Confederation of Indian Textile Industry (CITI)
- Federation of Indian Export Organisation (FIEO)
- The Bombay Textile Research Association (BITRA)

#### 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company, through the various industry associations, participates in advocating matters for advancement of textile sector, policies, economic reforms and public good. It supports various initiatives which includes aspect of textile industry which is a progressive steps towards inclusive development.

### Principle 8 – Businesses should support inclusive growth and equitable development.

This Principle is embodied in the CSR Policy.

#### 1. Does the company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has a well defined CSR policy which is line with the Companies Act, 2013. The key philosophy of all our Corporate Social Responsibility (CSR) initiatives is guided by our belief "Every Smile Counts ...". Our CSR projects focus on participatory and collaborative approach with the community. CSR projects of your Company mainly focus on following areas and the projects are undertaken in and around Kolhapur:

#### Education

- Implemented E-learning programs in various schools
- Distribution of School bags
- Renovation of School Buildings and improving infrastructure at schools

#### Women Empowerment

- Provided training in stitching skill to women, thereby helping them to be employed in Industry.
- Helped women to become independent and improve their Standard of Living

#### Healthcare

- Treating Patients and providing Medical facilities, check -ups through 4 Medical Vans reaching 96 Distant Villages.
- Addressing issues like Doorstep Reach, Accessibility, and Availability of Medical Services
- Refurbished Primary Health Care Centres
- Providing healthcare equipment to hospitals

#### Water and Sanitation

- Installation of Pure Water Systems and RO systems for safe drinking water.

## BUSINESS RESPONSIBILITY REPORT (Contd.)

- Built Toilet Blocks with the help of Zila Parishad and Gram Panchayat.
- Installation of Water ATM at Kagal

### 2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organisation?

The Company primarily undertakes CSR activities through its own Trust "Indo Count Foundation". Further, Indo Count Foundation either on its own or by partnering with other trusts, NGO's or government implements CSR projects.

### 3. Have you done any impact assessment of your initiative?

Yes. Indo Count Foundation conducts impact assessment of its CSR initiatives through feedbacks collected from the beneficiaries of projects undertaken. Certain projects are undertaken in partnership with other trusts, NGO's, Government organisations that have their own monitoring mechanisms and impact assessment systems. The reports are collected from collaborating partners to understand impact.

### 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Your Company undertakes CSR activities through Indo Count Foundation. During the year, the Indo Count Foundation has spent ₹ 261 lakhs on CSR projects in the areas of Education, women empowerment, Healthcare, Water and Sanitation and Rural upliftment and all CSR projects benefit to the community at large directly.

### 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community.

The Company adopts participatory approach with communities in deploying CSR projects. Before undertaking any CSR project, needs of communities are assessed. Once CSR project is implemented, follow up visits are given and feedback is obtained.

The assessment reports, feedback and overwhelming response on all our projects in the areas of Education, Healthcare and Women empowerment suggest that the same are proactively welcomed and adopted by the communities.

## Principle 9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

### 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Customer Satisfaction is of utmost important for the Company. At Indo Count, we are committed to provide all our customers product quality, services and value for money through our technological and organisational strengths. As on March 31, 2020, no customer complaints are pending.

### 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).

The Company displays all the requisite information on product labels as per the applicable laws.

### 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There have been no cases relating to unfair trade practices, irresponsible advertising, and/or anti-competitive behavior against the Company during the last five years and pending as on end of the financial year 2019-20.

### 4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Based on customer feedbacks and research, your Company makes innovations and delivers products that meet consumer needs. Surveys are conducted to assess the consumer satisfaction levels and consumer's trends. Feedback is also taken by the management during the visit of Customers at the manufacturing facilities.



Complete Comfort

# INDEPENDENT AUDITOR'S REPORT

To the Members of **Indo Count Industries Limited**

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### Opinion

We have audited the standalone financial statements of Indo Count Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to 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 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and profit, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to Note No. 55 to the standalone financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the

financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk. Foreign currency exchange rate exposure through its sales are partly balanced by purchasing of goods, commodities and services in the respective currencies. The balance foreign currency exchange rate exposure is hedged through derivative like foreign exchange forward contracts (Refer Note No. 52 to the standalone financial statements). We assessed the foreign exchange risk management policies adopted by the Company. The Company manages risk through a treasury department which formulates risk management objectives and policies which are reviewed by the senior management, Audit Committee and Board of Directors. Our audit approach was a combination of test of internal controls and substantive procedures to evaluate chances of minimising the risk involved.
2. The Company has material matters under dispute which involves significant judgement to determine the possible outcome of these disputes (Refer Note No. 42 to the standalone financial statements). We obtained the details of the disputes with their present status and documents. We made an in-depth analysis of the dispute. We also considered legal procedures and other rulings in evaluating management's position on these disputes to evaluate whether any change was required to management's position on these disputes.
3. As on March 31, 2020, current tax assets and other current assets includes amounts recoverable from government department for which efforts for recovery are being made (Refer Note No. 19 and 20 to the standalone financial statements). Our audit procedures consisted of evaluating whether any change was required to management's position on these uncertainties and the likelihood of recoverability.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate

## INDEPENDENT AUDITOR'S REPORT

Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

## INDEPENDENT AUDITOR'S REPORT

draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

### 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 Act, we give in the "Annexure 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.
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

**INDEPENDENT AUDITOR'S REPORT**

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS Financial Statements - Refer Note No. 42 to the financial statements.
- ii. The Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, in respect of long term contracts including derivative contracts - Refer Note No. 52 to the financial statements.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Suresh Kumar Mittal & Co.**  
Chartered Accountants  
Firm Registration No.: 500063N

**Ankur Bagla**  
Partner

Place: New Delhi  
Date: June 12, 2020

Membership No.: 521915  
UDIN: 20521915AAAABA8988



## INDEPENDENT AUDITOR'S REPORT

### ANNEXURE A REFERRED TO IN PARAGRAPH (I) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF INDO COUNT INDUSTRIES LIMITED ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year, as per the phased program designed to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt with in the books of accounts.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventories have been physically verified by the management during the year, except stocks lying with third parties in respect of whom confirmations have been obtained and the discrepancies noticed on physical verification as compared to book record are not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable.
- (iii) As explained to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and as such clauses (iii) (a), (b) and (c) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect to grant of loans, making investments and providing guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73,74,75 and 76 of the Act and the rules framed thereunder and hence reporting under clause (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 148(1) of the Act, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are neither required to carry out nor have carried out detailed examination of such cost accounting records with a view to determine whether they are accurate or complete.

(vii) According to the records of the Company, examined by us and information and explanations given to us:

(a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods & service tax, cess and others as applicable. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) There are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and service tax outstanding as at March 31, 2020 except:

Sl. No.	Name of the statute	Nature of the dues	Amount (₹ in lakh)	Period to which the amount relates	Forum where dispute is pending
1.	Central Excise Act	Cenvat Credit availed on excise duty paid	40.30	2012-2013	Commissioner of Central Excise (A), Pune
2.	Central Excise Act	Cenvat Credit availed on excise duty paid	34.24	2011-2012	CESTAT (Tribunal)
3.	Central Excise Act	Excise Duty	1.40	2007-2008	Commissioner of Central Excise (A)
4.	Central Excise Act	Rebate Claim	13.98	2012-2013	Commissioner of Central Excise (A)

## INDEPENDENT AUDITOR'S REPORT

Sl. No.	Name of the statute	Nature of the dues	Amount (₹ in lakh)	Period to which the amount relates	Forum where dispute is pending
5.	Bombay Electricity Duty Act, 1958	Electricity Duty	292.07	2000-2006	Supreme Court
6.	Central Excise Act	Service tax on commission on Sales	23.54	2010-2013	Commissioner Appeal, Pune

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution, banks and Government and dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, during the year, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Further, the Term Loans have been applied by the Company for the purposes for which they were raised.
- (x) Based on the audit procedures performed and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and

explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- (xii) The Company is not a nidhi company and hence provisions of clause (xii) of the order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company's transactions with its related parties are in compliance with sections 177 and 188 of the Act where applicable and details of related party transactions have been disclosed in the Standalone Ind AS financial statements as required by the accounting standards in notes to the Financial Statements.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Suresh Kumar Mittal & Co.**

Chartered Accountants  
Firm Registration No.: 500063N

**Ankur Bagla**

Partner

Place: New Delhi  
Date: June 12, 2020

Membership No.: 521915  
UDIN:20521915AAAABA8988

## INDEPENDENT AUDITOR'S REPORT

### ANNEXURE B REFERRED TO IN PARAGRAPH (II)(F) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF INDO COUNT INDUSTRIES LIMITED ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020.

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

We have audited the internal financial controls over financial reporting of Indo Count Industries Limited ("the Company") as of March 31, 2020 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the 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

## INDEPENDENT AUDITOR'S REPORT

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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Suresh Kumar Mittal & Co.**  
Chartered Accountants  
Firm Registration No.: 500063N

**Ankur Bagla**

Partner

Place: New Delhi  
Date: June 12, 2020

Membership No.: 521915  
UDIN:20521915AAAABA8988



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STATEMENTS

# STANDALONE BALANCE SHEET

AS AT MARCH 31, 2020

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	5	52,593.33	54,151.05
(b) Capital Work-In-Progress	5	585.65	1,640.30
(c) Right-of-Use	6	1,825.46	-
(d) Other Intangible Assets	7	262.62	260.36
(e) Financial Assets			
(i) Investments	8	2,492.09	2,491.91
(ii) Loans	9	333.06	172.57
(iii) Others	10	0.01	0.01
(f) Other Non-Current Assets	11	642.82	765.31
<b>(2) Current Assets</b>			
(a) Inventories	12	50,100.50	46,670.55
(b) Financial Assets			
(i) Investments	13	9.54	4,634.55
(ii) Trade Receivables	14	25,792.10	27,503.65
(iii) Cash and Cash Equivalents	15	12,563.67	1,774.02
(iv) Bank Balances other than (iii) above	16	254.37	253.71
(v) Loans	17	31.29	19.70
(vi) Others	18	432.93	1,881.14
(c) Current Tax Assets (Net)	19	2,133.24	1,270.23
(d) Other Current Assets	20	15,815.46	11,712.37
<b>TOTAL ASSETS</b>		<b>1,65,868.14</b>	<b>1,55,201.43</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	21	3,947.99	3,947.99
(b) Other Equity		93,288.65	92,051.20
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	22	3,609.72	5,743.53
(ii) Other Financial Liabilities	23	588.72	-
(b) Provisions	24	578.97	501.32
(c) Deferred Tax Liabilities (Net)	25	5,805.54	10,882.75
(d) Other Non-Current Liabilities	26	797.93	837.29
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	27	29,184.60	22,850.03
(ii) Trade Payables			
- Micro & Small Enterprises	28	1,887.52	491.31
- Other than Micro & Small Enterprises	29	9,734.86	12,141.83
(iii) Other Financial Liabilities	30	9,215.11	3,321.57
(b) Other Current Liabilities	31	7,228.53	2,432.61
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,65,868.14</b>	<b>1,55,201.43</b>
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>32,42</b>		
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>3</b>		

The accompanying notes form an integral part of Financial Statements

As per our report of even date attached

For and on behalf of Board of Directors

**For Suresh Kumar Mittal & Co.,**Chartered Accountants  
Firm Regd. No.: 500063N**Anil Kumar Jain**  
Executive Chairman  
DIN: 00086106**Kailash R. Lalpuria**  
Executive Director & CEO  
DIN: 00059758**Ankur Bagla**Partner  
Membership No.: 521915  
New Delhi, June 12, 2020**K. Muralidharan**  
Chief Financial Officer**Amruta Avasare**  
Company Secretary

Mumbai, June 12, 2020

# STANDALONE STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>CONTINUING OPERATIONS</b>			
<b>I INCOME</b>			
Revenue from Operations	33	1,96,507.17	1,81,254.24
Other Income	34	5,431.77	1,038.74
<b>TOTAL INCOME</b>		<b>2,01,938.94</b>	<b>1,82,292.98</b>
<b>II EXPENSES</b>			
Cost of Materials Consumed	35	1,09,070.45	97,454.78
Purchase of Stock-In-Trade		347.35	284.51
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	36	(929.29)	(496.28)
Employee Benefits Expense	37	12,462.40	12,075.78
Finance Cost	38	3,692.98	3,371.16
Depreciation and Amortisation Expense	39	4,064.52	3,258.37
Other Expenses	40	57,760.95	56,879.26
<b>TOTAL EXPENSES</b>		<b>1,86,469.36</b>	<b>1,72,827.58</b>
<b>III PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (I-II)</b>			
		<b>15,469.58</b>	<b>9,465.40</b>
<b>IV EXCEPTIONAL ITEMS</b>			
Exceptional Items	41	(9,846.45)	-
<b>V PROFIT BEFORE TAX (III-IV)</b>			
		<b>5,623.13</b>	<b>9,465.40</b>
<b>VI TAX EXPENSE</b>			
a) Current Tax		1,739.44	3,008.56
b) Previous Year Tax		0.21	81.20
c) Deferred Tax		(3,492.79)	453.84
<b>VII PROFIT FOR THE YEAR (V-VI)</b>			
		<b>7,376.27</b>	<b>5,921.80</b>
<b>VIII OTHER COMPREHENSIVE INCOME</b>			
A Items that will not be reclassified to Profit and Loss:			
(i) Remeasurement of the Net Defined Benefit Liability / Asset		(82.65)	2.63
(ii) Income Tax relating to items that will not be reclassified to Profit and Loss		20.80	(0.92)
B Items that will be reclassified to Profit and Loss:			
(i) Remeasurement of the net change in Forex Liability / Asset		(6,212.73)	(4,395.80)
(ii) Income Tax relating to items that will be reclassified to Profit and Loss		1,563.62	1,536.07
<b>IX TOTAL COMPREHENSIVE INCOME FOR THE YEAR (VII+VIII)</b>			
		<b>2,665.31</b>	<b>3,063.78</b>
<b>X EARNINGS PER EQUITY SHARE</b>			
a) Basic (₹)	<b>47</b>	<b>3.74</b>	<b>3.00</b>
b) Diluted (₹)		<b>3.74</b>	<b>3.00</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
	<b>3</b>		

The accompanying notes form an integral part of Financial Statements

As per our report of even date attached

For and on behalf of Board of Directors

**For Suresh Kumar Mittal & Co.,**

Chartered Accountants  
Firm Regd. No.: 500063N

**Anil Kumar Jain**

Executive Chairman  
DIN: 00086106

**Kailash R. Lalpuria**

Executive Director & CEO  
DIN: 00059758

**Ankur Bagla**

Partner  
Membership No.: 521915  
New Delhi, June 12, 2020

**K. Muralidharan**

Chief Financial Officer

**Amruta Avasare**

Company Secretary

Mumbai, June 12, 2020

# STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

## A. EQUITY SHARE CAPITAL

Particulars	Note No.	₹ in lakhs
<b>As at March 31, 2018</b>		<b>3,947.99</b>
Changes in Equity Share Capital	21(a)	-
<b>As at March 31, 2019</b>		<b>3,947.99</b>
Changes in Equity Share Capital	21(a)	-
<b>As at March 31, 2020</b>		<b>3,947.99</b>

## B. OTHER EQUITY

(₹ in lakhs)

Particulars	Reserves & Surplus				Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance as at March 31, 2018</b>	<b>198.81</b>	<b>250.00</b>	<b>1,653.72</b>	<b>87,836.79</b>	<b>89,939.32</b>
Profit for the Year	-	-	-	5,921.80	<b>5,921.80</b>
Other Comprehensive Income for the Year	-	-	-	(2,858.02)	<b>(2,858.02)</b>
<b>Total Comprehensive Income for the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,063.78</b>	<b>3,063.78</b>
Dividend Distribution Tax on Final Dividend	-	-	-	(162.30)	<b>(162.30)</b>
Final Dividend on Equity Shares	-	-	-	(789.60)	<b>(789.60)</b>
Transferred to Retained Earnings	-	(250.00)	-	250.00	-
<b>Balance as at March 31, 2019</b>	<b>198.81</b>	<b>-</b>	<b>1,653.72</b>	<b>90,198.67</b>	<b>92,051.20</b>
Profit for the Year	-	-	-	7,376.27	<b>7,376.27</b>
Other Comprehensive Income for the Year	-	-	-	(4,710.96)	<b>(4,710.96)</b>
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,665.31</b>	<b>2,665.31</b>
Final Dividend on Equity Shares	-	-	-	(1,184.40)	<b>(1,184.40)</b>
Dividend Distribution Tax on Final Dividend	-	-	-	(243.46)	<b>(243.46)</b>
<b>Balance as at March 31, 2020</b>	<b>198.81</b>	<b>-</b>	<b>1,653.72</b>	<b>91,436.12</b>	<b>93,288.65</b>

### Nature and purpose of Reserves:

#### i) Capital Reserve:

Capital Reserve standing in books against capital subsidy received against establishing manufacturing unit.

#### ii) Capital Redemption Reserve:

Capital Redemption Reserve was created for redemption of Preference Shares as per requirement of provisions of Companies Act, 2013. Since the Preference Shares stand fully redeemed, the balance under Capital Redemption Reserve has been transferred to Retained Earnings.

#### iii) Securities Premium Reserve:

Securities Premium Reserve is created when shares issued at premium.

### The accompanying notes form an integral part of Financial Statements

As per our report of even date attached

For and on behalf of Board of Directors

**For Suresh Kumar Mittal & Co.,**  
Chartered Accountants  
Firm Regd. No.: 500063N

**Anil Kumar Jain**  
Executive Chairman  
DIN: 00086106

**Kailash R. Lalpuria**  
Executive Director & CEO  
DIN: 00059758

**Ankur Bagla**  
Partner  
Membership No.: 521915  
New Delhi, June 12, 2020

**K. Muralidharan**  
Chief Financial Officer

**Amruta Avasare**  
Company Secretary

Mumbai, June 12, 2020

# STANDALONE CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before Exceptional Items and Tax</b>		<b>15,469.58</b>		<b>9,465.40</b>
<b>Adjustments for:</b>				
Depreciation and Amortisation		4,064.52		3,258.37
Profit on Sale of Assets		(0.06)		(4.92)
Finance Cost		3,692.98		3,371.16
Interest Income		(232.93)		(333.50)
Other Comprehensive Income		(6,295.38)		(4,393.16)
Dividend Income on Mutual Funds		(80.52)		(41.87)
Loss on Sale of Assets		1.51		2.48
Loss/(Profit) on Redemption of Mutual Funds		18.20		(3.99)
Loss in value of NAV of Mutual Funds		7.82		(7.49)
Exceptional Items		(9,846.45)		-
<b>Operating Profit before Working Capital changes</b>		<b>6,799.27</b>		<b>11,312.48</b>
<b>Changes in Working Capital:</b>				
<b>Adjustment for (Increase) / Decrease in Operating Assets:</b>				
Non-Current Financial Assets	(160.49)		(57.08)	
Other Non-Current Assets	122.49		(450.82)	
Inventories	(3,429.95)		5,771.23	
Trade Receivables	1,711.55		4,994.64	
Current Financial Assets	1,435.95		4,059.24	
Other Current Assets	(4,103.09)	(4,423.54)	4,050.12	18,367.33
<b>Adjustment for Increase / (Decrease) in Operating Liabilities:</b>				
Non Current Financial Liabilities	588.72		-	
Non-Current Provisions	77.66		174.07	
Other Non-Current Liabilities	(39.37)		876.66	
Trade Payables	(1,010.77)		(5,497.92)	
Other Current Financial Liabilities	5,893.54		1,028.25	
Other Current Liabilities	4,795.92	10,305.70	331.71	(3,087.23)
Net Taxes (paid) / refund received		(2,602.66)		(3,858.22)
<b>Net Cash Flow from Operating Activities (A)</b>		<b>10,078.77</b>		<b>22,734.36</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital Expenditure		(3,282.06)		(5,890.85)
Proceeds from Sale of Assets		0.74		79.07
Purchase of Non-Current Investments		(0.18)		(521.81)
Purchase of Current Investments		4,598.99		(4,612.90)
Dividend Income on Mutual Funds		80.52		41.87
Interest Income		232.93		333.50
<b>Net Cash Flow from Investing Activities (B)</b>		<b>1,630.94</b>		<b>(10,571.12)</b>



## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Increase / (Decrease) in Non-Current Borrowings	(2,133.80)	859.47
Net Increase / (Decrease) in Current Borrowings	6,334.58	(8,039.67)
Finance Cost	(3,692.98)	(3,371.16)
Final Dividend on Equity Shares (including DDT)	(1,427.86)	(951.90)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(920.06)</b>	<b>(11,503.26)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>10,789.65</b>	<b>659.98</b>
Cash and Cash Equivalents at the beginning of the year	1,774.02	1,114.04
<b>Cash and Cash Equivalents at the end of the year</b>	<b>12,563.67</b>	<b>1,774.02</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>		
<b>Cash and Cash Equivalents as per Balance Sheet</b>	<b>12,563.67</b>	<b>1,774.02</b>
<b>Cash and Cash Equivalents at the end of the year comprises of:</b>		
(a) Cash in Hand	27.09	20.01
(b) Balance with Banks		
(i) In Current Accounts	4,218.61	1,754.01
(ii) In Fixed Deposits	8,317.97	-

As per our report of even date attached

**For Suresh Kumar Mittal & Co.,**

Chartered Accountants  
Firm Regd. No.: 500063N

**Ankur Bagla**

Partner  
Membership No.: 521915  
New Delhi, June 12, 2020

For and on behalf of Board of Directors

**Anil Kumar Jain**

Executive Chairman  
DIN: 00086106

**K. Muralidharan**

Chief Financial Officer

**Kailash R. Lalpuria**

Executive Director & CEO  
DIN: 00059758

**Amruta Avasare**

Company Secretary

Mumbai, June 12, 2020

# NOTES

## TO THE STANDALONE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Indo Count Industries Limited (the 'Company') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at Office No.1, Plot No.266, Village Alte, Kumbhoj Road, Taluka Hatkanagale, Dist. Kolhapur-416109, Maharashtra, India.

The Company is one of India's leading Home Textiles manufacturer. The Company has focused in some of the world's finest fashion, institutional and utility bedding and has built significant presence across the globe. It exports to more than 54 countries.

The Financial statements of the Company for the year ended March 31, 2020 were authorised for issue in accordance with a resolution of the Board of Directors on June 12, 2020.

### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as 'Ind AS') as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest lakhs, except otherwise indicated.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Property, plant and equipment and right-of-use assets:

The Company has opted to follow cost model for accounting of its entire property, plant and equipment. Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing

costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major repair is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Right-of-use (ROU) assets are stated at cost, less accumulated depreciation and impairment loss, if any. The carrying amount of ROU assets is adjusted for remeasurement of lease liability, if any, in future. Cost of ROU assets comprises the amount of initial measurement of lease liability, lease payments made before the commencement date (net of incentives received), initial direct costs and present value of estimated costs of dismantling and restoration, if any.

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Companies Act, 2013. Property, plant and equipment which are added /disposed off during the year, depreciation is provided on pro-rata basis with reference to the month of addition/deletion.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

In case of some items of plant, depreciation has been provided in range of 26 years (minimum) to 35 years (maximum) based on the technical

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

evaluation of the remaining useful life which is different from the one specified in schedule II to the Companies Act, 2013.

ROU assets are depreciated on straight line basis from the commencement date to the end of useful life of asset or lease term whichever is earlier.

Leasehold lands forming part of ROU are amortised over the period of lease. Building constructed on leasehold land are depreciated based on the useful life specified in schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building. In other case, building constructed on leasehold lands are amortised over the primary lease period of the land.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

### 3.2 Investment properties

Investment properties comprise portions of freehold land and office building that are held for long-term rental yields and/or for capital appreciation. Investment properties are initially recognised at cost. Subsequently, investment property comprising of building is carried at cost less accumulated depreciation and impairment losses.

The cost includes the cost of replacing parts and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in schedule II

to the Companies Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arise.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

### 3.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

### Research and development cost:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

### Patents and trade marks:

The Company makes upfront payments to purchase patents and trade-marks. The patents are granted for a period of 20 years by the relevant agency with the option of renewal at the end of this period. Trade-marks for the use of intellectual property are granted for a period of 10 years with the option of renewal at the end of this period.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Trade-Marks	Finite (10 years)	Amortised on a straight-line basis over the period of the trade-mark	Acquired
Patents	Finite (20 years)	Amortised on a straight-line basis over the period of the patent	Acquired

### 3.4 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

### 3.5 Impairment of non-financial assets:

As at each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists or when annual impairment testing for an asset is required, if any, the Company determines

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and the 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 risks 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit and loss section of the statement of profit and loss, except for properties previously revalued, with the revaluation taken to Other Comprehensive Income (the OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

### 3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- a) Raw material, packing material, construction material, stores & spares:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- b) Finished goods and work in progress:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- c) Traded goods:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- d) Wastage and rejections are valued at estimated realisable value.

Slow and non-moving material, obsolescence, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

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

### 3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 3.8 Foreign currency transactions

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

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

on settlement of monetary items or on reporting at each balance sheet date at the closing rate are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

### 3.9 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.10 Fair value measurement

The Company measures financial instruments, such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 3.11 Revenue Recognition

The Companies (Indian Accounting Standards) Amendment Rules, 2018 issued by the Ministry of Corporate Affairs (MCA) notified Ind AS 115 "Revenue from Contracts with Customers" related to revenue recognition which replaced Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and provide a single, comprehensive model for all contracts with customers. The revised standard contains principles to determine the measurement of revenue and timing of when it is recognised. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments as well as assets recognised from costs incurred to fulfill these contracts.

The Company has adopted Ind AS 115 w.e.f. 1 April, 2018 using the modified retrospective approach. However, the adoption of the standard did not have any impact on the financial statements.

Revenue is recognised 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 Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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

#### **Sale of goods:**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. 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.

#### **Rendering of Services:**

Revenue from sale of service is recognised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

#### **Interest Income:**

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

#### **Dividends:**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### **Lease Income:**

Lease agreements by which the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals are recognised on straight-line basis as per the terms of the agreements in the statement of profit and loss.

### 3.12 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

When the grant relates to the purchase of property, plant and equipment, it is included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### 3.13 Earnings per share

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

### 3.14 Taxes

#### Current Income Tax:

- Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.
- Current income tax relating to items recognised directly in equity and not in the statement of profit and loss. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred Tax:

Deferred Tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

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

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

### 3.15 Segment accounting

The Chief Operational Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The operating segments have been identified on the basis of the nature of products / services.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- a) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
- c) Income which relates to the Company as a whole and allocable to segments is included in unallocable income.
- d) Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax to the Company.
- e) Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

### Inter-Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

### 3.16 Leases

The Company as a lessee:

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset,
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease, and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU assets have been separately presented in

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

the Balance Sheet and lease payments have been classified as financing cash flows.

### The Company as a lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

### 3.17 Employee benefits

#### i) Short-term employee benefits

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of bonus, ex-gratia, and incentives are recognised in the period during which the employee renders the related service.

#### ii) Post-employment benefits

##### a) Defined contribution plans

State Government Provident Scheme is a defined contribution plan. The contribution paid /payable under the scheme is recognised in the statement of profit and loss during the period in which the employee renders the related services.

##### b) Defined Benefit Plans

The employee Gratuity Fund scheme and Leave Encashment scheme managed by different trusts are defined benefit plans.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gain and loss, the effect of asset ceiling, excluding amounts included in net interest on the net

defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognised in the statement of profit and loss in the period of plan amendment.

Net Interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

#### Long-term employee benefit

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

#### Termination benefits

Termination benefits are recognised as an expenses in the period in which they are incurred.

### 3.18 Provisions, Contingent liabilities, Contingent assets and Commitments

#### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provision, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

### Warranty Provisions

Provision for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

### Liquidated damages

Provision for liquidated damages are recognised on contracts for which delivery dates are exceeded and computed in reasonable manner.

### Other Litigation claims

Provision for litigation related obligation represents liabilities that are expected to materialise in respect of matters in appeal.

### Onerous contracts

A provision for onerous contracts is measured at the present value lower of the expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognises impairment on the assets under the contract.

### 3.19 Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying the financial statements.

### 3.20 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the Company that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations,

or

- is a subsidiary acquired exclusively with a view to resale.

An entity shall not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

### 3.21 Financial Instruments

#### i) Financial assets

##### Initial recognition and measurement

All financial assets are recognised 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.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

##### Subsequent measurement

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

- Financial asset at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

- **Cash flow characteristics test:** 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.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- **Cash flow characteristics test:** 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.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

All other financial asset is measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Derecognition

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

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

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

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

### Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in associates, joint venture and subsidiaries at cost.

### Impairment of financial assets

The Company assesses impairment based on Expected Credit Losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 – months' expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

- Trade receivables or contract revenue receivables; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date,

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

### ii) **Financial liabilities:**

#### **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in Ind AS 109 are satisfied.

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of profit and loss.

#### **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and amount recognised less cumulative amortisation.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Derecognition

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

### iii) Offsetting of financial instruments

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

### iv) Derivative financial instruments and hedge accounting

The company enters into derivative contracts to hedge foreign currency /price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

### 3.22 Business combination under common control

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within a group.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest, the assets and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

### 3.23 Preference Shares

#### i) Non-convertible Preference Shares

On issuance of non-convertible preference shares, the fair value is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

#### ii) Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

**3.24** Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

##### Judgements

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

##### Estimates and assumptions

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

##### 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 asset's recoverable amount is higher of an asset's 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 assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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, quoted share prices for publicly traded companies or other available fair value indicators.

##### Defined benefit plans

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

##### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 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.

### Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations and the availability of suitable alternatives. The lease term in future periods

is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

### Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 5. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Land - Leasehold	Land - Freehold	Buildings *	Plant & Machinery **	Furniture & Fixtures	Factory & Office Equipments	Vehicles	Total	Capital Work in Progress ***
<b>Gross Carrying Amount</b>									
<b>As at April 1, 2019</b>	833.70	220.45	14,793.82	73,915.74	739.24	1,309.57	495.20	92,307.72	1,640.30
Transition impact of Ind AS 116 (Refer Note 6 & 43)	(833.70)	-	-	-	-	-	-	(833.70)	-
<b>Restated Gross Carrying Amount as at April 1, 2019</b>	-	220.45	14,793.82	73,915.74	739.24	1,309.57	495.20	91,474.02	1,640.30
Additions	-	-	552.60	1,933.77	45.06	121.99	-	2,653.42	-
Disposals / Transfers	-	-	-	11.04	-	2.32	-	13.36	1,054.65
<b>As at March 31, 2020</b>	-	220.45	15,346.42	75,838.47	784.30	1,429.24	495.20	94,114.08	585.65
<b>Accumulated Depreciation</b>									
<b>As at April 1, 2019</b>	48.95	-	3,996.12	32,675.26	372.76	834.57	229.01	38,156.67	-
Transition impact of Ind AS 116 (Refer Note 6 & 43)	(48.95)	-	-	-	-	-	-	(48.95)	-
<b>Restated Accumulated Depreciation as at April 1, 2019</b>	-	-	3,996.12	32,675.26	372.76	834.57	229.01	38,107.72	-
Depreciation charged for the year	-	-	477.60	2,694.24	51.53	146.35	54.47	3,424.19	-
Disposals / Transfers	-	-	-	9.48	-	1.68	-	11.16	-
<b>As at March 31, 2020</b>	-	-	4,473.72	35,360.02	424.29	979.24	283.48	41,520.75	-
<b>Net Carrying Amount</b>									
<b>As at March 31, 2019</b>	784.75	220.45	10,797.70	41,240.48	366.48	475.00	266.19	54,151.05	1,640.30
<b>As at March 31, 2020</b>	-	220.45	10,872.70	40,478.45	360.01	450.00	211.72	52,593.33	585.65

\* a) Includes 10 shares of ₹ 50 each of Arcadia Premises Co-operative Society Limited.

b) Includes 10 shares of ₹ 50 each of Vardhman Industrial Complex Premises Co-operative Housing Society Limited.

\*\* Includes addition on account of foreign exchange fluctuations of ₹72.96 lakhs (previous year ₹ 37.27 lakhs).

\*\*\* Does not include Capital Advances of ₹ 76.16 lakhs (previous year ₹ 58.06 lakhs).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 6. RIGHT-OF-USE (ROU)

(₹ in lakhs)

Particulars	Land - Leasehold	Buildings	Total
<b>Gross Carrying Amount</b>			
<b>As at April 1, 2019</b>	-	-	-
Transition impact of Ind AS 116 (Refer Note 5)	833.70	-	<b>833.70</b>
<b>Restated Gross Carrying Amount as at April 1, 2019</b>	<b>833.70</b>	-	<b>833.70</b>
Additions	-	1,605.05	<b>1,605.05</b>
Disposals / Transfers	-	-	-
<b>As at March 31, 2020</b>	<b>833.70</b>	<b>1,605.05</b>	<b>2,438.75</b>
<b>Accumulated Depreciation</b>			
<b>As at April 1, 2019</b>	-	-	-
Transition impact of Ind AS 116 (Refer Note 5)	48.95	-	<b>48.95</b>
<b>Restated Accumulated Depreciation as at April 1, 2019</b>	<b>48.95</b>	-	<b>48.95</b>
Depreciation charged for the year	3.71	560.63	<b>564.34</b>
Disposals / Transfers	-	-	-
<b>As at March 31, 2020</b>	<b>52.66</b>	<b>560.63</b>	<b>613.29</b>
<b>Net Carrying Amount</b>			
<b>As at March 31, 2019</b>	-	-	-
<b>As at March 31, 2020</b>	<b>781.04</b>	<b>1,044.42</b>	<b>1,825.46</b>

Refer Note No. 43 for information about Leases.

### 7. OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Software	Patents	Total
<b>Gross Carrying Amount</b>			
<b>As at April 1, 2019</b>	<b>506.47</b>	<b>152.41</b>	<b>658.88</b>
Additions	22.76	55.49	<b>78.25</b>
Disposals / Transfers	-	-	-
<b>As at March 31, 2020</b>	<b>529.23</b>	<b>207.90</b>	<b>737.13</b>
<b>Accumulated Depreciation</b>			
<b>As at April 1, 2019</b>	<b>352.08</b>	<b>46.44</b>	<b>398.52</b>
Depreciation charged for the year	59.80	16.19	<b>75.99</b>
Disposals / Transfers	-	-	-
<b>As at March 31, 2020</b>	<b>411.88</b>	<b>62.63</b>	<b>474.51</b>
<b>Net Carrying Amount</b>			
<b>As at April 1, 2019</b>	<b>154.39</b>	<b>105.97</b>	<b>260.36</b>
<b>As at March 31, 2020</b>	<b>117.35</b>	<b>145.27</b>	<b>262.62</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 8. NON-CURRENT INVESTMENTS

Particulars		No. of Shares		₹ in lakhs	
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>QUOTED</b>					
<b>Subsidiary Company</b>					
<b>In fully paid up Equity Shares of ₹ 10 each</b>					
Pranavadiya Spinning Mills Limited		1,43,41,280	1,43,41,280	1,434.13	1,434.13
<b>SUB-TOTAL</b>	<b>A</b>			<b>1,434.13</b>	<b>1,434.13</b>
<b>UNQUOTED</b>					
<b>Subsidiary Company</b>					
<b>In fully paid up Equity Shares</b>					
Indo Count Global Inc., USA		800	800	446.18	446.18
Indo Count UK Limited		86,000	86,000	79.62	79.62
Indo Count Retail Ventures Pvt. Ltd.		10,000	8,250	1.00	0.82
Indo Count Australia Pty Ltd.		1,000	1,000	0.52	0.52
Indo Count Global DMCC, UAE		2,750	2,750	530.64	530.64
<b>SUB-TOTAL</b>	<b>B</b>			<b>1,057.96</b>	<b>1,057.78</b>
<b>TOTAL</b>	<b>A+B</b>			<b>2,492.09</b>	<b>2,491.91</b>
<b>Aggregate Value of:</b>					
Quoted Investments				1,434.13	1,434.13
Unquoted Investments				1,057.96	1,057.78
Market Value of Quoted Investments				2,330.46	1,683.67

- (a) Pursuant to the acquisition of remaining 17.50% shareholding, Indo Count Retail Ventures Pvt Ltd (ICRVPL) became the Wholly Owned Subsidiary of the Company with effect from March 9, 2020.
- (b) The Company entered into a Business Transfer Agreement with ICRVPL, wholly owned subsidiary (WOS) on March 30, 2020, whereby the domestic home textile business of the WOS was acquired by the Company on 'slump sale' basis w.e.f. April 1, 2020. The assets and liabilities transferred pursuant to the arrangement will be dealt with by the Company in its books in FY 2020-21.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 9. NON-CURRENT FINANCIAL LOANS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	287.04	140.79
Deferred Expenditure	46.02	31.78
<b>TOTAL</b>	<b>333.06</b>	<b>172.57</b>
<b>Break-up:</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	333.06	172.57
Loans which have significant increase in Credit Risk	-	-
Loans - Credit Impaired	-	-
<b>TOTAL</b>	<b>333.06</b>	<b>172.57</b>
Less: Allowance for Doubtful Loans	-	-
<b>TOTAL</b>	<b>333.06</b>	<b>172.57</b>

Refer Note No. 52 for information about Credit Risk and Market Risk of Loans.

### 10. OTHER NON-CURRENT FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
- Held as Margin / Fixed Deposits	0.01	0.01
<b>TOTAL</b>	<b>0.01</b>	<b>0.01</b>

Includes receipts for ₹ 0.01 lakhs (previous year ₹ 0.01 lakhs) lodged with Sales Tax Department.

### 11. OTHER NON-CURRENT ASSETS (UNSECURED-CONSIDERED GOOD)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advances	76.16	58.06
Security Deposits	107.01	107.01
Others	459.65	600.24
<b>TOTAL</b>	<b>642.82</b>	<b>765.31</b>

**12. INVENTORIES**

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Raw Materials *	13,666.45	11,594.03
Work-in-Progress	20,259.43	19,144.50
Finished Goods	12,265.10	12,483.32
Waste	73.31	40.73
Stores & Spares **	3,120.13	2,966.64
Dyes and Chemicals ***	716.08	441.33
<b>TOTAL</b>	<b>50,100.50</b>	<b>46,670.55</b>

\* Includes goods in transit ₹ 98.13 lakhs (previous year ₹ 745.25 lakhs).

\*\* Includes goods in transit ₹ 9.17 lakhs (previous year ₹ 38.79 lakhs).

\*\*\* Includes goods in transit ₹ 3.96 lakhs (previous year ₹ 12.99 lakhs).

**13. CURRENT INVESTMENTS**

Particulars	No. of Units		₹ in lakhs	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Investments carried at Fair Value through Profit and Loss</b>				
<b>QUOTED</b>				
<b>In Mutual Funds:</b>				
Union Prudence Fund	99,990	99,990	9.54	10.57
Franklin India - Low Duration	-	1,41,44,436	-	1,508.04
Franklin Ultra Short Bond Fund-SI-G	-	95,656	-	25.13
Aditya Birla Low	-	6,52,167	-	657.01
Reliance Ultra Short Duration	-	55,280	-	603.77
Franklin India Ultra	-	1,80,82,080	-	1,830.03
<b>TOTAL</b>			<b>9.54</b>	<b>4,634.55</b>
<b>Aggregate Value of:</b>				
Quoted Investments			9.54	4,634.55
Unquoted Investments			-	-
Market Value of Quoted Investments			9.54	4,634.55

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 14. CURRENT TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables exceeding Six Months	1,267.18	94.24
Receivables - Others	20,974.02	22,139.15
Receivables from Related Parties (Refer Note No. 44)	3,550.90	5,280.29
Receivables which have significant increase in Credit Risk	-	-
Receivables - Credit Impaired	-	-
Allowance for Doubtful Receivables	-	(10.03)
<b>TOTAL</b>	<b>25,792.10</b>	<b>27,503.65</b>
Current Portion	25,792.10	27,503.65
Non-Current Portion	-	-
<b>Break-up of Security Details:</b>		
Secured, Considered Good	-	-
Unsecured, Considered Good	25,792.10	27,503.65
Doubtful	-	10.03
<b>TOTAL</b>	<b>25,792.10</b>	<b>27,513.68</b>
Allowance for Doubtful Receivables	-	(10.03)
<b>TOTAL</b>	<b>25,792.10</b>	<b>27,503.65</b>

Refer Note No. 52 for information about Credit Risk and Market Risk of Trade Receivables.

### 15. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash in Hand	27.09	20.01
Balances with Banks		
- In Current Accounts *	4,218.61	1,754.01
- Held as Fixed Deposits	8,317.97	-
<b>TOTAL</b>	<b>12,563.67</b>	<b>1,774.02</b>

\* Includes balance in current account with The Kolhapur Urban Co-operative Bank Ltd. ₹ Nil (previous year ₹ 0.03 lakhs), maximum amount outstanding anytime during the year ₹ Nil (previous year ₹ 1.19 lakhs).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
- Held as Margin / Fixed Deposits	254.37	253.71
<b>TOTAL</b>	<b>254.37</b>	<b>253.71</b>

- a) Includes receipts for ₹231.08 lakhs (previous year ₹ 228.90 lakhs) held with bank as margin money against bank guarantees for Letter of Credit facilities.
- b) Includes receipts for ₹ 0.05 lakhs (previous year ₹ 0.05 lakhs) lodged with Excise Department.
- c) Includes receipts for ₹ 11.25 lakhs (previous year ₹ 11.25 lakhs) held with bank as margin money against guarantee given to MSEB.

## 17. CURRENT FINANCIAL LOANS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	31.29	19.70
<b>TOTAL</b>	<b>31.29</b>	<b>19.70</b>
<b>Break-up:</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	31.29	19.70
Loans which have significant increase in Credit Risk	-	-
Loans - Credit Impaired	-	-
<b>TOTAL</b>	<b>31.29</b>	<b>19.70</b>
Less: Allowance for Doubtful Loans	-	-
<b>TOTAL</b>	<b>31.29</b>	<b>19.70</b>

Refer Note No. 52 for information about Credit Risk and Market Risk of Loans.

## 18. OTHER CURRENT FINANCIAL ASSETS (UNSECURED-CONSIDERED GOOD)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Derivative Asset	-	1,449.66
Others	432.93	431.48
<b>TOTAL</b>	<b>432.93</b>	<b>1,881.14</b>

## 19. CURRENT TAX ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Income Tax (including Tax Deducted at Source)	1,718.41	855.40
Refund Due	414.83	414.83
<b>TOTAL</b>	<b>2,133.24</b>	<b>1,270.23</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 20. OTHER CURRENT ASSETS (UNSECURED-CONSIDERED GOOD)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Export Incentives / Claims Recoverable	8,226.80	6,024.53
Balances with Excise / Service Tax Authorities	97.05	97.05
Balances with VAT / GST Authorities	5,624.56	4,128.87
Interest Accrued on Loans & Deposits	19.08	11.33
Advance to Suppliers *	882.85	747.22
Others	961.11	699.36
Security Deposits	4.01	4.01
<b>TOTAL</b>	<b>15,815.46</b>	<b>11,712.37</b>

\* Includes advance to an Indian Subsidiary ₹ Nil (previous year ₹ 283.74 lakhs).

### 21. SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Authorised:</b>		
<b>Equity Shares</b>		
27,50,00,000 Shares of ₹ 2 each	5,500.00	5,500.00
<b>Preference Shares</b>		
50,00,00,000 Shares of ₹ 10 each	500.00	500.00
<b>TOTAL</b>	<b>6,000.00</b>	<b>6,000.00</b>
<b>Issued, Subscribed and Paid-Up:</b>		
<b>Equity Shares</b>		
19,73,99,670 Shares of ₹ 2 each	3,947.99	3,947.99
<b>TOTAL</b>	<b>3,947.99</b>	<b>3,947.99</b>

#### Notes:

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
<b>Authorised:</b>				
<b>Equity Shares of ₹ 2 each</b>				
Balance at the beginning of the year	27,50,00,000	5,500.00	27,50,00,000	5,500.00
<b>Balance at the end of the year</b>	<b>27,50,00,000</b>	<b>5,500.00</b>	<b>27,50,00,000</b>	<b>5,500.00</b>
<b>Preference Shares of ₹ 10 each</b>				
Balance at the beginning of the year	50,00,000	500.00	50,00,000	500.00
<b>Balance at the end of the year</b>	<b>50,00,000</b>	<b>500.00</b>	<b>50,00,000</b>	<b>500.00</b>
<b>TOTAL</b>	<b>28,00,00,000</b>	<b>6,000.00</b>	<b>28,00,00,000</b>	<b>6,000.00</b>
<b>Issued, Subscribed and Paid-Up:</b>				
<b>Equity Shares of ₹ 2 each</b>				
Balance at the beginning of the year	19,73,99,670	3,947.99	19,73,99,670	3,947.99
<b>Balance at the end of the year</b>	<b>19,73,99,670</b>	<b>3,947.99</b>	<b>19,73,99,670</b>	<b>3,947.99</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

b) Terms / Rights attached to Equity Shares:

- (i) The Company has only one class of Equity Shares having a par value of ₹ 2 each. Each holder of Equity Shares is entitled to one vote per share and pro-rata dividend on the shares held.
- (ii) In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

c) Details of Equity Shares in the Company held by each shareholder holding more than 5% of shares is as under:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Percentage	No. of Shares	Percentage
Indo Count Securities Limited	3,10,41,385	15.73%	3,10,41,385	15.73%
Sandridge Investments Limited	6,20,02,455	31.41%	6,20,02,455	31.41%

d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

e) Dividend paid and proposed: (₹ in lakhs)

Particulars	2019-20	2018-19
Final Dividend for F.Y. 2017-18: Re. 0.40 per share (Face Value of ₹ 2 each)	-	789.60
Final Dividend for F.Y. 2018-19: Re. 0.60 per share (Face value of ₹ 2 each)	1,184.40	-

## 22. NON-CURRENT BORROWINGS (SECURED)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>1) Term Loan</b>		
<b>i) Rupee loans</b>		
- From Banks (a)	375.00	875.00
- From Financial Institutions (a)	3,020.33	4,477.99
<b>2) Foreign Currency Loan</b>		
i) Buyer's Credit (b)	214.39	390.54
<b>TOTAL</b>	<b>3,609.72</b>	<b>5,743.53</b>

a) Secured by first pari-passu charge by way of mortgage of immovable properties of the Company situated at Kolhapur, and by second pari-passu charge on hypothecation of all movable properties and current assets of the Company both present and future. Loans include amounts appearing in current maturities of long term debts of ₹ 1,765.00 lakhs (previous year ₹ 1,625.21 lakhs).

b) Secured against machinery acquired, includes amount appearing in current maturity of long term debts ₹ 225.96 lakhs (previous year ₹ 666.88 lakhs).

c) Maturity profile of Non-Current Borrowings: (₹ in lakhs)

Particulars	1-2 Years	2-3 Years	3-4 Years
<b>1) Term Loan</b>			
<b>i) Rupee loans</b>			
- From Banks	375.00	-	-
- From Financial Institutions	1,140.00	1,140.00	740.33
<b>2) Foreign Currency Loan</b>			
i) Buyer's Credit	214.39	-	-
<b>TOTAL</b>	<b>1,729.39</b>	<b>1,140.00</b>	<b>740.33</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 23. OTHER NON-CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liability Payable (Refer Note No. 43)	588.72	-
<b>TOTAL</b>	<b>588.72</b>	<b>-</b>

### 24. NON-CURRENT PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	578.97	501.32
<b>TOTAL</b>	<b>578.97</b>	<b>501.32</b>

### 25. INCOME TAX

The major components of Income Tax expense for the years ended 31 March, 2020 and 31 March, 2019 are:

#### Statement of Profit and Loss

Profit and Loss section

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
<b>Current Income Tax:</b>		
Current Income Tax charge	1,739.44	3,008.56
Adjustments in respect of Current Income Tax of previous years	0.21	81.20
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences	(3,492.79)	453.84
<b>Income Tax expense reported in the Statement of Profit and Loss</b>	<b>(1,753.14)</b>	<b>3,543.60</b>

- (a) The Company elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Current Tax and re-measured its Deferred Tax Liabilities based on rate prescribed in the said section.

Other Comprehensive Income (OCI) section

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
Net loss / (gain) on remeasurements of Defined Benefit Plan and change in Forex	(1,584.42)	(1,535.15)
<b>Income Tax charged to OCI</b>	<b>(1,584.42)</b>	<b>(1,535.15)</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## Deferred Tax

(₹ in lakhs)

Particulars	Balance Sheet		Profit and Loss	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Deferred Tax relates to the following:</b>				
Expenses allowable on payment basis	1,873.14	290.95	(1,582.19)	(105.52)
Incomes allowable on receipt basis	-	(506.56)	(506.56)	(1,452.59)
Accelerated Depreciation for Tax purpose	(7,678.68)	(10,667.14)	(2,988.46)	476.80
	<b>(5,805.54)</b>	<b>(10,882.75)</b>	<b>(5,077.21)</b>	<b>(1,081.31)</b>
<b>Deferred Tax Expenses / (Income):</b>				
- Recognised in Profit and Loss	-	-	(3,492.79)	453.84
- Recognised in OCI	-	-	(1,584.42)	(1,535.15)
Deferred Tax Assets / (Liabilities)	(5,805.54)	(10,882.75)	-	-
	<b>(5,805.54)</b>	<b>(10,882.75)</b>	<b>(5,077.21)</b>	<b>(1,081.31)</b>

Deferred Tax asset in respect of long term capital losses of ₹ 67.50 lakhs (previous year ₹ 67.50 lakhs) has not been recognised in view of uncertainty of its realisation.

## Reflected in the Balance Sheet:

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
Deferred Tax Assets	1,873.14	290.95
Deferred Tax Liabilities	(7,678.68)	(11,173.70)
<b>Deferred Tax Liabilities (Net)</b>	<b>(5,805.54)</b>	<b>(10,882.75)</b>

## Reconciliation of Deferred Tax Liabilities (Net)

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
<b>Opening Balance as of 1 April</b>	<b>(10,882.75)</b>	<b>(11,964.06)</b>
Tax Income / (Expense) during the period recognised in Profit and Loss	3,492.79	(453.84)
Income / (Expense) during the year recognised in OCI	1,584.42	1,535.15
<b>Closing Balance as at 31 March</b>	<b>(5,805.54)</b>	<b>(10,882.75)</b>

## 26. OTHER NON-CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Government Grants related to Property, Plant & Equipment	797.93	837.29
<b>TOTAL</b>	<b>797.93</b>	<b>837.29</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 27. CURRENT BORROWINGS (SECURED)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Loans repayable on Demand</b>		
<b>i) From Banks*</b>		
- In Rupees	29,184.60	22,850.03
<b>TOTAL</b>	<b>29,184.60</b>	<b>22,850.03</b>

\* Secured by first pari-passu charge by way of hypothecation on all current assets and movable assets and further secured by second pari-passu charge on immovable properties of the Company situated at Kolhapur, both present and future.

### 28. TRADE PAYABLES DUE TO MICRO & SMALL ENTERPRISES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Payables	1,887.52	491.31
<b>TOTAL</b>	<b>1,887.52</b>	<b>491.31</b>

**Note:** The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) The principal amount remaining unpaid to any supplier at the end of the year	1,887.52	491.31
b) Interest accrued and due to suppliers under the Act, on the above amount	54.20	2.28
c) Payment made to suppliers (other than interest) beyond the appointed day, during the year	4,102.46	-
d) Interest paid to suppliers under the Act	-	-
e) Interest due and payable to suppliers under the Act, for payments already made	52.19	-
f) Interest accrued and remaining unpaid at the end of the year under the Act	54.20	2.28
g) The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowances under Section 23 of the Act	-	-

Disclosure of payable to vendors as defined under the MSMED Act is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company.

### 29. TRADE PAYABLES OTHER THAN MICRO & SMALL ENTERPRISES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Payables *	9,734.86	12,141.83
<b>TOTAL</b>	<b>9,734.86</b>	<b>12,141.83</b>

\* a) Includes payable to an Indian Subsidiary ₹ 0.99 lakhs (previous year ₹ Nil).  
b) Includes payable to a Foreign Subsidiary ₹ 0.36 lakhs (previous year ₹ Nil).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 30. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long Term Debts	1,990.96	2,292.09
Interest Accrued but not due on Borrowings	1.35	53.58
Unpaid Dividend *	108.45	83.87
Derivative Liabilities	5,639.00	-
Lease Liability Payable (Refer Note No. 43)	529.66	-
Other Payables	945.69	892.03
<b>TOTAL</b>	<b>9,215.11</b>	<b>3,321.57</b>

\* There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

## 31. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance from Customers	107.16	103.69
Deferred Government Grants related to Property, Plant & Equipment	39.37	39.37
Other Payables	7,082.00	2,289.55
<b>TOTAL</b>	<b>7,228.53</b>	<b>2,432.61</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 32. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND-AS) 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS"

#### (i) Movement in Provisions :

(₹ in lakhs)

Particulars	Bank Guarantees		Excise Duty / Customs Duty / Service Tax	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Carrying amount at the beginning of the year *</b>	<b>956.19</b>	<b>530.40</b>	<b>182.84</b>	<b>182.84</b>
Add: Provision made during the year **	4.50	512.34	-	-
Less: Amounts used during the year	-	86.55	-	-
<b>Carrying amount at the end of the year *</b>	<b>960.69</b>	<b>956.19</b>	<b>182.84</b>	<b>182.84</b>

(₹ in lakhs)

Particulars	Other Litigation Claims		Corporate Guarantee		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Carrying amount at the beginning of the year *</b>	<b>52.71</b>	<b>18.48</b>	<b>6,569.73</b>	<b>6,192.10</b>	<b>7,761.47</b>	<b>6,923.82</b>
Add: Provision made during the year **	0.36	41.19	618.45	377.63	623.31	931.16
Less: Amounts used during the year	5.56	6.96	-	-	5.56	93.51
<b>Carrying amount at the end of the year *</b>	<b>47.51</b>	<b>52.71</b>	<b>7,188.18</b>	<b>6,569.73</b>	<b>8,379.22</b>	<b>7,761.47</b>

\* Carrying amounts comprise of non-current and current provisions.

\*\* Additional provision made during the year and reversal of unused amounts are included in the respective head of accounts.

#### (ii) Nature of Provisions:

- Bank guarantee amount represents Company's performance obligation to the holder of guarantee.
- Provision for excise duty / customs duty / service tax represents the differential duty liability that may be expected to materialise in respect of matters in appeal.
- Provision for litigation represents liabilities that may be expected to materialise in respect of matters in appeal.
- Corporate guarantee amount represents guarantee given to a foreign bank on behalf of a foreign subsidiary.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 33. REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
1) Sale of Products *		
- Manufactured	1,79,338.70	1,67,737.03
- Stock-In-Trade	366.17	289.12
2) Sale of Services	0.77	0.22
3) Other Operating Revenue		
- Export Incentives / Benefits	16,801.53	13,227.87
<b>REVENUE FROM OPERATIONS</b>	<b>1,96,507.17</b>	<b>1,81,254.24</b>

\* a) Includes sale to an Indian Subsidiary and Associate ₹ 2,875.44 lakhs (previous year ₹ 753.76 lakhs).

b) Includes sale to Foreign Subsidiaries ₹ 9,675.49 lakhs (previous year ₹11,449.34 lakhs).

## Disaggregation of Revenue

## Revenue based on Geography

(₹ in lakhs)

Particulars	For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
Domestic	10,416.82	5,406.35
Export	1,86,090.35	1,75,847.89
<b>REVENUE FROM OPERATIONS</b>	<b>1,96,507.17</b>	<b>1,81,254.24</b>

## Reconciliation of Revenue from Operations with Contract Price

(₹ in lakhs)

Particulars	For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
Contract Price	2,05,082.05	1,85,104.35
<b>Less:</b>		
Sales Returns	473.00	32.24
Rebates & Discounts	1,637.66	945.98
Embedded Interest	171.11	279.91
Others	6,293.11	2,591.98
<b>REVENUE FROM OPERATIONS</b>	<b>1,96,507.17</b>	<b>1,81,254.24</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 34. OTHER INCOME

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Interest - Banks	30.31	17.47
Interest - Others	202.62	316.03
Government Grants related to Property, Plant & Equipment	39.36	107.49
Miscellaneous Receipts and Incomes	33.95	71.88
Cash Discount Received	5.57	2.93
Insurance Claim Received	-	2.80
Profit on changes in NAV of Mutual Funds	-	7.49
Profit on Redemption of Mutual funds	-	3.99
Dividend Received on Mutual Funds	80.52	41.87
Profit on Sale of Assets	0.05	4.92
Exchange Rate Difference (Net)	4,905.43	-
Rent Received	1.20	1.20
Mark to Market on Forward Contracts	-	184.47
Provision for Doubtful Debts Written Back	10.03	-
Sundry balances / Excess provision written back (Net)	14.01	1.05
Liability no longer payable written back	108.72	275.15
<b>TOTAL</b>	<b>5,431.77</b>	<b>1,038.74</b>

### 35. COST OF MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
<b>Raw Material &amp; Components Consumed</b>		
Opening Stock	11,594.03	17,737.54
Add: Purchases*	1,11,142.87	91,311.27
<b>SUB-TOTAL</b>	<b>1,22,736.90</b>	<b>1,09,048.81</b>
Less: Closing Stock	13,666.45	11,594.03
<b>COST OF MATERIALS CONSUMED</b>	<b>1,09,070.45</b>	<b>97,454.78</b>

\* Includes purchases from an Indian Subsidiary ₹ 129.14 lakhs (previous year ₹ 54.23 lakhs).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 36. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(₹ in lakhs)

Particulars		For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
<b>Opening Stock</b>			
Finished Goods		12,483.32	12,902.97
Stock in Process		19,144.50	18,246.84
Waste		40.73	22.46
<b>SUB-TOTAL</b>	<b>A</b>	<b>31,668.55</b>	<b>31,172.27</b>
<b>Less: Closing Stock</b>			
Finished Goods		12,265.10	12,483.32
Stock in Process		20,259.43	19,144.50
Waste		73.31	40.73
<b>SUB-TOTAL</b>	<b>B</b>	<b>32,597.84</b>	<b>31,668.55</b>
<b>(INCREASE) / DECREASE IN STOCK</b>	<b>A-B</b>	<b>(929.29)</b>	<b>(496.28)</b>

## 37. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars		For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
Salaries & Wages		10,363.16	10,170.56
Directors' Remuneration		1,088.55	819.60
Contribution to Provident & Other Funds		625.09	595.08
Gratuity		144.29	184.26
Staff Welfare Expense		227.94	259.31
Recruitment & Training Expense		13.37	46.97
<b>TOTAL</b>		<b>12,462.40</b>	<b>12,075.78</b>

## 38. FINANCE COST

(₹ in lakhs)

Particulars		For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
<b>Interest Expense:</b>			
- On Term Loans		588.11	561.95
- Banks		2,339.82	2,073.92
- Others		162.50	48.00
Bank Charges		553.56	640.34
Finance Procurement Charges		48.99	46.95
<b>TOTAL</b>		<b>3,692.98</b>	<b>3,371.16</b>

## 39. DEPRECIATION &amp; AMORTISATION EXPENSE

(₹ in lakhs)

Particulars		For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
Depreciation		4,064.52	3,258.37
<b>TOTAL</b>		<b>4,064.52</b>	<b>3,258.37</b>

Refer Note No. 43 for information about Leases.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 40. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Consumption of Stores, Dyes and Packing Materials	15,110.45	15,230.27
Jobwork Charges	20,181.42	18,582.86
Power & Fuel	7,312.38	8,414.21
Rent (a)	129.87	355.27
Rates, Taxes & Fees	112.14	67.87
Insurance	420.65	192.31
Repairs to Machinery	402.57	424.77
Repairs to Buildings	95.82	99.28
Commission & Brokerage	1,663.93	1,645.66
Freight Outward	3,586.90	3,300.74
Other Selling Expenses	2,803.06	2,219.68
Loss on Sale of Assets	1.51	2.48
Loss in value of NAV of Mutual Funds	7.82	-
Loss on Redemption of Mutual Funds	18.20	-
Bad Debts / Advances written off	54.29	20.34
Provision for Doubtful Debts	-	10.03
Exchange Rate Difference (Net)	-	3,081.02
Mark to Market on Forward Contracts	875.92	-
Miscellaneous Expenses (b)	4,984.02	3,232.47
<b>TOTAL</b>	<b>57,760.95</b>	<b>56,879.26</b>

(a) Refer Note No. 43 for information about Leases.

(b) Includes Payment to Auditors

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
As Statutory Audit Fees	13.00	13.00
As Quarterly Audit / Limited Review Fees	9.00	9.00
As Tax Audit Fees	3.00	3.00
For Certification Work	0.20	0.33
In Other Capacity	1.68	1.23
For Reimbursement of Expenses	1.28	2.38
<b>TOTAL</b>	<b>28.16</b>	<b>28.94</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 41. EXCEPTIONAL ITEMS

- (a) Includes ₹ 9,427.12 lakhs provided against refund of excess export benefits of earlier years by way of MEIS claimed to the extent of ₹ 7,267.87 lakhs along with interest thereon against Adjudication Order issued by office of The Commissioner of Customs.
- (b) Pursuant to the Notifications dated January 14, 2020 and January 29, 2020 issued by The Ministry of Textiles & the Ministry of Commerce, Government of India, withdrawing the entitlement under Merchandise Exports from India Scheme (MEIS) with retrospective effect from March 07, 2019 on certain products exported in the past, the Company had written off the MEIS benefit of ₹ 3,690.83 lakhs for the period from March 07, 2019 to September 30, 2019 in the financial results for the Quarter and Nine Months ended December 31, 2019 and shown as an Exceptional Item. Out of above, an amount of ₹3,271.50 lakhs for the period from April 1, 2019 to September 30, 2019 has been regrouped and reduced from Revenue from Operations of the Company in the Year End financial results.

### 42. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

#### A. Contingent Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i) Bank Guarantees	960.69	956.19
ii) Excise Duty / Custom Duty / Service Tax demands disputed in Appeals	182.84	182.84
iii) Other Litigation Claims (including pending labour cases)	47.51	52.71
iv) Corporate Guarantee given to a Foreign Bank outside India for securing financial assistance to a Foreign Subsidiary	7,188.18	6,569.73

- (a) In terms of EPCG Licence issued, the Company has undertaken an export obligation for ₹63,948.41 lakhs, which is to be fulfilled over a period of 6 years. The Company has completed the export obligation to the extent of ₹63,948.41 lakhs till the year end, of which licenses having Export Obligation of ₹ 47,497.64 lakhs redeemed by the DGFT and balance licenses having completed Export Obligation value of ₹16,450.77 lakhs are under redemption.
- (b) The Company does not have any Advance Authorisation (Advance Import Licenses) at the year end.
- (c) Under the package scheme of incentives of Government of Maharashtra for Mega Projects, the Company was eligible for VAT and Electricity duty refund benefits. However, if it contravenes any of the conditions of the scheme or eligibility certificate of entitlement, it shall repay forthwith the entire benefits drawn / availed alongwith interest thereon together with costs, charges and expenses.
- (d) No provision has been made in the accounts towards Electricity Duty on electricity generated for captive use during the period April 1, 2000 to April 30, 2005 amounting to ₹ 292.07 lakhs (previous year ₹ 292.07 lakhs) excluding interest, as the Company has won the case against MSEDCL vide order number 2204 of 2007 dated ovember 7, 2009 of the Hon'ble High Court of Mumbai whereby it was decided that no such duty is payable. MSEDCL has appealed before the Hon'ble Supreme Court with condonation of delay and matter is yet to be heard. As the matter is subjudice, the management feels that no provision is necessary.

#### B. Commitments

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	76.16	45.25

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 43. LEASES

a) The effect of adoption of Ind AS 116 is as follows:

Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' (ROU) asset and 'Lease Liabilities' of ₹ 1,605.05 lakhs. The Company has also reclassified its leasehold land amounting to ₹ 833.70 lakhs as ROU asset. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognise ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed in notes to the financial statements forming part of the 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.55%.

b) The changes in the carrying value of ROU assets for the year ended March 31, 2020 are as follows:

(₹ in lakhs)

Particulars	Gross Carrying Amount	Depreciation	Net Carrying Amount
Land	833.70	52.66	781.04
Building	1,605.05	560.63	1,044.42
<b>TOTAL</b>	<b>2,438.75</b>	<b>613.29</b>	<b>1,825.46</b>

- The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.
- Expense relating to short-term leases and leases of low value assets amounted to ₹ 129.87 lakhs has been disclosed under Note 39 to the financial statements.
- Carrying value of Right-of-Use (ROU) assets amounted to ₹ 1,825.46 lakhs are disclosed under Note 6 to the financial statements.
- The break-up of non-current and current lease liabilities as at March 31, 2020 are disclosed under Note No. 23 & 30 respectively.
- The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis are as follows:

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
A) The total of future minimum lease payments under non-cancellable leases for each of the following years:		
i) Not later than one year	569.87	291.53
ii) Later than one year and not later than five years	668.74	481.65
iii) Later than five years	-	-
B) Lease payments recognised in the Statement of Profit and Loss	129.87	355.27

- The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 44. RELATED PARTY DISCLOSURE

Related party disclosures as required by IND-AS 24 "Related Party Disclosures" are given below:

## i) Key Management Personnel

1. Shri Anil Kumar Jain	Executive Chairman
2. Shri Mohit Jain	Executive Vice Chairman (w.e.f. 01.07.2019), Non Executive Chairman (from 01.07.2018 to 30.06.2019) & Managing Director (upto 30.06.2018)
3. Shri K. R. Lalpuria	Executive Director & C.E.O. (Exec. Dir. w.e.f. 04.05.2018 & C.E.O. w.e.f. 08.02.2019)
4. Shri Kamal Mitra	Director (Works)
5. Shri P. N. Shah	Independent Director (upto 15.08.2019)
6. Shri R. Anand	Independent Director (upto 15.08.2019)
7. Shri Dilip Thakkar	Independent Director
8. Shri Prem Malik	Independent Director
9. Shri Sushil Kumar Jiwrajka	Independent Director (w.e.f. 04.05.2018)
10. Dr. (Mrs.) Vaijayanti Pandit	Independent Director
11. Shri Sanjay Kumar Panda	Independent Director (w.e.f. 03.08.2018)
12. Shri Siddharth Mehta	Independent Director (w.e.f. 03.08.2018)

## ii) Relatives of Key Management Personnel

- Smt. G. D. Jain
- Smt. Shikha Jain

## iii) Parties where Control Exists

## A. Subsidiaries

- Pranavaditya Spinning Mills Ltd.
- Indo Count Retail Ventures Pvt. Ltd.
- Indo Count Global Inc., (USA)
- Indo Count UK Ltd., (United Kingdom)
- Indo Count Australia PTY Ltd.
- Indo Count Global DMCC, UAE (Formerly Hometex Global DMCC)

## B. Associates

- A. K. Jain HUF

## C. Others

- Indo Count Foundation

(₹ in lakhs)

Particulars	Associates / Subsidiaries	Relatives of Key Management Personnel	Key Management Personnel	Others	Total
Remuneration Paid	- (-)	40.08 (40.42)	1,088.55 (819.60)	- (-)	1,128.63 (860.02)
Commission Paid	363.69 (344.83)	- (-)	7.00 (8.32)	- (-)	370.69 (353.15)
Sitting Fees	- (-)	- (-)	16.30 (18.60)	- (-)	16.30 (18.60)

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

(₹ in lakhs)

Particulars	Associates / Subsidiaries	Relatives of Key Management Personnel	Key Management Personnel	Others	Total
Service Charges Paid	273.61 (399.26)	- (-)	- (-)	- (-)	273.61 (399.26)
Interest Recovered	- (7.63)	- (-)	- (-)	- (-)	- (7.63)
Share Application	- (521.82)	- (-)	- (-)	- (-)	- (521.82)
Commission Received	17.04 (16.65)	- (-)	- (-)	- (-)	17.04 (16.65)
Sale of Goods	12,542.24 (12,203.10)	- (-)	- (-)	- (-)	12,542.24 (12,203.10)
Lease Rent Paid	81.95 (78.29)	- (-)	- (-)	- (-)	81.95 (78.29)
CSR Expenses	- (-)	- (-)	- (-)	276.30 (293.97)	276.30 (293.97)
Purchase of Goods	476.49 (338.74)	- (-)	- (-)	- (-)	476.49 (338.74)
Sale of Machinery	0.39 (9.47)	- (-)	- (-)	- (-)	0.39 (9.47)
<b>Balance outstanding at the end of the year:</b>					
a) Investments	2,492.09 (2,491.91)	- (-)	- (-)	- (-)	2,492.09 (2,491.91)
b) Sundry Debtors	3,550.90 (5,280.29)	- (-)	- (-)	- (-)	3,550.90 (5,280.29)
c) Deposit - Rent	15.60 (15.60)	- (-)	- (-)	- (-)	15.60 (15.60)
d) Advance to Indian Subsidiary for purchases	- (283.74)	- (-)	- (-)	- (-)	- (283.74)
e) Other Payables:					
Remuneration Payable	- (-)	- (-)	242.05 (179.50)	- (-)	242.05 (179.50)
Commission Payable	65.49 (45.96)	- (-)	7.00 (8.32)	- (-)	72.49 (54.28)
Service Charges Payable	14.64 (124.48)	- (-)	- (-)	- (-)	14.64 (124.48)

a) Previous year figures are given in brackets.

b) Related parties enlisted above are those having transactions with the Company.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

45. It is Management's opinion that since the Company is exclusively engaged in the activity of manufacture of textile products which constitutes a single reportable segment in the context of Indian Accounting Standard (Ind-AS) 108 on "Operating Segments" issued by the Institute of Chartered Accountants of India.

### 46. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITIES (CSR)

The particulars of expenditure are as follows:

- Gross amount required to be spent by the Company during the year was ₹ 430.87 lakhs (previous year ₹ 623.31 lakhs).
- Amount incurred during the year:

Particulars	₹ in lakhs
i) Construction / Acquisition of Asset	-
ii) On purpose other than (i) above	281.07

Out of the above, the Company has paid ₹ 276.30 lakhs (previous year ₹ 293.97 lakhs) to Indo Count Foundation.

### 47. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND-AS) 33 "EARNINGS PER SHARE"

(₹ in lakhs)

Particulars	UoM	For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
Face Value of Equity Shares	₹	2.00	2.00
Weighted Average number of Equity Shares outstanding	Nos.	19,73,99,670	19,73,99,670
Profit for the year (Continuing Operations)	₹ in lakhs	7,376.27	5,921.80
Weighted Average earnings per share (Basic and Diluted)	₹	3.74	3.00

### 48. OTHER INFORMATION

(₹ in lakhs)

Particulars	For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
<b>CIF Value of Imports:</b>		
- Capital Goods	133.66	2,539.86
- Raw Materials	5,946.60	1,043.74
- Stores, Dyes and Packing Materials	595.01	565.92
<b>Expenditure in Foreign Currency:</b>		
- Travelling	152.90	115.55
- Selling Commission / Claims	1,651.21	1,875.88
- Others	1,131.56	2,972.67
<b>Earnings in Foreign Currency:</b>		
- FOB Value of Exports	1,73,777.93	1,60,010.96



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 49. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND-AS) 19 "EMPLOYEE BENEFITS"

#### Defined Contribution Plans:

Amount of ₹ 625.09 lakhs (previous year ₹ 595.08 lakhs) is recognised as an expense and included in Employee Benefits Expense under the following defined contribution plans (Refer Note 37, supra):

(₹ in lakhs)

Particulars	For the year April 1, 2019 to March 31, 2020	For the year April 1, 2018 to March 31, 2019
<b>Benefits:</b>		
Provident Fund	545.95	500.84
Employee State Insurance Scheme	75.70	90.50
Labour Welfare Scheme	3.44	3.74
<b>TOTAL</b>	<b>625.09</b>	<b>595.08</b>

#### Defined Benefit Plans:

##### Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service. Vesting occurs upon completion of five continuous years of service in accordance with Indian law.

The Company makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

##### Leave Encashment Benefit

The Company provides for leave encashment, a defined benefit retirement plan covering eligible employees. The leave encashment plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 12 days salary for each completed year of service till retirement, subject to maximum of 90 days.

The Company makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

₹ in lakhs

Sr. No.	Particulars	GRATUITY		LEAVE ENCASHMENT	
		2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
<b>I</b>	<b>Change in Present Value of Defined Benefit Obligation during the Year</b>				
1	Present Value of Defined Benefit Obligation at the beginning of the Year	1,721.16	1,539.29	445.35	458.92
2	Interest Cost	123.40	118.53	27.30	35.34
3	Current Service Cost	157.62	160.22	40.33	33.61
4	Past Service Cost	-	-	-	-
5	Liability Transfer from other Company	-	-	-	-
6	Liability Transferred out / Divestment	-	-	-	-
7	Benefits Paid Directly by Employer	-	-	-	-
8	Benefits Paid	(61.03)	(93.12)	(15.86)	(68.48)
9	Actuarial Changes Arising from Changes in Demographic Assumptions	(1.10)	-	(0.20)	-
10	Actuarial Changes Arising from Changes in Financial Assumptions	124.74	-	30.47	-
11	Actuarial Changes Arising from Changes in Experience Adjustments	(38.78)	(3.76)	(27.04)	(14.03)
12	Present Value of Defined Benefit Obligation at the end of the Year	2,026.01	1,721.16	500.35	445.35

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Sr. No.	Particulars	GRATUITY		LEAVE ENCASHMENT	
		2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
<b>II</b>	<b>Change in Fair Value of Plan Assets during the Year</b>				
1	Fair Value of Plan Assets at the beginning of the Year	1,256.08	1,274.01	409.11	396.96
2	Interest Income	96.72	96.73	31.50	29.80
3	Contributions Paid by the Employer	191.33	57.49	37.37	48.62
4	Benefits Paid from the Fund	(61.03)	(93.12)	(15.86)	(68.48)
5	Assets Transferred Out / Divestments	-	-	-	-
6	Return on Plan Assets Excluding Interest Income	-	-	-	-
7	Actuarial Losses / (Gains)	2.22	(79.02)	(0.05)	2.22
8	Fair Value of Plan Assets at the end of the Year	1,485.32	1,256.08	462.07	409.11
<b>III</b>	<b>Net Asset / (Liability) recognised in the Balance Sheet</b>				
1	Present Value of Defined Benefit Obligation at the end of the Year	2,026.01	1,721.16	500.35	445.35
2	Fair Value of Plan Assets at the end of the Year	1,485.33	1,256.08	462.07	409.11
3	Amount recognised in the Balance Sheet	540.69	465.07	38.28	36.24
4	Net (Liability) / Asset - Current	-	-	-	-
5	Net (Liability) / Asset - Non-Current	(540.69)	(465.07)	(38.28)	(36.24)
<b>IV</b>	<b>Expenses recognised in the Statement of Profit and Loss for the Year</b>				
1	Current service Cost	157.62	160.22	40.33	33.61
2	Interest Cost on Benefit Obligation (Net)	26.68	27.37	(4.20)	5.47
3	Actuarial Changes Arising from Changes in Demographic Assumptions	-	-	(0.20)	-
4	Actuarial Changes Arising from Changes in Financial Assumptions	-	-	30.47	-
5	Actuarial Changes Arising from Changes in Experience Adjustments	-	-	(27.04)	(14.03)
6	Return on Plan Assets excluding amount included in 'Net Interest on net Defined Liability / (Asset)' above	-	-	0.05	(1.32)
7	Total Expenses included in Employee Benefits Expense	184.30	187.59	39.41	23.73
<b>V</b>	<b>Recognised in Other Comprehensive Income for the Year</b>				
1	Actuarial Changes Arising from Changes in Demographic Assumptions	(1.10)	-	-	-
2	Actuarial Changes Arising from Changes in Financial Assumptions	124.74	-	-	-
3	Actuarial Changes Arising from Changes in Experience Adjustments	(38.78)	(3.76)	-	-
4	Return on Plan Assets excluding Interest Income	(2.22)	1.13	-	-
5	Recognised in Other Comprehensive Income	82.65	(2.63)	-	-
<b>VI</b>	<b>Maturity Profile of Defined Benefit Obligation</b>				
1	Within the next 12 Months (Next Annual Reporting Period)	265.31	237.23	196.87	181.51
2	Between 2 and 5 Years	393.82	386.36	76.32	73.70
3	Between 6 and 10 Years	855.59	782.63	135.59	63.79
<b>VII</b>	<b>Quantitative Sensitivity Analysis for Significant Assumption is as below:</b>				
	Increase / (Decrease) on Present Value of Defined Benefits Obligation at the end of the Year				
(i)	One Percentage Point increase in Discount Rate	(2,209.35)	(141.74)	(536.79)	(26.28)
(ii)	One Percentage Point decrease in Discount Rate	1,872.92	163.98	469.01	30.73
(i)	One Percentage Point increase in Rate of Salary Increase	1,841.86	166.81	468.25	31.26
(ii)	One Percentage Point decrease in Rate of Salary Increase	(2,203.04)	(146.42)	(537.06)	(27.14)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### VIII Sensitivity Analysis Method

Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

### IX The major categories of plan assets as a percentage of total

Particulars	Gratuity		Leave Encashment	
	2019-20	2018-19	2019-20	2018-19
Insurer Managed Funds	100%	100%	100%	100%

### X Actuarial Assumptions

Particulars	Gratuity		Leave Encashment	
	2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
Discount Rate (p.a.)	6.73% p.a.	7.70% p.a.	6.73% p.a.	7.70% p.a.
Salary Escalation (p.a.)	5.00% p.a.	7.00% p.a.	5.00% p.a.	7.00% p.a.
Mortality Rate during Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)
Mortality Post Retirement Rate	NA	NA	NA	NA
Employee Turnover Rate (p.a.)	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.
Future Benefit Cost Inflation	NA	NA	NA	NA

#### Expected contribution to the defined benefit plan for the next annual reporting period:

- The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.
- Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

### 50. DETAILS OF CAPITAL EXPENDITURE INCURRED DURING THE YEAR FOR RESEARCH AND DEVELOPMENT

(₹ in lakhs)

Particulars	2019-20	2018-19
Plant and Machinery	0.11	27.18
<b>TOTAL</b>	<b>0.11</b>	<b>27.18</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**51. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected lossess of these instruments.

**The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:**

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(₹ in lakhs)

Particulars	Carrying amount As at March 31, 2019	Fair value		
		Level 1	Level 2	Level 3
<b>Financial Assets at Amortised Cost:</b>				
Trade Receivables	27,503.65	-	-	-
Loans and Other Receivables (Non-Current)	172.58	-	-	172.58
Loans and Other Receivables (Current)	451.18	-	-	451.18
Cash and Bank Balances	1,774.02	-	-	-
Bank Deposits	253.71	-	-	-
<b>TOTAL</b>	<b>30,155.14</b>	<b>-</b>	<b>-</b>	<b>623.76</b>
<b>Financial Assets at Fair Value through Profit and Loss:</b>				
Investments	4,634.55	4,634.55	-	-
<b>TOTAL</b>	<b>4,634.55</b>	<b>4,634.55</b>	<b>-</b>	<b>-</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income:</b>				
Derivative Instruments	1,449.66	-	1,449.66	-
<b>TOTAL</b>	<b>1,449.66</b>	<b>-</b>	<b>1,449.66</b>	<b>-</b>
<b>Financial Liabilities at Amortised Cost:</b>				
Non-Current Borrowings	5,743.53	-	-	-
Current Borrowings	22,850.03	-	-	-
Trade and Other Payables	12,633.14	-	-	-
Other Financial Liabilities (Current)	3,321.57	-	-	975.90
<b>TOTAL</b>	<b>44,548.27</b>	<b>-</b>	<b>-</b>	<b>975.90</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	Carrying amount As at March 31, 2020	Fair value		
		Level 1	Level 2	Level 3
<b>Financial Assets at Amortised Cost:</b>				
Trade Receivables	25,792.10	-	-	-
Loans and Other Receivables (Non-Current)	333.07	-	-	333.07
Loans and Other Receivables (Current)	464.22	-	-	464.22
Cash and Bank Balances	12,563.67	-	-	-
Bank Deposits	254.37	-	-	-
<b>TOTAL</b>	<b>39,407.43</b>	<b>-</b>	<b>-</b>	<b>797.29</b>
<b>Financial Assets at Fair Value through Profit and Loss:</b>				
Investments	9.54	9.54	-	-
<b>TOTAL</b>	<b>9.54</b>	<b>9.54</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities at Amortised Cost:</b>				
Non-Current Borrowings	3,609.72	-	-	-
Current Borrowings	29,184.60	-	-	-
Trade and Other Payables	11,622.38	-	-	-
Other Financial Liabilities (Non Current)	588.72	-	-	588.72
Other Financial Liabilities (Current)	3,576.11	-	-	1,583.80
<b>TOTAL</b>	<b>48,581.53</b>	<b>-</b>	<b>-</b>	<b>2,172.52</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income:</b>				
Derivative Instruments	5,639.00	-	5,639.00	-
<b>TOTAL</b>	<b>5,639.00</b>	<b>-</b>	<b>5,639.00</b>	<b>-</b>

During the reporting period ending March 31, 2020 and March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

### Description of significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for financial instruments:

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current Security Deposits	Discounted Cash Flow method using current interest rate.	
Derivative Instruments	Based on quotes from banks.	
Other Financial Liabilities (Non-Current)	Discounted Cash Flow method using risk adjusted discount rate.	

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board of Directors.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimise the Company's position with regard to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, an analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. Above 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

#### Exposure to Interest Rate Risk

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Total Borrowings	34,785.28	30,885.65
% of Borrowings out of above bearing Variable Rate of Interest	100%	100%

#### Interest Rate Sensitivity

A change of 50 bps in interest rates would have following impact on Profit before Tax:

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
50 bps increase would decrease the Profit before Tax by	173.93	154.43
50 bps decrease would increase the Profit before Tax by	(173.93)	(154.43)

#### Foreign Currency Risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Foreign Currency in lakhs

Particulars	USD	EUR	GBP	CHF	JPY	Total
<b>Foreign Currency Exposure as at March 31, 2019</b>						
Trade and Other Receivables	391.59	1.42	0.13	0.25	18.20	411.59
Non-Current Borrowings	-	-	-	15.23	-	15.23
Bank Balances	17.80	-	-	-	-	17.80
Trade and Other Payables	9.99	-	0.51	-	-	10.50
<b>Foreign Currency Exposure as at March 31, 2020</b>						
Trade and Other Receivables	298.07	0.80	0.91	1.45	19.27	320.50
Non-Current Borrowings	-	-	-	5.64	-	5.64
Current Borrowings	2.24	-	-	-	-	2.24
Bank Balances	36.82	-	-	-	-	36.82
Trade and Other Payables	74.01	0.28	0.72	-	-	75.01

### Forward Contracts

Foreign currency hedges taken by the Company against export trade receivables are as under:

Particulars	Number of Contracts	Foreign Currency in lakhs (USD)	₹ in lakhs	Buy / Sell
<b>As at March 31, 2020</b>	202	1,588.98	1,14,343.28	Sell
As at March 31, 2019	253	1,511.09	1,07,520.29	Sell

### Foreign Currency Sensitivity

5% increase or decrease in foreign exchange rates will have the following impact on profit before tax: (₹ in lakhs)

Particulars	2019-20		2018-19	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	1,555.44	(1,555.44)	1,450.11	(1,450.11)
EUR	4.47	(4.47)	5.52	(5.52)
GBP	7.62	(7.62)	2.90	(2.90)
CHF	25.94	(25.94)	53.74	(53.74)
JPY	13.42	(13.42)	11.39	(11.39)
<b>INCREASE / (DECREASE) IN PROFIT AND LOSS</b>	<b>1,606.90</b>	<b>(1,606.90)</b>	<b>1,523.66</b>	<b>(1,523.66)</b>

### Market Risk - Price Risk

#### Exposure

The Company's exposure to equity securities' price risk arises from investments held by the Company and classified in the Balance Sheet at fair value through Profit and Loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

#### Sensitivity

The table below summarises the impact of increase / decrease of the BSE index on the Company's equity and gain / loss for the period. The analysis is based on the assumption that the index has increased by 5% or decreased by 5% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## Impact on Profit before Tax

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
BSE Sensex 30 - Increase 5%	0.48	231.73
BSE Sensex 30 - Decrease 5%	(0.48)	(231.73)

Above referred sensitivity pertains to quoted equity investment (Refer Note No. 13). Profit for the year would increase / decrease as a result of gains / losses on equity securities at fair value through profit and loss.

## Credit Risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, they are recognised in profit and loss.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industrial practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection of receivable is not material, hence, no additional provision considered.

## Exposure to Credit Risk

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
<b>Financial Assets for which loss allowance is measured using 12-months' Expected Credit Losses (ECL)</b>		
Investments in Debentures or Bonds	9.54	4,634.55
Non-Current Loans and Advances	333.06	172.57
Cash and Bank Balances	12,563.67	1,774.02
Bank Deposits	254.37	253.71
Current Loans and Advances	464.22	451.18



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables	25,792.10	27,503.65

Balance with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due:

Particulars	₹ in lakhs
<b>As at March 31, 2020</b>	
Not Due	22,088.60
Up to 3 months	1,765.69
3 to 6 months	670.63
More than 6 months	1,267.18
<b>TOTAL</b>	<b>25,792.10</b>
<b>As at March 31, 2019</b>	
Not Due	24,227.29
Up to 3 months	2,914.90
3 to 6 months	267.22
More than 6 months	94.24
<b>TOTAL</b>	<b>27,503.65</b>

Financial assets are considered to be of good quality and there is no significant increase in credit risk.

Movement in provisions of doubtful debts

Particulars	₹ in lakhs
<b>As at March 31, 2020</b>	
Opening Provision	10.03
Add: Additional Provision made	-
Less: Provision write off	-
Less: Provision reversed	(10.03)
<b>CLOSING PROVISIONS</b>	<b>-</b>
<b>As at March 31, 2019</b>	
Opening Provision	-
Add: Additional Provision made	10.03
Less: Provision write off	-
Less: Provision reversed	-
<b>CLOSING PROVISIONS</b>	<b>10.03</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

### Maturity Profile of Financial Liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

(₹ in lakhs)			
Particulars	Less than 1 year	1 to 5 years	Total
<b>As at March 31, 2020</b>			
Non-Current Borrowings	-	3,609.72	3,609.72
Other Non-Current Financial Liabilities	-	588.72	588.72
Current Borrowings	29,184.60	-	29,184.60
Trade Payables	11,622.38	-	11,622.38
Other Current Financial Liabilities	9,215.11	-	9,215.11
<b>As at March 31, 2019</b>			
Non-Current Borrowings	-	5,743.53	5,743.53
Current Borrowings	22,850.03	-	22,850.03
Trade Payables	12,633.14	-	12,633.14
Other Financial Liabilities	3,321.57	-	3,321.57

### Capital Management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using Gearing Ratio, which is total debt divided by total capital plus debt.

(₹ in lakhs)		
Particulars	As at March 31, 2020	As at March 31, 2019
<b>Exposure to Credit Risk</b>		
Total Debt	34,785.28	30,885.65
Equity	97,236.64	95,999.19
<b>Capital and Debt</b>	<b>1,32,021.92</b>	<b>1,26,884.84</b>
<b>GEARING RATIO</b>	<b>26.35%</b>	<b>24.34%</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 53. NET DEBT RECONCILIATION

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and Cash Equivalents	12,563.67	1,774.02
Non-Current Borrowings (including Current Maturities)	(5,600.68)	(8,035.62)
Current Borrowings	(29,184.60)	(22,850.03)
Interest Accrued but not Due	(1.35)	(53.58)
<b>NET DEBT</b>	<b>(22,222.96)</b>	<b>(29,165.21)</b>

(₹ in lakhs)

Particulars	Cash and Cash Equivalents	Non Current Borrowings (including Current Maturities)	Current Borrowings	Interest Accrued but not Due	Total
<b>As at March 31, 2020</b>					
Opening Net Debt	1,774.02	(8,035.62)	(22,850.03)	(53.58)	(29,165.21)
Cash Flows	10,789.65	2,434.94	(6,334.57)	-	6,890.02
Finance Cost	-	-	-	(3,692.98)	(3,692.98)
Interest Paid	-	-	-	3,745.21	3,745.21
<b>CLOSING NET DEBT</b>	<b>12,563.67</b>	<b>(5,600.68)</b>	<b>(29,184.60)</b>	<b>(1.35)</b>	<b>(22,222.96)</b>
<b>As at March 31, 2019</b>					
Opening Net Debt	1,114.04	(6,172.13)	(30,889.69)	(9.30)	(35,957.08)
Cash Flows	659.98	(1,863.49)	8,039.66	-	6,836.15
Finance Cost	-	-	-	(3,371.16)	(3,371.16)
Interest Paid	-	-	-	3,326.88	3,326.88
<b>CLOSING NET DEBT</b>	<b>1,774.02</b>	<b>(8,035.62)</b>	<b>(22,850.03)</b>	<b>(53.58)</b>	<b>(29,165.21)</b>

### 54. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

There are no loans given, which are covered under section 186(4) of the Companies Act, 2013. Investments made are given under the respective heads.

Corporate guarantee given by the Company in respect of loans as at March 31, 2020:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Indo Count Global Inc., USA	7,188.18	6,569.73
<b>TOTAL</b>	<b>7,188.18</b>	<b>6,569.73</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 55. IMPACT OF COVID PANDEMIC AND RELATED LOCKDOWN MEASURES

The World Health Organisation announced a global health emergency due to a new strain of coronavirus ("COVID-19") and classified this outbreak as a pandemic in March 2020 following which Government of India announced a countrywide lockdown from March 24, 2020.

The manufacturing operations were temporarily shut down from March 23, 2020 and after a period of ~ 30 days, restarted partially from April 26, 2020 subject to conditions laid down by the State Government.

The Company has taken all necessary steps to ensure the health, safety, welfare of employees and also the working environment as per the Government guidelines.

#### Business and Financial Impact:

Due to temporary stoppage of operations, orders valued ~ US\$ 11.0 mn. could not be executed in Q4 FY 2020 and stands postponed to FY 21. Since the outbreak of the pandemic, retail stores in our major markets viz. US and Europe have been predominantly closed except retailers selling fresh food and miscellaneous other products. Retail stores have started opening in a phased manner in June 2020 and further visibility on the business would be seen in the next couple of months as stores start their regular operations.

The Company has adequate liquidity to manage the mismatch in cash flow arising due to Covid 19 situation. Company is in a position to service its existing debt comfortably and therefore has not sought any moratorium with the banks and financial institutions.

#### Outlook:

Given its healthy capital adequacy and stable liquidity position, good customer base, wider geographical distribution, innovative product mix, the Company is confident of dealing with the challenges posed by Covid-19.

#### As per our report of even date attached

##### For Suresh Kumar Mittal & Co.,

Chartered Accountants  
Firm Regd. No.: 500063N

##### Ankur Bagla

Partner  
Membership No.: 521915  
New Delhi, June 12, 2020

#### For and on behalf of Board of Directors

##### Anil Kumar Jain

Executive Chairman  
DIN: 00086106

##### K. Muralidharan

Chief Financial Officer

##### Kailash R. Lalpuria

Executive Director & CEO  
DIN: 00059758

##### Amruta Avasare

Company Secretary

Mumbai, June 12, 2020



# INDEPENDENT AUDITOR'S REPORT

To the Members of **Indo Count Industries Limited**

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying Consolidated Financial Statements of Indo Count Industries Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including consolidated other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 accounting principles generally accepted in India, of their consolidated state of affairs as at March 31, 2020, consolidated profit (including consolidated other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note No. 55 to the consolidated financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. The group operates internationally and portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk. Foreign currency exchange rate exposure through its sales are partly balanced by purchasing of goods, commodities and services in the respective currencies. The balance foreign currency exchange rate exposure is hedged through derivative like foreign exchange forward contracts. (Refer Note No. 52 to the consolidated financial statements). We assessed the foreign exchange risk management policies adopted by the group. The group manages risk through a treasury department which formulates risk management objectives and policies which are reviewed by the senior management, Audit Committee and Board of Directors of the holding company. Our audit approach was a combination of test of internal controls and substantive procedures to evaluate chances of minimising the risk involved.
2. The group has material matters under dispute which involves significant judgement to determine the possible outcome of these disputes (Refer Note No. 43 to the consolidated financial statements). We obtained the details of the disputes with their present status and documents. We made an indepth analysis of the dispute. We also considered legal procedures and other rulings in evaluating managements position on these disputes to evaluate whether any change was required to management's position on these disputes.
3. As on March 31 2020, current tax assets and other current assets includes amounts recoverable from government department for which efforts for recovery are being made (Refer Note No. 19 and 20 to the consolidated financial statements). Our audit procedures consisted of evaluating whether any change was required to management's position on these uncertainties and the likelihood of recoverability.

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

The holding company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not

## INDEPENDENT AUDITOR'S REPORT

include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our 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 Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

## INDEPENDENT AUDITOR'S REPORT

in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of

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

### Other Matters

- (a) We did not audit the financial statements / financial information of three subsidiaries whose financial statements / financial information reflect total assets of ₹ 5,784.93 lakhs as at March 31, 2020, total revenues of ₹ 17,852.11 lakhs and net cash flows amounting to ₹ 733.61 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

The auditor of one of the subsidiaries has drawn attention to the fact that as at 31 March, 2020 the Company has an accumulated loss of AED 386,757. Further, the Company has ceased operations since December 2019 due to adverse market conditions. Further, uncertainty due to recent COVID-19 outbreak shall adversely affect the financial position, results of operations and cash flows of the Company. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, it is the intention of the management to resume its service or trading operations when the market conditions improve and the shareholder has agreed to continue with the operations of the Company. Further the shareholder has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. Their opinion is not modified in respect of this matter.

- (b) We did not audit the financial statements / financial information of one subsidiary whose financial statements / financial information reflect total assets

## INDEPENDENT AUDITOR'S REPORT

of ₹ 0.46 lakh as at March 31, 2020, total revenues of ₹ Nil and net cash flows amounting to ₹ Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

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

### Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of

the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the group's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note No. 43 to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note No. 52 to the consolidated financial statements in respect of such items as it relates to the Group.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

For **Suresh Kumar Mittal & Co.**

Chartered Accountants  
Firm Registration No.: 500063N

**Ankur Bagla**

Partner

Place: New Delhi  
Date: June 12, 2020

Membership No.: 521915  
UDIN: 20521915AAAABB4527



## INDEPENDENT AUDITOR'S REPORT

### **ANNEXURE A REFERRED TO IN PARAGRAPH 6(I)(F) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF INDO COUNT INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANIES INCORPORATED IN INDIA FOR THE YEAR ENDED MARCH 31 2020.**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31 2020, We have audited the internal financial controls over financial reporting of Indo Count Industries Limited (hereinafter referred to as "the Holding Company") and received audit report of the statutory auditor of its subsidiary company incorporated in India, as of that date.

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

The respective Board of Directors of the of the Holding company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's 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") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the 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

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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

## INDEPENDENT AUDITOR'S REPORT

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 incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,

2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Suresh Kumar Mittal & Co.**  
Chartered Accountants  
Firm Registration No.: 500063N

**Ankur Bagla**

Partner

Place: New Delhi  
Date: June 12, 2020

Membership No.: 521915  
UDIN: 20521915AAAABB4527



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# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2020

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	6	55,371.90	57,181.02
(b) Capital Work-In-Progress	6	586.11	1,640.80
(c) Right-of-Use	7	1,825.46	-
(d) Other Intangible Assets	8	262.62	260.36
(e) Financial Assets			
(i) Loans	9	395.97	172.57
(ii) Others	10	0.01	0.01
(f) Other Non-Current Assets	11	643.51	766.00
<b>(2) Current Assets</b>			
(a) Inventories	12	52,371.62	53,070.68
(b) Financial assets			
(i) Investments	13	9.54	4,634.55
(ii) Trade Receivables	14	24,233.31	25,530.12
(iii) Cash and Cash Equivalents	15	13,935.90	2,312.15
(iv) Bank balances other than (iii) above	16	1,099.35	1,037.99
(v) Loans	17	31.30	19.71
(vi) Others	18	432.93	1,881.14
(c) Current Tax Assets (Net)	19	2,320.06	1,584.86
(d) Other Current Assets	20	16,052.61	12,376.49
<b>TOTAL ASSETS</b>		<b>1,69,572.20</b>	<b>1,62,468.45</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	21	3,947.99	3,947.99
(b) Other Equity		94,653.81	93,526.71
<b>NON CONTROLLING INTEREST</b>			
		694.40	701.46
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	22	3,609.72	5,743.53
(ii) Other Financial Liabilities	23	588.72	-
(b) Provisions	24	645.95	563.43
(c) Deferred Tax Liabilities (Net)	25	5,747.77	10,863.17
(d) Other Non-Current Liabilities	26	797.93	837.29
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	27	29,273.45	25,693.22
(ii) Trade Payables			
- Micro & Small Enterprises	28	2,025.16	491.31
- Other than Micro & Small Enterprises	29	10,894.66	13,903.17
(iii) Other Financial Liabilities	30	9,173.09	3,621.61
(b) Other Current Liabilities	31	7,502.86	2,571.17
(c) Current Tax Liabilities (Net)	32	16.69	4.39
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,69,572.20</b>	<b>1,62,468.45</b>
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	<b>33,43</b>		
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>4</b>		

The accompanying notes form an integral part of Financial Statements

As per our report of even date attached

For and on behalf of Board of Directors

**For Suresh Kumar Mittal & Co.,**Chartered Accountants  
Firm Regd. No.: 500063N**Anil Kumar Jain**  
Executive Chairman  
DIN: 00086106**Kailash R. Lalpuria**  
Executive Director & CEO  
DIN: 00059758**Ankur Bagla**Partner  
Membership No.: 521915  
New Delhi, June 12, 2020**K. Muralidharan**  
Chief Financial Officer**Amruta Avasare**  
Company Secretary

Mumbai, June 12, 2020

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>CONTINUING OPERATIONS</b>			
<b>I INCOME</b>			
Revenue from Operations	34	2,08,012.74	1,93,420.62
Other Income	35	5,463.80	1,049.35
<b>TOTAL INCOME</b>		<b>2,13,476.54</b>	<b>1,94,469.97</b>
<b>II EXPENSES</b>			
Cost of Materials Consumed	36	1,10,763.94	1,03,592.24
Purchase of Stock-In-Trade		37.13	9.89
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	37	3,145.66	(497.90)
Employee Benefits Expense	38	14,807.31	14,428.68
Finance Cost	39	3,924.53	3,559.82
Depreciation and Amortisation Expense	40	4,346.22	3,527.20
Other Expenses	41	60,937.55	60,314.37
<b>TOTAL EXPENSES</b>		<b>1,97,962.34</b>	<b>1,84,934.30</b>
<b>III PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (I-II)</b>			
<b>IV Exceptional Items</b>	42	(9,846.45)	-
<b>V PROFIT BEFORE TAX (III-IV)</b>			
<b>VI TAX EXPENSE</b>			
a) Current Tax		1,888.05	3,073.05
b) Previous Year Tax		0.22	81.22
c) Deferred Tax		(3,530.21)	397.51
<b>VII PROFIT FOR THE YEAR (V-VI)</b>			
<b>VIII OTHER COMPREHENSIVE INCOME</b>			
A Items that will not be reclassified to Profit and Loss:			
(i) Remeasurement of the Net Defined Benefit Liability / Asset		(81.61)	11.12
(ii) Income Tax relating to items that will not be reclassified to Profit and Loss		21.57	(3.57)
B Items that will be reclassified to Profit and Loss:			
(i) Remeasurement of the net change in Forex Liability / Asset		(6,212.74)	(4,395.79)
(ii) Income Tax relating to items that will be reclassified to Profit and Loss		1,563.62	1,536.07
(iii) Exchange Difference on translation of Foreign Operations		(149.93)	(407.41)
<b>IX TOTAL COMPREHENSIVE INCOME FOR THE YEAR (VII+VIII)</b>			
<b>X PROFIT ATTRIBUTABLE TO:</b>			
Owners of the Company		7,378.00	6,024.09
Non-Controlling Interests		(68.31)	(40.20)
<b>XI TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the Company		2,519.42	2,763.21
Non-Controlling Interests		(68.82)	(38.90)
<b>XII EARNINGS PER EQUITY SHARE</b>			
a) Basic (₹)	<b>48</b>	<b>3.74</b>	<b>3.05</b>
b) Diluted (₹)		<b>3.74</b>	<b>3.05</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
	<b>4</b>		

The accompanying notes form an integral part of Financial Statements

As per our report of even date attached

For and on behalf of Board of Directors

**For Suresh Kumar Mittal & Co.,**  
Chartered Accountants  
Firm Regd. No.: 500063N

**Anil Kumar Jain**  
Executive Chairman  
DIN: 00086106

**Kailash R. Lalpuria**  
Executive Director & CEO  
DIN: 00059758

**Ankur Bagla**  
Partner  
Membership No.: 521915  
New Delhi, June 12, 2020

**K. Muralidharan**  
Chief Financial Officer

**Amruta Avasare**  
Company Secretary

Mumbai, June 12, 2020



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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED MARCH 31, 2020

### A. EQUITY SHARE CAPITAL

Particulars	Note No.	₹ in lakhs
<b>As at March 31, 2018</b>		<b>3,947.99</b>
Changes in Equity Share Capital	21(a)	-
<b>As at March 31, 2019</b>		<b>3,947.99</b>
Changes in Equity Share Capital	21(a)	-
<b>As at March 31, 2020</b>		<b>3,947.99</b>

### B. OTHER EQUITY

(₹ in lakhs)

Particulars	Reserves & Surplus				Preliminary Expenses	Exchange Differences on translating the Financial Statements of Foreign Operations	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Retained Earnings			
<b>Balance as at 31.03.2018</b>	<b>198.81</b>	<b>250.00</b>	<b>1,653.72</b>	<b>89,518.10</b>	<b>(1.84)</b>	<b>69.99</b>	<b>91,688.78</b>
Profit for the Year	-	-	-	6,024.09	-	-	<b>6,024.09</b>
Other Comprehensive Income for the Year	-	-	-	(3,260.88)	-	-	<b>(3,260.88)</b>
<b>Total Comprehensive Income for the Year</b>	-	-	-	<b>2,763.21</b>	-	-	<b>2,763.21</b>
- Creation during the period for Balance Sheet items	-	-	-	-	-	(380.78)	<b>(380.78)</b>
- Creation during the period for Profit and Loss items	-	-	-	-	-	407.41	<b>407.41</b>
Final Dividend on Equity Shares	-	-	-	(789.60)	-	-	<b>(789.60)</b>
Dividend Distribution Tax on Final Dividend	-	-	-	(162.31)	-	-	<b>(162.31)</b>
Transferred to Retained Earnings	-	(250.00)	-	250.00	-	-	-
Amortised during the Year	-	-	-	(0.79)	0.79	-	-
<b>Balance as at March 31, 2019</b>	<b>198.81</b>	-	<b>1,653.72</b>	<b>91,578.61</b>	<b>(1.05)</b>	<b>96.62</b>	<b>93,526.71</b>
Profit for the Year	-	-	-	7,378.00	-	-	<b>7,378.00</b>
Other Comprehensive Income for the Year	-	-	-	(4,858.58)	-	-	<b>(4,858.58)</b>
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>2,519.42</b>	-	-	<b>2,519.42</b>
- Creation during the period for Balance Sheet items	-	-	-	-	-	(52.47)	<b>(52.47)</b>
- Creation during the period for Profit and Loss items	-	-	-	-	-	149.93	<b>149.93</b>
Share in Losses of Minority due to purchase of Shares	-	-	-	(61.92)	-	-	<b>(61.92)</b>

(₹ in lakhs)

Particulars	Reserves & Surplus				Preliminary Expenses	Exchange Differences on translating the Financial Statements of Foreign Operations	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Retained Earnings			
Final Dividend on Equity Shares	-	-	-	(1,184.40)	-	-	(1,184.40)
Dividend Distribution Tax on Final Dividend	-	-	-	(243.46)	-	-	(243.46)
Amortised during the year	-	-	-	(0.52)	0.52	-	-
<b>Balance as at March 31, 2020</b>	<b>198.81</b>	<b>-</b>	<b>1,653.72</b>	<b>92,607.73</b>	<b>(0.53)</b>	<b>194.08</b>	<b>94,653.81</b>

**Nature and purpose of Reserves:****i) Capital Reserve:**

Capital Reserve standing in books against capital subsidy received against establishing manufacturing unit.

**ii) Capital Redemption Reserve:**

Capital Redemption Reserve was created for redemption of Preference Shares as per requirement of provisions of Companies Act, 2013. Since the Preference Shares stand fully redeemed, the balance under Capital Redemption Reserve has been transferred to Retained Earnings.

**iii) Securities Premium Reserve:**

Securities Premium Reserve is created when shares issued at premium.

**The accompanying notes form an integral part of Financial Statements****As per our report of even date attached****For Suresh Kumar Mittal & Co.,**

Chartered Accountants  
Firm Regd. No.: 500063N

**Ankur Bagla**

Partner  
Membership No.: 521915  
New Delhi, June 12, 2020

**For and on behalf of Board of Directors****Anil Kumar Jain**

Executive Chairman  
DIN: 00086106

**K. Muralidharan**

Chief Financial Officer

**Kailash R. Lalpuria**

Executive Director & CEO  
DIN: 00059758

**Amruta Avasare**

Company Secretary

Mumbai, June 12, 2020



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# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before Exceptional Items and Tax</b>		<b>15,514.20</b>		<b>9,535.67</b>
<b>Adjustments for:</b>				
Depreciation and Amortisation		4,346.22		3,527.20
Profit on Sale of Assets		(0.06)		(4.92)
Finance Cost		3,924.53		3,559.82
Interest Income		(238.15)		(334.99)
Other Comprehensive Income		(6,294.35)		(4,384.67)
Dividend Income on Mutual Funds		(80.52)		(41.87)
Loss on Sale of Assets		1.51		2.48
Loss/(Profit) on Redemption of Mutual Funds		18.20		(3.99)
Loss in value of NAV of Mutual Funds		7.82		(7.49)
Exceptional Items		(9,846.45)		-
<b>Operating Profit before Working Capital changes</b>		<b>7,352.95</b>		<b>11,847.25</b>
<b>Changes in Working Capital:</b>				
<b>Adjustment for (Increase) / Decrease in Operating Assets:</b>				
Non-Current Financial Assets	(223.40)		(57.08)	
Other Non-Current Assets	122.49		(449.43)	
Inventories	699.05		5,982.98	
Trade Receivables	1,296.81		3,190.86	
Current Financial Assets	1,375.25		4,058.54	
Other Current Assets	(3,676.11)	(405.91)	3,142.15	15,868.02
<b>Adjustment for Increase / (Decrease) in Operating Liabilities:</b>				
Other Non Current Financial Liabilities	588.72		-	
Non Current Provisions	82.52		171.49	
Other Non-Current Liabilities	(39.37)		876.66	
Trade Payables	(1,474.66)		(4,761.84)	
Other Current Financial Liabilities	5,551.48		1,352.48	
Other Current Liabilities	4,931.70	9,640.39	(84.16)	(2,445.37)
Net Taxes (paid) / refund received		(2,611.16)		(3,819.30)
<b>Net Cash Flow from Operating Activities (A)</b>		<b>13,976.27</b>		<b>21,450.60</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital Expenditure		(3,312.32)		(5,972.56)
Proceeds from Sale of Assets		0.73		79.07
Proceeds from Sale of Non-Current Investments		-		0.16
Purchase of Shares of Minority		(0.18)		-
Purchase of Current Investments		4,598.99		(4,612.90)
Dividend Income on Mutual Funds		80.52		41.87
Interest Income		238.15		334.99
<b>Net Cash Flow from Investing Activities (B)</b>		<b>1,605.89</b>		<b>(10,129.37)</b>

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Increase / (Decrease) in Non-Current Borrowings	(2,133.80)	859.47
Net Increase / (Decrease) in Current Borrowings	3,580.23	(6,532.87)
Finance Cost	(3,924.53)	(3,559.82)
Final Dividend on Equity Shares (including DDT)	(1,427.85)	(951.91)
Transitional Reserve of Balance Sheet Items	(52.46)	(380.78)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(3,958.41)</b>	<b>(10,565.91)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>11,623.75</b>	<b>755.32</b>
Cash and Cash Equivalents at the beginning of the year	2,312.15	1,556.83
<b>Cash and Cash Equivalents at the end of the year</b>	<b>13,935.90</b>	<b>2,312.15</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>		
<b>Cash and Cash Equivalents as per Balance Sheet</b>	<b>13,935.90</b>	<b>2,312.15</b>
<b>Cash and Cash Equivalents at the end of the year comprises of:</b>		
(a) Cash in Hand	28.23	20.80
(b) Balance with Banks		
- In Current Accounts	5,589.70	2,291.35
- In Fixed Deposits	8,317.97	-

As per our report of even date attached

**For Suresh Kumar Mittal & Co.,**Chartered Accountants  
Firm Regd. No.: 500063N**Ankur Bagla**Partner  
Membership No.: 521915  
New Delhi, June 12, 2020

For and on behalf of Board of Directors

**Anil Kumar Jain**Executive Chairman  
DIN: 00086106**K. Muralidharan**

Chief Financial Officer

**Kailash R. Lalpuria**Executive Director & CEO  
DIN: 00059758**Amruta Avasare**

Company Secretary

Mumbai, June 12, 2020



# NOTES

## TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Indo Count Industries Limited is a limited Group incorporated and domiciled in India whose shares are publicly traded. The registered office is located at Office No.1, Plot No.266, Village Alte, Kumbhoj Road, Taluka Hatkanagale, Dist. Kolhapur-416109, Maharashtra, India.

The Group mainly deals in Textiles. The Group has its wide network of operations in local as well as in foreign market. The group is also the preferred partner for some of the best known retail, hospitality and fashion brands in the world. It is fast, agile and responds to the needs of clients with solutions that make a difference in consumers' lives.

The Financial statements of the Group for the year ended March 31, 2020 were authorised for issue in accordance with a resolution of the Board of Directors on June 12, 2020.

### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as 'Ind AS') as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest lakhs, except otherwise indicated.

### 3. PRINCIPLES OF CONSOLIDATION

#### Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity income and expenses. Inter-Company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Property, plant and equipment and right-of-use assets:

The Group has opted to follow cost model for accounting of its entire property, plant and equipment. Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major repair is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Right-of-use (ROU) assets are stated at cost, less accumulated depreciation and impairment loss, if any. The carrying amount of ROU assets is adjusted

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for remeasurement of lease liability, if any, in future. Cost of ROU assets comprises the amount of initial measurement of lease liability, lease payments made before the commencement date (net of incentives received), initial direct costs and present value of estimated costs of dismantling and restoration, if any.

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in schedule II to the Companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis with reference to the month of addition / deletion.

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

In case of some items of plant, depreciation has been provided in range of 3 years (minimum) to 35 years (maximum) based on the technical evaluation of the remaining useful life which is different from the one specified in schedule II to the Companies Act, 2013.

ROU assets are depreciated on straight line basis from the commencement date to the end of useful life of asset or lease term whichever is earlier.

Leasehold lands forming part of ROU are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building. In other case, buildings constructed on leasehold lands are amortised over the primary lease period of the land.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

### 4.2 Investment properties

Investment properties comprise portions of freehold land and office building that are held for long-term rental yields and/or for capital appreciation. Investment properties are initially recognised at cost. Subsequently, investment property comprising of building is carried at cost less accumulated depreciation and impairment losses.

The cost includes the cost of replacing parts and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in schedule II to the Companies Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arise.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

### 4.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

### Research and development cost:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated

impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

### Patents and trade marks:

The Group makes upfront payments to purchase patents and trade-marks. The patents are granted for a period of 20 years by the relevant agency with the option of renewal at the end of this period. Trade-marks for the use of intellectual property are granted for a period of 10 years with the option of renewal at the end of this period.

A summary of the policies applied to the Group's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Trade-Marks	Finite (10 years)	Amortised on a straight-line basis over the period of the trade-mark	Acquired
Patents	Finite (20 years)	Amortised on a straight-line basis over the period of the patent	Acquired

### 4.4 Borrowing costs

Borrowing costs consist of interest and other costs that an Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

### 4.5 Impairment of non-financial assets:

As at each balance sheet date, the Group assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

previous periods. If any indication exists or when annual impairment testing for an asset is required, if any, the Group determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and the 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 risks 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit and loss section of the statement of profit and loss, except for properties previously revalued, with the revaluation taken to other Comprehensive Income (the OCI). For Such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

### 4.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- a) Raw material, packing material, construction material, stores & spares:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- b) Finished goods and work in progress:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- c) Traded goods:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- d) Wastage and rejections are valued at estimated realisable value.

Slow and non-moving material, obsolescence, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

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

### 4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 4.8 Foreign currency transactions

The Group's financial statements are presented in INR, which is also the Group's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date at the closing rate are recognised as income or expenses in the period in which they are arise. Non-monetary items which

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

### 4.9 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 4.10 Fair value measurement

The Group measures financial instruments, such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the

presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.11 Revenue Recognition

The Companies (Indian Accounting Standards) Amendment Rules, 2018 issued by the Ministry of Corporate Affairs (MCA) notified Ind AS 115 "Revenue from Contracts with Customers" related to revenue recognition which replaced Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and provide a single, comprehensive model for all contracts with customers. The revised standard contains principles to determine the measurement of revenue and timing of when it is recognised. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments as well as assets recognised from costs incurred to fulfill these contracts. The Group has adopted Ind AS 115 w.e.f. April 1, 2018 using the modified retrospective approach. However, the adoption of the standard did not have any impact on the financial statements.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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

#### **Sale of goods:**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. 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.

#### **Rendering of Services:**

Revenue from sale of service is recognised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

#### **Interest Income:**

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

#### **Dividends:**

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### **Lease Income:**

Lease agreements by which the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals are recognised on straight-line basis as per the terms of the agreements in the statement of profit and loss.

### 4.12 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to the purchase of property, plant and equipment, it is included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### 4.13 Earnings per share

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period.

### 4.14 Taxes

#### Current Income Tax:

- Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.
- Current income tax relating to items recognised directly in equity and not in the statement of profit and loss. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred Tax:

Deferred Tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss. Deferred tax items are

recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Group have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

### 4.15 Segment accounting

The Chief Operational Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The operating segments have been identified on the basis of the nature of products / services.

- a) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under unallocable expenditure.
- c) Income which relates to the Group as a whole and allocable to segments is included in unallocable income.
- d) Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax to the Group.
- e) Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

#### Inter-Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.16 Leases

#### The Group as a lessee:

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset,
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease, and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely

independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Group changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### The Group as a lessor:

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

### 4.17 Employee benefits

#### i) Short-term employee benefits

All employee benefits payable only within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of bonus, ex-gratia, and incentives are recognised in the period during which the employee renders the related service.

#### ii) Post-employment benefits

##### a) Defined contribution plans

State Government Provident Scheme is a defined contribution plan. The contribution paid /payable under the scheme is recognised in the statement of profit and loss during the period in which the employee renders the related services.

##### b) Defined Benefit Plans

The employee Gratuity Fund scheme and Leave Encashment scheme managed by different trusts are defined benefit plans.

The cost of providing benefits under the defined benefit plan is determined using the



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gain and loss, the effect of asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognised in the statement of profit and loss in the period of plan amendment.

Net Interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

Long-term employee benefit

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

Termination benefits

Termination benefits are recognised as expenses in the period in which they are incurred.

### 4.18 Provisions, Contingent liabilities, Contingent assets and Commitments

#### General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provision, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

#### Warranty Provisions

Provision for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

#### Liquidated damages

Provision for liquidated damages are recognised on contracts for which delivery dates are exceeded and computed in reasonable manner.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Other Litigation claims

Provision for litigation related obligation represents liabilities that are expected to materialise in respect of matters in appeal.

### Onerous contracts

A provision for onerous contracts is measured at the present value lower of the expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Group recognises impairment on the assets under the contract.

### 4.19 Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group. Such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying the financial statements.

### 4.20 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,

- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations,

or

- is a subsidiary acquired exclusively with a view to resale.

A Group shall not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

### 4.21 Financial Instruments

#### i) Financial assets

##### Initial recognition and measurement

All financial assets are recognised 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.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

##### Subsequent measurement

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

- Financial asset at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Group's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- **Cash flow characteristics test:** 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.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristics test:** 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.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

All other financial asset is measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the Group has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed

from the Group's statement of financial position) when:

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

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

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

### Investment in associates, joint venture and subsidiaries

The Group has accounted for its investment in associates, joint venture and subsidiaries at cost.

### Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months' expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

- Trade receivables or contract revenue receivables; and
- All lease receivables

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

### ii) Financial liabilities:

#### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in Ind AS 109 are satisfied.

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of profit and loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and amount recognised less cumulative amortisation.

### Derecognition

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

### iii) Offsetting of financial instruments

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

### iv) Derivative financial instruments and hedge accounting

The Group enters into derivative contracts to hedge foreign currency /price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

### 4.22 Business combination under common control

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within a group.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest, the assets and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

### 4.23 Preference Shares

#### i) Non-convertible Preference Shares

On issuance of non-convertible preference shares, the fair value is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

#### ii) Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

**4.24** Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### Judgements

In the process of applying the Group's accounting policies, management has made judgements, which have the most significant effect on the amounts recognised in the financial statements.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial

statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's 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 assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

#### Defined benefit plans

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

#### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### Impairment of financial assets

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

### Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken

over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts.

### Estimation of uncertainties relating to the global health pandemic from COVID-19

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Land - Leasehold	Land - Freehold	Buildings *	Plant & Machinery **	Furniture & Fixtures	Factory & Office Equipments	Vehicles	Total	Capital Work in Progress ***
<b>Gross Carrying Amount</b>									
<b>As at April 1, 2019</b>	833.70	1,066.66	15,810.79	77,994.53	1,544.49	1,499.24	531.52	99,280.93	1,640.80
Transition impact of Ind AS 116 (Refer Note 7 & 44)	(833.70)	-	-	-	-	-	-	(833.70)	-
<b>Restated Gross Carrying Amount as at April 1, 2019</b>	-	1,066.66	15,810.79	77,994.53	1,544.49	1,499.24	531.52	98,447.23	1,640.80
Additions	-	-	552.60	1,933.77	67.98	129.36	-	2,683.71	-
Disposals / Transfers	-	-	-	11.04	-	2.32	-	13.36	1,054.69
<b>As at March 31, 2020</b>	-	1,066.66	16,363.39	79,917.26	1,612.47	1,626.28	531.52	1,01,117.58	586.11
<b>Accumulated Depreciation</b>									
<b>As at April 1, 2019</b>	48.95	-	4,345.98	35,638.46	856.19	955.17	255.16	42,099.91	-
Transition impact of Ind AS 116 (Refer Note 7 & 44)	(48.95)	-	-	-	-	-	-	(48.95)	-
<b>Restated Accumulated Depreciation as at April 1, 2019</b>	-	-	4,345.98	35,638.46	856.19	955.17	255.16	42,050.96	-
Depreciation charged for the year	-	-	496.86	2,794.08	205.86	153.49	55.60	3,705.89	-
Disposals / Transfers	-	-	-	9.50	-	1.67	-	11.17	-
<b>As at March 31, 2020</b>	-	-	4,842.84	38,423.04	1,062.05	1,106.99	310.76	45,745.68	-
<b>Net Carrying Amount</b>									
<b>As at March 31, 2019</b>	784.75	1,066.66	11,464.81	42,356.07	688.30	544.07	276.36	57,181.02	1,640.80
<b>As at March 31, 2020</b>	-	1,066.66	11,520.55	41,494.22	550.42	519.29	220.76	55,371.90	586.11

\* a) Includes 10 shares of ₹ 50 each of Arcadia Premises Co-operative Society Limited.

b) Includes 10 shares of ₹ 50 each of Vardhman Industrial Complex Premises Co-operative Housing Society Limited.

\*\* Includes addition on account of foreign exchange fluctuations of ₹ 72.96 lakhs (previous year ₹ 37.27 lakhs).

\*\*\* Does not include Capital Advances of ₹ 76.16 lakhs (previous year ₹ 58.06 lakhs).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. RIGHT-OF-USE (ROU)

(₹ in lakhs)

Particulars	Land - Leasehold	Buildings	Total
<b>Gross Carrying Amount</b>			
<b>As at April 1, 2019</b>	-	-	-
Transition impact of Ind AS 116 (Refer Note 6)	833.70	-	<b>833.70</b>
<b>Restated Gross Carrying Amount as at April 1, 2019</b>	<b>833.70</b>	-	<b>833.70</b>
Additions	-	1,605.05	<b>1,605.05</b>
Disposals / Transfers	-	-	-
<b>As at March 31, 2020</b>	<b>833.70</b>	<b>1,605.05</b>	<b>2,438.75</b>
<b>Accumulated Depreciation</b>			
<b>As at April 1, 2019</b>	-	-	-
Transition impact of Ind AS 116 (Refer Note 6)	48.95	-	<b>48.95</b>
<b>Restated Accumulated Depreciation as at April 1, 2019</b>	<b>48.95</b>	-	<b>48.95</b>
Depreciation charged for the year	3.71	560.63	<b>564.34</b>
Disposals / Transfers	-	-	-
<b>As at March 31, 2020</b>	<b>52.66</b>	<b>560.63</b>	<b>613.29</b>
<b>Net Carrying Amount</b>			
<b>As at March 31, 2019</b>	-	-	-
<b>As at March 31, 2020</b>	<b>781.04</b>	<b>1,044.43</b>	<b>1,825.46</b>

Refer Note No. 44 for information about Leases.

### 8. OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Software	Patents	Total
<b>Gross Carrying Amount</b>			
<b>As at April 1, 2019</b>	<b>506.48</b>	<b>152.40</b>	<b>658.88</b>
Additions	22.76	55.49	<b>78.25</b>
Disposals / Transfers	-	-	-
<b>As at March 31, 2020</b>	<b>529.24</b>	<b>207.89</b>	<b>737.13</b>
<b>Accumulated Depreciation</b>			
<b>As at April 1, 2019</b>	<b>352.08</b>	<b>46.44</b>	<b>398.52</b>
Depreciation charged for the year	59.80	16.19	<b>75.99</b>
Disposals / Transfers	-	-	-
<b>As at March 31, 2020</b>	<b>411.88</b>	<b>62.63</b>	<b>474.51</b>
<b>Net Carrying Amount</b>			
<b>As at March 31, 2019</b>	<b>154.40</b>	<b>105.96</b>	<b>260.36</b>
<b>As at March 31, 2020</b>	<b>117.36</b>	<b>145.26</b>	<b>262.62</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. NON-CURRENT FINANCIAL LOANS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	349.95	140.79
Deferred Expenditure	46.02	31.78
<b>TOTAL</b>	<b>395.97</b>	<b>172.57</b>
<b>Break-up:</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	395.97	172.57
Loans which have significant increase in Credit Risk	-	-
Loans - Credit Impaired	-	-
<b>TOTAL</b>	<b>395.97</b>	<b>172.57</b>
Less: Allowance for Doubtful Loans	-	-
<b>TOTAL</b>	<b>395.97</b>	<b>172.57</b>

Refer Note No. 52 for information about Credit Risk and Market Risk of Loans.

## 10. OTHER NON-CURRENT FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
- Held as Margin / Fixed Deposits	0.01	0.01
<b>TOTAL</b>	<b>0.01</b>	<b>0.01</b>

Represents receipt for ₹ 0.01 lakhs (previous year ₹ 0.01 lakhs) lodged with Sales Tax Department.

## 11. OTHER NON-CURRENT ASSETS (UNSECURED-CONSIDERED GOOD)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advances	76.16	58.06
Security Deposits	107.70	107.70
Others	459.65	600.24
<b>TOTAL</b>	<b>643.51</b>	<b>766.00</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12. INVENTORIES

(₹ in lakhs)

Particulars	As at	
	March 31, 2020	March 31, 2019
Raw Materials *	13,916.07	11,890.98
Work-in-Progress	20,423.65	19,336.49
Finished Goods **	14,085.65	18,363.14
Waste	96.40	51.73
Stores & Spares ***	3,133.77	2,987.01
Dyes and Chemicals ****	716.08	441.33
<b>TOTAL</b>	<b>52,371.62</b>	<b>53,070.68</b>

\* Includes goods in transit ₹ 98.13 lakhs (previous year ₹ 745.25 lakhs).

\*\* Includes goods in transit ₹ Nil (previous year ₹ 1,761.95 lakhs).

\*\*\* Includes goods in transit ₹ 9.17 lakhs (previous year ₹ 38.79 lakhs).

\*\*\*\* Includes goods in transit ₹ 3.96 lakhs (previous year ₹ 12.99 lakhs).

### 13. CURRENT INVESTMENTS

Particulars	No. of Shares		₹ in lakhs	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Investments carried at Fair Value through Profit and Loss</b>				
<b>QUOTED</b>				
<b>In Mutual Funds:</b>				
Union Prudence Fund	99,990	99,990	9.54	10.57
Franklin India - Low Duration	-	1,41,44,436	-	1,508.04
Franklin Ultra Short Bond Fund-SI-G	-	95,656	-	25.13
Aditya Birla Low	-	6,52,167	-	657.01
Reliance Ultra Short Duration	-	55,280	-	603.77
Franklin India Ultra	-	1,80,82,080	-	1,830.03
<b>TOTAL</b>			<b>9.54</b>	<b>4,634.55</b>
<b>Aggregate Value of:</b>				
Quoted Investments			9.54	4,634.55
Unquoted Investments			-	-
Market Value of Quoted Investments			9.54	4,634.55

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14. CURRENT TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables exceeding Six Months	445.71	94.24
Receivables - Others	20,236.70	25,445.91
Receivables which have significant increase in Credit Risk	-	-
Receivables - Credit Impaired	-	-
Allowance for Doubtful Receivables	-	(10.03)
<b>TOTAL</b>	<b>24,233.31</b>	<b>25,530.12</b>
Current Portion	24,233.31	25,530.12
Non-Current Portion	-	-
<b>Break-up of Security Details:</b>		
Secured, Considered Good	-	-
Unsecured, Considered Good	24,233.31	25,530.12
Doubtful	-	10.03
<b>TOTAL</b>	<b>24,233.31</b>	<b>25,540.15</b>
Allowance for Doubtful Receivables	-	(10.03)
<b>TOTAL</b>	<b>24,233.31</b>	<b>25,530.12</b>

- a) Trade Receivables include ₹193.39 lakhs (previous year ₹1,923.01 lakhs) for which credit risk is retained by the Group under a factoring arrangement. The Group retains interest liability upto an agreed date on the entire amount, the costs for which are recognised as part of finance costs.
- b) Refer Note No. 52 for information about Credit Risk and Market Risk of Trade Receivables.

## 15. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash in Hand	28.23	20.80
Balances with Banks		
- In Current Accounts *	5,589.70	2,291.35
- Held as Margin / Fixed Deposits	8,317.97	-
<b>TOTAL</b>	<b>13,935.90</b>	<b>2,312.15</b>

\* Includes balance in current account with The Kolhapur Urban Co-operative Bank Ltd. ₹ Nil (previous year ₹ 0.03 lakhs), maximum amount outstanding anytime during the year ₹ Nil (previous year ₹ 1.19 lakhs).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
- Held as Margin / Fixed Deposits	1,099.35	1,037.99
<b>TOTAL</b>	<b>1,099.35</b>	<b>1,037.99</b>

- Includes receipts for ₹ 231.08 lakhs (previous year ₹ 228.90 lakhs) held with bank as margin money against bank guarantees for Letter of Credit facilities.
- Includes receipts for ₹ 0.05 lakhs (previous year ₹ 0.05 lakhs) lodged with Excise Department.
- Includes receipts for ₹ 99.59 lakhs (previous year ₹ 99.59 lakhs) held with bank as margin money against guarantee given to MSEB.
- Includes receipts for ₹ 756.65 lakhs (previous year ₹ 691.55 lakhs) held with bank as margin money against guarantee for cash credit facility by a Foreign Subsidiary.

### 17. CURRENT FINANCIAL LOANS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	31.30	19.71
<b>TOTAL</b>	<b>31.30</b>	<b>19.71</b>
<b>Break-up:</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	31.30	19.71
Loans which have significant increase in credit risk	-	-
Loans - Credit Impaired	-	-
<b>TOTAL</b>	<b>31.30</b>	<b>19.71</b>
Less: Allowance for Doubtful Loans	-	-
<b>TOTAL</b>	<b>31.30</b>	<b>19.71</b>

Refer Note No. 52 for information about Credit Risk and Market Risk of Loans.

### 18. OTHER CURRENT FINANCIAL ASSETS (UNSECURED-CONSIDERED GOOD)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Derivative Asset	-	1,449.66
Others	432.93	431.48
<b>TOTAL</b>	<b>432.93</b>	<b>1,881.14</b>

### 19. CURRENT TAX ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Income Tax (including Tax Deducted at Source)	1,739.37	1,004.17
Refund Due	423.11	423.11
MAT Credit Entitlement	157.58	157.58
<b>TOTAL</b>	<b>2,320.06</b>	<b>1,584.86</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. OTHER CURRENT ASSETS (UNSECURED-CONSIDERED GOOD)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Export Incentives / Claims Recoverable	8,232.83	6,029.90
Balances with Excise / Service Tax Authorities	97.05	97.05
Balances with VAT / GST Authorities	5,744.74	4,232.27
Interest Accrued on Loans & Deposits	21.32	21.64
Advance to Suppliers	885.84	469.72
Others	1,066.82	1,446.60
Security Deposits	4.01	79.31
<b>TOTAL</b>	<b>16,052.61</b>	<b>12,376.49</b>

## 21. SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Authorised:</b>		
<b>Equity Shares</b>		
27,50,00,000 Shares of ₹ 2 each	5,500.00	5,500.00
<b>Preference Shares</b>		
50,00,00,000 Shares of ₹ 10 each	500.00	500.00
<b>TOTAL</b>	<b>6,000.00</b>	<b>6,000.00</b>
<b>Issued, Subscribed and Paid-Up:</b>		
<b>Equity Shares</b>		
19,73,99,670 Shares of ₹ 2 each	3,947.99	3,947.99
<b>TOTAL</b>	<b>3,947.99</b>	<b>3,947.99</b>

## Notes:

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
<b>Authorised :</b>				
<b>Equity Shares of ₹ 2 each</b>				
Balance at the beginning of the year	27,50,00,000	5,500.00	27,50,00,000	5,500.00
<b>Balance at the end of the year</b>	<b>27,50,00,000</b>	<b>5,500.00</b>	<b>27,50,00,000</b>	<b>5,500.00</b>
<b>Preference Shares of ₹ 10 each</b>				
Balance at the beginning of the year	50,00,000	500.00	50,00,000	500.00
<b>Balance at the end of the year</b>	<b>50,00,000</b>	<b>500.00</b>	<b>50,00,000</b>	<b>500.00</b>
<b>TOTAL</b>	<b>28,00,00,000</b>	<b>6,000.00</b>	<b>28,00,00,000</b>	<b>6,000.00</b>
<b>Issued, Subscribed and Paid-Up:</b>				
<b>Equity Shares of ₹ 2 each</b>				
Balance at the beginning of the year	19,73,99,670	3,947.99	19,73,99,670	3,947.99
<b>Balance at the end of the year</b>	<b>19,73,99,670</b>	<b>3,947.99</b>	<b>19,73,99,670</b>	<b>3,947.99</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Terms / Rights attached to Equity Shares:

- (i) The Group has only one class of Equity Shares having a par value of ₹ 2 each. Each holder of Equity Shares is entitled to one vote per share and pro-rata dividend on the shares held.
- (ii) In the event of liquidation of the Group, the holders of Equity Shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

c) Details of Equity Shares in the Group held by each shareholder holding more than 5% of shares is as under:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Percentage	No. of Shares	Percentage
Indo Count Securities Limited	3,10,41,385	15.73%	3,10,41,385	15.73%
Sandridge Investments Limited	6,20,02,455	31.41%	6,20,02,455	31.41%

d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

e) Dividend paid and proposed: (₹ in lakhs)

Particulars	2019-20	2018-19
Final Dividend for F.Y. 2017-18: Re. 0.40 per share (Face Value of ₹ 2 each)	-	789.60
Final Dividend for F.Y. 2018-19: Re. 0.60 per share (Face Value of ₹ 2 each)	1,184.40	-

### 22. NON-CURRENT BORROWINGS (SECURED)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>1) Term Loan</b>		
<b>i) Rupee loans</b>		
- From Banks (a)	375.00	875.00
- From Financial Institutions (a)	3,020.33	4,477.99
<b>2) Foreign Currency Loan</b>		
i) Buyer's Credit (b)	214.39	390.54
<b>TOTAL</b>	<b>3,609.72</b>	<b>5,743.53</b>

a) Secured by first pari-passu charge by way of mortgage of immovable properties of the Group situated at Kolhapur, and by second pari-passu charge on hypothecation of all movable properties and current assets of the Group, both present and future. Loans include amounts appearing in current maturities of long term debts of ₹ 1,765.00 lakhs (previous year ₹ 1,625.21 lakhs).

b) Secured against machinery acquired, includes amount appearing in current maturity of long term debts ₹ 225.96 lakhs (previous year ₹ 666.88 lakhs).

c) Maturity Profile of Non-Current Borrowings: (₹ in lakhs)

Particulars	1-2 Years	2-3 Years	3-4 Years
<b>1) Term Loan</b>			
<b>i) Rupee loans</b>			
- From Banks	375.00	-	-
- From Financial Institutions	1,140.00	1,140.00	740.33
<b>2) Foreign Currency Loan</b>			
i) Buyer's Credit	214.39	-	-
<b>TOTAL</b>	<b>1,729.39</b>	<b>1,140.00</b>	<b>740.33</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. OTHER NON-CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liability Payable (Refer Note No. 44)	588.72	-
<b>TOTAL</b>	<b>588.72</b>	<b>-</b>

## 24. NON-CURRENT PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	645.95	563.43
<b>TOTAL</b>	<b>645.95</b>	<b>563.43</b>

## 25. INCOME TAX

The major components of Income Tax expense for the years ended March 31, 2020 and March 31, 2019 are:

## Statement of Profit and Loss

Profit and Loss Section

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
<b>Current Income Tax:</b>		
Current Income Tax charge	1,888.05	3,073.05
Adjustments in respect of Current Income Tax of previous years	0.22	81.22
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences	(3,530.21)	397.51
<b>Income Tax expense reported in the Statement of Profit and Loss</b>	<b>(1,641.94)</b>	<b>3,551.78</b>

- (a) The Holding Company elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Holding Company has recognised Provision for Current Tax and re-measured its Deferred Tax Liabilities based on rate prescribed in the said section.

Other Comprehensive Income (OCI) Section

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
Net loss / (gain) on remeasurements of Defined Benefit Plans and change in Forex	(1,585.19)	(1,532.50)
<b>Income Tax charged to OCI</b>	<b>(1,585.19)</b>	<b>(1,532.50)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Deferred Tax

(₹ in lakhs)

Particulars	Balance Sheet		Profit and Loss	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Deferred Tax relates to the following:</b>				
Expenses allowable on payment basis	1,902.63	324.78	(1,577.85)	(107.95)
Incomes allowable on receipt basis	-	(506.57)	(506.57)	(1,512.29)
Unused Tax Losses / Depreciation	605.18	702.96	97.78	5.20
Accelerated Depreciation for Tax purpose	(8,255.58)	(11,384.34)	(3,128.76)	480.05
	<b>(5,747.77)</b>	<b>(10,863.17)</b>	<b>(5,115.40)</b>	<b>(1,134.99)</b>
<b>Deferred Tax Expenses / (Income):</b>				
- Recognised in Profit and Loss	-	-	(3,530.21)	397.51
- Recognised in OCI	-	-	(1,585.19)	(1,532.50)
Deferred Tax Assets / (Liabilities)	(5,747.77)	(10,863.17)	-	-
	<b>(5,747.77)</b>	<b>(10,863.17)</b>	<b>(5,115.40)</b>	<b>(1,134.99)</b>

Deferred Tax asset in respect of long term capital losses of ₹ 67.50 lakhs (previous year ₹ 67.50 lakhs) has not been recognised in view of uncertainty of its realisation.

### Reflected in the Balance Sheet:

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
Deferred Tax Assets	2,507.81	1,027.74
Deferred Tax Liabilities	(8,255.58)	(11,890.91)
<b>Deferred Tax Liabilities (Net)</b>	<b>(5,747.77)</b>	<b>(10,863.17)</b>

### Reconciliation of Deferred Tax Liabilities (Net)

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
<b>Opening Balance as of April 1</b>	<b>(10,863.17)</b>	<b>(11,998.16)</b>
Tax Income / (Expense) during the period recognised in Profit and Loss	3,530.21	(397.51)
Income / (Expense) during the year recognised in OCI	1,585.19	1,532.50
<b>Closing Balance as at March 31</b>	<b>(5,747.77)</b>	<b>(10,863.17)</b>

### 26. OTHER NON-CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Government Grants related to Property, Plant & Equipment	797.93	837.29
<b>TOTAL</b>	<b>797.93</b>	<b>837.29</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27. CURRENT BORROWINGS (SECURED)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Loans repayable on Demand</b>		
<b>i) From Banks</b>		
- In Rupees *	29,273.45	22,850.03
- In Foreign Currency	-	2,843.19
<b>TOTAL</b>	<b>29,273.45</b>	<b>25,693.22</b>

\* Secured by first pari-passu charge by way of hypothecation on all current assets and movable assets and further secured by second pari-passu charge on immovable properties of the Group, both present and future.

## 28. TRADE PAYABLES DUE TO MICRO &amp; SMALL ENTERPRISES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Payables	2,025.16	491.31
<b>TOTAL</b>	<b>2,025.16</b>	<b>491.31</b>

**Note:** The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) The principal amount remaining unpaid to any supplier at the end of the year	2,025.16	491.31
b) Interest accrued and due to suppliers under the Act, on the above amount	55.49	2.28
c) Payment made to suppliers (other than interest) beyond the appointed day, during the year	4,317.75	-
d) Interest paid to suppliers under the Act	-	-
e) Interest due and payable to suppliers under the Act, for payments already made	53.04	-
f) Interest accrued and remaining unpaid at the end of the year under the Act	55.49	2.28
g) The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowances under Section 23 of the Act	-	-

Disclosure of payable to vendors as defined under the MSMED Act is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Group.

## 29. TRADE PAYABLES OTHER THAN MICRO &amp; SMALL ENTERPRISES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Payables	10,894.66	13,903.17
<b>TOTAL</b>	<b>10,894.66</b>	<b>13,903.17</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long Term Debts	1,990.96	2,292.09
Interest Accrued but not due on Borrowings	1.35	53.58
Security Deposits	0.35	0.35
Unpaid Dividend *	108.45	83.87
Derivative Liabilities	5,639.00	-
Lease Liability Payable (Refer Note No. 44)	529.66	-
Other Payables	903.32	1,191.72
<b>TOTAL</b>	<b>9,173.09</b>	<b>3,621.61</b>

\* There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

### 31. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance from Customers	146.68	139.91
Deferred Government Grants related to Property, Plant & Equipment	39.37	39.37
Other Payables	7,316.81	2,391.89
<b>TOTAL</b>	<b>7,502.86</b>	<b>2,571.17</b>

### 32. CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax (Net of MAT Credit Entitlement)	16.69	4.39
<b>TOTAL</b>	<b>16.69</b>	<b>4.39</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND-AS) 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS"

## (i) Movement in Provisions:

(₹ in lakhs)

Particulars	Bank Guarantees		Excise Duty / Customs Duty / Service Tax	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Carrying amount at the beginning of the year *	1,044.54	618.74	182.84	182.84
Add: Provision made during the year **	4.50	512.35	-	-
Less: Amounts used during the year	-	86.55	-	-
Carrying amount at the end of the year *	1,049.04	1,044.54	182.84	182.84

(₹ in lakhs)

Particulars	Other Litigation Claims		Corporate Guarantee		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Carrying amount at the beginning of the year *	62.72	26.49	6,569.73	6,192.10	7,859.83	7,020.17
Add: Provision made during the year **	1.70	43.19	618.45	377.63	624.65	933.17
Less: Amounts used during the year	5.56	6.96	-	-	5.56	93.51
Carrying amount at the end of the year *	58.86	62.72	7,188.18	6,569.73	8,478.92	7,859.83

\* Carrying amounts comprise of non-current and current provisions.

\*\* Additional provision made during the year and reversal of unused amounts are included in the respective head of accounts.

## (ii) Nature of Provisions:

- Bank guarantee amount represents Group's performance obligation to the holder of guarantee.
- Provision for excise duty / customs duty / service tax represents the differential duty liability that may be expected to materialise in respect of matters in appeal.
- Provision for litigation represents liabilities that may be expected to materialise in respect of matters in appeal.
- Corporate guarantee amount represents guarantee given to a foreign bank on behalf of a foreign subsidiary.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34. REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
1) Sale of Products		
- Manufactured	1,90,796.46	1,79,859.72
- Stock-In Trade	366.17	289.12
2) Sale of Services	0.77	0.22
3) Other Operating Revenue		
- Export Incentives / Benefits	16,849.34	13,271.56
<b>REVENUE FROM OPERATIONS</b>	<b>2,08,012.74</b>	<b>1,93,420.62</b>

#### Disaggregation of Revenue

##### Revenue based on Geography

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
India	14,882.43	5,406.36
Rest of World	1,93,130.31	1,88,014.26
<b>REVENUE FROM OPERATIONS</b>	<b>2,08,012.74</b>	<b>1,93,420.62</b>

#### Reconciliation of Revenue from Operations with Contract Price

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Contract Price	2,18,623.42	1,97,270.73
<b>Less:</b>		
Sales Returns	593.96	32.24
Rebates & Discounts	3,549.85	945.98
Embedded Interest	171.11	279.91
Others	6,295.76	2,591.98
<b>REVENUE FROM OPERATIONS</b>	<b>2,08,012.74</b>	<b>1,93,420.62</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. OTHER INCOME

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Interest - Banks	35.16	24.72
Interest - Others	202.99	310.26
Government Grants related to Property, Plant & Equipment	39.37	107.49
Miscellaneous Receipts	21.78	71.88
Cash Discount Received	5.57	2.93
Insurance Claim Received	-	2.80
Profit on changes in NAV of Mutual funds	-	7.49
Profit on Redemption of Mutual funds	-	3.99
Dividend Received on Mutual Fund	80.52	41.87
Profit on Sale of Assets	0.05	4.92
Exchange Rate Difference (Net)	4,942.83	8.45
Rent Received	1.20	1.20
Mark to Market on Forward Contracts	-	184.47
Provision for Doubtful Debts Written Back	10.03	-
Sundry balances / Excess provision written back (Net)	14.23	1.07
Liability no longer payable written back	110.07	275.81
<b>TOTAL</b>	<b>5,463.80</b>	<b>1,049.35</b>

## 36. COST OF MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
<b>Raw Material &amp; Components Consumed</b>		
Opening Stock	11,890.98	18,245.73
Add: Purchases	1,12,789.03	97,237.49
<b>SUB-TOTAL</b>	<b>1,24,680.01</b>	<b>1,15,483.22</b>
Less: Closing Stock	13,916.07	11,890.98
<b>COST OF MATERIALS CONSUMED</b>	<b>1,10,763.94</b>	<b>1,03,592.24</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(₹ in lakhs)

Particulars		For the year	For the year
		April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
<b>Opening Stock</b>			
Finished Goods		18,363.14	18,770.89
Stock in Process		19,336.49	18,452.03
Waste		51.73	30.54
<b>SUB-TOTAL</b>	<b>A</b>	<b>37,751.36</b>	<b>37,253.46</b>
<b>Less: Closing Stock</b>			
Finished Goods		14,085.65	18,363.14
Stock in Process		20,423.65	19,336.49
Waste		96.40	51.73
<b>SUB-TOTAL</b>	<b>B</b>	<b>34,605.70</b>	<b>37,751.36</b>
<b>(INCREASE) / DECREASE IN STOCK</b>	<b>A-B</b>	<b>3,145.66</b>	<b>(497.90)</b>

### 38. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars		For the year	For the year
		April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Salaries & Wages		12,457.52	12,280.92
Directors' Remuneration		1,214.31	968.04
Contribution to Provident & Other Funds		699.11	665.69
Gratuity		163.71	199.18
Staff Welfare Expense		259.30	267.88
Recruitment & Training Expense		13.36	46.97
<b>TOTAL</b>		<b>14,807.31</b>	<b>14,428.68</b>

### 39. FINANCE COST

(₹ in lakhs)

Particulars		For the year	For the year
		April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
<b>Interest Expense:</b>			
- On Term Loans		588.11	561.95
- Banks		2,421.71	2,194.99
- Others		168.37	52.90
Bank Charges		697.35	703.03
Finance Procurement Charges		48.99	46.95
<b>TOTAL</b>		<b>3,924.53</b>	<b>3,559.82</b>

### 40. DEPRECIATION & AMORTISATION EXPENSE

(₹ in lakhs)

Particulars		For the year	For the year
		April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Depreciation		4,346.22	3,527.20
<b>TOTAL</b>		<b>4,346.22</b>	<b>3,527.20</b>

Refer Note No. 44 for information about Leases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Consumption of Stores, Dyes and Packing Materials	15,249.03	15,405.05
Jobwork Charges	20,181.42	18,582.86
Power & Fuel	8,156.69	9,426.89
Loss due to decline in value of inventory	88.01	-
Rent (a)	500.07	692.02
Rates, Taxes & Fees	160.46	103.64
Insurance	438.57	217.09
Repairs to Machinery	410.97	431.98
Repairs to Buildings	96.08	103.56
Commission & Brokerage	1,615.83	1,679.64
Freight Outward	3,673.80	3,410.79
Other Selling Expenses	3,197.19	2,843.52
Loss on Sale of Assets	1.51	2.48
Investments written off	-	0.16
Loss in value of NAV of Mutual Funds	7.82	-
Loss on Redemption of Mutual Funds	18.20	-
Bad Debts / Advances written off	54.29	20.34
Exchange Rate Difference (Net)	-	3,081.02
Provision for Doubtful Debts	-	10.03
Mark to Market on Forward Contracts	875.92	-
Miscellaneous Expenses (b)	6,211.69	4,303.30
<b>TOTAL</b>	<b>60,937.55</b>	<b>60,314.37</b>

(a) Refer Note No. 44 for information about Leases.

(b) Includes Payment to Auditors

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
As Statutory Audit Fee	52.40	50.66
As Quarterly Audit / Limited Review Fees	10.50	10.50
As Tax Audit Fee	3.55	3.55
For Tax Representations	-	-
For Certification Work	0.20	0.33
In Other Capacity	1.80	1.33
For Reimbursement of Expenses	1.29	2.39
<b>TOTAL</b>	<b>69.74</b>	<b>68.76</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 42. EXCEPTIONAL ITEMS

- (a) Includes ₹ 9,427.12 lakhs provided against refund of excess export benefits of earlier years by way of MEIS claimed to the extent of ₹ 7,267.87 lakhs along with interest thereon against Adjudication Order issued by office of The Commissioner of Customs.
- (b) Pursuant to the Notifications dated January 14, 2020 and January 29, 2020 issued by The Ministry of Textiles & the Ministry of Commerce, Government of India, withdrawing the entitlement under Merchandise Exports from India Scheme (MEIS) with retrospective effect from March 07, 2019 on certain products exported in the past, the Group had written off the MEIS benefit of ₹ 3,690.83 lakhs for the period from March 07, 2019 to September 30, 2019 in the financial results for the Quarter and Nine Months ended December 31, 2019 and shown as an Exceptional Item. Out of above, an amount of ₹3,271.50 lakhs for the period from April 1, 2019 to September 30, 2019 has been regrouped and reduced from Revenue from Operations of the Group in the Year End financial results.

### 43. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

#### A. Contingent Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i) Bank Guarantee	1,049.04	1,044.54
ii) Excise duty / Custom duty / Service Tax demands disputed in Appeals	182.84	182.84
iii) Other Litigation Claims (including Pending Labour Cases)	58.86	62.72
iv) Corporate Guarantee given to a Foreign Bank outside India for securing financial assistance	7,188.18	6,569.73

- (a) In terms of EPCG Licence issued, the Group has undertaken an export obligation for ₹63,948.41 lakhs, which is to be fulfilled over a period of 6 years. The Group has completed the export obligation to the extent of ₹63,948.41 lakhs till the year end, of which licenses having Export Obligation of ₹ 47,497.64 lakhs redeemed by the DGFT and balance licenses having completed Export Obligation value of ₹16,450.77 lakhs are under redemption.
- (b) The Group does not have any Advance Authorisation (Advance Import Licenses) at the year end.
- (c) Under the package scheme of incentives of Government of Maharashtra for Mega Projects, the Group was eligible for VAT and Electricity duty refund benefits. However, if it contravenes any of the conditions of the scheme or eligibility certificate of entitlement, it shall repay forthwith the entire benefits drawn / availed alongwith interest thereon together with costs, charges and expenses.
- (d) No provision has been made in the accounts towards Electricity Duty on electricity generated for captive use during the period April 1, 2000 to April 30, 2005 amounting to ₹ 292.07 lakhs (previous year ₹ 292.07 lakhs) excluding interest, as the Group has won the case against MSEDCL vide order number 2204 of 2007 dated November 7, 2009 of the Hon'ble High Court of Mumbai whereby it was decided that no such duty is payable. MSEDCL has appealed before the Hon'ble Supreme Court with condonation of delay and matter is yet to be heard. As the matter is subjudice, the management feels that no provision is necessary.

#### B. Commitments

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	76.16	45.25

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 44. LEASES

- a) The effect of adoption of Ind AS 116 is as follows:

Effective April 1, 2019, the Group adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' (ROU) asset and 'Lease Liabilities' of ₹ 1,605.05 lakhs. The Group has also reclassified its leasehold land amounting to ₹ 833.70 lakhs as ROU asset. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed in notes to the financial statements forming part of the 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.55%.

- b) The changes in the carrying value of ROU assets for the year ended March 31, 2020 are as follows:

(₹ in lakhs)

Particulars	Gross Carrying Amount	Depreciation	Net Carrying Amount
Land	833.70	52.66	781.04
Building	1,605.05	560.63	1,044.42
<b>TOTAL</b>	<b>2,438.75</b>	<b>613.29</b>	<b>1,825.46</b>

- The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.
- Expense relating to short-term leases and leases of low value assets amounted to ₹ 129.87 lakhs has been disclosed under Note 41 to the financial statements.
- Carrying value of Right-of-Use (ROU) assets amounted to ₹ 1,825.46 lakhs are disclosed under Note 7 to the financial statements.
- The break-up of non-current and current lease liabilities as at March 31, 2020 are disclosed under Note 23 & 30 respectively.
- The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis are as follows:

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
A) The total of future minimum lease payments under non-cancellable leases for each of the following years:		
i) Not later than one year	881.60	291.53
ii) Later than one year and not later than five years	746.68	481.65
iii) Later than five years	-	-
B) Lease payments recognised in the Statement of Profit and Loss	500.07	692.02

- h) The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 45. RELATED PARTY DISCLOSURE

Related party disclosures as required by IND-AS 24 "Related Party Disclosures" are given below:

#### i) Key Management Personnel

1. Shri Anil Kumar Jain	Executive Chairman
2. Shri Mohit Jain	Executive Vice Chairman (w.e.f. 01.07.2019), Non Executive Chairman (from 01.07.2018 to 30.06.2019) & Managing Director (upto 30.06.2018)
3. Shri K. R. Lalpuria	Executive Director & C.E.O. (Exec. Dir. w.e.f. 04.05.2018 & C.E.O. w.e.f. 08.02.2019)
4. Shri Kamal Mitra	Director (Works)
5. Shri P. N. Shah	Independent Director (upto 15.08.2019)
6. Shri R. Anand	Independent Director (upto 15.08.2019)
7. Shri Dilip Thakkar	Independent Director
8. Shri Prem Malik	Independent Director
9. Shri Sushil Kumar Jiwrajka	Independent Director (w.e.f. 04.05.2018)
10. Dr. (Mrs.) Vajjayanti Pandit	Independent Director
11. Shri Sanjay Kumar Panda	Independent Director (w.e.f. 03.08.2018)
12. Shri Siddharth Mehta	Independent Director (w.e.f. 03.08.2018)

#### ii) Relatives of Key Management Personnel

1. Smt. G. D. Jain
2. Smt. Shikha Jain

#### iii) Parties where Control Exists

##### A. Associates

1. A. K. Jain HUF

##### B. Others

1. Indo Count Foundation

(₹ in lakhs)

Particulars	Associates	Relatives of Key Management Personnel	Key Management Personnel	Others	Total
Remuneration Paid	- (-)	40.07 (40.42)	1,088.55 (1,096.10)	- (-)	1,128.62 (1,136.52)
Commission Paid	- (-)	- (-)	7.00 (8.32)	- (-)	7.00 (8.32)
Sitting Fees	- (-)	- (-)	16.30 (18.60)	- (-)	16.30 (18.60)
Sale of Goods	- (-)	- (-)	- (-)	1.16 (-)	1.16 (-)
Lease Rent Paid	70.98 (67.31)	- (-)	- (-)	- (-)	70.98 (67.31)
CSR Expenses	- (-)	- (-)	- (-)	276.30 (293.97)	276.30 (293.97)
<b>Balance outstanding at the end of the year:</b>					
a) Deposit - Rent	15.60 (15.60)	- (-)	- (-)	- (-)	15.60 (15.60)
b) Other Payables:					
Remuneration Payable	- (-)	- (-)	242.05 (179.50)	- (-)	242.05 (179.50)
Commission Payable	- (-)	- (-)	7.00 (8.32)	- (-)	7.00 (8.32)

a) Previous year figures are given in brackets.

b) Related parties enlisted above are those having transactions with the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46. It is Management's opinion that since the Group is exclusively engaged in the activity of manufacture of textile products which constitutes a single reportable segment in the context of Indian Accounting Standard (Ind-AS) 108 on "Operating Segments" issued by the Institute of Chartered Accountants of India.

### 47. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITIES (CSR)

The particulars of expenditure are as follows:

- Gross amount required to be spent by the Group during the year was ₹ 430.87 lakhs (previous year ₹ 623.31 lakhs).
- Amount incurred during the year:

Particulars	₹ in lakhs
i) Construction / Acquisition of Asset	-
ii) On purpose other than (i) above	281.07

Out of the above, the Group has paid ₹ 276.30 lakhs (previous year ₹ 293.97 lakhs) to Indo Count Foundation.

### 48. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND-AS) 33 "EARNINGS PER SHARE"

(₹ in lakhs)

Particulars	UoM	For the year	
		April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Face Value of Equity Shares	₹	2.00	2.00
Weighted Average number of Equity Shares outstanding	Nos.	19,73,99,670	19,73,99,670
Profit for the year (Continuing Operations)	₹ in lakhs	7,378.00	6,024.09
Weighted Average earnings per share (Basic and Diluted)	₹	3.74	3.05

### 49. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND-AS) 19 "EMPLOYEE BENEFITS"

#### Defined Contribution Plans:

Amount of ₹ 699.11 lakhs (previous year ₹ 665.69 lakhs) is recognised as an expense and included in Employee Benefits Expense under the following defined contribution plans (Refer Note 38, supra):

(₹ in lakhs)

Particulars	For the year	
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
<b>Benefits</b>		
Provident Fund	600.79	550.50
Employee State Insurance Scheme	94.58	111.15
Labour Welfare Scheme	3.74	4.04
<b>TOTAL</b>	<b>699.11</b>	<b>665.69</b>

#### Defined Benefit Plans:

##### Gratuity

The Group provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service. Vesting occurs upon completion of five continuous years of service in accordance with Indian law.

The Group makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

##### Leave Encashment Benefit

The Group provides for leave encashment, a defined benefit retirement plan covering eligible employees. The Leave Encashment Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 12 days salary for each completed year of service till retirement, subject to maximum of 90 days.

The Group makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Sr. No.	Particulars	GRATUITY		LEAVE ENCASHMENT	
		2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
<b>I</b>	<b>Change in Present Value of Defined Benefit Obligation during the Year</b>				
1	Present Value of Defined Benefit Obligation at the beginning of the Year	1,893.74	1,696.91	481.23	491.15
2	Interest Cost	136.40	130.66	29.98	37.82
3	Current Service Cost	180.33	182.31	46.65	39.92
4	Past Service Cost	-	-	-	-
5	Liability Transfer from other Company	-	-	-	-
6	Liability Transferred out / Divestment	-	-	-	-
7	Benefits Paid Directly by Employer	-	-	(2.30)	(1.16)
8	Benefits Paid	(65.85)	(100.88)	(16.86)	(69.42)
9	Actuarial Changes Arising from Changes in Demographic Assumptions	(1.13)	-	(0.20)	-
10	Actuarial Changes Arising from Changes in Financial Assumptions	137.72	-	33.43	(14.03)
11	Actuarial Changes Arising from Changes in Experience Adjustments	(52.47)	(15.25)	(37.78)	(3.06)
12	Present Value of Defined Benefit Obligation at the end of the Year	2,228.75	1,893.74	536.65	481.23
<b>II</b>	<b>Change in Fair Value of Plan Assets during the Year</b>				
1	Fair Value of Plan Assets at the beginning of the Year	1,370.22	1,369.10	443.96	427.03
2	Interest Income	105.80	114.50	34.26	34.37
3	Contributions Paid by the Employer	210.36	66.53	44.29	50.87
4	Benefits Paid from the Fund	(65.85)	(100.88)	(19.16)	(70.58)
5	Assets Transferred Out / Divestments	-	-	(0.02)	0.06
6	Return on Plan Assets Excluding Interest Income	-	-	-	-
7	Actuarial Losses / (Gains)	2.22	(79.02)	(0.05)	2.22
8	Fair Value of Plan Assets at the end of the Year	1,622.75	1,370.22	503.29	443.96
<b>III</b>	<b>Net Asset / (Liability) recognised in the Balance Sheet</b>				
1	Present Value of Defined Benefit Obligation at the end of the Year	2,228.75	1,893.74	536.65	481.23
2	Fair Value of Plan Assets at the end of the Year	1,622.75	1,370.22	503.29	443.96
3	Amount recognised in the Balance Sheet	606.00	523.52	33.36	37.27
4	Net (Liability) / Asset - Current	-	-	-	-
5	Net (Liability) / Asset - Non-Current	(606.00)	(523.52)	(33.36)	(37.27)
<b>IV</b>	<b>Expenses recognised in the Statement of Profit and Loss for the Year</b>				
1	Current service Cost	180.33	182.31	49.15	39.92
2	Interest Cost on Benefit Obligation (Net)	30.89	31.17	0.41	8.22
3	Actuarial Changes Arising from Changes in Demographic Assumptions	-	-	(0.20)	-
4	Actuarial Changes Arising from Changes in Financial Assumptions	-	-	30.47	-
5	Actuarial Changes Arising from Changes in Experience Adjustments	-	-	(37.78)	(18.26)
6	Return on Plan Assets excluding amount included in 'Net Interest on net Defined Liability / (Asset)' above	-	-	(2.05)	(3.53)
7	Total Expenses included in Employee Benefits Expense	211.23	213.48	40.00	26.35
<b>V</b>	<b>Recognised in Other Comprehensive Income for the Year</b>				
1	Actuarial Changes Arising from Changes in Demographic Assumptions	(1.13)	-	-	-
2	Actuarial Changes Arising from Changes in Financial Assumptions	137.72	-	-	-
3	Actuarial Changes Arising from Changes in Experience Adjustments	(52.47)	(15.25)	-	-
4	Return on Plan Assets excluding Interest Income	(2.50)	4.13	-	-
5	Recognised in Other Comprehensive Income	81.61	(11.12)	-	-
<b>VI</b>	<b>Maturity Profile of Defined Benefit Obligation</b>				
1	Within the next 12 Months (Next Annual Reporting Period)	283.83	244.59	202.57	183.67
2	Between 2 and 5 Years	412.34	424.58	85.00	82.09
3	Between 6 and 10 Years	943.91	843.13	148.37	69.62
<b>VII</b>	<b>Quantitative Sensitivity Analysis for Significant Assumption is as below:</b>				
	Increase / (Decrease) on Present Value of Defined Benefits Obligation at the end of the Year				
(i)	One Percentage Point increase in Discount Rate	(2,393.78)	(158.92)	(570.08)	(29.09)
(ii)	One Percentage Point decrease in Discount Rate	2,096.97	184.23	508.84	34.05
(i)	One Percentage Point increase in Rate of Salary Increase	2,065.65	187.00	508.03	34.57
(ii)	One Percentage Point decrease in Rate of Salary Increase	(2,387.34)	(163.86)	(570.33)	(30.00)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 49. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND-AS) 19 "EMPLOYEE BENEFITS" (Contd.)

## VIII Sensitivity Analysis Method

Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

## IX The major categories of plan assets as a percentage of total

Particulars	Gratuity		Leave Encashment	
	2019-20	2018-19	2019-20	2018-19
Insurer Managed Funds	100%	100%	100%	100%

## X Actuarial Assumptions

Particulars	Gratuity		Leave Encashment	
	2019-20 (funded)	2018-19 (funded)	2019-20 (funded)	2018-19 (funded)
Discount Rate (p.a.)	6.73% p.a.	7.70% p.a.	6.73% p.a.	7.70% p.a.
Salary Escalation (p.a.)	5.00% p.a.	7.00% p.a.	5.00% p.a.	7.00% p.a.
Mortality Rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)
Mortality post retirement Rate	NA	NA	NA	NA
Employee Turnover Rate (p.a.)	5.00%	5.00%	5.00%	5.00%
Future benefit Cost Inflation	NA	NA	NA	NA

## Expected contribution to the defined benefit plan for the next annual reporting period:

- (i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.
- (ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- (iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

## 50. DETAILS OF CAPITAL EXPENDITURE INCURRED DURING THE YEAR FOR RESEARCH AND DEVELOPMENT

(₹ in lakhs)

Particulars	2019-20	2018-19
Plant and Machinery	0.11	27.18
<b>TOTAL</b>	<b>0.11</b>	<b>27.18</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 51. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected lossess of these instruments.

**The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:**

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(₹ in lakhs)

Particulars	Carrying amount As at March 31, 2019	Fair value		
		Level 1	Level 2	Level 3
<b>Financial Assets at Amortised Cost:</b>				
Trade Receivables	25,530.12	-	-	-
Loans and Other Receivables (Non-Current)	172.58	-	-	172.58
Loans and Other Receivables (Current)	451.19	-	-	451.19
Cash and Bank Balances	2,312.15	-	-	-
Bank Deposits	1,037.99	-	-	-
<b>TOTAL</b>	<b>29,504.03</b>	<b>-</b>	<b>-</b>	<b>623.77</b>
<b>Financial Assets at Fair Value through Profit and Loss:</b>				
Investments	4,634.55	-	4,634.55	-
<b>TOTAL</b>	<b>4,634.55</b>	<b>-</b>	<b>4,634.55</b>	<b>-</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income:</b>				
Derivative Instruments	1,449.66	-	1,449.66	-
<b>TOTAL</b>	<b>1,449.66</b>	<b>-</b>	<b>1,449.66</b>	<b>-</b>
<b>Financial Liabilities at Amortised Cost:</b>				
Non-Current Borrowings	5,743.53	-	-	-
Current Borrowings	25,693.22	-	-	-
Trade and Other Payables	14,394.48	-	-	-
Other Financial Liabilities (Current)	3,621.61	-	-	1,275.94
<b>TOTAL</b>	<b>49,452.84</b>	<b>-</b>	<b>-</b>	<b>1,275.94</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	Carrying amount As at March 31, 2020	Fair value		
		Level 1	Level 2	Level 3
<b>Financial Assets at Amortised Cost:</b>				
Trade Receivables	24,233.31	-	-	-
Loans and Other Receivables (Non-Current)	395.98	-	-	395.98
Loans and Other Receivables (Current)	464.23	-	-	464.23
Cash and Bank Balances	13,935.90	-	-	-
Bank Deposits	1,099.35	-	-	-
<b>TOTAL</b>	<b>40,128.77</b>	<b>-</b>	<b>-</b>	<b>860.21</b>
<b>Financial Assets at Fair Value through Profit and Loss:</b>				
Investments	9.54	-	9.54	-
<b>TOTAL</b>	<b>9.54</b>	<b>-</b>	<b>9.54</b>	<b>-</b>
<b>Financial Liabilities at Amortised Cost:</b>				
Non-Current Borrowings	3,609.72	-	-	-
Current Borrowings	29,273.45	-	-	-
Trade and Other Payables	12,919.82	-	-	-
Other Financial Liabilities (Non Current)	588.72	-	-	588.72
Other Financial Liabilities (Current)	3,534.09	-	-	1,541.78
<b>TOTAL</b>	<b>49,925.80</b>	<b>-</b>	<b>-</b>	<b>2,130.50</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income:</b>				
Derivative Instruments	5,639.00	-	5,639.00	-
<b>TOTAL</b>	<b>5,639.00</b>	<b>-</b>	<b>5,639.00</b>	<b>-</b>

During the reporting period ending March 31, 2020 and March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

**Description of significant unobservable inputs to valuation:**

The following table shows the valuation techniques and inputs used for financial instruments:

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current Security Deposits	Discounted Cash Flow method using current interest rate.	
Derivative Instruments	Based on quotes from banks.	
Other Financial Liabilities (Non-Current)	Discounted Cash Flow method using risk adjusted discount rate.	



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Group manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regard to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Group, interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, an analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. Above 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

#### Exposure to Interest Rate Risk

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Total Borrowings	34,874.13	33,728.84
% of Borrowings out of above bearing Variable Rate of Interest	100%	100%

#### Interest Rate Sensitivity

A change of 50 bps in interest rates would have following impact on Profit before Tax:

(₹ in lakhs)

Particulars	2019-20	2018-19
50 bps increase would decrease the Profit before Tax by	174.37	168.64
50 bps decrease would increase the Profit before Tax by	(174.37)	(168.64)

#### Foreign Currency Risk

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

The Group evaluates exchange rate exposure arising from foreign currency transactions and the Group follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Foreign Currency in lakhs

Particulars	USD	EUR	CHF	GBP	JPY	Total
<b>Foreign Currency Exposure as at March 31, 2019</b>						
Trade and Other Receivables	396.20	1.42	0.13	0.25	18.20	416.20
Non-Current Borrowings	-	-	-	15.23	-	15.23
Bank Balances	17.80	-	-	-	-	17.80
Trade and Other Payables	10.33	-	0.51	-	-	10.84
<b>Foreign Currency Exposure as at March 31, 2020</b>						
Trade and Other Receivables	301.32	0.80	0.91	1.45	19.27	323.75
Non-Current Borrowings	-	-	-	5.64	-	5.64
Current Borrowings	2.24	-	-	-	-	2.24
Bank Balances	36.82	-	-	-	-	36.82
Trade and Other Payables	74.07	0.28	0.72	-	-	75.07

## Forward Contracts

Foreign currency hedges taken by the Group against export trade receivables are as under:

Particulars	Number of Contracts	Foreign Currency in lakhs (USD)	₹ in lakhs	Buy / Sell
<b>As at March 31, 2020</b>	202	1,588.98	1,14,343.28	Sell
As at March 31, 2019	253	1,511.09	1,07,520.29	Sell

## Foreign Currency Sensitivity

5% increase or decrease in foreign exchange rates will have the following impact on profit before tax: (₹ in lakhs)

Particulars	2019-20		2018-19	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	1,567.96	(1,567.96)	1,467.23	(1,467.23)
EUR	4.47	(4.47)	5.52	(5.52)
GBP	7.62	(7.62)	2.90	(2.90)
CHF	25.94	(25.94)	53.74	(53.74)
JPY	0.67	(0.67)	11.39	(11.39)
<b>INCREASE / (DECREASE) IN PROFIT AND LOSS</b>	<b>1,606.66</b>	<b>(1,606.66)</b>	<b>1,540.78</b>	<b>(1,540.78)</b>

## Market Risk - Price Risk

## Exposure

The Group's exposure to equity securities' price risk arises from investments held by the Group and classified in the Balance Sheet at fair value through Profit and Loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

## Sensitivity

The table below summarises the impact of increases / decreases of the BSE index on the Group's equity and gain / loss for the period. The analysis is based on the assumption that the index has increased by 5% or decreased by 5% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

## Impact on Profit before Tax

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
BSE Sensex 30 - Increase 5%	0.48	231.73
BSE Sensex 30 - Decrease 5%	(0.48)	(231.73)

Above referred sensitivity pertains to quoted equity investment (Refer Note No. 13). Profit for the year would increase / decrease as a result of gains / losses on equity securities at fair value through profit and loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Credit Risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. Individual risk limits are set accordingly.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, there are recognised in profit and loss.

The Group measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industrial practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection of receivable is not material, hence, no additional provision considered.

### Exposure to Credit Risk

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Financial Assets for which loss allowance is measured using 12-months' Expected Credit Losses (ECL)</b>		
Investments in Debentures or Bonds	9.54	4,634.55
Non-Current Loans and Advances	395.98	172.58
Cash and Bank Balances	13,935.90	2,312.15
Bank Deposits	1,099.35	1,037.99
Current Loans and Advances	464.23	451.19

Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables	24,233.31	25,530.12

Balance with banks is subject to low credit risks due to good credit ratings assigned to these banks.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due:

Particulars	₹ in lakhs
<b>As at March 31, 2020</b>	
Not Due	20,874.35
Up to 3 months	2,240.07
3 to 6 months	673.18
More than 6 months	445.71
<b>TOTAL</b>	<b>24,233.31</b>
<b>As at March 31, 2019</b>	
Not Due	22,147.46
Up to 3 months	3,021.20
3 to 6 months	267.22
More than 6 months	94.24
<b>TOTAL</b>	<b>25,530.12</b>

Financial assets are considered to be of good quality and there is no significant increase in credit risk.

Movement in provisions of doubtful debts

Particulars	₹ in lakhs
<b>As at March 31, 2020</b>	
Opening Provision	10.03
Add: Additional Provision made	-
Less: Provision write off	-
Less: Provision reversed	(10.03)
<b>CLOSING PROVISIONS</b>	<b>-</b>
<b>As at March 31, 2019</b>	
Opening Provision	-
Add: Additional Provision made	10.03
Less: Provision write off	-
Less: Provision reversed	-
<b>CLOSING PROVISIONS</b>	<b>10.03</b>

### Liquidity Risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Maturity Profile of Financial Liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

(₹ in lakhs)

Particulars	Less than 1 year	1 to 5 years	Total
<b>As at March 31, 2020</b>			
Non Current Borrowings	-	3,609.72	3,609.72
Other Non-Current Financial Liabilities	-	588.72	588.72
Current Borrowings	29,273.45	-	29,273.45
Trade Payables	12,919.82	-	12,919.82
Other Current Financial Liabilities	9,173.09	-	9,173.09
<b>As at March 31, 2019</b>			
Non-Current Borrowings	-	5,743.53	5,743.53
Current Borrowings	25,693.22	-	25,693.22
Trade Payables	14,394.48	-	14,394.48
Other Financial Liabilities	3,621.61	-	3,621.61

### Capital Management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's Capital Management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Group monitors capital using Gearing Ratio, which is total debt divided by total capital plus debt.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Debt	34,874.13	33,728.84
Equity	98,601.80	97,474.70
<b>Capital and Debt</b>	<b>1,33,475.93</b>	<b>1,31,203.54</b>
<b>GEARING RATIO</b>	<b>26.13%</b>	<b>25.71%</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 53. NET DEBT RECONCILIATION

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and Cash Equivalents	13,935.90	2,312.15
Non-Current Borrowings (including Current Maturities)	(5,600.68)	(8,035.62)
Current Borrowings	(29,273.45)	(25,693.22)
Interest Accrued but not Due	(1.35)	(53.58)
<b>Net Debt</b>	<b>(20,939.58)</b>	<b>(31,470.27)</b>

(₹ in lakhs)

Particulars	Cash and Cash Equivalents	Non Current Borrowings (including Current Maturities)	Current Borrowings	Interest Accrued but not Due	Total
<b>As at March 31, 2020</b>					
Opening Net Debt	2,312.15	(8,035.62)	(25,693.22)	(53.58)	(31,470.27)
Cash Flows	11,623.75	2,434.94	(3,580.23)	-	10,478.46
Finance Cost	-	-	-	(3,924.53)	(3,924.53)
Interest Paid	-	-	-	3,976.76	3,976.76
<b>CLOSING NET DEBT</b>	<b>13,935.90</b>	<b>(5,600.68)</b>	<b>(29,273.45)</b>	<b>(1.35)</b>	<b>(20,939.58)</b>
<b>As at March 31, 2019</b>					
Opening Net Debt	1,556.83	(6,172.14)	(32,226.10)	(9.30)	(36,850.71)
Cash Flows	755.32	(1,863.48)	6,532.88	-	5,424.72
Finance Cost	-	-	-	(3,559.82)	(3,559.82)
Interest Paid	-	-	-	3,515.54	3,515.54
<b>CLOSING NET DEBT</b>	<b>2,312.15</b>	<b>(8,035.62)</b>	<b>(25,693.22)</b>	<b>(53.58)</b>	<b>(31,470.27)</b>

54. (a) Pursuant to the acquisition of remaining 17.50% shareholding Indo Count Retail Ventures Pvt Ltd (ICRVPL) became the Wholly Owned Subsidiary of the Holding Company with effect from March 9, 2020.
- (b) The Holding Company entered into a Business Transfer Agreement with ICRVPL, wholly owned subsidiary (WOS) on March 30, 2020, whereby the domestic home textile business of the WOS was acquired by the Holding Company on 'slump sale' basis w.e.f April 1, 2020. The assets and liabilities transferred pursuant to the arrangement will be dealt with by the Holding Company in its books in FY 2020-21.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 55. IMPACT OF COVID PANDEMIC AND RELATED LOCKDOWN MEASURES

The World Health Organisation announced a global health emergency due to a new strain of coronavirus (“COVID-19”) and classified this outbreak as a pandemic in March 2020 following which Government of India announced a countrywide lockdown from March 24, 2020.

The manufacturing operations were temporarily shut down from March 23, 2020 and after a period of ~ 30 days, restarted partially from April 26, 2020 subject to conditions laid down by the State Government.

The Group has taken all necessary steps to ensure the health, safety, welfare of employees and also the working environment as per the Government guidelines.

#### Business and Financial Impact:

Due to temporary stoppage of operations, orders valued ~ US\$ 11.0 mn. could not be executed in Q4 FY 2020 and stands postponed to FY 21. Since the outbreak of the pandemic, retail stores in our major markets viz. US and Europe have been predominantly closed except retailers selling fresh food and miscellaneous other products. Retail stores have started opening in a phased manner in June 2020 and further visibility on the business would be seen in the next couple of months as stores start their regular operations.

The Group has adequate liquidity to manage the mismatch in cash flow arising due to Covid 19 situation. The Group is in a position to service its existing debt comfortably and therefore has not sought any moratorium with the banks and financial institutions.

#### Outlook:

Given its healthy capital adequacy and stable liquidity position, good customer base, wider geographical distribution, innovative product mix, the Group is confident of dealing with the challenges posed by Covid-19.

#### As per our report of even date attached

##### For Suresh Kumar Mittal & Co.,

Chartered Accountants  
Firm Regd. No.: 500063N

##### Ankur Bagla

Partner  
Membership No.: 521915  
New Delhi, June 12, 2020

#### For and on behalf of Board of Directors

##### Anil Kumar Jain

Executive Chairman  
DIN: 00086106

##### K. Muralidharan

Chief Financial Officer

##### Kailash R. Lalpuria

Executive Director & CEO  
DIN: 00059758

##### Amruta Avasare

Company Secretary

Mumbai, June 12, 2020



Complete Comfort

**Indo Count Industries Limited**

CIN: L72200PN1988PLC068972

Corp. Office: 301, 3rd Floor, Arcadia, Nariman  
Point, Mumbai – 400021, India

Tel : +91 22 43419500 / 501

Fax: +91 22 22823098

Email: [icilinvestors@indocount.com](mailto:icilinvestors@indocount.com)

[www.indocount.com](http://www.indocount.com)





## INDO COUNT INDUSTRIES LIMITED

CIN: L72200PN1988PLC068972

**Registered Office:** Office No. 1, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale,  
District Kolhapur-416109, Maharashtra

**Tel No:** (0230) 2463100/2461929

**Website:** [www.indocount.com](http://www.indocount.com); **E-mail:** [icilinvestors@indocount.com](mailto:icilinvestors@indocount.com)

### NOTICE

#### 31<sup>ST</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty First (31<sup>st</sup>) Annual General Meeting of the Members of Indo Count Industries Limited ("the Company") will be held on **Thursday, July 30, 2020 at 12.30 p.m. (IST)**, through Video Conferencing ("**VC**") / Other Audio Visual Means ("**OAVM**") to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020 together with the Reports of the Board of Directors and the Auditors thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 together with the Report of the Auditors thereon.
2. To declare Final Dividend of Re. 0.60/- per Equity Share of face value of ₹ 2/- each for the Financial Year ended March 31, 2020.
3. To appoint a Director in place of Mr. Kailash R. Lalpuria (DIN: 00059758), who retires by rotation and being eligible, offers himself for the re-appointment.

**By Order of the Board of Directors of  
INDO COUNT INDUSTRIES LIMITED**

Amruta Avasare  
Company Secretary  
Membership No: A18844

Date: June 12, 2020  
Place: Mumbai

## NOTES:

1. In view of the continuing Novel Coronavirus (COVID-19) pandemic, social distancing is a norm to be followed and Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/ 2020 dated May 5, 2020, read with General Circular No. 14/ 2020 dated April 8, 2020 and General Circular No. 17/ 2020 dated April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the members at a common venue.

Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 ("Act") read with the aforesaid MCA Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 31<sup>st</sup> AGM is being held through VC/ OAVM and the members can attend and participate in this AGM through VC/ OAVM.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held through VC / OAVM pursuant to the aforesaid MCA Circulars, read with Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 ("said SEBI Circular") issued by the Securities and Exchange Board of India ("SEBI"), physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.**
3. In terms of the provisions of Section 112 and 113 of the Act read with the aforesaid MCA Circulars Institutional / Corporate Shareholders (i.e. other than individuals, HUF, NRI etc.) are entitled to appoint their authorized representatives to attend the AGM through VC/ OAVM on their behalf and participate thereat, including cast votes by electronic means (details of which are provided separately in this notice). Such Corporate Members are requested to refer 'General Guidelines for Shareholders' provided in "Page no 7" of the notice, for more information.
4. The attendance of the Members at the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. The members, seeking any information with regard to the accounts or any matter to be placed at the AGM or having any questions in connection with

the matter placed at AGM, are requested to send email to the Company on or before July 26, 2020, on [agm@indocount.com](mailto:agm@indocount.com). The same will be replied suitably.

6. Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meetings, brief profile and other details of Mr. Kailash R Lalpuria, Director retiring by rotation are provided in the **"Annexure I"** to this Notice.
7. Those Shareholders whose email IDs are not registered can get their Email ID registered by following procedure as mentioned in **"Annexure II"** in this notice. Further, for registration / updation of Bank details shareholders can refer the **"Annexure II"** of this notice.
8. In accordance with the provisions of Section 139 of the Act, at the Annual General Meeting ("AGM") held on August 21, 2017, M/s. Suresh Kumar Mittal & Co., Chartered Accountants (Firm Registration No. 500063N) were appointed as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of the 28<sup>th</sup> AGM till the conclusion of 33<sup>rd</sup> AGM, subject to the ratification by members at every AGM. The requirement to place the matter relating to the appointment of Auditors for ratification by Members at every Annual General Meeting was omitted vide notification dated May 7, 2018, issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for the ratification of appointment of Auditors in this Notice of AGM of the Company.
9. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company are requested to submit Form SH -13 to the Registrar and Transfer Agent of the Company. Members holding shares in demat form may contact their respective Depository Participant ("DP") for recording of nomination.
10. In case of joint holders attending the Meeting. Only such joint holder who is higher in the order of names will be entitled to vote.
11. Members holding shares in physical form are requested to notify any changes apart from the changes in email id and bank details can be intimated to Link Intime Private Limited at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or to the Company at [icilinvestors@indocount.com](mailto:icilinvestors@indocount.com)
12. Members, whether holding shares in electronic/physical mode, are requested to quote their DP ID & Client ID or Folio No. for all correspondence with the Company / RTA.

13. The final dividend on equity shares as recommended by the Board of Directors, if approved by the members at the AGM, will be paid to those Equity Shareholders whose names appear in the Register of Members / Register of Beneficial Owners as at the close of business hours on **July 23, 2020 ("Record Date")**, subject to deduction of tax at source wherever applicable.

## DIVIDEND

14. Payment of Dividend through electronic means:

- (a) The Company provides the facility to the Shareholders for remittance of dividend directly in electronic mode through National Automated Clearing House (NACH). In view of the outbreak of the COVID-19 pandemic and resultant difficulties involved in dispatching of physical dividend warrants, Shareholders holding shares in physical form and desirous of availing this facility of electronic remittance are request to update their latest bank details on the given below web-link: [https://linkintime.co.in/emailreg/email\\_register.html](https://linkintime.co.in/emailreg/email_register.html) Shareholders holding shares in dematerialised form are requested to provide the said details to their respective Depository Participants.
- (b) In line with the General Circular No. 20/ 2020 dated May 5, 2020 issued by the MCA, in case the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFSC Code), the Company shall upon normalisation of the postal services, dispatch the dividend warrant/ cheque to such shareholder by post.
- (c) Shareholders holding shares in dematerialised form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company / RTA cannot act on any request received directly from the Shareholders holding shares in dematerialised form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Shareholders.

15. TDS on Dividend

- (a) Pursuant to the Income Tax Act, 1961 ("Act"), as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the applicable rates at the time of making the payment of the said Final Dividend, if declared at the AGM.
- (b) The TDS rate may vary depending on the residential status of the shareholder and the documents submitted by the shareholders and accepted by the Company in accordance with the provisions of the Act. The information on TDS for various categories of shareholders along with required documents are given in "**Annexure III**".

16. Unclaimed Dividends

In terms of Section 124 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the Interim Dividend for the FY 2015-16, Final Dividend for the FY 2015-16, Interim Dividend for the FY 2016-2017, Final Dividend for 2016-17, Interim Dividend for 2017-18, Final Dividend for 2017-18 and Final Dividend 2018-19 are due for transfer to IEPF in the year 2022, 2023, 2024, 2025 and 2026 respectively. Members are requested to ensure that they claim the respective dividend(s) before transfer of the said amount to IEPF. Members who have not encashed their dividend warrants for said dividend(s) are requested to contact the Company or/Registrar and Transfer Agent. Further, please note that pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('The Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more would be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account.



17. NRI Members are requested to:
  - a) change their residential status on return to India permanently.
  - b) furnish particulars of bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank with PIN Code No., if not furnished earlier.
18. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form at earliest.
19. Members holding shares under different Folio Nos. in the same names are requested to apply for consolidation of folios and send relevant original share certificates to the Company's RTA for doing the needful.
20. In compliance with MCA General Circular 20/2020 dated May 5, 2020 and SEBI Circular dated May 12, 2020, Notice of the 31<sup>st</sup> AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice of AGM and Annual Report for FY 2019-20 will also be available on the Company's website [www.indocount.com](http://www.indocount.com) and websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL <https://www.evoting.nsdl.com>.  
Members of the Company holding shares either in physical form or in Dematerialised forms as on Benpos date i.e. Tuesday, June 30, 2020 will be sent Annual Report for the financial year 2019-20 through electronic mode.
21. Members who wish to inspect statutory registers required to be made available/kept open for inspection at AGM and Relevant documents referred to in this Notice of AGM can send an email to [icilinvestors@indocount.com](mailto:icilinvestors@indocount.com) or [agm@indocount.com](mailto:agm@indocount.com).
22. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice. The deemed venue for the AGM will be the Registered Office of the Company.

#### INSTRUCTIONS FOR REMOTE E-VOTING:

Pursuant the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2015 as amended from time to time, and Regulation 44 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing 'remote e-voting' facility through National Securities Depository Limited (NSDL) to all Members of the Company to enable them to cast their votes electronically, on all resolutions mentioned in the notice of the 31<sup>st</sup> Annual General Meeting ("AGM") of the Company.

#### GENERAL INSTRUCTIONS:

- a) The remote e-voting period begins on **Monday, July 27, 2020 at 9.00 a.m. (IST) and ends on Wednesday, July 29, 2020 at 5.00 p.m. (IST)**. During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date i.e. Thursday, July 23, 2020** may cast their votes by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting after 5.00 p.m. (IST) on Wednesday, July 29, 2020.
- b) Mr. Vikas R. Chomal, Proprietor of M/s. Vikas R. Chomal & Associates, Practicing Company Secretaries (Membership No.: ACS 24941; CP No: 12133), has been appointed as a Scrutiniser to scrutinise the remote e-voting process and e-voting at AGM in a fair and transparent manner.
- c) In accordance with Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company has fixed July 23, 2020 as the "cut-off date" to determine the eligibility to vote by remote e-voting or e-voting at the AGM. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date, i.e. July 23, 2020, shall be entitled to avail the facility of remote e-voting or e-voting at the AGM. Only those members, who will be present at the AGM through VC/ OAVM facility and who would not have cast their vote by remote e-voting prior to the AGM and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.
- d) The members who have cast their vote by remote e-voting may also attend the AGM through VC/ OAVM but shall not be entitled to cast their vote again.
- e) Any person, who acquires shares of the Company and becomes a Member of the Company after sending of

the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

- f) The voting rights of Members shall be in proportion to their shares in the paid-up equity shares capital of the Company as on the cut-off date.
- g) The Scrutiniser shall submit his consolidated report to the Chairman within 48 hours from the conclusion of the AGM.
- h) The result declared along with the Scrutiniser's Report shall be placed on the website of the Company at [www.indocount.com](http://www.indocount.com) and on the website of NSDL at <https://www.evoting.nsdl.com> and shall simultaneously be communicated to the BSE Limited and National Stock Exchange of India Limited (NSE) at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. July, 30, 2020.

#### **PROCESS AND MANNER FOR MEMBERS OPTING TO VOTE THROUGH REMOTE E-VOTING:**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

##### **Step 1 : Log-in to NSDL e-Voting system at below link**

<https://www.evoting.nsdl.com/>

##### **How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in **“process for those shareholders whose email ids are not registered”**
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
- (a) Click on **“Forgot User Details/Password?”** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
- (b) **“Physical User Reset Password?”** (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
- (c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open

## **Step 2 : Cast your vote electronically on NSDL e-Voting system.**

### **How to cast your vote electronically on NSDL e- voting system**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies ‘EVEN’ in which you are holding shares and whose voting cycle is in active status.
3. Select ‘EVEN’ of **“Indo Count Industries Limited”** for which you wish to cast your vote EVEN is 113064.

4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on ‘Submit’ and also ‘Confirm’ when prompted.
6. Upon confirmation, the message ‘Vote cast successfully’ will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for Members**

- i) Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to [csvrca@gmail.com](mailto:csvrca@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and to the Company at [agm@indocount.com](mailto:agm@indocount.com)
- ii) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the ‘Forgot User Details/Password?’ or ‘Physical User Reset Password?’ option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) to reset the password.
- iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), contact Mr. Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) / 022-24994360 or Ms. Pallavi Mhatre, Manager, NSDL at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/022-24994545 or Mr. Sagar Ghosalkar, Assistant Manager- NSDL at [sagar.ghosalkar@nsdl.co.in](mailto:sagar.ghosalkar@nsdl.co.in) / 022-24994553.

**Process for those shareholders whose email ids are not registered with the Company/depositories for procuring user id and password for e-voting for the resolutions set out in this notice:**

- a) In case shares are held in physical mode, please provide signed scan copy of request letter mentioning Folio No., Name of shareholder, along with PAN (self-attested scan copy of PAN card), self-attested scan copy of Aadhar Card/any other address proof by email to Link Intime India Private Limited, Registrar & Transfer Agent at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- b) In case shares are held in demat mode, please provide signed scan copy of request letter mentioning DPID-CLID, Name, along with PAN (self-attested scan copy of PAN card), self-attested scan copy of Aadhar Card/any other address proof by email to Link Intime India Private Limited, Registrar & Transfer Agent at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- c) Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by providing the details mentioned in Point (1) or (2) as the case may be.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM:**

- a) The members can join the AGM in the VC/ OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice in points given below. The facility of participation at the AGM through VC/ OAVM will be made available for 1,000 Shareholders on 'first come first serve' basis. This will not include large Shareholders (i.e. Shareholders holding 2% or more), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of 'first come first serve' basis. Instructions and other information for members for attending the AGM through VC/OAVM are given in this Notice.
- b) Members will be provided with a facility to attend the Meeting through VC/OAVM through the NSDL e Voting system. Members may access the same at

<https://www.evoting.nsdl.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.

- c) 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 NSDL.
- d) Members can participate in AGM through smart phone/ laptop, however, for better experience and smooth participation it is advisable to join the Meeting through Laptops connected through broadband.
- e) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- f) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- g) For ease of conduct, members who would like to ask questions / express their views may send their questions by July 26, 2020 mentioning their name demat account number/folio number, email id, mobile number at [agm@indocount.com](mailto:agm@indocount.com). Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered Email ID mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number at [agm@indocount.com](mailto:agm@indocount.com). Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. The members can also ask questions concurrently.
- h) Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Mr. Amit Vishal, Senior Manager – NSDL at



[amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)/ 022-24994360 or Ms. Pallavi Mhatre, Manager, NSDL at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/ 022-24994545 or Mr. Sagar Ghosalkar, Assistant Manager NSDL at [sagar.ghosalkar@nsdl.co.in](mailto:sagar.ghosalkar@nsdl.co.in)/ 022-24994553. The member may also contact company at [agm@indocount.com](mailto:agm@indocount.com) or contact on 022-43419500.

**The details of the process and manner for e-voting at the Annual General Meeting are explained herein below:**

- a) The procedure for e-Voting on the day of the Annual General Meeting is same as the instructions mentioned above for remote e-voting.
- b) Only those Members/ shareholders, who will be present in the meeting 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 Annual General Meeting.
- c) Members who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the meeting.
- d) The details of the persons who may be contacted for any grievances connected with the facility for e-Voting on the day of the Annual General Meeting shall be the same persons mentioned for Remote e-voting.



## ANNEXURE - I

**Additional Information as required under Regulation 36(3) of SEBI (LODR) Regulations, 2015 & Secretarial Standard – 2 on General Meetings about Mr. Kailash R. Lalpuria (DIN: 00059758) Director liable to retire by rotation and recommended for the re-appointment**

<b>Name of the Director</b>	Mr. Kailash R. Lalpuria
<b>Age</b>	60 years
<b>DIN</b>	00059758
<b>Category</b>	Executive & Non-Independent
<b>Date of first appointment on the Board</b>	November 11, 2010
<b>Brief Resume and nature of expertise in specific functional areas</b>	A Chartered Accountant, Mr. K R Lalpuria is a Science graduate from St. Xavier's College in Mumbai and has more than 37 years of experience in the Textile Sector. His expertise includes Strategic Growth of Organisation, Planning Joint Ventures, Developing Overseas Sales Team, and Contribution in overall Value Chain, New Areas of Business Development, Commercial Aspects of Export Business, Sales & Marketing and Customer Relationship Management. He has the entrepreneur skills to conceptualise business and establish it as a successful enterprise. He has travelled worldwide and has good network for business development globally.
<b>Terms &amp; conditions of re-appointment</b>	Appointed as an Executive Director of the Company for a period of 3 years w.e.f. May 4, 2018 liable to retire by rotation.
<b>Details of remuneration sought to be paid and remuneration last drawn.</b>	During the financial year 2019-20, remuneration of ₹ 2.04 crores was paid.
<b>Relationship with other Directors, Manager and other Key Managerial Personnel of the Company</b>	None
<b>Number of Board Meetings attended during the year</b>	4
<b>Directorships held in other public Companies, including listed Companies [excluding foreign and private Companies, Section 8 companies] as on March 31, 2020</b>	NIL
<b>Memberships / Chairmanships of Audit and Stakeholders Relationship Committees of other Public Companies as on March 31, 2020</b>	NIL
<b>Number of shares held by Mr. Kailash Lalpuria in the Company as on March 31, 2020</b>	NIL

## ANNEXURE - II

### Procedure for registration of e-mail address and bank details by shareholders:-

#### i. For Temporary Registration for Demat shareholders:

The Members of the Company holding Equity Shares of the Company in Demat Form and who have not registered their e-mail addresses may temporarily get their e-mail addresses registered with Link Intime India Pvt Ltd by clicking the link: [https://linkintime.co.in/emailreg/email\\_register.html](https://linkintime.co.in/emailreg/email_register.html) in their web site [www.linkintime.co.in](http://www.linkintime.co.in) at the Investor Services tab by choosing the E mail Registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, DPID, Client ID/ PAN, mobile number and e-mail id. In case of any query, a member may send an email to RTA at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

#### ii. For Permanent Registration for Demat shareholders:

It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address, in respect of demat holdings with the respective Depository Participant (DP) by following the procedure prescribed by the Depository Participant.

#### iii. Registration of email id for shareholders holding physical shares:

The Members of the Company holding Equity Shares of the Company in physical Form and who have not registered their e-mail addresses may get their e-mail addresses registered with Link Intime India Pvt Ltd, by clicking the link: [https://linkintime.co.in/emailreg/email\\_register.html](https://linkintime.co.in/emailreg/email_register.html)

in their web site [www.linkintime.co.in](http://www.linkintime.co.in) at the Investor Services tab by choosing the E mail / Bank Registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, Folio Number, Certificate number, PAN, mobile number and e mail id and also upload the image of share certificate in PDF or JPEG format. (upto 1 MB) . In case of any query, a member may send an e-mail to RTA at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

#### iv. Registration of Bank Details for physical shareholders:

The Members of the Company holding Equity Shares of the Company in physical Form and who have not registered their bank details can get the same registered with Link Intime India Pvt Ltd, by clicking the link: [https://linkintime.co.in/emailreg/email\\_register.html](https://linkintime.co.in/emailreg/email_register.html) in their web site [www.linkintime.co.in](http://www.linkintime.co.in) at the Investor Services tab by choosing the E mail/Bank Registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, Folio Number, Certificate number, PAN, e – mail id along with the he copy of the cheque leaf with the first named shareholders name imprinted in the face of the cheque leaf containing bank name and branch, type of account, bank account number, MICR details and IFSC code in PDF or JPEG format. In case of any query, a member may send an email to RTA at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

## ANNEXURE - III

**Intimation on Tax Deduction on Dividend**

Pursuant to the Income Tax Act, 1961 ("Act"), as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the applicable rates at the time of making the payment of the said Final Dividend, if declared at the AGM.

The TDS rate may vary depending on the residential status of the shareholder and the documents submitted by the shareholders and accepted by the Company in accordance with the provisions of the Act. The TDS for various categories of shareholders along with required documents are summarized below:

**Table 1: Resident Shareholders**

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
<b>Resident Individuals</b>		
If total Dividend income to a resident individual shareholder in FY 2020-21 > ₹ 5,000	- 7.5% in case where PAN is provided/ available - 20%, in other cases where PAN is not provided / not available.	Update the PAN if not already done with depositaries (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents – Link Intime India Private Limited (in case of shares held in physical mode).
Shareholders providing duly signed Form 15G (applicable to any person other than a Company or a Firm) /15H (applicable to an Individual above the age of 60 years) provided that all the prescribed eligibility conditions are met.	NIL	Form 15G/15H duly signed – The forms are available on the website of Link Intime.
If total Dividend income to a resident individual shareholder in FY 2020-21 < ₹ 5,000	NIL	-
<b>Resident - Other than Individuals</b>		
Indian Commercial Banks/Indian Financial Institutions	7.5%	-
Insurance Companies: LIC & Other Insurance Companies such as GIC/United India Insurance Co/ Oriental Insurance Co/New India Assurance Co as provided under Second Proviso to section 194 of IT Act	NIL	A declaration that it has a full beneficial interest with respect to the shares owned by it along with PAN.
Govt of India, Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income- tax on its income (Section 196)	NIL	Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of Income Tax Act, 1961 along with a self-attested copy of the PAN card and registration certificate.
Mutual Funds	NIL	Self-declaration that they are specified and covered under section 10 (23D) of the Income Tax Act, 1961 along with a self-attested copy of PAN card and registration certificate.
	7.5%	In case of mutual funds not covered under section 10 (23D) of the Income Tax Act, 1961

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
Alternative Investment Fund	NIL	Self-declaration that its income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 and they are governed by SEBI regulations as Category I or Category II AIF along with a self-attested copy of the PAN card and registration certificate.
	7.5%	In case AIF other than those registered with SEBI as per S115UB of the Act.
Order under section 197 of the Act	Rate provided in the order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Other resident shareholder without PAN/Invalid PAN	20%	-

**Please Note that:**

- a) **Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP id-Client Id is mandatory. In absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act.**
- b) **Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts**

**Table 2: Non-resident Shareholders**

Tax is required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 at applicable rates in force. As per the said provisions, the tax shall be withheld @ 20% plus applicable surcharge and cess on the amount of dividend payable. However, as per Section 90 of the Income Tax Act, 1961, a non-resident payee has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the DTAA benefits, the non-resident shareholder will have to provide documents provided in the table:

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident shareholder (This includes Foreign Companies, Bodies Corporate, NRI, Foreign Nationals and other foreign entities)	20% (plus applicable surcharge and cess) or Tax Treaty rate whichever is lower	<p>Non-resident shareholders may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty") as per Section 90 of the Income tax Act, 1961. The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the company</p> <ul style="list-style-type: none"> <li>● Copy of the PAN Card, if any, allotted by the Indian authorities.</li> <li>● Self-attested copy of Tax Residency Certificate (TRC) valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is resident.</li> <li>● Self-declaration in Form 10F available on Link Intime Website.</li> <li>● Self-declaration in the prescribed format which is available in Link Intime website, certifying on the following points :               <ol style="list-style-type: none"> <li>i. Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2020-21;</li> </ol> </li> </ul>

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
		<ul style="list-style-type: none"> <li>ii. Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;</li> <li>iii. Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;</li> <li>iv. Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and</li> <li>v. Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2020-21.</li> </ul> <p>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above mentioned documents are not provided.</p> <p>However, the Company in its sole discretion reserves the right to apply the beneficial DTAA rates at the time of tax deduction/ withholding on dividend amounts and to call for any further information. Application of DTAA rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company.</p>
Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI)	20% (plus applicable surcharge and cess)	None (Treaty benefit not available to FII/FPI). TDS rate shall not be reduced on account of the application of the Lower DTAA rate or lower tax deduction order, if any
Submitting Order under section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.

**Note: The Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.**



### Procedure for submission of documents:

**Form 15G/15H/10F are available on the website of Link Intime India Private Limited.** The same can be downloaded from Link Intime's website at <https://www.linkintime.co.in/client-downloads.html>. **On this page select the General tab.**

The aforementioned documents (duly completed and signed) are required to be uploaded at <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>. On this page the user shall be prompted to select / share the following information to register their request.

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment – 1 (PAN)
7. Document attachment – 2 (Forms)
8. Document attachment – 3 (Any other supporting document)

Apart from above, this communication and aforesaid forms are also available on Company's website [www.indocount.com](http://www.indocount.com) in Investors Section.

Please note that the upload of documents (duly completed and signed) on the website of Link Intime India Private Ltd should be done by **July 20, 2020** in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax.

Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication/ documents on the tax determination / deduction shall be considered post July 20, 2020.

All communications/ queries in this respect should be addressed to our RTA, Link Intime India Private Limited to its email address: [indocountdivtax@linkintime.co.in](mailto:indocountdivtax@linkintime.co.in) or to the Company to its email address: [icilinvestors@indocount.com](mailto:icilinvestors@indocount.com).

Further, shareholders who have not registered their email address are requested to register the same with our RTA. Shareholders are further requested to complete necessary formalities with regard to their Bank accounts attached to their Demat account for enabling the Company to make timely credit of dividend in respective bank account especially in view of COVID 19.

### **No claim shall lie against the Company for such taxes deducted.**

The Company will arrange to email a soft copy of the TDS certificate at the shareholders registered email ID post payment of the said Final Dividend. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>.

*Disclaimer: This Communication shall not be treated as an advice from the Company or Link Intime India Private Limited. Shareholders should obtain the tax advice related to their tax matters from a tax professional.*