



# **FLORA TEXTILES LIMITED**

COIMBATORE - 641 043.

PH : 0422 2447395

**TWENTY NINTH ANNUAL REPORT  
2021-2022**

**FLORA TEXTILES LIMITED**  
**29th ANNUAL REPORT 2021-2022**

|   |   |  |
|---|---|--|
| <b>BOARD OF DIRECTORS</b>               | : | Smt. Nidhi Gupta Managing Director (DIN01825531)<br>Sri.Indrachand Prajapathi, Director (DIN 07655675)<br>Sri.Kanaram, Director (DIN 05332461)<br>Sri. R. Ravindra Kumar, Director (DIN 01470047)<br>Sri.R Hemchand Gupta, Director (DIN 08270656) |
| <b>CHIEF FINANCIAL OFFICER</b>          | : | Sri. Hemant Kumar Gupta  |
| <b>COMPANY SECRETARY</b>                |   | Ms Kirtishree Agarwal  |
| <b>REGISTERED OFFICE</b>                | : | No. 23, Bharathi Park Road,<br>Coimbatore -641 043, Tamilnadu<br>CIN:L17111TZ1993PLC004290   |
| <b>MILL PREMISES</b>                    | : | S.F. No. 498 - A/C<br>Mopparipalayam Village Kaduvettipalayam Post<br>Karumathampatti - Annur Road Coimbatore -<br>641659.Tamilnadu. Email: floratex1@gmail.com<br>www.floratextiles.in  |
| <b>STATUTORY AUDITORS</b>               | : | M/s. T.V.Subramanian and Associates,<br>Chartered Accountant, Coimbatore – 641038  |
| <b>REGISTRAR &amp; TRANSFER AGENTS:</b> |   | KFIN TECHNOLOGIES PRIVATE LIMITED<br>Karvy Selenium, Tower B, Plot No- 31 & 32,<br>Financial District, Nanakramguda,Serilingampally,<br>Hyderabad, Rangareddi – 500032   |

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**DIRECTORS' REPORT**

Your Directors have pleasure in presenting to you the 29<sup>th</sup> financial statements together with audited balance sheet, profit and loss account and cash flow statement of the Company, for the year ended 31<sup>st</sup> March 2022.

**Company Performance:**

| Particulars   | [In Lakhs] |            |
|---|------------|------------|
|   | 31.03.2022 | 31.03.2021 |
| Revenue from Operation                              | 135.02     | 114.04     |
| Other Income  | 6.44       | 25.89      |
| Total revenue from operation                        | 141.46     | 139.93     |
| Gross Profit/(loss)before interest and Depreciation | 113.42     | 114.56     |
| Less : Interest                                     | 54.64      | 53.16      |
| Profit before Depreciation                          | 58.78      | 61.40      |
| Less: Depreciation                                  | 5.22       | 5.22       |
| Net Profit/ loss for the Year                       | 53.56      | 56.18      |
| Income Tax for earlier years                        | 0.00       | 0.00       |
| Profit / Loss for the year                          | 53.56      | 56.18      |
| Opening balance – Loss' brought forward             | -1835.76   | -1891.94   |
| Closing Balance of Reserves A/c.                    | -1782.20   | -1835.76   |

**Scheme of arrangement:**

The board has submitted the scheme of arrangement before BSE for settlement of two unsecured creditors namely Nithya Estates and Developers India Private Limited and Minolta Securities Limited.

The board has approved the scheme of arrangement its meeting dated 30<sup>th</sup> June, 2021 subject to the approval of the, stock exchange, SEBI, members and National Company Law Board, Southern Region Bench, Chennai and other statutory authorities.

The scheme of arrangement is pending before the concerned authorities of BSE for want of more information. The board has submitted the clarification. The approval is pending before BSE.

The details of the draft scheme of arrangement, valuation report, recommendation from audit committee, independent directors committee, fairness opinion from SEBI registered valuer and other relevant documents are available in the website of the company at <http://floratextiles.in/fsabse2021.pdf>

**Review of Operations:**

During the year the business had a revenue of Rs.141.46 Lakhs (PY: Rs.139.93) which includes other income of Rs.6.44 Lakhs [Rs.25.89 Lakhs] . The profit after tax was at Rs.53.56 Lakhs (PY: Rs. 56.18]. The increase of revenue from operation mainly due to receipt of revenue from commission.

**Dividend:**

The Board has not declared any dividend during the year.

**Shares [As per the Companies (Share Capital and Debentures) Rules, 2014**

- a) **Equity shares with differential rights:** The Company has not issued any equity share with differential rights during the period under review.
- b) **Buy Back of Securities:** The Company has not bought back any of its securities during the period under review.
- c) **Sweat Equity:** The Company has not issued any Sweat Equity Shares during the period under review.
- d) **Bonus Shares:** No Bonus Shares were issued during the period under review.
- e) **Employees Stock Option Plan:** The Company has not provided any Stock Option Scheme to the employees.

**Reserves:**

During the financial year, the company has not transferred any amount to reserve account.

**Transfer of unclaimed Dividend to Investor Education and Protection Fund**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last years.

**Directors**

Mr.Ravindra Kumar will retire by rotation at the ensuing Annual General Meeting under Section 152 of the Companies Act, 2013 and being eligible, he offers himself for re-appointment.

**Deposits**

The Company has neither accepted nor renewed any deposits during the year under review.

**Key managerial personnel:**

Ms Nidhi Gupta, Managing Director, Mr Hemant Kumar Gupta, CFO and Ms Kirtishree Agarwal Company Secretary are the key managerial personal as per Section 203 of the Companies Act, 2013.

**Particulars of loans, guarantees or investments made under section 186 of the Companies Act, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**Internal control system and their adequacy**

The Company has an Internal Control System, Commensurate with its size, scale and complexity of

its operations. Audit Committee reviews internal audit reports and oversees the internal control system of the Company.

**Human resources**

The HR strategy and initiatives of your Company are designed to effectively partner the business in the achievement of its ambitious growth plans and to build a strong leadership pipeline for the present and several years into the future.

**Status of the company under SICA:**

Due to present market condition and performance of the company, the board has not implemented the BIFR proceedings and the board has repaid the share application money of Rs.2.70 Crores which was received from promoter and promoter group under BIFR in its meeting held on 27/09/2012 under Modified Draft Rehabilitation Scheme.

**Meetings**

A Calendar of Meetings is prepared and circulated in advance to the Directors. The details of which are given in the Corporate Governance Report.

**Details of Policy Developed and Implemented by the Company on its Corporate Social Responsibility Initiatives**

The company is not been covered under Section 135 of the Companies Act, 2013. Hence this provision of Section 135 is not applicable.

**Subsidiaries, Joint Ventures and Associate Companies**

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.

**Declaration of Independent Directors**

All the Independent Directors of the Company have furnished necessary declaration in terms of Section 149(6) of the Act affirming that they meet the criteria of independence as stipulated under the Act. In the opinion of the Board, all the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and are independent of the Management.

**Details of Significant and material orders passed by the Regulators, Courts and Tribunals**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

**Directors Responsibility Statement**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:

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

### **Policy on Appointment and Remuneration of Directors**

Pursuant to Section 178(3) of the Companies Act, 2013 the Nomination and Remuneration Committee of the Board of the Company has formulated the criteria for Board nominations as well as policy on remuneration for Directors and employees of the Company

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their Remuneration.

Nomination and Remuneration policy is guided by a common reward framework and set of principles and objectives as particularly envisaged under section 178 of the Companies Act 2013, inter alia principles pertaining to determining qualifications, positives attributes, integrity and independence etc.

### **Related party transactions**

All related party transactions that were entered during the year under review were on an arm's length basis and were in ordinary course of business. All related party transactions are placed before the Audit Committee for approval. There are no materially significant related party transactions during the year which may have a potential conflict with the interest of the company at large. Necessary disclosures as required under Accounting Standard (AS 18) have been made in the notes to the Financial Statements.

### **Annual performance evaluation**

In line with the criteria evolved by the Nomination and Remuneration Committee, the performance of all Directors, Committees, Chairman etc., have been valuated pursuant to the provisions of the Act, Listing Agreement and SEBI(LODR)Regulations, 2015

As part of the performance evaluation process, an evaluation questionnaire based on the criteria as finalized in consultation with the Directors together with supporting documents was circulated to all the Board members in advance. The Directors evaluated themselves, the Chairman, other

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Board Members, the Board as well as functioning of the Committees viz., Audit, Nomination & Remuneration, Risk Management, Stakeholders Relationship Committees on the basis of well-defined evaluation parameters as set out in the questionnaire. The duly evaluated questionnaire was received back from the Chairman and all the other Directors.

The Board reviewed the process of evaluation of the Board of Directors and its Committees including Chairman and the Individual Directors. The independent directors of the Company have also duly convened a separate meeting during the year for this purpose.

**Vigil mechanism/ whistle blower policy**

Pursuant to the requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a vigil mechanism (Whistle Blower Policy) for the employees and Directors as an avenue to voice concerns relating to unethical behavior actual or suspected fraud or violation of the Company's code of conduct.

The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. The mechanism also provides adequate safeguards against victimization of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. No employee was denied access to the Audit Committee.

**Particulars of employees**

There are no employees drawing salaries in excess of the limit prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014.

**Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo**

The particulars required under Section 134(3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 for the period ended on March 31<sup>ST</sup>, 2022 are as under:

A. Conservation of Energy: The company has no activity relating to conservation of energy or technology absorption. Hence Conservation of energy and technology absorption does not apply to this company.

A. The Company has not absorbed any technology

B. There was no foreign exchange earnings

C. There was no outgo of foreign exchange earnings

**Policy on sexual harassment:**

Suitable policy has been made and implemented by the company to prevent sexual harassment at workplace. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees including contractual, permanent, temporary, trainees are covered under this policy. During the financial period ended 31<sup>ST</sup> March, 2022, the Company has not received any complaints pertaining to sexual harassment.

**Auditors**

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The Members appointed M/s T V Subramanian and Associates (FRN No. 007433S) as the Statutory Auditors of the Company for a period of 5 years from the conclusion of 24<sup>th</sup> AGM (2017) till the conclusion of 28<sup>th</sup> AGM (2022).

The board has recommended the appointment of M/s. TV Subramanian and Associates (FRN No. 007433S) for a period of another 5 years from the conclusion of this annual general meeting to 34<sup>th</sup> annual general meeting to be held on 2027 in pursuant to the provision of Section 139 of the Companies Act, 2013.

The Company has received confirmation from the firm regarding their consent and eligibility under sections 139 and 141 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for appointment as the Auditors of the Company.

### **Annual Return**

Pursuant to section 92(3) read with section 134(3)(a) of the Companies Act, 2013 the Annual return as on 31 March 2022 is available on the company's Website <http://floratextiles.in/investors.html>

### **Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditors / secretarial auditor in their reports**

There were no qualifications, reservations or adverse remarks made by the Auditors in their report.

Mr A C Saravan, Practicing Company Secretary was appointed to undertake the Secretarial Audit of the Company. The Report of Secretarial Audit is annexed herewith as Annexure A.

Reply To Qualification Given By The Secretarial Auditor :

- 1) Due to technical issue in the MCA website, the company is unable to file form INC-22A and regularization of appointment of Mr INDARCHAND PRAJAPATHI [DIN 07655675] and Mr R HEMCHANDGUPTA [DIN 08270656]. The board has raised the compliant before MCA help desk and Registrar of Companies, Coimbatore
- 2) For other non compliances, the Board has taken all necessary steps to comply the same in future period.

### **Corporate governance**

Your Company is committed to maintaining the standards of Corporate Governance. A report on Corporate Governance, along with a certificate from the Statutory Auditors on compliance with Corporate Governance norms forms a part of this report.

The Corporate Governance Report of your company as on 31.3.2022 is enclosed for your perusal as Annexure – B.

### **Material changes and commitments**

There are no material changes and commitments in the business operations of the Company from the financial year ended 31<sup>st</sup> March, 2022 to the date of signing of the Director's Report.



**Acknowledgement**

The Directors thank all Customers, Vendors, Banks, State Governments and Investors for their continued support to your Company's performance and growth. The Directors also wish to place on record their appreciation of the contribution made by all the employees of the Company in delivering the good performance during the year

By Order of the Board

INDARCHAND PRAJAPATHI  
Chairman  
[DIN 07655675]

Date: 30.05.2022  
Place: Coimbatore

**MD & CFO CERTIFICATION**

To The Board of Directors Flora Textiles Limited

In regard to annual accounts of the company for the financial year ended 31st March 2022 we hereby certify to the best of our knowledge and belief that:

a. We have reviewed the financial statements and the cash flow statement of the company for the year 2021-22.

1. These financial statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.

2. These financial statements together present a true and fair view of the company's affairs and are in compliance with existing account standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of conduct.

c. We are responsible for establishing and maintaining internal controls for financial Reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal control if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have disclosed to the Auditor and the Audit Committee.

1. Significant changes in internal control over financial reporting during the year.

2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and

3. Instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the company's Internal control system over financial reporting.

Hemant Kumar Gupta  
Chief Financial Officer

Nidhi Gupta  
Managing Director  
(DIN 01825531)

Date: 30.05.2022  
Place: Coimbatore

**DECLARATION BY THE CEO UNDER REGULATION 34 (3) READ WITH PARA D OF SCHEDULE V OF SEBI (LODR) REGULATIONS 2015.**

To the Members of Flora Textiles Limited

I, Nidhi Gupta, Managing Director of the Company to be best of my knowledge and belief, declare that all the members of the Board of Directors and Senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2022.

On Behalf of Board

Nidhi Gupta  
Managing Director  
(DIN 01825531)

Date: 30.05.2022

Place: Coimbatore

**COMPLIANCE CERTIFICATION FROM THE AUDITORS OF THE COMPANY.**

To  
The members of Flora Textiles Limited

We have examined the compliance of conditions of Corporate Governance of M/s Flora Textiles Limited ('the Company'), for the year ended on 31st March, 2022 as stipulated in regulation 17 to 27 and clauses [b] to [i] of Regulation 46[2] and paras C & D of Schedule V of SEBI (LODR) Regulations, 2015 for the year ended 31<sup>st</sup> March, 2022. The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Place: Coimbatore

Date : 30.05.2022

For T.V.Subramanian and Associates,  
CHARTERED ACCOUNTANTS  
(FRN No. 007433S)

T.RATHINAVEL  
PARTNER  
(Membership no 025744)

**T.V.SUBRAMANIAN AND ASSOCIATES**  
**Chartered Accountants**

**Partners:**

T.V.Subramanian, B.Sc, FCA  
T.Rathinavel, B.Sc, FCA, DISA  
S.Chidambaram, B.Com, FCA

13A, Co-operative Colony, K.K.Pudur  
Coimbatore – 641 038; Ph: 0422-2447158  
E-mail:tvsubramanian@hotmail.com  
E-mail: [rathinavel@yahoo.co.in](mailto:rathinavel@yahoo.co.in)

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**Independent Auditor's Report**

**To the Members of M/s. Flora Textiles Limited**

**Report on the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Flora Textiles Limited ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2022, and the statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein referred to as the 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 Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules 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.

**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.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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 skepticism throughout the audit. We also:

- a) 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.
- b) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- c) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- d) 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 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 to those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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 of adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" 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.

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- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), and 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) In terms of Notification no. G.S.R. 463 (E) dt. 05.06.2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164(2) of the Companies Act, 2013 in respect of disqualification of directors are not applicable to the Company.
- 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**”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For T.V.SUBRAMANIAN AND ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
**FRN: 007433S**

Place: Coimbatore  
Date: 30.05.2022

**(T.RATHINAVEL)**  
**(PARTNER)**  
**M.NO : 025744**  
**(UDIN: 22025744AJWXMZ8793)**

**Annexure A to the Independent Auditors' Report**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Flora Textiles Limited of even date)**

To the best of our information and according to the explanations provided to us by the Company and books of accounts and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.
  - d. The Company has not revalued its Property, Plant and Equipment (including Rights of use)
  - e. No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder
- ii.
  - a. The inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable and no discrepancies were noticed at the time of verification.
    - b. According to the information and explanations given to us, and relevant records produced, the Company has not been sanctioned any working capital limits from any banks/financial institutions on the basis of security of assets.
- iii. According to the information and explanations given to us, the Company has not granted any loans or advances in the nature of loans, secured or unsecured to Companies, Firms, Limited Liability Partnership or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of Clause (iii) (a-A,B), (iii) (b), (iii) (c), (iii) (d), (iii) (e) and (iii) (f) of Paragraph 3 of the order are not applicable to the company.



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- 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 of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us and based on our audit procedure, the Company has not accepted deposits during the year within the meaning of section 73 to 76 of the Act or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules 2014.
- vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under Clause 3(vi) of the order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
  - c. The company does not have any disputes in respect of Provident Fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess, Goods and Service Tax and any other material statutory dues applicable to the company.
- viii. According to the records of the Company examined by us and the information and explanations given to us, no transactions have been recorded in the books of accounts which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961
- ix. According to the records of the Company examined by us and the information and explanations given to us:
  - a. The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender
  - b. The Company is not a declared wilful defaulter by any bank or financial institution or other lender
  - c. The term loans have been utilized for the purposes for which they were obtained

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- d. According to the information and explanations given to us, and the procedures performed by us, and on overall examination of the financial statements of the company, we report that the no funds raised on short-term basis have been used for long-term purposes of the company
- e. According to the information and explanations given to us and on overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures
- f. According to the information and explanations given to us and procedures applied by us, we report that the company has not raised any loans during the year on the pledge of securities held in its subsidiaries, associates or joint ventures
- x. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and hence reporting under Clause 3(x) (a) of the Order is not applicable to the Company.
- xi. a. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year.
- b. No report under sub-section 12 of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government
- c. The company has not received any whistleblower complaints during the year.
- xii. The Company is not a nidhi company and hence, reporting under Clause 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business
- (b) We have considered the internal audit report of the company issued till date, for the period under audit

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- 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 its directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable
- (b) In our opinion, the Company is not Core Investment Company and hence reporting under clause 3 (xvi) (b) is not applicable
- xvii. The company has not incurred any cash losses in the current year and in the immediately preceding financial year
- xviii. There has been no resignation of the statutory auditors during the year
- xix. Based on our examination and the information and explanations given to us with respect to financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, and our knowledge of the Board of Directors and management plans, no material uncertainty exists as on the date of audit report that company is capable of meeting its liabilities existing as on 31<sup>st</sup> March 2022 as and when they fall due within a period of one year
- xx. According to the records of the company examined by us and the information and explanations given to us, the company is not required to spend any amount towards Corporate Social Responsibility (CSR)

**For T.V.SUBRAMANIAN AND ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
**FRN: 007433S**

**(T.RATHINAVEL)**  
**(PARTNER)**  
**M. NO: 025744**

Place: Coimbatore  
Date: 30.05.2022

**Annexure B to the Independent Auditors' Report**

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Flora Textiles Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 Flora Textiles Limited ('the Company') as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

*Management's Responsibility for Internal Financial Controls*

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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

*Meaning of Internal Financial Controls over Financial Reporting*

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

*Inherent Limitations of Internal Financial Controls over Financial Reporting*

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial control 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, to the best of our information and according to the explanations given to us, 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, 2022, 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 T.V.SUBRAMANIAN AND ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN: 007433S**

**(T.RATHINAVEL)  
(PARTNER)  
M. NO: 025744**

Place: Coimbatore  
Date: 30.05.2022

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**ANNEXURE - A**

**FORM MR-3**

For the financial year ended 31<sup>st</sup> March, 2022

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

To  
The Members,  
Flora Textiles Limited,  
CIN L17111TZ1993PLC004290  
Coimbatore

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit year covering the financial year ended on 31<sup>st</sup> March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions as may be applicable to the Company of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - NA\*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) 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, 2009; -Not applicable to the company during the audit year.
  - 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 year.
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;- Not applicable to the company during the audit year.
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

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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 year

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;- Not applicable to the company during the audit year and

i) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

\*NA – Not Applicable to the company during the year ended 31st March, 2022

I 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 Bombay stock exchange Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

- A. It is observed that Mr Ajit Kumar Gupta, promoter of the company has demised on 31.12.2013 and his shares are yet to be transmitted.
- B. The company has not published various stake holders' information in their website.
- C. The company has not maintained Structured Digital Database for Unpublished Price Sensitive Information [UPSI] Communication pursuant to Securities And Exchange Board Of India (Prohibition Of Insider Trading) (Amendment) Regulations, 2018.
- D. The company has not filed Form INC-22A [Active] and
- E. The company has not filed DIR-12 for regularization of appointment as directors of Mr Indarchand Prajapathi [DIN 07655675] and Mr R Hemchandgupta [DIN 08270656] in the AGM held on 23<sup>rd</sup> Sep, 2019.
- F. The board has repaid the share application amount of Rs.2.70 Crores which was received under BIFR proceeding dated 27<sup>th</sup> Sep, 2012 for allotment of shares to promoter and promoter group.

I further report that;

I further report that, the compliance by the Company of applicable financial laws, like Direct & Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Auditor and other designated professionals.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year 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.

Board Meetings that were held through video conferencing or other audio visual means, / the directors who were participated through video conferencing during the year under review the necessary compliances of Rule 3 & 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 have been complied with. Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities in view of the pandemic pertaining to Board/ Committee meetings, General Meetings and other

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provisions of the Act, Rules and Regulations have been complied with by the Company.

Based on the verification of the records and the minutes the decisions of the meetings of the board / committee of the company were carried out with the consent of all the directors / committee members and there were no dissenting members as per the minutes. Further in the minutes of the general meeting, the particulars of the members who voted against the resolutions have been properly recorded.

I have examined the systems and processes of the Company in place to ensure the compliance with general laws like Labour Laws, Employees Provident Funds Act, Employees State Insurance Act, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them.

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

Coimbatore  
30.05.2022

Name of Company Secretary in practice: A C SARAVAN  
FCS No. 8942  
CP No.10010  
[UDIN F008942D000437854]  
Peer Review No. 857/2020

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



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**'ANNEXURE A'**

The Members,  
Flora Textiles Limited  
CIN L17111TZ1993PLC004290  
Coimbatore

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I 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. My 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.

Coimbatore  
30.05.2022

Name of Company Secretary in practice: A C SARAVAN  
FCS No. 8942  
CP No.10010  
[UDIN F008942D000437854]  
Peer Review No. 857/2020

**ANNEXURE B  
REPORT ON CORPORATE GOVERNANCE**

**A. MANDATORY REQUIREMENTS**

Company's Philosophy of Corporate Governance

Your company believes that the fundamental objective of Corporate Governance is to enhance the interests of all stakeholders.

The Company is in compliance with requirements of the guidelines on corporate governance stipulated under the SEBI (LODR), Regulations, 2015. The status with regard to the various aspects of the corporate governance is given below.

Your company also believes that good corporate governance practices help to enhance performance and valuation of the company.

The company has laid down a code of conduct for all its Board Members and senior management personnel for avoidance of conflicts of interests.

Company has received the necessary declaration affirming compliance with the code of conduct for the year 2021-22.

**Board of Directors**

The Board provides leadership, strategic guidance and objective judgement on the affairs of the Company. The Board comprises of persons of eminence with excellent professional achievement in their respective fields. The Independent Directors provide their independent judgement, external perspective and objectivity on the issues which are placed before them. The Board of Directors consists of 5 Directors of whom 3 are Non Executive Directors. None of the directors are related to each other.

All the independent directors have given a declaration that they meet the criteria of Independence as laid down under Section 149 [6] of the Companies Act, 2013 and listing regulations.

Attendance of each Directors at the Board Meeting and the Last Annual General Meeting (AGM) Details of Board Meeting held during the period from 01.04.2021 to 31.03.2022 Board of directors duly met 4 times during the year on 30.06.2021,14.08.2021,31.08.2021, 08.11.2021, 10.02.2022.

| Name of the Directors | DIN      | Category of directorship    | No.of BM attended and Attendance at the last AGM |     |
|-----------------------|----------|-----------------------------|--|-----|
|                       |          |                             | BM   | AGM |
| NIDHI GUPTA           | 01825531 | Executive                   | 4 [4]  | Yes |
| RAVINDRAKUMAR         | 01470047 | Executive                   | 4 [4]  | Yes |
| KANA RAM              | 05332461 | Non Executive & Independent | 4[4]   | Yes |

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|                       |          |                             |       |     |
|-----------------------|----------|-----------------------------|-------|-----|
| INDARCHAND PRAJAPATHI | 07655675 | Non Executive & Independent | 4 [4] | Yes |
| R HEMCHANDGUPTA       | 08270656 | Non Executive               | 4 [4] | Yes |

### **Audit Committee**

The role of audit committee, in brief, is to review financial statements, internal controls, accounting policies, internal audit reports, related party transactions, risk management systems and functioning of the Whistle Blower Mechanism. The powers and functions of the Audit Committee are as per Sec.177 of the Companies Act, 2013 and the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference are also as required by SEBI under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The quarterly financial results are placed before the audit committee for its review, suggestions and recommendations before taking the same to the board. The statutory auditors were present at all audit committee meetings.

The internal audit plans are drawn up in consultation with Chief Financial Officer and Audit Committee.

The committee reviews these observations of the internal auditor periodically.

The Audit Committee as of 31st March 2022 comprises of Mr Indarchand Prajapathi, Mr Kanaram, and Mr R Hemchand Gupta.

Mr. Indrachand Prajapathi is the chairman of the audit committee. All the members of the committee have excellent financial and accounting knowledge.

The Audit Committee met 4 times during the year. Attendance of each Director at Audit Committee Meetings

Attendance of each Director at Audit Committee Meetings

| <b>Name of the Director</b>        | <b>Number of audit committee meetings attended</b> |
|------------------------------------|--|
| Mr Indarchand Prajapathi, Chairman | 4[4]   |
| Mr.Kanaram, Member                 | 4[4]   |
| Mr R Hemchand gutpa, Member        | 4[4]   |

### **Nomination and Remuneration Committee:**

The role of the Nomination and remuneration committee in accordance with the requirement of Section 178 of the Companies Act, 2013 and the revised Corporate Governance norms. The nomination and remuneration committee met two times during the financial year 2019-20. The terms of reference are as per Sec. 178 of the Companies Act,

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2013 and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Brief description of terms of reference is for:

1. appointment of the directors, and key managerial personnel of the Company; and
2. Fixation of the remuneration of the directors, key managerial personnel and other employees of the Company.
3. Devise board diversity policy

Composition of committee and attendance of members

| <b>Name of the Director</b>      | <b>Number of audit committee meetings attended</b> |
|----------------------------------|--|
| Mr Indarchand Prajapathi, Member | 2[2]   |
| Mr.Kanaram, Chairman             | 2[2]   |
| Mr R Hemchandgupa, Member        | 2[2]   |

**Stake holder Relationship Committee:**

The stakeholder Relationship Committee was constituted to specifically focus on investor service levels. This committee has prescribed norms for attending to the investors' service and the committee periodically reviews the service standard achieved by the company and its Registrar and Transfer Agent as against the prescribed norms. The terms of reference of the Stakeholders Relationship Committee is as per Sec. 178 of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Share transfer requests are processed within 15 days from the date of receipt. M/s. KFIN Technologies Private Limited., Hyderabad is the company's share transfer agent.

Composition of committee and attendance of members

| <b>Name of the Director</b>        | <b>Number of audit committee meetings attended</b> |
|------------------------------------|--|
| Mr Indarchand Prajapathi, Chairman | 3[3]   |
| Mr.Ravindrakumar, Member           | 3[3]   |
| Mr R Hemchandgupa, Member          | 3[3]   |

**RISK MANAGEMENT**

The scope of Risk Management Committee is to specifically identify/monitor key risks of the Company and evaluate the management of such risks for effective mitigation. The Committee provides periodical updates to the Board and provides support in the discharge of the Board's overall responsibility in overseeing the risk management process.

The Composition of the Committee and attendance of the directors as follows:

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| <b>Name of the Director</b> | <b>Number of audit committee meetings attended</b> |
|-----------------------------|--|
| Mr Kanaram, Chairman        | 1[1]   |
| Mrs.Nidhi Gupta, Member     | 1[1]   |

### **Independent Directors Meeting**

During the year, the Independent Directors met on 10th February, 2022:

Review the performance of Non-Independent Directors and the Board as a whole.

Review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

Evaluate the quality, quantity and timeliness of flow of information between the Company Management and the directors.

### **Annual General Meeting**

(i) Location and time of Last three Annual general Meetings

| <b>Financial Year Ending</b> | <b>Date</b> | <b>Time</b> | <b>Venue</b>                 |
|------------------------------|-------------|-------------|------------------------------|
| 31.03.2019                   | 29.09.2019  | 4.00 PM     | Rajasthani Sangh, Coimbatore |
| 31.03.2020                   | 30.09.2020  | 4.00 PM     | VIDEO CONFERENCING           |
| 31.03.2021                   | 31.08.2021  | 4.00 PM     | VIDEO CONFERENCING           |

[ii] Special Resolution passed in the previous three Annual General Meetings:

| <b>Financial Year Ending</b> | <b>Date</b> | <b>Special Resolution[s] passed</b>                           |
|------------------------------|-------------|---|
| 31.03.2019                   | 29.08.2019  | Yes<br>Reappointment of Mr Kanaram as an independent director |
| 31.03.2020                   | 30.09.2020  | No  |
| 31.03.2021                   | 31.08.2021  | No  |

### **Means of Communication**

1. Half yearly report sent to each household of Share holders. No
2. Quarterly, Half yearly unaudited financial results normally published in Makkal Kural and Trinity Mirror
3. Any website where results are displayed [www.floratextiles.in](http://www.floratextiles.in)
4. Presentation made to Institutional Investor or to the Analysts None

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**Online Filing**

Periodical compliance filings like shareholding pattern, announcements, corporate actions etc. have been filed electronically on BSE –Corporate Compliance & Listing Centre.

**Certificate**

A Certificate has been received from Mr. A.C.Saravan, Practising Company Secretary, Coimbatore that none of the Directors of the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such statutory authority. The certificate is enclosed as Annexure A.

**SCORES (SEBI Complaints Redressal System):**

The Investor Complaints are processed in a centralized web based complaints redressal system on [www.scores.gov.in](http://www.scores.gov.in), a website maintained by S EBI (Securities and Exchange Board of India). The main feature of this system is central database of all complaints, online upload of action taken reports (ATR's) by the concerned companies and online view by investors of action taken on complaints and its current status. The Company has not received any complaints during the year.

**12. General Share Holders Information:**

|                               |  |
|-------------------------------|--|
| Book Closure Date             | 9 <sup>th</sup> September 2022 to 16 <sup>th</sup> September 2022  |
| Dividend payment date         | NA   |
| Listing on Stock Exchange     | Bombay Stock Exchange  |
| Stock Code                    | Scrip code & Exchange trading : 530705 FLORATX<br>symbol in BSE  |
|                               | ISIN Number in NSDL for : INE161F01011 equity shares   |
| Registrar and Transfer Agents | KFin Technologies Private Limited<br>Karvy Selenium, Tower B, Plot No- 31 & 32,<br>Financial District, Nanakramguda, Serilingampally,<br>Hyderabad, Rangareddi – 500032  |
| Share Transfer System         | The Company' shares can be dematted in NSDL and KFin Technologies Private Limited. are share transfer agents. Share transfers in physical form are returned within 21 days from date of receipt subject to the documents being valid and completed in all respects |
| Plant Location                | S.F.No.498 – A/c, Mooparipalayam Village<br>Kaduvettipalyam (Post) Karumathampatti – Annur<br>Road Palladam Taluk<br>Coimbatore – 641 659 Tamil Nadu   |

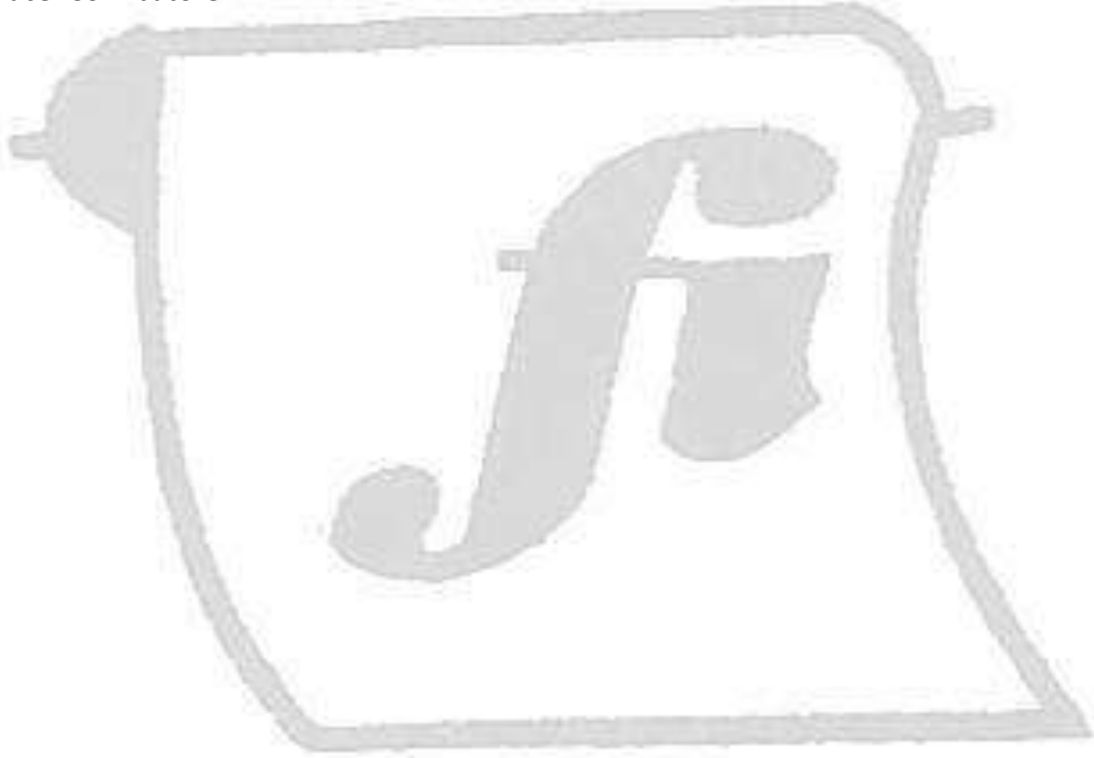
**FLORA TEXTILES LIMITED**  
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|  |  |
|--|--|
| Particulars of Compliance officer and Address for Correspondence | Kirtishree Agarwal, Company Secretary<br>23 Bharathi Park road,<br>Coimbatore-641043. Tamil Nadu<br>Ph: 0422 2447395<br>Email :floratex1@gmail.com |
| Website  | <a href="http://www.floratextiles.in">www.floratextiles.in</a>   |

By Order of the Board

INDARCHAND PRAJAPATHI  
Chairman  
[DIN 07655675]

Date: 30.05.2022  
Place: Coimbatore



FLORA TEXTILES LIMITED  
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**ANNEXURE –A**  
**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,  
Flora Textiles Limited,  
CIN L17111TZ1993PLC004290  
23, Bharathi Park Road,  
Coimbatore -641 043

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Flora Textiles Limited having CIN: L17111TZ1993PLC004290 and having registered office at No. 23, Bharathi Park Road, Coimbatore -641 043, Tamilnadu (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March 2022** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority

| S.No. | DIN      | NAME                  | DATE OF APPOINTMENT |
|-------|----------|-----------------------|---------------------|
| 1     | 01470047 | RAVINDRAKUMAR         | 30/04/2002          |
| 2     | 01825531 | NIDHI GUPTA           | 04/01/2014          |
| 3     | 05332461 | KANA RAM              | 30/05/2015          |
| 4     | 07655675 | INDARCHAND PRAJAPATHI | 31/01/2019          |
| 5     | 08270656 | R HEMCHANDGUPTA       | 31/10/2018          |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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.

Coimbatore  
30.05.2022

Name of Company Secretary in practice: A C SARAVAN  
FCS No. 8942  
CP No.10010  
[UDIN F008942D000437887]  
Peer Review No. 857/2020



**FLORA TEXTILES LIMITED**  
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**Balance Sheet as at March 31, 2022**

Amount Rs. in 000s

| Assets                        | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|-------------------------------|----------|----------------------|----------------------|
| <b>Non-Current Assets</b>     |          |                      |                      |
| Property, Plant and Equipment | 3        | 6,680.77             | 7,203.70             |
| <b>Current Assets</b>         |          |                      |                      |
| Financial Assets              |          |                      |                      |
| Investments                   | 4        | 0.00                 | 5,973.86             |
| Trade receivables             | 5        | 0.00                 | 3,682.24             |
| Cash and cash equivalents     | 6        | 310.66               | 1,027.12             |
| Other current assets          | 7        | 2,232.42             | 1,643.46             |
| <b>Total Assets</b>           |          | <b>9,223.86</b>      | <b>19,530.37</b>     |

| Equity and Liabilities              | Note No. | As at March 31, 2021 | As at March 31, 2021 |
|-------------------------------------|----------|----------------------|----------------------|
| <b>Equity</b>                       |          |                      |                      |
| Equity Share capital                | 8        | 60,000.00            | 60,000.00            |
| Other Equity                        |          | -1,78,220.16         | -1,56,576.00         |
| <b>Liabilities</b>                  |          |                      |                      |
| <b>Non-Current Liabilities</b>      |          |                      |                      |
| Financial Liabilities               |          |                      |                      |
| Borrowings                          | 9        | 1,24,216.63          | 1,12,557.54          |
| <b>Current Liabilities</b>          |          |                      |                      |
| Financial Liabilities               |          |                      |                      |
| Trade payables                      | 10       | 927.39               | 1,248.83             |
| Other current liabilities           | 11       | 2,300.00             | 2,300.00             |
| <b>Total Equity and Liabilities</b> |          | <b>9,223.86</b>      | <b>19,530.37</b>     |

Subject to our reports of even date attached

For T V Subramaniam and Associates [FRN No.007433S]

ON BEHALF OF THE BOARD

Chartered Accountants

T. RATHINAVEL

[Membership No.025744] Nidhi Gupta

Partner

Managing Director

Place: Coimbatore

[DIN 01825531]

Date: 30.05.2022

Indarchand Prajapathi Hemant Kumar Gupta Kirtishree Agarwal

Director

CFO

Company Secretary

[DIN 07655675]

FLORA TEXTILES LIMITED  
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**Statement of Profit and Loss for the year ended March 31, 2022**

Amount Rs. in 000s

| Particulars   | Note No. | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|----------|-----------------------------------|-----------------------------------|
| <b>REVENUE</b>  |          |                                   |                                   |
| Revenue from operations   | 12       | 13,501.81                         | 11,404.38                         |
| Other Income  | 13       | 644.40                            | 2,588.57                          |
| <b>Total Revenue (I + II)</b>                                   |          | <b>14,146.21</b>                  | <b>13,992.94</b>                  |
| <b>EXPENSES</b>   |          |                                   |                                   |
| Employee benefit expense  | 14       | 1,655.50                          | 1,522.50                          |
| Finance costs   | 15       | 5,464.07                          | 5,316.19                          |
| Depreciation and amortisation expense                           | 3        | 521.69                            | 521.69                            |
| Other expenses  | 16       | 1,149.12                          | 1,014.54                          |
| <b>Total Expenses (V)</b>                                       |          | <b>8,790.37</b>                   | <b>8,374.92</b>                   |
| <b>Profit/(loss) before exceptional items and tax (I - IV)</b>  |          |                                   |                                   |
| <b>Exceptional Items</b>  |          |                                   |                                   |
| <b>Profit/(loss) before tax (VII - VIII)</b>                    |          | <b>5,355.84</b>                   | <b>5,618.03</b>                   |
| <b>Tax Expense</b>  |          |                                   |                                   |
| Current tax   |          | 0.00                              | 0.00                              |
| Deferred tax  |          | 0.00                              | 0.00                              |
| Tax in respect of earlier years                                 |          | <b>0.00</b>                       | 0.00                              |
| <b>Total tax expense</b>  |          | <b>0.00</b>                       | <b>0.00</b>                       |
| <b>Profit/(loss) for the period (XI + XIV)</b>                  |          | <b>5,355.84</b>                   | <b>5,618.03</b>                   |
| <b>Other comprehensive income</b>                               |          | 0.00                              | 0.00                              |
| Items that will not be recycled to profit or loss               |          | 0.00                              | 0.00                              |
| (a) Changes in revaluation surplus                              |          |                                   |                                   |
| (b) Remeasurements of the defined benefit liabilities / (asset) |          |                                   |                                   |
| (c) Equity instruments through other comprehensive income       |          |                                   |                                   |
| (d) Fair value changes relating to own credit risk              |          |                                   |                                   |

**FLORA TEXTILES LIMITED**  
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| Particulars   | Note No. | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|----------|-----------------------------------|-----------------------------------|
| (e) Others (specify nature)<br>Income tax relating to items that will not be reclassified to profit or loss |          | 0.00                              | 0.00                              |
| Items that may be reclassified to profit or loss  |          | 0.00                              | 0.00                              |
| (a) Exchange differences in translating the financial statements of foreign operations                      |          |                                   |                                   |
| (b) Debt instruments through other comprehensive income   |          |                                   |                                   |
| (c) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge   |          |                                   |                                   |
| (d) Share of other comprehensive income of equity accounted investees                                       |          |                                   |                                   |
| (e) Others (specify nature)<br>Income tax on items that may be reclassified to profit or loss               |          | 0.00                              | 0.00                              |
| <b>Total comprehensive income for the period (XV + XVIII)</b>   |          | <b>5,355.84</b>                   | <b>5,618.03</b>                   |
| <b>Total comprehensive income for the period attributable to:</b>   |          |                                   |                                   |
| Owners of the Company   |          | -                                 | -                                 |
| Non controlling interests   |          | -                                 | -                                 |
| <b>Earnings per equity share:</b>   |          |                                   |                                   |
| Basic   |          | <b>0.89</b>                       | <b>0.94</b>                       |
| Diluted   |          | <b>0.89</b>                       | <b>0.94</b>                       |

Subject to our reports of even date attached

For T V Subramaniam and Associates [FRN No.007433S]

Chartered Accountants

ON BEHALF OF THE BOARD

T. RATHINAVEL

[Membership No.025744] Nidhi Gupta

Partner

Place: Coimbatore

Date: 30.05.2022

Managing Director

[DIN 01825531]

Indarchand Prajapathi Hemant Kumar Gupta Kirtishree Agarwal

Director

[DIN 07655675]

CFO

Company Secretary

**FLORA TEXTILES LIMITED**  
**29<sup>th</sup> ANNUAL REPORT 2021-2022**

**Amount Rs. in 000s**

| PARTICULARS  | Current Year  |             | Previous Year  |            |
|--|---------------|-------------|----------------|------------|
|  | 31-Mar-2022   |             | 31-Mar-2021    |            |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                    |               |             |                |            |
| Net Profit/(Loss) before Tax and Extra Ordinary Items            |               | 5 355.84    |                | 5 618.03   |
| Adjustments for :  |               |             |                |            |
| - Depreciation   | 521.69        |             | 521.69         |            |
| - Interest Received  | - 26.17       |             | - 101.27       |            |
| - Interest Paid  | 5 464.07      |             | 5 316.19       |            |
| - Profit on sale of assets                                       | - 53.76       |             | - 2 113.53     |            |
| - Miscellaneous Income   | - 564.47      | 5 341.35    | - 373.77       | 3 249.31   |
| <b>Operating Profit before Working Capital Changes:</b>          |               | 10 697.19   |                | 8 867.34   |
| Adjustments for :  |               |             |                |            |
| - (Increase)/decrease in Current Assets                          | 3 682.24      |             | - 3 428.92     |            |
| - Increase/(decrease) in Non-Current Liabilities                 | 11 659.09     |             | - 35 65 059.14 |            |
| - Increase/(decrease) in Current Liabilities                     | - 9 10 399.70 | 14 430.93   | 20 90 713.08   | - 4 903.26 |
| <b>Cash Generated from Operations before Extraordinary Items</b> |               | 25 128.12   |                | 3 964.08   |
| - Interest Paid  |               | - 5 464.07  |                | - 5 316.19 |
| <b>NET CASH FROM OPERATING ACTIVITIES Total A</b>                |               | 19 664.05   |                | - 1 352.11 |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                    |               |             |                |            |
| Purchase of property, plant and equipment                        | 0.00          |             | - 581.96       |            |
| Investments  | 5 973.86      |             | - 697.53       |            |
| Interest Received & Other Income                                 | 590.64        |             | 475.04         |            |
| Sale of property, plant and equipment                            | 55.00         |             | 2 807.00       |            |
| <b>NET CASH USED IN INVESTING ACTIVITIES Total B</b>             |               | 6 619.50    |                | 2 002.55   |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                     |               |             |                |            |
| Share application money received                                 | - 27 000.00   |             |                |            |
| <b>NET CASH USED IN FINANCING ACTIVITIES Total C</b>             |               | - 27 000.00 |                | 0.00       |
| <b>NET INCREASE IN CASH OR CASH EQUIVALENTS</b>                  |               | - 716.45    |                | 650.43     |
| Cash and Cash Equivalents [Opening Balance]                      |               | 1 027.12    |                | 376.69     |
| Cash and Cash Equivalents [Closing Balance]                      |               | 310.66      |                | 1 027.12   |

Notes referred to above and attached hereto form an integral part of Balance Sheet

As per our report of even date

For T V Subramaniam and Associates [FRN No.007433S]

Chartered Accountants

T. RATHINAVEL

[Membership No.025744]

Partner

Place: Coimbatore

Date: 30.05.2022

ON BEHALF OF THE BOARD

Nidhi Gupta

Managing Director

[DIN 01825531]

Indarchand Prajapathi

Director

[DIN 07655675]

Hemant Kumar Gupta

CFO

Kirtishree Agarwal

Company Secretary

**FLORA TEXTILES LIMITED**  
**29<sup>th</sup> ANNUAL REPORT 2021-2022**

**Statement of Changes in Equity for the period ended March 31, 2022**

| Particulars                             | Share application money pending allotment | Reserves and Surplus |                   | Amount Rs. in 000s |
|---|---|----------------------|-------------------|--------------------|
|   |   | General reserve      | Retained earnings | Total              |
| Balance as at April 1, 2020             | 27,000.00                                 | 0.00                 | -1,89,194.03      | -1,62,194.03       |
| Loss for the year                       | 0.00                                      | 0.00                 | 5,618.03          | 5,618.03           |
| Total Comprehensive income for the year | 0.00                                      | 0.00                 | 5,618.03          | 5,618.03           |
| Balance as at March 31, 2021            | 27,000.00                                 | 0.00                 | -1,83,576.00      | -1,56,576.00       |
| Loss for the year                       | 0.00                                      | 0.00                 | 5,355.84          | 5,355.84           |
| Total Comprehensive income for the year | 0.00                                      | 0.00                 | 5,355.84          | 5,355.84           |
| Balance as at March 31, 2022            | 0.00                                      | 0.00                 | -1,78,220.16      | -1,78,220.16       |

**FLORA TEXTILES LIMITED**  
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**SIGNIFICANT ACCOUNTING POLICIES**

| <b>Notes</b>   | <b>Particulars</b>  |
|--|---|
| <b>1 Corporate Information</b>                                       | <b>FLORA TEXTILES LIMITED</b> is a public limited company incorporate in India under the provisions of the Companies Act, 1956. The company is engaged in the business of renting of its immovable properties.  |
| <b>2 Basis of Accounting and Preparation of Financial Statements</b> |   |
| <b>2.1 Statement of Compliance</b>                                   | The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015. The financial statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.   |
| <b>2.2 Basis of Preparation and Presentation</b>                     | <p>The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.</p> <p>Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.</p> <p>Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.</p> <p>Fair value for measurement and/or disclosure purposes in these financial statements is determined on above basis, except for share-based payment transactions that are within the scope of Ind AS 102 - Share Based Payment, lease transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.</p> <p>In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:</p> <p>Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;</p> <p>Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and</p> <p>Level 3 inputs are unobservable inputs for the asset or liability.</p> <p>The principal accounting policies are set out below:</p> |

### 2.3 Inventories

Inventories are valued at the lower of cost and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

In case of raw materials, stores & spares and traded goods, cost (net of CENVAT/VAT credits wherever applicable) is determined on a moving weighted average basis, and, in case of work-in-progress and finished goods, cost is determined on a First In First Out basis.

### 2.4 Taxation

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

#### **Current Tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable income tax laws of the country in which the respective entities in the Company are incorporated. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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**Current and Deferred tax for the year**

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

**2.5 Property, Plant And Equipment (PPE)**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. For qualifying assets, borrowing costs are capitalised in accordance with Ind AS 23 - Borrowing costs. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are capitalised at costs relating to the acquisition and installation (net of Cenvat /VAT credits wherever applicable) and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are capitalised. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation is recognised so as to write-off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful life considered for the assets are as under.

| <b>Category of Property Plant and Equipment</b> | <b>No. of Years</b> |
|---|---------------------|
| Building  | 35                  |
| Plant & Machinery                               | 15                  |
| Electrical Fittings                             | 10                  |
| Computer Hardware                               | 3                   |
| Motor Vehicles                                  | 8                   |
| Furniture & Fittings                            | 10                  |
| Office Equipments                               | 5                   |



**FLORA TEXTILES LIMITED**  
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Leasehold land/Improvements thereon are amortized over the primary period of lease. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. The Company has applied Ind AS 16 Property, Plant and Equipment retrospectively to its PPE and has not availed deemed cost exemption as available under Ind AS 101 First-time Adoption of Indian Accounting Standards.

## **2.6 Intangible Assets**

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses, if any. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/ completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the company for its use. The amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

### **Derecognition of intangible assets**

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## **2.7 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, taxes on sales, estimated rebates and other similar allowances. Revenue from sale of goods is recognized when the following conditions are satisfied:

- > the Company has transferred the significant risks and rewards of ownership of the goods to the buyer which generally coincides with the delivery of goods;
  - > the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold
  - > the amount of revenue can be measured reliably;
  - > it is probable that the economic benefits associated with the transaction will flow to the Company;
  - > the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue from services is recognised when it is probable that the economic benefits associated with the transactions will flow to the company and related services have been rendered.

## **2.8 Other Income**

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

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

## **2.9 Employee Benefits**

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## **2.10 Foreign Currency Transactions and Translations**

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- > exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

- > exchange differences on transactions entered into in order to hedge certain foreign currency risks;

## **2.11 Borrowing Costs**

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

## **2.12 Earnings Per Share**

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

## **2.13 Impairment of Tangible and Intangible Assets**

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **2.14 Provisions and Contingencies**

A provision is recognised when the Company has a present obligation (legal/constructive) as a result

of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the expected cost of sales related obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Company's obligation.

#### **2.15 Financial Instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **2.16 Financial Assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### **Classification of Financial Assets**

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss (FVTPL) (except for investments that are designated as at fair value through profit or loss on initial recognition):

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

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Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for investments that are designated as at fair value through profit or loss on initial recognition):

- > the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- > the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All other financial assets are subsequently measured at fair value.

**Amortised Cost and Effective Interest Method**

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the other income.

A financial asset is held for trading if:

- > it has been acquired principally for the purpose of selling it in the near term; or
- > on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual history of selling; or
- > it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the right to receive the dividends is established and it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects

on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading. Debt instrument that do not meet the amortised cost criteria or fair value through other comprehensive income criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the fair value through other comprehensive income criteria but are designated as at FVTPL are measured at FVTPL. A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the other income line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

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**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial assets, and financial guarantees not designated as at FVTPL. Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instruments. The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months. If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since

initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 - Construction Contracts and Ind AS 18 - Revenue, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

**De-recognition of financial asset**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**Foreign Exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in hedging relationship.

**2.17 Financial Liabilities & Equity Instruments**

**Classification as debt or equity**

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

**Equity instruments**

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

### **Financial Liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company are measured in accordance with the specific accounting policies set out below.

#### **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if: it has been incurred principally for the purpose of repurchasing it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109 - Financial Instruments. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

#### **Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'finance costs' line item.

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



### **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at: the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of Ind AS 18 - Revenue. For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the other income.

### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **2.18 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty**

The preparation of financial statements in conformity with Ind AS requires management to make certain judgements and estimates that may effect the application of accounting policies, reported amounts and related disclosures.

These judgements and estimates may have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period under review. Actual results may differ from these judgments and estimates. All assumptions, expectations and forecasts that are used as a basis for judgements and estimates in the financial statements represent as accurately an outlook as possible for the Company. These judgements and estimates only represent our interpretation as of the dates on which they were prepared. Important judgements and estimates relate largely to provisions, pensions, tangible and intangible assets (lives, residual values and impairment), deferred tax assets and liabilities and valuation of financial instruments.

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Notes Forming Integral Part of the Accounts

Note 3 - Property Plant & Equipment as at March 31, 2022

Amount Rs. in 000s

| Description of Assets  | Gross Block          |             |                  |                      | Accumulated Depreciation |   |                                  | Net Block            |                      |                      |
|--|----------------------|-------------|------------------|----------------------|--------------------------|---|----------------------------------|----------------------|----------------------|----------------------|
|  | As at March 31, 2021 | Additions   | Disposals        | As at March 31, 2022 | As at March 31, 2021     | Depreciation/A mortisation expense for the year | Eliminated on Disposal of Assets | As at March 31, 2022 | As at March 31, 2022 | As at March 31, 2021 |
| <b>Property, Plant &amp; Equipment - Owned unless otherwise stated</b> |                      |             |                  |                      |                          |   |                                  |                      |                      |                      |
| Land   | 470.24               | 0.00        | 0.00             | 470.24               | 0.00                     | 0.00  | 0.00                             | 0.00                 | 470.24               | 470.24               |
| Buildings - Own Use  | 15,500.35            | 0.00        | 0.00             | 15,500.35            | 10,490.16                | 316.19  | 0.00                             | 10,806.35            | 4,693.99             | 5,010.18             |
| Plant & Equipment  | 13,363.16            |             | -177.87          | 13,185.29            | 12,212.23                | 133.12  | -176.64                          | 12,168.72            | 1,016.57             | 1,150.93             |
| Electrical Installations   | 33.21                |             | 0.00             | 33.21                | 30.21                    | 0.00  | 0.00                             | 30.21                | 3.00                 | 3.00                 |
| Furniture & Fixtures   | 537.10               |             | 0.00             | 537.10               | 537.10                   | 0.00  | 0.00                             | 537.10               | 0.00                 | 0.00                 |
| Office Equipments  | 777.43               |             | 0.00             | 777.43               | 728.43                   | 0.00  | 0.00                             | 728.43               | 49.00                | 49.00                |
| Vehicles   | 611.03               | 0.00        | 0.00             | 611.03               | 90.68                    | 72.37   | 0.00                             | 163.05               | 447.97               | 520.35               |
| <b>Total</b>   | <b>3,12,925.13</b>   | <b>0.00</b> | <b>-1,778.75</b> | <b>3,11,146.39</b>   | <b>2,40,888.17</b>       | <b>5,216.87</b>                                 | <b>-1,766.36</b>                 | <b>2,44,338.68</b>   | <b>66,807.70</b>     | <b>72,036.96</b>     |

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**Notes to Financial Statements**

Amount Rs. in 000s

| Note No. | Particulars  | As at March 31, 2022 | As at March 31, 2021        |
|----------|--|----------------------|-----------------------------|
| <b>4</b> | <b>Investments (at fair value through Profit &amp; Loss statement)</b>   |                      |                             |
|          | Investment in Mutual Funds   | 0.00                 | 5,973.86                    |
| <b>5</b> | <b>Trade receivables (Current)</b>   |                      |                             |
|          | Outstanding for a period exceeding six months from the date they were due for payment  |                      |                             |
|          | Unsecured, Considered Good   | 0.00                 | 0.00                        |
|          | Others - Considered Good   | 0.00                 | 3,682.24                    |
|          | <b>Sub-Total</b>   | <b>0.00</b>          | <b>3,682.24</b>             |
|          | Less: Provision for credit losses  |                      |                             |
|          | <b>Total Trade Receivables</b>   | <b>0.00</b>          | <b>3,682.24</b>             |
| <b>6</b> | <b>Cash &amp; Cash Equivalents</b>   |                      |                             |
|          | Current Cash and bank balances   |                      |                             |
|          | Cash in hand   | 17.07                | 30.08                       |
|          | Unrestricted Balances with banks   |                      |                             |
|          | Current Accounts   | 44.83                | 759.80                      |
|          | Deposit accounts with original maturity of 3 months or less  | 248.76               | 248.76                      |
|          | <b>Total Cash &amp; Cash Equivalents</b>   | <b>310.66</b>        | <b>1,027.12</b>             |
| <b>7</b> | <b>Other Current Assets</b>  |                      |                             |
|          | Balances with government authorities   | 1,404.47             | 445.69                      |
|          | Security Deposits  | 354.76               | 1,194.84                    |
|          | Other Advances   | 473.19               | 2.94                        |
|          | <b>Total Other Current Assets</b>  | <b>2,232.42</b>      | <b>1,643.46</b>             |
| <b>8</b> | <b>Equity Share Capital</b>  |                      |                             |
|          | <b>Authorised Capital</b>  |                      |                             |
|          | 1,08,00,000 Equity Shares of Rs.10/- each with voting rights   | 1,08,000.00          | 1,08,000.00                 |
|          | <b>Issued, Subscribed and Fully Paid-up</b>  |                      |                             |
|          | 60,00,000 Equity Shares of Rs.10/- each with voting rights   | 60,000.00            | 60,000.00                   |
|          | <b>Terms/Rights attached to Equity shares</b>  |                      |                             |
|          | The company has only one class of equity shares having par value of Rs. 10/- per share. Each share holder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion of their shareholding. |                      |                             |
|          | <b>Reconciliation of the number of equity shares outstanding and the amount of Share Capital</b>   |                      |                             |
|          | <b>Particulars</b>   | <b>No. of Shares</b> | <b>Share capital in Rs.</b> |
|          | Shares outstanding as at March 31, 2020  | 6,000,000.00         | 60,000.00                   |
|          | Shares issued during the financial year ending March 31, 2021  | 0.00                 | 0.00                        |
|          | Shares outstanding as at March 31, 2021  | 6,000,000.00         | 60,000.00                   |
|          | Shares issued during the financial year ending March 31, 2022  | 0.00                 | 0.00                        |
|          | Shares outstanding as at March 31, 2022  | 6,000,000.00         | 60,000.00                   |

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| Note No.  | Particulars  | As at March 31, 2022                      | As at March 31, 2021                      |
|-----------|--|---|---|
|           | <b>Details of shares held by each shareholder holding more than 5% shares:</b> | <b>No. of Shares as at March 31, 2022</b> | <b>No. of Shares as at March 31, 2021</b> |
|           | <b>No. of Shares held</b>  |   |   |
|           | Sri. A.K..Gupta  | 818,996                                   | 818,996                                   |
|           | Smt.Indra gupta  | 811,102                                   | 811,102                                   |
|           | Sri. Aditya kumar Gupta  | 816,301                                   | 816,301                                   |
|           | Smt.Nidhi Gupta  | 817,401                                   | 817,401                                   |
|           | <b>Percentage of Shareholding</b>  |   |   |
|           | Sri. A.K..Gupta  | 13.65%                                    | 13.65%                                    |
|           | Smt.Indra gupta  | 13.52%                                    | 13.52%                                    |
|           | Sri. Aditya kumar Gupta  | 13.61%                                    | 13.61%                                    |
|           | Smt.Nidhi Gupta  | 13.62%                                    | 13.62%                                    |
| <b>9</b>  | <b>Non-Current Borrowings</b>  |   |   |
|           | <b>Secured Borrowings</b>  |   |   |
|           | <b>Vehicle Loan from HDFC Bank Ltd</b>   |   |   |
|           | HDFC Bank Ltd  | 306.09                                    | 462.75                                    |
|           | <b>Unsecured Borrowings</b>  |   |   |
|           | <b>Loans repayable on demand</b>   |   |   |
|           | Intercompany loans (at amortised cost)   | 1,23,910.54                               | 1,12,094.79                               |
|           |  | 1,24,216.63                               | 1,12,557.54                               |
| <b>10</b> | <b>Trade payables</b>  |   |   |
|           | Trade payable for expenses   | 325.52                                    | 241.64                                    |
|           | Trade payable for finance  | 601.86                                    | 1,007.18                                  |
|           |  | 927.39                                    | 1,248.83                                  |
| <b>11</b> | <b>Other current liabilities</b>   |   |   |
|           | Advances received from customers   | 2,300.00                                  | 2,300.00                                  |
|           |  | 2,300.00                                  | 2,300.00                                  |

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Amount Rs. in 000s

| Note No.  | Particulars  | As at March 31,<br>2022 | As at March 31,<br>2021 |
|-----------|--|-------------------------|-------------------------|
| <b>12</b> | <b>Revenue from operations</b>                       |                         |                         |
|           | Revenue from sale of goods (including excise duty)   | 0.00                    | 0.00                    |
|           | Revenue from rendering of services                   | 13,501.81               | 11,404.38               |
|           |  | 13,501.81               | 11,404.38               |
|           | <i>Revenue from rendering of services represents</i> |                         |                         |
|           | <i>  Rendering of Fabric Job Work</i>                | 3,304.18                | 2,494.82                |
|           | <i>  Sales commission</i>                            | 10,197.63               | 8,909.55                |
|           |  | 13,501.81               | 11,404.38               |
| <b>13</b> | <b>Other Income</b>                                  |                         |                         |
|           | Interest received                                    | 26.17                   | 101.27                  |
|           | Other Income   | 564.47                  | 373.77                  |
|           | Profit on sale of machinery/Vehicles                 | 53.76                   | 2,113.53                |
|           |  | 644.40                  | 2,588.57                |
| <b>14</b> | <b>Employee benefit expense</b>                      |                         |                         |
|           | Salaries and wages, including bonus                  | 1,655.50                | 1,519.75                |
|           | Contribution to provident and other funds            | 0.00                    | 2.75                    |
|           |  | 1,655.50                | 1,522.50                |
| <b>15</b> | <b>Finance costs</b>                                 |                         |                         |
|           | Interest expense                                     | 5,464.07                | 5,316.19                |
| <b>16</b> | <b>Other expenses</b>                                |                         |                         |
|           | Power and Fuel                                       | 0.00                    | 1.18                    |
|           | Repairs to buildings                                 | 0.00                    | 17.06                   |
|           | Repairs to machinery                                 | 0.00                    | 3.40                    |
|           | Insurance  | 8.47                    | 4.95                    |
|           | Rates & Taxes, excluding taxes on income             | 0.00                    | 121.00                  |
|           | Land Tax   | 92.03                   | 92.78                   |
|           | Listing Fees   | 300.00                  | 300.00                  |
|           | Professional And Consultancy Charges                 | 277.70                  | 217.60                  |
|           | Audit Fees   | 75.00                   | 65.00                   |
|           | Miscellaneous expenses                               | 395.92                  | 191.57                  |
|           |  | 1,149.12                | 1,014.54                |

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**17 Ratios**

The ratios for the years ended March 31, 2022 and March 31, 2021 are as follows :

| Particulars  | Numerator  | Denominator                       | As at March 31, |        | Variance<br>(in %) |
|--|--|-----------------------------------|-----------------|--------|--------------------|
|  |  |                                   | 2022            | 2021   |                    |
| <b>Liquidity Ratio</b>   |  |                                   |                 |        |                    |
| Current Ratio (times)  | Current Assets                                     | Current Liabilities               | 0.79            | 3.47   | -77.31%            |
| <b>Note: Reduction in current assets to repay the Share application money</b>  |  |                                   |                 |        |                    |
| <b>Solvency Ratio</b>  |  |                                   |                 |        |                    |
| Debt-Equity Ratio (times)  | Total Debt   | Shareholders' equity              | -1.05           | -1.17  | -9.85%             |
| Debt Service Coverage Ratio (times)  | Earnings available for debt service <sup>(1)</sup> | Debt service <sup>(2)</sup>       | 68.72           | 236.78 | -244.55%           |
| <b>Note: The company has availed finance for vehicle purchase during the year ended 31.03.2021 and only three months repayment was made against, as compared to full year repayment for the year, resulting in the variance in Debt Service Coverage Ratio</b> |  |                                   |                 |        |                    |
| <b>Profitability ratio</b>   |  |                                   |                 |        |                    |
| Net Profit Ratio (%)   | Net profit after tax                               | Turnover                          | 37.86           | 40.15  | -5.70%             |
| Return on Equity Ratio (%)   | Net profit after tax                               | Average Shareholders' equity      | -4.53%          | -5.82% | -22.12%            |
| Return on Capital employed (%)   | Earnings before interest and taxes                 | Capital employed <sup>(3)</sup>   | -9.41%          | 11.75% | -19.95%            |
| Return on Investment (%)   | Income generated from investments                  | Time weighted average investemtns | NA              | NA     | NA                 |
| <b>Utilization Ratio</b>   |  |                                   |                 |        |                    |
| Trade Receivables turnover ratio (times)   | Revenue  | Average Trade receivable          | 0.00            | 3.80   | -100.00%           |
| <b>Note: There was no receivables as on 31.03.2022 and hence the variance</b>  |  |                                   |                 |        |                    |
| Inventory turnover ratio (times)   | Revenue  | Closing inventory                 | NA              | NA     | NA                 |
| Trade payables turnover ratio (times)  | Purchase of goods, services and other expenses     | Average Trade Payable             | 8.92            | 6.29   | 41.78%             |
| Net capital turnover ratio (times)   | Revenue  | Working capital                   | -20.67          | 1.59   | 1396.80%           |
| <b>Note: Variance is due to the decrease in current assets used to return the share application money party</b>  |  |                                   |                 |        |                    |

(1) Net profit after taxes + Non-cash operating expenses + Interest + Other adjustments like loss on sale of fixed assets etc.

(2) Term loan repayments

(3) Tangible net worth + Deferred tax liabilities + Lease liabilities

18. The balances in parties accounts are subject to confirmation and reconciliation, if any, in the opinion of the management all current assets including stock in trade/ sundry debtors and loans and advances in the normal course of business would realize the value atleast to the extent stated in the Balance sheet.

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19. Based on information available with Company, there are no outstanding dues to enterprise under MSMED Act, 2006 at the year end.

20. RELATED PARTY DISCLOSURE:

1) Name of Related Parties and description of Relationships:

|   |  |  |
|---|--|--|
| a | Holding Companies, Subsidiaries & Fellow Subsidiaries  | Nil  |
| b | Associates & Joint Ventures  | Nil  |
| c | Individuals owning control or significant influence over the enterprise, and relatives of any such individual; | Nil  |
| d | Key management Personnel   | Mrs. Nidhi Gupta (MD)<br>Mr. Hemant Kumar Gupta [CFO]Ms<br>Kirtishree Agarwal [CS] |
| e | Relatives of Key management Personnel  | Nil  |
| f | Enterprises over which any person described in (c) or (d) is able to exercise significant influence            | Nithya Estates and Developers India Private Limited;<br>Minlota Securities Limited |

2) Related Party Transactions

| Related Party                                       | Name of Relationship  | Nature of Transaction  | Amt. Rs. In Lakhs      | Balance as on 31.03.2022 Rs. In Lakhs |
|---|---|--|------------------------|---------------------------------------|
| Mr. Hemant Kumar Gupta                              | CFO   | Remuneration   | Rs.4.20                | ---                                   |
| Ms Kirtishree Agarwal                               | CS  | Remuneration   | Rs.1.80                | ---                                   |
| Ms Nidhi Gupta                                      | Managing Director   | Loan taken by the Company and repaid   | Rs.1.74                | ---                                   |
| Nithya Estates and Developers India Private Limited | A private company in which a director or manager or his relative is a member or director  | Loan taken by the Company (net of repayments)<br>Interest paid on loan taken | Rs. 17.51<br>Rs. 54.33 | Rs. 970.68                            |
| Minlota Securities Limited                          | A public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital | Loan taken by the Company (net of repayments)                                | Rs. 51.75              | Rs. 268.43                            |

21. The figures have been given in INR ('000s) thousands except Earnings Per Share