



VIP Clothing Ltd.



ANNUAL REPORT
2020



OUR VISION

To be in every Indian's
Wardrobe and Go Global.

OUR MISSION

Join hands together to become an
International Symbol of Excellence
through continuous Customer
Satisfaction, Innovations, Manpower
Developments, Productivity
Improvement, Quality Improvement,
Cost Reduction
and Time Managements.





LEADER

MUSCLE GYM VEST



- **Body Hugging Fit**
- **Unique Square Neck Cut**

The image on the packaging is representative of the style.



Frenchie
FLASH

Frank

**TRENDING
FASHIONABLE
INNERWEAR**

**NEW
LAUNCH**

Brat



PLAIN PRINT MULTI
COLOUR STICKER



POP ART PRINTED
OUTER ELASTIC



FULL PRINTED
INNER ELASTIC



STYLISH FRONT
PRINT WHITE VEST



STYLISH CAPTIONS
COLOUR VEST



**NEW
LAUNCH**

Brat



PLAIN PRINT
MULTI COLOUR
STICKER



POP ART
PRINTED
OUTER
ELASTIC



FULL
PRINTED
INNER ELASTIC



**Corporate Information****Board of Directors**

Sunil J. Pathare	Chairman and Managing Director
Kapil J. Pathare	Whole Time Director
Gopal Sehjpal	Independent Director
Chetan Sheth	Independent Director
Robin Banerjee	Independent Director
Meher Castelino	Independent Director

Chief Financial Officer & Company Secretary

Ashish Mandaliya (Till May 15, 2020)

Chief Finance Controller

Devendra Vyas

Statutory Auditor

M/s. Sharp & Tannan
Chartered Accountants

Internal Auditor

M/s. Haribhakti & Co. LLP
Chartered Accountants

Bankers

State Bank of India
IDBI Bank Limited
HDFC Bank Limited

Registered Office

C-6, Road No.22, MIDC,
Andheri (East),
Mumbai 400 093.
Phone : + 91 22 28257624/27/33,40209000
Fax : + 91 22 28371023/24
E-mail : investor.relations@viporg.com
Website : <http://www.vipclothing.in>
CIN : L18101MH1991PLC059804

Registrar & Transfer Agent

Link Intime India Private Limited
C-101, 247 Park, L B S Marg,
Vikhroli (West),
Mumbai - 400 083
Phone : + 91 22 49186000
Fax : + 91 22 49186060
Email : rnt.helpdesk@linkintime.co.in

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Plant Location

Stitching Units	: 92/94, New GIDC, Umbergaon, Gujarat – 396171
	: SF – 125/126/127, Appachimarmadam, Thingalur, Erode, Tamil Nadu - 638055
Wind Mill	: Chinnakkully Village, Pappampatty Panchayat, Coimbatore, Tamil Nadu - 641016

30th ANNUAL GENERAL MEETING

Day : Thursday
Date : 24th September, 2020
Time : 11.30 a.m.
Through Video Conferencing (VC)/
Other Audio Visual Means (OAVM)



NOTICE

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of VIP Clothing Limited will be held on **Thursday, 24th day of September, 2020 at 11.30 a.m.** through Video Conferencing (VC)/ Other Audio Visual Means (OAVM), to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements for the Financial Year ended on March 31, 2020 and the Reports of the Directors and Auditors thereon.

2. Appointment of Director

To appoint a Director in place of Mr. Kapil J. Pathare (DIN 01089517), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

By order of the Board of Directors
For **VIP Clothing Limited**

Place: Mumbai
Date: August 13, 2020

Sunil J. Pathare
Chairman and Managing Director
(DIN 00192182)

NOTES:

- In view of the outbreak of COVID-19 Pandemic, the **Ministry of Corporate Affairs** ('MCA') has vide its Circular No.20/2020 dated May 5, 2020 read with Circular No. 14/2020 dated April 8, 2020 and Circular No.17/2020 dated April 13, 2020 (hereinafter referred as ("MCA Circulars") and other applicable circulars issued by Securities and Exchange of Board of India (SEBI), permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Companies Act, 2013 (as amended) ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- The AGM is being held pursuant to the **MCA Circulars** through VC / OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.**
- In accordance with, the Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
- Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 17, 2020 to Thursday, September 24, 2020 (both days inclusive).
- Members are requested to note that, dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their unclaimed dividend from the Company, within the stipulated timeline. The Members, whose unclaimed dividend/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form No. IEPF - 5 available on www.iepf.gov.in, for details, please refer point no. 13(g) of Corporate Governance Report which is a part of this Annual Report.
- Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to intimate any change of address or bank mandate immediately to the Company at its Registered Office or to our



Registrar and Share Transfer Agent, Link Intime India Private Limited, C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai – 400083.

8. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars etc., from the Company with their Depository Participants or with our Registrar and Share Transfer Agent, Link Intime India Private Limited.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the Registrar and Share Transfer Agent, Link Intime India Private Limited.

A Form for capturing the above details is appended in the Annual Report 2018-19. Members holding shares in physical form are requested to submit filled form to the Company or our Registrars and Share Transfer Agent. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

10. Members desirous of obtaining any information concerning accounts of the Company are requested to address their queries to the Company at least Seven days prior the date of the meeting, through email investor.relations@viporg.com. The same will be replied suitably.
11. Members may be aware, that the Equity Shares of the Company have been sub-divided from one equity shares of ₹10/- each to 5 equity shares of ₹ 2/- each, in terms of Resolution passed by the Members of the Company at the Extra Ordinary General Meeting of the Company held on February 1, 2006. The Members who are still holding their share certificate of ₹10/- each of the Company required to exchange the same with new equity shares of ₹ 2/- each by sending the same to the Company's Registrar & Transfer Agent, Link Intime India Private Limited, since the old Share Certificate of ₹10/- each are no longer tradable.
12. Corporate Members are requested to send a scanned copy (PDF/JPEG format) of the a certified copy of the Board Resolution authorising their representative to attend the AGM through VC/OAVM on their behalf and vote through remote e-Voting at the Meeting.
13. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
14. The Notice of the 30th AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at www.vipclothing.in, websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com respectively, and on the website of Link Intime India Private Limited at, <https://instavote.linkintime.co>.
15. Members are requested to note that in case of transfers, deletion of name of the deceased shareholder, transmission and transposition of names in respect of share held in physical form, the submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for these transactions, is now mandatory.
16. Mr. Kapil J. Pathare, Whole time Director of the Company, retires by rotation and being eligible, offer himself for reappointment at the ensuing Annual General Meeting.
17. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any changes in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
18. Section 72 of the Companies Act, 2013, provides for Nomination by the Shareholders of the Company in the prescribed forms which are available on the website of the Company "www.vipclothing.in" shareholders requested to avail this facility.
19. Mr. Rakesh Sanghani or on failing of him Mr. Marmik Patel, Practising Company Secretary from M/s. RS & MP Associates (Unique Code No. P2017MH061400) has been appointed as the Scrutinizer to scrutinize the e-Voting in a fair and transparent manner.
20. The Scrutinizer shall, after the conclusion of e-Voting at the AGM, first count the votes cast during the meeting, thereafter unblock the votes cast through remote e-Voting and shall make, not later than 48 hours of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
21. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.vipclothing.in and on the website of Link Intime India Private Limited <https://instavote.linkintime.co.in>. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.



Voting through electronic means:

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), 2015 (“Listing Regulations”), the Company is pleased to provide members, the facility to exercise their vote at the 30th AGM by electronic means and the business may be transacted through e-Voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-Voting”) will be provided by Link Intime India Private Limited.

The remote e-Voting period commence on Monday, September 21, 2020 at 10.00 a.m. and ends on Wednesday, September 23, 2020 at 5.00 p.m. During this period, Members of the Company holding shares either in physical form or in dematerialized form as on the “cut-off date” Thursday, September 17, 2020, may cast their vote electronically. The e-Voting module shall be disabled by Link Intime India Private Limited for voting thereafter. Once the vote on resolution is casted by the Member, he shall not be allowed to change it subsequently as well as a person who is not a member as on the Cut-off date should treat this Notice for information purpose only.

E-Voting procedure/Instructions:

Instructions for shareholders to vote electronically:

Login to e-Voting website of Link Intime India Private Limited (LI IPL)

1. Visit the e-Voting system of LI IPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
2. Click on “Login” tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on “SUBMIT”.
4. Your User ID details are given below:
 - a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID
 - b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID
 - c. Shareholders holding shares in Physical Form: Your User ID is Event No + Folio Number registered with the Company
5. Your Password details are given below:

If you are using e-Voting system of LI IPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on “Sign Up” tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> • Members who have not updated their PAN with Depository Participant or in the Company record are requested to use the sequence number which is printed on Ballot Form /Attendance Slip indicated in the PAN Field.
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with Depository Participant or in the Company record for the said demat account or folio <ul style="list-style-type: none"> • number in dd/mm/yyyy format.
Bank Account Number	Enter the Bank Account number (Last Four Digits) as recorded in your demat account or in the Company records for the said demat account or folio number.

If you are holding shares in demat form and had registered on e-Voting system of LI IPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question &



Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the Company in which they are a shareholder and eligible to vote, provided that the Company opts for e-Voting platform of LI IPL.

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

It is strongly recommended, not to share your password with any other person and take utmost care to keep your password confidential.

6. Cast your vote electronically

1. After successful login, you will be able to see the notification for e-Voting on the home page of INSTA Vote. Select/ View "Event No" of the Company, you choose to vote.
2. On the voting page, you will see "Resolution Description" and against the same the option "Favour/Against" for voting. Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

3. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
4. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
5. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
6. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to e-Voting system of LI IPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

2. During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
3. Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
4. In case the shareholders have any queries or issues regarding e-Voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at, Help section or write an email to or Call us :- Tel : 022 - 49186000.

INSTRUCTIONS FOR SHAREHOLDERS/MEMBERS TO ATTEND THE AGM THROUGH INSTAMEET:

Instructions for Shareholders/Members to attend the AGM through InstaMeet (VC/OAVM) are as under:

1. Shareholders/Members are entitled to attend the 30th AGM through VC/OAVM provided by Link Intime India Private Limited by following the below mentioned process. Facility for joining the AGM through VC/OAVM shall open 15 (fifteen) minutes before the time scheduled for the 30th AGM and will be available to the Members on first come first serve basis.
2. Shareholders/Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the AGM. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chair Persons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first come first serve basis. Members can login and join 15 (fifteen) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time. Participation is restricted upto 1000 members only.
3. Shareholders/ Members will be provided with InstaMeet facility wherein Shareholders/ Member shall register their details and attend the AGM as under:



1. Open the internet browser and launch the URL for InstaMeet <<<https://instameet.linkintime.co.in>>> and register with your following details:
 - a. DP ID / Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company
 - b. PAN: Enter your 10 digit Permanent Account Number (PAN)
 - c. Mobile No.
 - d. Email ID
2. Click “Go to Meeting”

Note:

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case, you have any queries or issues regarding e-Voting, you can write an email to instameet@linkintime.co.in or contact us: - Tel : 022-49186175, InstaMeet Support Desk, Link Intime India Private Limited.

InstaMeet Support Desk
Link Intime India Private Limited

INSTRUCTIONS FOR SHAREHOLDERS/MEMBERS TO REGISTER THEMSELVES AS SPEAKERS DURING AGM:

Shareholders/ Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at investor.relations@viporg.com from Thursday, September 17, 2020, 10.00 A.M to Monday, September 21, 2020, 5.00 P.M.

Note:

Those shareholders/members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the 30th AGM.

INSTRUCTIONS FOR SHAREHOLDERS/MEMBERS TO VOTE DURING THE AGM THROUGH INSTAMEET:

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-Voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/registered email Id) received during registration for InstaMeet and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.



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Note:

Shareholders/ Members, who will be present in the AGM through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the AGM will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

In case the shareholders/members have any queries or issues regarding e-Voting, you can write an email to instameet@linkintime.co.in or contact on: - Tel : 022-49186175.

By order of the Board of Directors
For **VIP Clothing Limited**

Place: Mumbai
Date: August 13, 2020

Sunil J. Pathare
Chairman and Managing Director
(DIN 00192182)

PROFILE OF DIRECTOR BEING RE-APPOINTED

Details of Director seeking appointment/re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of the SEBI (LODR) Regulation 2015) and Secretarial Standard -2.

Name of the Director	Mr. Kapil J. Pathare
Brief profile	<p>Mr. Kapil J. Pathare joined M/s.VIP Clothing Ltd. Group at the age of 21. Since the beginning he focused more on various aspects of Manufacturing with clear concept of quality & services.</p> <p>With his enthusiasm and customer oriented global vision, he has made a great difference in Manufacturing and Marketing styles. He plans to make the Brand a world class name to reckon with.</p> <p>Mr. Kapil completed his Bachelor in Commerce degree and Master in Business Administration from Mumbai University.</p> <p>He received Global Leader Award representing inner wear category at international level.</p> <p>He is associated with Birla College leading the sport committee</p> <p>He has published book "Cricket to Corporate "as an author, where he has stroke the Cricketing field strategy to the field of Board room.</p> <p>His second book "A Tall Order" by Srilankan Legend Mr. Sanath Jayasuriya in Mumbai which traces the cricketing careers of 10 Indian cricketers in last 25 years.</p>
Expertise in specific functional area	Mr. Kapil J. Pathare having vast knowledge on manufacturing process, production and Quality control in the hosiery industry.
Relationship with other Directors	Mr. Kapil Pathare is a younger brother of Mr. Sunil Pathare.
Directorship held in other listed companies	NIL
Membership / Chairmanship of Committees of other listed companies	NIL
No of shares held in the Company as on March 31, 2020	1,48,15,548



VIP CLOTHING LIMITED

DIRECTORS' REPORT

To,
THE MEMBERS
VIP CLOTHING LIMITED

The Directors of your Company are pleased to present, the 30th Annual Report, on the working and the progress of the Company, alongwith audited financial statement of the Company for the financial year ended on March 31, 2020 and Report of the Auditors thereon.

1. FINANCIAL RESULTS

	(₹ in Lakhs)	
	Current Year Ended March 31, 2020	Previous Year Ended March 31, 2019
Revenue from Operations	17,276.41	20,746.35
Other Income	277.21	196.97
Profit before Interest & finance charge, Depreciation & Income Tax	(1,295.73)	560.64
Interest & Finance charges	(1,038.21)	(880.70)
Depreciation	(424.05)	(331.01)
Profit/(Loss) Before Tax (Before Exceptional Income)	(2,757.99)	(651.07)
Exceptional (Loss)/Income	-	-
Profit/(Loss) Before Tax after Exceptional (loss)/income	(2,757.99)	(651.07)
(Income Tax)		
Provision for Income tax Expense for prior periods	-	-
Deferred Tax	(1,262.95)	(31.73)
Profit/(Loss) from continuing operations	(1,495.04)	(619.34)
Profit/(Loss) from discontinued operations	-	-
Profits/(Loss) for the year	(1,495.04)	(619.34)
Other Comprehensive income (net of tax)	(10.70)	(21.63)
Total Comprehensive Income attributable to owners of the Company	(1,505.74)	(640.97)
Profit Brought forward	1,202.72	1,843.69
Deletion for the year on account of transition – INDAS-116	14.19	-
Profit available for appropriation	(317.21)	1,202.72
Appropriation		
Dividend and Tax on dividend	-	-
Closing balance in retain earnings	(317.21)	1,202.72

2. OPERATIONS

Revenue from operations for the financial year 2019-20 stood to ₹172.76 Crores as against ₹207.46 Crores in the previous financial year 2018-19. There was a decrease in revenue by 16.73% as compared to the previous year. This is mainly on account of drop in sales in the southern region due to intense competition and contraction of overall demand.

The Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA) during the current year stood around (7.50%) as against the 2.70% in the previous year.

The Net loss for the financial year 2019-20 is stood to ₹15.06 Crores as against the Net Loss of ₹6.41 Crores in the previous financial year 2018-19.

3 IMPACT OF COVID - 19

Due to COVID-19 pandemic the operations of the Company were impacted, as the Government of India announced nationwide lockdown. In order for smooth functioning of operations, the Company is adhering the guidelines and direction issued by State and Central Government including the local administrative authority for maintaining the health and safety norms across all locations including physical distancing, compulsory use of face mask and hand sanitization etc. The Company is closely monitoring the emerging situation arising out of COVID-19 and subsequent restrictions imposed by the regulatory authorities. The operations of the



VIP CLOTHING LIMITED

Company are being resumed in graded manner in compliance with the guidelines issued by Central and State Governments to prevent spread of COVID-19 and in order to ensure the safety and well-being of employees, workers and all stakeholders of the Company.

4. DIVIDEND

Due to loss in the financial year 2019-20, the Board has not recommended any dividend on Equity Share Capital for the financial year ended on March 31, 2020.

5. TRANSFER TO RESERVE

Due to loss in the current and previous financial year, no amount has been transferred to General Reserve for current and previous financial year.

6. SHARE CAPITAL

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

7. SUBSIDIARY

The Company does not have any Subsidiary Company.

8. FIXED DEPOSIT

During the year, the Company has not accepted any fixed deposits under the Companies Act, 2013.

9. CORPORATE GOVERNANCE

As per Schedule V read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practice followed by the Company, together with the certificate from Company's Auditors confirming the compliance on Corporate Governance forms an integral part of this report.

10. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 as on March 31, 2020, as required under Section 92 of the Companies Act, 2013, have been appended as **Annexure – A** to this Report.

11. NUMBER OF MEETING OF THE BOARD

The Board of Directors met 4 (Four) times during the financial year 2019-20. The maximum interval between any two meetings did not exceed 120 days. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

12. WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy to report genuine concerns or grievances. As per Regulation 46 of SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Whistle Blower Policy has been posted on the website of the Company (www.vipclothing.in). The Audit Committee shall oversee the Vigil Mechanism.

13. NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The policy is available on the website of the Company www.vipclothing.in.

14. RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, your Company has formulated a Policy on Related Party Transactions. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This Policy specifically deals with the review and approval of material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval and also the Company has developed Related Party Transactions framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that provisions of Section 188 of the Companies Act, 2013 are not attracted. The policy is available on the website of the Company www.vipclothing.in.

There were no materially significant transactions with related parties during the financial year, which were in conflict with the interest of the Company. Therefore, there is no requirement to report any transaction in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

15. CORPORATE SOCIAL RESPONSIBILITY

The details about the initiatives taken by the Company on Corporate Social Responsibility (CSR) activities during the year are as per the annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure - B** to this Report. The policy is available on the website of the Company www.vipclothing.in.



16. RISK MANAGEMENT POLICY AND INTERNAL ADEQUACY

The Company has formed a Risk Management Committee in accordance with the requirements of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested and certified by Statutory as well as Internal Auditors' and cover all offices, factories and key business areas, significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management systems.

17. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavour of the Management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment.

The Company has constituted Internal Complaints Committee (ICC).

During the year under review, no complaint pertaining to sexual harassment was received by the Committee.

18. DIRECTORS RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts of the Company for the financial year ended on March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have 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 as at March 31, 2020 and of the loss of the Company for the year ended on March 31, 2020;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

No significant and material orders passed by the Regulators/Courts/Tribunals during the year which would impact the going concern status of the Company's future operations.

20. AUDITORS

M/s. Sharp & Tannan, Chartered Accountants, Mumbai, [Firm Registration No. 109982W], the Statutory Auditors of the Company, were appointed by the Shareholders at their meeting held on September 27, 2016 for a period of 5 years i.e. upto conclusion of Thirty First Annual General Meeting.

In terms of the provisions relating to Statutory Auditors forming part of the Companies Amendment Act, 2017, notified on May 07, 2018, ratification of appointment of Statutory Auditors at every Annual General Meeting is no more a legal requirement. Accordingly, the Notice convening the ensuing Annual General Meeting does not carry any resolution on ratification of appointment of Statutory Auditors. However, M/s. Sharp & Tannan, Chartered Accountants, have confirmed that they are eligible to continue as Statutory Auditors of the Company to audit the books of accounts of the Company for the financial year ending on March 31, 2021 and accordingly M/s. Sharp & Tannan will continue to be the Statutory Auditors of the Company for the financial year ending on March 31, 2021.

The Auditors' Report does not contain any qualifications, reservations or adverse remarks and has not reported any fraud under Section 143(12) of the Companies Act, 2013.

21. COST RECORD AND COST AUDIT

There has been no notification till date, covering our industry for the purpose of maintenance of Cost Accounting Records and Cost Audit for the financial year 2019-20.

22. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has appointed Mr. Rakesh Sanghani, Practicing Company Secretary (FCS No. 7647) (C.P No.6302) to undertake the Secretarial Audit of the Company.



VIP CLOTHING LIMITED

The Secretarial Audit Report for the financial year ended on March 31, 2020 have been appended as **Annexure – C** to this Report.

There are no qualifications, reservations or adverse remarks in the report.

23. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

There has been no change in the composition of Board of Directors of the Company during the year under review.

Retirement by rotation

Pursuant to Section 152(6) of the Companies Act, 2013, Mr. Kapil J. Pathare would retire by rotation at the forthcoming AGM and being eligible, offers himself for re-appointment.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Board of Directors of the Company has the following Key Managerial Personnel:

1. Mr. Sunil J. Pathare - Chairman and Managing Director
2. Mr. Kapil J. Pathare - Whole time Director
3. Mr. Ashish Mandaliya - Chief Financial Officer and Company Secretary*
4. Mr. Devendra Vyas - Chief Finance Controller

* Mr. Ashish Mandaliya - Chief Financial Officer and Company Secretary (CFO & CS) of the Company has resigned from the position, the Company relieved him from the services effective from May 15, 2020.

24. BOARD INDEPENDENCE

The Board of the Company as on March 31, 2020 consisted of 6 (Six) Directors out of which 4 (Four) are Independent Directors and 2 (Two) are Executive Directors.

All the Independent Directors have given declarations that they meet the criteria of Independence mentioned under Regulation 16(b) of Chapter IV of SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013.

25. PERFORMANCE EVALUATION OF BOARD

Pursuant to the provisions of the Companies Act, 2013 and SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017, the Board carried out an annual evaluation of performance of its own and its Committees and the Directors individually. At the meeting of the Independent Directors held on January 28, 2020 and as per the criteria specified by SEBI all the relevant factors for evaluating the performance of the Committees and of the Board was discussed.

26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any Loans, Guarantees and also not made any Investments under Section 186 of the Companies Act, 2013.

27. FAMILIARISATION PROGRAMMES FOR DIRECTORS

Pursuant to Section 149 read with Schedule IV, Part III of the Companies Act, 2013 and Regulation 25 of the SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company familiarizes its Independent Directors on their roles, rights, responsibilities, nature of the industry in which the Company operates, business model of the Company, its products, and also update on various ongoing events and developments relating to company.

The familiarisation programme for Independent Directors is disclosed on the Company's website at www.vipclothing.in.

28. STATUTORY INFORMATION

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is given in **Annexure – D** to this report.

The information required under Section 197(12) of the Companies Act, 2013 read with Sub Rule 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors Report for the year ended on March 31, 2020 is given in a separate **Annexure - E** to this Report.

None of the Employees of the Company are in receipt of Rupees One Crore and Two Lakhs per annum or Rupees Eight Lakhs and Fifty Thousand per month during the year under review.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two per cent of the Equity Shares of the Company.

The Business Responsibility Reporting as required by Regulation 34(2)(F) of Chapter IV of SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ending on March 31, 2020.



29. CREDIT RATING

The Credit Rating rationale as on May 29, 2019, CRISIL has affirmed the following rating with respect to the Credit Bank Facilities availed by the Company as follows;

Total Bank Loan Facilities Rated	Rs. 123.4 Crores
Long Term Rating	CRISIL BB+/Negative - Rating downgraded from CRISIL BBB- /Negative
Short Term Rating	CRISIL A4+ - Rating downgraded from CRISIL A3

30. LISTING

Equity shares of the Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and listing fees have been paid.

31. ACKNOWLEDGEMENT

The Directors of your Company acknowledge with deep sense of appreciation the encouragement, support and co-operation received by the Company from its Bankers viz. State Bank of India, IDBI Bank Limited, HDFC Bank Limited; BSE Limited, National Stock Exchange of India Limited, Members; Suppliers and Esteemed Customers of the Company.

32. CAUTIONARY STATEMENT

Statement made in the Annual Report including those stated under the caption "Management Discussion and Analysis" describing the Company's plan, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

For and on behalf of the Board

Place: Mumbai
Date: June 27, 2020

Sunil J. Pathare
Chairman and Managing Director
(DIN 00192182)



ANNEXURE - A

MGT – 9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2020

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

I. REGISTRATION & OTHER DETAILS

1	CIN	L18101MH1991PLC059804
2	Registration Date	January 14, 1991
3	Name of the Company	VIP Clothing Limited
4	Category/ Sub-Category of the Company	Public Limited Company
5	Address of the Registered Office & Contact Details	C-6, Road No.22, MIDC, Andheri (East), Mumbai – 400 093, Tel : 022-28257624/27/33, 40209000 Fax: 022-28371023/24 Email: investor.relations@viporg.com Website: www.vipclothing.in
6	Whether listed company	Yes
7	Name, Address & Contact details of the Registrar & Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai – 400 083 Tel : +91 22 49186000 Fax : +91 22 49186060 Email: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of Main Products	NIC Code of the Products/Services	% to total turnover of the Company
1	Hosiery Product	14309	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

There are no Holding, Subsidiary and Associate Companies.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	43502574	-	43502574	52.67	43502574	-	43502574	52.67	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Subtotal (A)(1) :	43502574	-	43502574	52.67	43502574	-	43502574	52.67	-



VIP CLOTHING LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2) :	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	43502574	-	43502574	52.67	43502574	-	43502574	52.67	-
B. Public Shareholding									
1) Institutions									
a) Mutual Funds/UTI	875	-	875	-	875	-	875	-	-
b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
c) Alternate Investment Funds	-	-	-	-	-	-	-	-	-
d) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
e) Foreign Portfolio Investor	408262	-	408262	0.49	358262	-	358262	0.44	(0.05)
f) Financial Institutions/Banks	237034	-	237034	0.29	-	-	-	-	(0.29)
g) Insurance Companies	-	-	-	-	-	-	-	-	-
h) Provident Funds/Pension Funds	-	-	-	-	-	-	-	-	-
i) Any Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1) :-	646171	-	646171	0.78	359137	-	359137	0.44	(0.34)
2) Central Government / State Government (s) / President of India									
Central Government / State Government (s)	-	-	-	-	-	-	-	-	-
Sub-total (B) (2) :-	-	-	-	-	-	-	-	-	-
3) Non-Institutions									
a) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 1 Lakh	14749649	646086	15395735	18.64	17378842	540814	17919656	21.70	3.06
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	5449290	341250	5790540	7.01	4392757	341250	4734007	5.73	(1.28)
b) NBFCs registered with RBI	384023	-	384023	0.47	175000	-	175000	0.21	(0.26)
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
e) Any Other (Specify)									
i) Trusts	500	-	500	-	500	-	500	-	-
ii) Hindu Undivided Family	1232650	-	1232650	1.49	1445502	-	1445502	1.75	0.26
iii) Non Resident Indians (Non Repat)	192979	-	192979	0.23	234562	-	234562	0.28	0.05
iv) Non Resident Indians (Repat)	366498	1750	368248	0.45	444200	1750	445950	0.54	0.09
v) Clearing Member	523599	-	523599	0.63	203302	-	203302	0.25	(0.38)
vi) Bodies Corporate	13824547	345623	14170170	17.16	12790353	345186	13135539	15.90	(1.26)
vii) IEPF	389330	-	389330	0.47	440790	-	440790	0.53	0.06
Sub-total (B) (3) :	37113065	1334709	38447774	46.55	37505808	1229000	38734808	46.89	0.34
Total shareholding of Promoter (B)=(B)(1)+(B)(2)+(B)(3)	37759236	1334709	39093945	47.33	37864945	1229000	39093945	47.33	0.00
Total (A+B)	81261810	1334709	82596519	100.00	81367519	1229000	82596519	100.00	0.00
C) Non Promoter - Non Public									
1) Custodian/DR Holder	-	-	-	-	-	-	-	-	-
2) Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	81261810	1334709	82596519	100.00	81367519	1229000	82596519	100.00	-

ii) Shareholding of Promoters (including Promoter Group)

Sr No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Sunil Jaykumar Pathare	1,67,42,008	20.27	-	1,67,42,008	20.27	-	-
2	Kapil Jaykumar Pathare	1,48,15,548	17.94	-	1,48,15,548	17.94	-	-
3	Jaykumar Khanderao Pathare*	1,15,500	0.14	-	1,15,500	0.14	-	-
4	Lalita Jaykumar Pathare	1,03,07,937	12.48	-	1,03,07,937	12.48	-	-
5	Heena Sunil Pathare	8,34,443	1.01	-	8,34,443	1.01	-	-
6	Ashwini Kapil Pathare	6,87,138	0.83	-	6,87,138	0.83	-	-
	Total	4,35,02,574	52.67	-	4,35,02,574	52.67	-	-

*Late Shri Jaykumar Pathare who held 1,15,500 Equity Shares on individual capacity have not yet been transferred, inter alia due to pending process of obtaining a succession certificate under the Hindu Succession Act, 1956 or any other alternative legal mechanism for the completing the transfer formalities.

iii) Changes in promoters' shareholding (including Promoter Group)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	SUNIL JAYKUMAR PATHARE				
	At the beginning of the year	16742008	20.27	16742008	20.27
	Transfer	0.00	0.00	0.00	0.00
	At the end of the year			16742008	20.27
2	KAPIL JAYKUMAR PATHARE				
	At the beginning of the year	14815548	17.94	14815548	17.94
	Transfer	0.00	0.00	0.00	0.00
	At the end of the year			14815548	17.94
3	LALITA JAYKUMAR PATHARE				
	At the beginning of the year	10307937	12.48	10307937	12.48
	Transfer	0.00	0.00	0.00	0.00
	At the end of the year			10307937	12.48
4	HEENA SUNIL PATHARE				
	At the beginning of the year	834443	1.01	834443	1.01
	Transfer	0.00	0.00	0.00	0.00
	At the end of the year			834443	1.01
5	ASHWINI KAPIL PATHARE				
	At the beginning of the year	687138	0.83	687138	0.83
	Transfer	0.00	0.00	0.00	0.00
	At the end of the year			687138	0.83
6	JAYKUMAR KHANDERA O PATHARE				
	At the beginning of the year	115500	0.14	115500	0.14
	Transfer	0.00	0.00	0.00	0.00
	At the end of the year			115500	0.14

iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDR and ADRs) :

Sr No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name & Type of Transaction	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	SUBHKAM PROPERTIES LLP				
	At the beginning of the year	9500000	11.50	9500000	11.50
	Transfer	0	0.00	0	0.00
	At the end of the year			9500000	11.50
2	JOHAR H ZOJWALLA				
	At the beginning of the year	644372	0.78	644372	0.78
	29.06.2019 - Transfer	5000	0.01	649372	0.79
	04.10.2019 - Transfer	5000	0.00	654372	0.79
	18.10.2019 - Transfer	10000	0.01	664372	0.80
	At the end of the year			664372	0.80
3	ANVIL FINTRADE PVT LTD				
	At the beginning of the year	160000	0.19	160000	0.19
	30.08.2019– Transfer	340070	0.41	500070	0.60
	31.03.2019 – Transfer	(70)	(0.00)	500000	0.60
	At the end of the year			500000	0.60
4	RVB ENTERPRISES LLP				
	At the beginning of the year	500000	0.60	500000	0.60
	At the end of the year			500000	0.60
5	TASNEEM JOHAR ZOJWALLA				
	At the beginning of the year	385000	0.47	385000	0.47
	19.07.2019 – Transfer	(25)	(0.00)	384975	0.47
	At the end of the year			384975	0.47
6	VT CAPITAL MARKET PRIVATE LIMITED				
	At the beginning of the year	246368	0.30	246368	0.30
	29.06.2019 – Transfer	31000	0.04	277368	0.34
	05.07.2019 – Transfer	25000	0.03	302368	0.37
	12.07.2019 – Transfer	25000	0.03	352368	0.40
	27.09.2019 – Transfer	25000	0.03	352368	0.43
	18.10.2019 – Transfer	(15500)	(0.02)	336868	0.41
	15.11.2019 – Transfer	(59)	(0.00)	336809	0.41
	At the end of the year			336809	0.41
7	SANKARANARAYANAN SANGAMESWARAN				
	At the beginning of the year	242104	0.29	242104	0.29
	19.07.2019 – Transfer	49075	0.06	291179	0.35
	26.07.2019 – Transfer	15000	0.02	306179	0.37
	At the end of the year			306179	0.37
8	PREMIER INVESTMENT FUND LIMITED				
	At the beginning of the year	222026	0.27	222026	0.27
	At the end of the year			222026	0.27



Sr No.	For each of the Top 10 Shareholders Name & Type of Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
9	VIJAYKUMAR MANGTURAM KHEMANI				
	At the beginning of the year	206669	0.25	206669	0.25
	At the end of the year			206669	0.25
10	GAURAV COMMIDEAL PRIVATE LIMITED				
	At the beginning of the year	175000	0.21	175000	0.21
	At the end of the year			175000	0.21

v) Shareholding of Directors and Key Managerial Personnel:

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sunil J. Pathare				
	At the beginning of the year	16742008	20.27	16742008	20.27
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the End of the year			16742008	20.27
2	Kapil J. Pathare				
	At the beginning of the year	14815548	17.94	14815548	17.94
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the End of the year			14815548	17.94

Note:

- 1) There are no shares held by the Key Managerial Personnel excluding Mr. Sunil J. Pathare and Mr. Kapil J. Pathare.
- 2) Paid up No. of Equity Share Capital of the Company (Face Value ₹ 2.00) at the end of the year is 8,25,96,519 Equity Shares.



VIP CLOTHING LIMITED

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8,277.54	-	-	8,277.54
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	8,277.54	-	-	8,277.54
Change in Indebtedness during the financial year				
*Addition	-	-	-	-
*Reduction	(398.04)	-	-	(398.04)
Net Change	(398.04)	-	-	(398.04)
Indebtedness at the end of the financial year				
i) Principal Amount	7,879.50	-	-	7,879.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	7,879.50	-	-	7,879.50

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in Lakhs)

Sr No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		CMD	WTD	
		Sunil J. Pathare	Kapil J. Pathare	
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	67.40	55.72	123.12
	b) Value of perquisites u/s. 17(2) Income-tax Act, 1961	22.66	19.52	42.18
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Swear Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	90.06	75.24	165.30
	Ceiling as per the Act	(10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)		



B. Remuneration to other Directors :

(₹ in Lakhs)

Sr No	Particulars of Remuneration	Name of Director				Total Amount
		Gopal Sehjpal	Chetan Sheth	Robin Banerjee	Meher Castelino	
1.	Independent Directors					
	* Fees for attending board committee meeting	0.80	0.80	0.80	0.60	3.00
	* Commission	-	-	-	-	-
	* Others, please specify	-	-	-	-	-
	Total (1)	0.80	0.80	0.80	0.60	3.00
2.	Other Non-Executive Directors					
	* Fees for attending board committee meeting	-	-	-	-	-
	* Commission	-	-	-	-	-
	* Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	0.80	0.80	0.80	0.60	3.00
	Ceiling as per the Act	(1% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)				
	Total Managerial Remuneration (A + B)					168.30
	Overall Ceiling as per the Act	(11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(₹ in Lakhs)

Sr No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO & Company Secretary	Chief Finance Controller	
		Ashish Mandaliya	Devendra Vyas	
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27.20	25.19	52.39
	b) Value of perquisites u/s. 17(2) Income-tax Act, 1961	10.80	12.40	23.20
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Swear Equity	-	-	-
4	Commission	-	-	-
5	Others, please specify	-	-	-
	Total (A)	38.00	37.59	75.59

VII) Penalties/punishment/compounding of offences :

There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act against the Company or its directors or other officer in default, if any, during the year.

For and on behalf of the Board

Place: Mumbai
Date : June 27, 2020

Sunil J. Pathare
Chairman and Managing Director
(DIN 00192182)



ANNEXURE - B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

1. **A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:** The main objective of CSR policy is to lay down guidelines to make CSR a key business process for sustainable development of the Society. It aims at supplementing the role of the Government in enhancing welfare measures of the society based on the immediate and long term social & environmental consequences of their activities.

As a part of its initiatives under Corporate Social Responsibility (CSR), the Company had undertaken projects in the areas of sanitation and environment sustainability. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

Due to losses in the past years, Company had not spent on CSR activities. The Company is committed to spend on CSR.

2. **Composition of CSR Committee:**

The Company has constituted a Corporate Social Responsibility Committee in accordance with Section 135 of the Companies Act, 2013. The Committee shall consist of minimum of three members with at least one being an Independent Director. The present constitution of the CSR Committee is as follows:

- Mr. Sunil Pathare - Chairman of the Committee
- Mr. Kapil Pathare - Member of the Committee
- Mr. Gopal Sehgal - Member of the Committee
- Mr. Chetan Sheth - Member of the Committee
- Mrs. Meher Castelino - Member of the Committee

The Board has authority to reconstitute this Committee from time to time.

3. **Average net loss of the Company for last three financial years (2017-2019):** ₹ (264.03) Lakhs.
4. **Prescribed CSR expenditure (two per cent of the amount as in item 3 above) (2017-2019):** The Company is required to spend ₹ Nil towards CSR due to losses in past.
5. **Details of CSR spent during the financial year (2019-20):**
- (a) Total amount to be spent for the financial year : ₹ Nil
 - (b) Amount spent : ₹ Nil
 - (c) Amount unspent, if any : ₹ Nil
 - (d) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) (Direct expenditure on projects or programs. (2) Overheads :	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
	Nil	Nil	Nil	Nil	Nil	Nil	Nil

6. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For VIP Clothing Limited

For and on behalf of the
Corporate Social Responsibility Committee
VIP Clothing Limited

Sunil J. Pathare
Chairman and Managing Director
(DIN 00192182)

Sunil J. Pathare
Chairman of the Corporate Social Responsibility Committee

Place: Mumbai
Date: June 27, 2020.



ANNEXURE - C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To,
The Members,
VIP CLOTHING LIMITED

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VIP CLOTHING 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 period covering the financial year ended on **March 31, 2020** 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 March 31, 2020 according to the provisions of:

- 1) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- 5) 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 (Listing Obligations and Disclosure Requirement) Regulations, 2015;
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not applicable to the Company for the financial year under review**
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not applicable to the Company for the financial year under review**
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable to the Company for the financial year under review and**
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable to the Company for the financial year under review**

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company, as informed to me i.e.:

- a) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- b) Employees State Insurance Act, 1948
- c) The Payment of Gratuity Act, 1972
- d) The Factories Act, 1948



VIP CLOTHING LIMITED

- e) The Minimum Wages Act, 1948
- f) Workmen's Compensation Act, 1923
- g) Industrial Disputes Act, 1947
- h) The Air (Prevention and Control of Pollution) Act, 1981
- i) The Water (Prevention and Control of Pollution) Act, 1974
- j) Legal Metrology Act, 2009

I have also examined compliance with the applicable clauses of the Secretarial Standard – 1 and Secretarial Standard – 2 as issued by The Institute of Company Secretaries of India.

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

The Company had received letter dated: March 17, 2020 from The National Stock Exchange of India Limited ('NSE') in regards on the non-disclosure of information in the Annual Report for FY 2018-19 relating to (i). Certificate from Practising Company Secretary that none of the Directors on the Board of Company have been debarred or disqualified from being Directors of the Company; and (ii) Detail of Fees paid to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditor is part. The Company had vide its letter dated: March 20, 2020 furnished details/documents on disclosure had complied with to the NSE on the non-compliance of non-disclosure of information(s) as stated above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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 in case of shorter notice, the Company has complied with the proviso of Section 173(3) of the Companies Act, 2013 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.

Majority decision is carried through and there were no instances where dissenting members' views were required to be captured and recorded as part of the minutes.

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.

I further report that during the audit period there were no instances of:

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

Place: Mumbai
Date: June 27, 2020

Rakesh Sanghani
Practising Company Secretary
FCS No. 7647
C P No.: 6302

This Report is to be read with my letter of even date which is annexed as '**Annexure – I**' and forms an integral part of this report.



To,
The Members,
VIP CLOTHING LIMITED

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

1. The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.
2. My responsibility is to express an opinion on secretarial records, standards and procedures followed by the Company with respect to secretarial compliances. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
3. I have followed the audit practices and process 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 process and practices, I followed provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and for the same I have relied on the report of Statutory Auditors.
5. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. 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 procedure on test basis.
7. The Secretarial Audit report 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.

Place: Mumbai
Date: June 27, 2020

Rakesh Sanghani
Practising Company Secretary
FCS No. 7647
C P No.: 6302



ANNEXURE - D

Disclosure of Particulars with respect to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014.

A) CONSERVATION OF ENERGY

The Company continued to emphasize on the conservation and optimal utilisation of energy at all the manufacturing unit of the Company. Maintenance of all plant machinery and equipment are continuously serviced, updated, overhauled and maintained them in good condition. This has impact on lesser energy consumption.

The Company continued its efforts towards effective utilisation of energy for reduction in power consumption. The Company has the wind mill in Edyaarpalayam (Tamil Nadu) and availing the benefit on energy consumption at its Thingalur (Tamil Nadu) Stitching unit.

Total energy consumption and energy consumption per unit of production as per FORM A of the Annexure in respect of Industries specified in scheme thereto:

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Units Consumed (In Lakhs)	9.20	8.99
Units Consumed per kg. of Production	0.57	0.49

Due to decrease in production, there was marginal increase in unit consumed per Kg of production.

B) TECHNOLOGY ABSORPTION

Efforts are made in technology absorption (to the extent applicable) : as per Form B

I. Research & Development and Quality Control

1. Specific area in which R & D and Quality Control were carried out to achieve the Company's vision by way of:

1.1 Improving operational efficiency:

- The Company has continued to maintain the state of art machinery at its both stitching unit for its fabric laying and automatic fabric cutting. This will have reduction in wastage and optimise the consumption of fabric.
- Continuous monitoring to avoid wastage of fabric and other accessories and optimize the manufacturing operations at the stitching floor on the basis of time and motion study.
- Modification of specification in the field of Raw Material and Packing Material to further improve the quality of our end product.
- Due to Quality Control inspection at all manufacturing unit, resulted in improvised quality of end product.
- Improved the supply chain.

1.2 New product and packing development and way forward

- Development of new range of product in across all the brands of the Company.
- Improvised on the packing of VIP and Frenchie product.

II. Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards Technology Absorption, Adaptation and Innovation:

Imparting training to personnel in various manufacturing techniques by Indian experts and suppliers of Plant and Machinery.

2. Benefit derived as a result of the above efforts:

- Increase in productivity
- Power saving
- Manpower cost reduction
- Raw material cost reduction
- Production wastage reduction

C) FOREIGN EXCHANGE EARNING AND OUTGOING

The Company has earned ₹ 1419.40 lakhs (Previous year ₹ 1609.94 lakhs) from exports during the year. The total amount of outgo on account of foreign exchange utilised by the Company amounted to ₹ 120.90 lakhs (Previous year ₹ 127.63 lakhs).

For and on behalf of the Board

Place: Mumbai
Date: June 27, 2020

Sunil J. Pathare
Chairman and Managing Director
(DIN 00192182)



ANNEXURE - E

Disclosures pursuant to Rule (5)1 of The Companies (Appointment and Remuneration of Managerial Personnel), 2014

Q1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2019-20.

A1: The ratio of the remuneration between:-

Name of Director	Ratio of remuneration of each Director/ to median remuneration of employees
Mr. Sunil J. Pathare	28.96
Mr. Kapil J. Pathare	24.19
Mr. Robin Banerjee	0.26
Mr. Chetan Sheth	0.26
Mr. Gopal Sehjpal	0.26
Mrs. Meher Castelino	0.19

(Remuneration includes sitting fees paid to Independent Director)

Q2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

A2: Directors: Mr. Sunil J. Pathare - 22.65% and Mr. Kapil J. Pathare - 16.80% :
Chief Financial Officer & Company Secretary: 0% and Chief Finance Controller: 0%

Q3. The percentage increase in the median remuneration of employees in the Financial Year.

A3: FY 2019-20 : 7.60%

Q4. The number of permanent employees on the rolls of Company.

A4: 385 Employees + 1,023 Workers (they are covered under Payment of Wages Act) – As on March 31, 2020.

Q5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

A5: Average percentage increase:

FY: April 2019 - March 2020

Managerial Level (M6) & above - total rise in CTC: 12.15%

Below Managerial Level (E1) - total rise in CTC: 7.89%

Q6. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year.

A6: NIL

Q7. Affirmation that the remuneration is as per the Remuneration Policy of the Company

A7: It is affirmed that the remuneration paid is as per the remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: June, 27 2020

Sunil J. Pathare
Chairman & Managing Director
(DIN 00192182)

INFORMATION PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013
 Pursuant to the provisions of sub-section (12) of Section 197 of the Companies Act, 2013, read with sub rule 2 & 3 of rule 5 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement relating to the particulars of employees forming part of this Report is given below:

Top ten employees in terms of remuneration drawn during the year and employees resigned and retired during the financial year 2019-20

Name	Sunil Pathare	Kapil Pathare	Ashish Mandaliya	Devendra Vyas	Bhushan Patel	Prashant Mulki	Amit Mhatre	Vikas Pathare	Manneet Bhasin	Sunny Thukral
Designation	Chairman & Managing Director	Wholetime Director	Chief Finance Officer and Company Secretary	Chief Finance Controller	Business Head - Sales (SBU-VIP)	Business Head - Sales (SBU-FLG)	Business Head - Sales (SBU-FRN)	Vice President - Manufacturing & Technicals	National Sales Manager - Modern Trade, Retail & E-Commerce & CSD	Head- Sourcing (Accessories, Packaging) & Logistics
Remuneration Received during F.Y. 2019-20 (in lakhs)	90.06	75.24	38.00	37.59	50.17	37.96	39.02	46.19	24.61	20.48
Name of employment, whether contractual or otherwise	Appointed for period of 3 years, liable to retire by rotation	Appointed for period of 3 years, liable to retire by rotation	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
Nature of duties	Overall administration of business	Overall administration of operation	Finance & Compliances	Accounts & taxation	Sales	Sales	Sales	Manufacturing & Operations	Modern Trade, Retail & E-Commerce	Sourcing (Accessories, Packaging) & Logistics
Qualification	Bcom	Bcom, MBA	CA, CS & LLB	Mcom ,CA	Bcom, MBA	BA	Bcom	Inter BA	Bcom	Bcom
Experience	Nearly three decades of extensive experience in Marketing , Production , Operations, Sales, Finance.	Nearly three decades of extensive experience in Operations , Quality Assurance & general Business administration.	Nearly two decades of experience in the field of Finance, Accounts , Scretarial & Legal Complianace.	Nearly two decades of experience in the field of Costing , Accounting , MIS & Audit.	More than two decades of experience in the field of Sales	Nearly three decades of experience in the field of Sales.	More than two decades of experience in the field of Sales.	More than three decades of experience in the field of Manufacturing & Operations.	More than two decades of experience in the field of Institutional Sales.	Nearly two decades of experience in the field of Sourcing, Merchandising of accessories.
Age (in years)	49	40	44	44	47	54	46	63	47	38
Last Employment	-	-	Sun Pharmaceuticals Ltd	Kanchan International Ltd	Page Garments Export Pvt Ltd	Daiiki Brands Pvt. Ltd	Best Seller Retail India Pvt Ltd	Hybo Hindustan	MSH - Sarees Pvt Ltd	Shop Cj (Star Cj) Networks India Limited
Date of Commencement of Employment	01.01.1992	31.10.2002	03.05.2006	14.03.2012	23.08.2018	05.04.2012	15.06.2016	01.12.2005	02.05.2017	25.10.2017
No of Shares	1,67,42,008	1,48,15,548	-	-	-	-	-	-	-	-
% of Paid up Share Capital	20.27	17.94	-	-	-	-	-	-	-	-
Relationship with other Directors	Elder Brother of Kapil Pathare	Younger Brother of Sunil Pathare	-	-	-	-	-	-	-	-

**ANNEXURE - F**

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,
VIP Clothing Limited
 C-6, Road No.22, MIDC
 Andheri (East), Mumbai – 400093

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **VIP Clothing Limited**, having **CIN: L18101MH1991PLC059804** and having registered office at C-6, Road No.22, MIDC, Andheri (East), Mumbai – 400093 (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 and 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 verification (including Directors identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers to me physically, to the extent possible, and electronically in view of prevailing circumstances due to outbreak of pandemic COVID-19, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2020** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Directors	Designation	DIN
1.	Mr. Sunil Jaykumar Pathare	Chairman & Managing Director	00192182
2.	Mr. Kapil Jaykumar Pathare	Whole time Director	01089517
3.	Mr. Gopal Sehjpal	Independent Director	00175975
4.	Mr. Chetan Sheth	Independent Director	00202723
5.	Mr. Robin Banerjee	Independent Director	00008893
6.	Mrs. Meher Castelino	Independent Director	07121874

Ensuring the eligibility of 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.

Rakesh Sanghani
Practising Company Secretary
 FCS: 7647
 CP No.: 6302

UDIN: F007647B000629015

Place: Mumbai
Date: June 27, 2020



CORPORATE GOVERNANCE REPORT

Corporate Governance is the system of rules, practices and processes by which a firm is directed and controlled. Essentially it involves balancing the interest of a company's stakeholders. It also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and disclosures.

The Company's Report on Corporate Governance for the financial year ended March 31, 2020, in compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto (hereinafter referred to as 'SEBI Listing Regulations'), given below are the Corporate Governance policies and practices of VIP Clothing Limited (hereinafter referred to as 'the Company') for the year 2019-20.

This Report, therefore, states compliance as per requirements of the Companies Act, 2013 and SEBI Listing Regulations, as applicable to the Company. As will be seen, the Company's Corporate Governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws, including SEBI Listing Regulations.

(1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company is committed to corporate transparency, accountability, responsibility, fairness and lays emphasis on business ethics in all its dealings. The Company believes in meeting its obligations to all its stakeholders, including amongst others, customers, employees and the community in which the Company operates.

Corporate Governance is a process that aims to meet stakeholder's aspirations and social expectations. It's not a discipline imposed by a regulator, rather a culture that guides the Board, Management and Employees to function towards best interest of stakeholders.

GOVERNANCE STRUCTURE:

The Board has been constituted, in compliance with the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rule, 2014, and Regulation 34(3) of Listing Regulations. The Board is entrusted with an ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

The Board has constituted the following Committees viz, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee and Risk Management Committee. Each of the said Committee has been mandated to operate within a given framework.

Your Directors are happy to inform you that, your Company's existing practices and policies are in conformity with the requirements as stipulated by the Stock Exchanges and SEBI and has gone well beyond simple statutory compliance, by instituting such systems and procedures, as are required to make the management completely transparent and institutionally sound.

(2) BOARD OF DIRECTORS:

(a) Change in the Board:

During the year there were no changes in the Board.

(b) Composition of Board:

The composition of your Company's Board, complied with the Regulation 17(1) of the Listing Regulations and other applicable regulatory requirements, which comprises of 6 (Six) Directors, out of which 2 (Two) are Promoter/Executive Directors and 4 (Four) are Non-Executive/Independent Directors including a Woman Director.

(c) Board Meetings:

The Board meets at least once in every calendar quarter, to review quarterly results and other items of agenda.

During the financial year the Board met 4 (Four) times on 20.05.2019, 09.08.2019, 07.11.2019 and 28.01.2020, necessary quorum was present for all the meeting.

The Annual General Meeting (AGM) for the financial year ended on March 31, 2019 was held on September 26, 2019.

The gap between 2 (Two) Board Meeting does not exceed more than 120 (One Hundred and Twenty) days. Leave of absence was granted to the Directors as and when requested. All Directors have made necessary disclosures regarding Directors and Committee positions in other Company.

- (d) The details of composition of the Board, number of other Directorship, Chairmanship / Membership of Committee of each Director in other Companies, attendance of directors at the board meeting and last Annual General Meeting are as follows;

Name of the Directors and DIN	Category of Director	Directorships in other Indian Listed Companies (excluding VIP)	No. of Board Committees in which Chairman / Member (excluding VIP)		No. of Board Meetings attended during the FY 2019-2020	Attendance at the last AGM held on September 26, 2019	Directorship in other listed entities (Category of Directorship)
			As Member	As Chairman			
Mr. Sunil J. Pathare DIN : 00192182	Promoter / Executive Director / Chairman & Managing Director	-	-	-	4	Yes	-
Mr. Kapil J. Pathare DIN : 01089517	Promoter / Executive Director / Whole-time Director	-	-	-	4	Yes	-
Mr. Gopal Sehjpal DIN :00175975	Independent Director	1	1	3	4	Yes	Lovable Lingerie Limited (Independent Director)
Mr. Chetan Sheth DIN : 00202723	Independent Director	-	-	-	4	Yes	-
Mr. Robin Banerjee DIN : 00008893	Independent Director	1	2	-	4	Yes	Caprihance India Limited (Managing Director)
Mrs. Meher Castelino DIN : 07121874	Independent Director	-	-	-	3	Yes	-

- (e) **Disclosure of relationships between directors inter-se:**

Mr. Sunil J. Pathare is an elder brother of Mr. Kapil J. Pathare. Mr. Kapil Pathare is a younger brother of Mr. Sunil J. Pathare and except for this there is no inter-se relationship among the Directors.

- (f) **Number of shares and convertible instruments held by non-executive directors:**

None of the Non-Executive/Independent Directors hold any shareholding in the Company.

- (g) **Familiarisation programmes for Directors:**

The details of familiarisation programmes held for the Independent Directors are available on the website of the Company at www.vipclothing.in.

- (h) **The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:**

Global Business	Understanding of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.
Technical	Skills and specialist knowledge to assist the ongoing aspects of the Board's role.
Industry	Experience and knowledge of the industry in which the organization operates in.

Core Skills / Expertise / Competencies available with the Board:

Core skills / competencies / expertise	Name of Directors					
	Mr. Sunil J Pathare	Mr. Kapil J Pathare	Mr. Gopal Sehjpal	Mr. Chetan Sheth	Mr. Robin Banerjee	Mrs. Meher Castelino
Leadership / Operational experience	✓	✓	✓	✓	✓	✓
Strategic Planning & Experience, Research & Development and Innovation	✓	✓	✓	✓	✓	✓
Technology	✓	✓	✓	✓	✓	✓
Financial, Regulatory / Legal & Risk Management	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓

(i) Declaration of Independence given by Independent Directors:

All the Independent Directors of the Company have declared that, they meet the criteria of independence as prescribed under Regulation 16(1)(b) of the Listing Regulations and Section 149 of the Act and having given necessary confirmations received from the Independent Directors, the Board of Directors confirms the same.

(3) AUDIT COMMITTEE:
a) Terms of Reference:

The terms of reference of the Audit Committee are aligned with the terms of reference provided under section 177(4) of the Companies Act, 2013, Regulation 18(3) of the Listing Regulations.

b) Composition of Audit Committee and Number of meeting attended:

The composition of Audit Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. During the financial year Audit Committee met 4 (Four) times on 20.05.2019, 09.08.2019, 07.11.2019 and 28.01.2020.

The Composition of Audit Committee and the number of meetings attended were as under:

Name of Members	Designation	Status	No. of committee meeting attended	
			Held	Attended
Mr. Gopal Sehjpal	Chairman	Independent Director	4	4
Mr. Chetan Sheth	Member	Independent Director	4	4
Mr. Robin Banerjee	Member	Independent Director	4	4
Mr. Sunil J. Pathare	Member	Executive Director	4	4

Mr. Ashish Mandaliya, Company Secretary, was the Secretary to the Committee (till May 15, 2020).

(4) NOMINATION AND REMUNERATION COMMITTEE:
a) Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee are aligned with the terms of reference provided under Section 178 of the Companies Act, 2013, Regulation 19(4) of the Listing Regulations.

b) Composition of Nomination & Remuneration Committee and number of meetings attended:

The composition of Nomination and Remuneration Committee is in compliance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. During the financial year Nomination and Remuneration Committee met 4 (Four) times on 20.05.2019, 09.08.2019, 07.11.2019 and 28.01.2020.

The Composition of Nomination and Remuneration Committee and the number of meetings attended were as under:

Name of Members	Designation	Status	No. of committee meeting attended	
			Held	Attended
Mr. Chetan Sheth	Chairman	Independent Director	4	4
Mr. Gopal Sehjpal	Member	Independent Director	4	4
Mrs. Meher Castelino	Member	Independent Director	4	3
Mr. Robin Banerjee	Member	Independent Director	4	4

Mr. Ashish Mandaliya, Company Secretary, was the Secretary to the Committee (till May 15, 2020).

c) Performance evaluation criteria for Independent Director

Performance evaluation of all directors (including Independent Directors) is undertaken on the basis of guidance note issued by SEBI.

(5) REMUNERATION OF DIRECTORS:
a) Criteria of making payment to non-executive director:

The Non-Executive/Independent Directors were paid the sittings fees for attending the Meeting of Board and Committee. The Company has not granted stock options to any of its non-executive/independent directors.

b) Remuneration of Directors

(₹ in Lakhs)

Name of Director	Relationship with other Director/s	Business relationship with the company	Sitting Fees	Salary / Perquisites	Commission	Total
Mr. Sunil J. Pathare	Elder brother of Mr. Kapil J. Pathare	Promoter	-	90.06	-	90.06
Mr. Kapil J. Pathare	Younger brother of Mr. Sunil J. Pathare	Promoter	-	75.24	-	75.24
Mr. Gopal Sehjpal	None	None	0.80	-	-	0.80
Mr. Chetan Sheth	None	None	0.80	-	-	0.80
Mr. Robin Banerjee	None	None	0.80	-	-	0.80
Mrs. Meher Castelino	None	None	0.60	-	-	0.60

(6) STAKEHOLDERS RELATIONSHIP COMMITTEE:
a) Terms of Reference:

The terms of reference of the Stakeholders Relationship Committee are aligned with the terms of reference provided under Section 178 of the Companies Act, 2013, Regulation 20(4) of the Listing Regulations.

b) Composition of Stakeholders Relationship Committee and number of meetings attended:

The composition of Stakeholders Relationship Committee is in compliance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. During the financial year Stakeholders Relationship Committee met 4 (Four) times on 20.05.2019, 09.08.2019, 07.11.2019 and 28.01.2020.

The Composition of Stakeholders Relationship Committee and the number of meetings attended were as under:

Name of Members	Designation	Status	No. of committee meeting attended	
			Held	Attended
Mrs. Meher Castelino	Chairperson	Independent Director	4	3
Mr. Gopal Sehjpal	Member	Independent Director	4	4
Mr. Chetan Sheth	Member	Independent Director	4	4
Mr. Robin Banerjee	Member	Independent Director	4	4
Mr. Sunil J. Pathare	Member	Executive Director	4	4
Mr. Kapil J. Pathare	Member	Executive Director	4	4

Mr. Ashish Mandaliya, Company Secretary, was the Secretary to the Committee (till May 15, 2020).

c) Number of shareholders' complaints received so far:

During the financial year ended on March 31, 2020, No complaints were received from shareholders. The statement as follows:

Particulars	Complaints Received	Complaints Redressed	Pending
Non-Receipt of Share Certificate(s) - Transfer	0	0	0
Non- Receipt of Dividend /Interest /Redemption	0	0	0
Total	0	0	0

(7) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:
a) Terms of Reference:

The terms of reference of Corporate Social Responsibility Committee are aligned with the terms of reference provided under Section 135 of the Companies Act, 2013.

b) Composition of Corporate Social Responsibility Committee and number of meetings attended:

The Composition of the Committee is in compliance with the Section 135 of the Companies Act, 2013.

The Corporate Social Responsibility Committee met 1 (One) time during the last financial year on 28.01.2020.

Name of Members	Designation	Status	No. of committee meeting Attended	
			Held	Attended
Mr. Sunil J. Pathare	Chairman	Executive Director	1	1
Mr. Kapil J. Pathare	Member	Executive Director	1	1
Mr. Chetan Sheth	Member	Independent Director	1	1
Mr. Gopal Sehjpal	Member	Independent Director	1	1
Mrs. Meher Castelino	Member	Independent Director	1	1

Mr. Ashish Mandaliya, Company Secretary, was the Secretary to the Committee (till May 15, 2020).

(8) RISK MANAGEMENT COMMITTEE:
a) The Role of Risk Management Committee is as follows;

- i) Implementation of Risk Management System and Framework;
- ii) Reviewing the Company's financial and risk management policies;
- iii) Assessing risk and minimizing the procedure;
- iv) Framing, implementing and monitoring the risk management plan of the Company.

b) Composition of Risk Management Committee and number of meetings attended:

The composition of Risk Management Committee is in compliance with the requirements of Regulation 21 of the Listing Regulations. During the financial year Risk Management Committee met 1 (One) time during the last financial year on 28.01.2020.

The Composition of Risk Management Committee and the number of meetings attended were as under:

Name of Members	Designation	Status	No. of committee meeting Attended	
			Held	Attended
Mr. Sunil J. Pathare	Chairman	Executive Director	1	1
Mr. Chetan Sheth	Member	Independent Director	1	1
Mr. Gopal Sehjpal	Member	Independent Director	1	1
Mr. Robin Banerjee	Member	Independent Director	1	1
Mr. Kapil J. Pathare	Member	Executive Director	1	1

Mr. Ashish Mandaliya, Company Secretary, was the Secretary to the Committee (till May 15, 2020).

(9) MEETING OF INDEPENDENT DIRECTORS:

Pursuant to the Code of Independent Directors under the Companies Act, 2013 and as per the requirement of Regulation 25 of the Listing Regulation, separate meeting of the Independent Director of the Company was held on January 28, 2020 to review the performance of the board as whole, without presence of the Executive Directors or members of the Company.

Name of Members	Designation	Status	No. of committee meeting Attended	
			Held	Attended
Mr. Robin Banerjee	Chairman	Independent Director	1	1
Mr. Gopal Sehjpal	Member	Independent Director	1	1
Mr. Chetan Sheth	Member	Independent Director	1	1
Mrs. Meher Castelino	Member	Independent Director	1	1

(10) INTERNAL COMPLAINT COMMITTEE PURSUANT TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has framed an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has constituted Internal Complaints Committee (ICC) to redress the complaints received regarding sexual harassment. During the year under review, no complaints were received by the Committee for Redressal.

(11) GENERAL BODY MEETING:
i) General Meeting :
a) Annual General Meeting :

Location and time, where last three Annual General Meetings held and special resolution(s) passed thereat as follows;

Financial Year	AGM	Venue	Date	Time	Special Resolution if passed
2018-19	29 th AGM	Goldfinch Hotel, Plot No.34/21, Central Road, MIDC, Andheri (East), Mumbai – 400 093	September 26, 2019	11.00 a.m.	1. Continuation of Directorship of Mrs. Meher Castelino. 2. Re-appointment of Mrs. Meher Castelino as an Independent Director of the Company for a second term.
2017-18	28 th AGM	Goldfinch Hotel, Plot No.34/21, Central Road, MIDC, Andheri (East), Mumbai – 400 093	September 26, 2018	11.00 a.m.	1. To Re-appoint Mr. Kapil J. Pathare (DIN 01089517) as a Whole-time Director for the period of Three (3) years, commencing from April 01, 2019. 2. To Re-appoint Mr. Sunil J. Pathare (DIN 00192182) as a Chairman and Managing Director for the period of Three (3) years, commencing from April 01, 2019. 3. To Re-appoint Mr. Robin Banerjee as an Independent Director of the Company for a second term. 4. To Re-appoint Mr. Gopal Sehjpal as an Independent Director of the Company for a second term. 5. To Re-appoint Mr. Chetan Sheth as an Independent Director of the Company for a second term.
2016-17	27 th AGM	Goldfinch Hotel, Plot No.34/21, Central Road, MIDC, Andheri (East), Mumbai – 400 093	September 13, 2017	11.00 a.m.	Nil

b) Extraordinary General Meeting:

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

ii) Postal Ballot:

No special resolution was required to be passed through postal ballot last year.

(12) OTHER DISCLOSURE:

- i) The Company's transaction with related parties, as per requirement of Indian Accounting Standard - 24, are disclosed elsewhere in this Annual Report. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year 2019-20 were undertaken in compliance with the aforesaid regulatory provisions which is available on the website of the Company at www.vipclothing.in.
- ii) There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company.
- iii) The Company having the policy on materiality in relation to group companies which is available on the website of the Company at www.vipclothing.in.
- iv) The Company has not entered into any other transactions of material nature with its Promoters, Directors or the Management, their relatives etc., which may have potential conflict with the interests of the Company at large.



- v) Secretarial Audit was carried out by a qualified Practicing Company Secretary to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services Limited (CDSL) and the total issued and listed capital.
- vi) None of the Directors of the Company is disqualified as per provision of Section 164(2) of sub-clause (a) or (b) of the Companies Act, 2013.
- vii) The Company has not accepted any public deposits and no amount on account of public deposit was outstanding as on March 31, 2020.
- viii) There has been no non-compliance by the Company on any matter. Hence, the question of penalties or strictures being imposed by SEBI or the Stock Exchanges or any other statutory authority does not arise.
- ix) Listing fees for the financial year 2020-21 have been paid to the Stock Exchanges on which the shares of the Company are listed.
- x) The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the SEBI Regulations, and clauses (b) to (i) of sub-regulation (2) of Regulation 46 shall be made in the section on Corporate Governance of the annual report.
- xi) The Company has a Whistle Blower Policy to report genuine concerns or grievances. As per Regulation 46 of SEBI Listing Regulation, the Whistle Blower Policy has been posted on the website of the Company (www.vipclothing.in). The Audit Committee shall oversee the Vigil Mechanism. No director or employees of the Company has been denied access to audit committee.
- xii) The Company has complied with all the applicable Indian Accounting Standards.
- xiii) The Internal Auditors directly report to the Audit Committee.
- xiv) The Audit Report contains unmodified audit opinion.
- xv) Details of total fees paid to the Statutory Auditors of the Company are given in Note No. 30 Note (i); of this report.
- xvi) There were no shares lying in unclaimed suspense account under Regulation 39 and Schedule VI of Listing Regulations as on March 31, 2020.
- xvii) The Members of the Board and Senior Management Personnel have affirmed compliance with the code of conduct applicable to them during the year ended March 31, 2020. The Annual Report of the Company contains a certificate by the Chairman and Managing Director, on the compliance declaration received from all the members of the board.
- xviii) **COMPLIANCE WITH MANDATORY / NON MANDATORY REQUIREMENTS:**
 - a) The Company has complied with all the applicable mandatory requirements of the Listing Regulations.
 - b) The Company has also adopted the non-mandatory requirements as specified in the Listing Regulations regarding unmodified financial statements
 - c) Policies adopted by the Company are available on the website: www.vipclothing.in

(13) MEANS OF COMMUNICATION:

The Company communicates with the members through its Annual Report, General Meetings and disclosure through web site. Information and latest updates and announcement regarding the Company can be accessed at Company's website www.vipclothing.in

- a) **Quarterly Results:** The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India which includes Business Standard, English and Hindi edition and Sakal for Marathi edition. These results are submitted to the stock exchanges within the stipulated time. The quarterly results for the quarters of the financial year 2019-20 was published in the below mentioned news papers on the following dates:

Quarterly Results	Newspaper and publishing dates	
	Business Standard (English+ Hindi edition)	Sakal (Regional Language)
June 30, 2019	10.08.2019	10.08.2019
September 30, 2019	08.11.2019	08.11.2019
December 31, 2019	29.01.2020	29.01.2020
March 31, 2020	29.06.2020	29.06.2020

- b) **Website:** The Company's website www.vipclothing.in contains a separate section 'Investor Relation' where shareholders information is available. Complete Annual Report is available on the website of the Company and can be easily downloadable format. Apart from this official news, presentations etc are displayed on the website of the Company.



c) **Presentations to institutional investors and analysts:** Details of presentation are made to institutional investors or to the analysts is available on the website of the Company at www.vipclothing.in.

d) **SEBI Complaint Redress System (SCORES):** SCORES is a system implemented by SEBI which enables investors to lodge their complaints electronically on the SEBI Website. The investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are centralised database of all complaints, online uploading of Action Taken Reports (ARTs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

All complaints received through SCORES are resolved in a timely manner by the Company, similar to other complaints.

e) **NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre (BSE Listing Centre):** NEAPS and BSE Listing Centre are web based application systems for enabling corporate to undertake electronic filing of various periodic compliance related filings like shareholding pattern, results, etc.

f) **Compliance under discretionary requirements under the Listing Regulations:**

i) Shareholders Rights: The quarterly financial results are uploaded on the website for the members of the Company at www.vipclothing.in.

ii) Modified opinion(s) in audit report: Companies financial statements are with unmodified audit opinion.

iii) Reporting of internal auditor: Internal Auditors of the Company directly report to the Audit Committee on functional matters.

g) **Transfer of Unclaimed Dividend and Shares to the Investor Education and Protection Fund ('IEPF')**

Pursuant to the provisions of the Companies Act, 2013 read with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividends, unclaimed for a consecutive period of seven years from the date of transfer to the Unpaid Dividend Account of the Company are liable to be transferred to IEPF. Further, the shares (excluding the disputed cases having specific orders of the Court, Tribunal or any Statutory Authority restraining such transfer) pertaining to which dividend remains unclaimed for a period of continuous seven years from the date of transfer of the dividend to the unpaid dividend account are also mandatorily required to be transferred to the IEPF, established by the Central Government. Accordingly, the Company has transferred eligible Shares to IEPF Demat Account maintained by the IEPF authority within statutory timelines.

The Company has sent individual communication to the concerned shareholders at their registered address, whose dividend remained unclaimed and whose shares were liable to be transferred to the IEPF by November 30, 2017. The communication was also published in national English and local Marathi newspapers.

Any person whose unclaimed dividend and shares pertaining thereto, due for refund, or interest thereon, has been transferred to the IEPF Fund can claim their due amount from the IEPF Authority by making an electronic application in e-form IEPF-5. Upon submitting a duly completed form, Shareholders are required to take a print of the same and send physical copy duly signed along with requisite documents as specified in the form to the attention of the Nodal Officer, at the Registered Office of the Company. The e-form can be downloaded from the website of Ministry of Corporate Affairs www.iepf.gov.in

GENERAL SHAREHOLDERS INFORMATION

A) Annual General Meeting is proposed to be held on Thursday, the 24th day of September, 2020 at 11.30 a.m. through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

B) Financial Calendar : April 1, 2020 to March 31, 2021

Quarterly Results : Results for quarter ending June 30, 2020- Second week of August, 2020
Results for quarter ending September 30, 2020-Second week of November, 2020
Results for quarter ending December 31, 2020-Second week of February, 2021
Audited Results for year ended March 31, 2021 - May, 2021

Annual Results : May, 2021

C) Book Closure : 17/09/2020 to 24/09/2020 (Both days inclusive)

D) Dividend Payment : -

E) Registered office of the Company : C-6, Road No. 22, MIDC, Andheri (East), Mumbai – 400 093.

F) Registrar & Transfer Agent : Link Intime India Private Limited,
C-101, 247 Park, L B S Marg,
Vikhroli (West), Mumbai - 400 083

G) Listing of Equity Share on Stock Exchanges : The BSE Limited (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai- 400 001

The National Stock Exchange of India Limited (NSE)
Exchange Plaza, C-1, Block G, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051



VIP CLOTHING LIMITED

H) Stock code : 532613 (BSE)
VIPCLOTHNG (NSE)

I) ISIN : INE450G01024

J) Stock Market Data

Month	BSE Ltd. (BSE)		National Stock Exchange of India Limited (NSE)	
	High (in ₹)	Low (in ₹)	High (in ₹)	Low (in ₹)
April, 2019	21.50	17.65	21.65	17.60
May, 2019	19.50	14.70	18.45	14.50
June, 2019	19.10	10.50	19.10	10.55
July, 2019	18.75	12.60	18.80	12.50
August, 2019	15.03	11.00	15.20	11.00
September, 2019	13.07	9.00	13.15	9.30
October, 2019	9.64	5.93	10.25	5.95
November, 2019	8.97	6.75	8.90	6.75
December, 2019	9.23	7.57	9.20	7.60
January, 2020	8.75	6.86	8.80	6.90
February, 2020	8.00	6.34	8.00	6.30
March, 2020	6.91	3.38	6.90	3.40

Source: Website of the BSE Limited and National Stock Exchange of India Limited.

Distribution of Shareholders as on March 31, 2020.

Slab of no of Shareholding	No. of Share holders	% of Shareholders	No. of shares held	% of total shares held
1 - 500	16353	71.69	2705960	3.28
501 - 1000	2743	12.02	2243598	2.72
1001 - 2000	1715	7.52	2667115	3.23
2001 - 3000	613	2.69	1557209	1.89
3001 - 4000	278	1.22	1007933	1.22
4001 - 5000	295	1.29	1388080	1.68
5001 - 10000	429	1.88	3170778	3.84
10001 - *****	386	1.69	67855846	82.15
Total	22812	100	82596519	100

Share price performance in comparison to broad based indices – BSE Sensex and NSE Nifty

Share price performance relative to BSE Sensex based on the share price on March 31, 2020.

Period	% Change in		
	VIP Share Price	BSE Sensex	VIP Relative to Sensex
Year on year	-79.90	-23.80	-56.10
2 Years	-92.49	-10.62	-81.87
3 Years	-91.79	-0.51	-91.27
4 Years	-90.51	16.28	-106.79
5 Years	-93.94	5.40	-99.34
6 Years	-72.13	31.64	-103.77



VIP CLOTHING LIMITED

Share price performance relative to Nifty based on the share price on March 31, 2020.

Period	% Change in		
	VIP Share Price	Nifty	VIP Relative to Nifty
Year on year	-80.15	-26.03	-54.11
2 Years	-92.59	-14.99	-77.60
3 Years	-91.92	-6.28	-85.64
4 Years	-90.66	11.11	-101.77
5 Years	-94.03	1.26	-95.28
6 Years	-71.82	28.24	-100.07

(Sources: compiled from data available on BSE & NSE website)

K) Shareholding pattern as on March 31, 2020

Category	No. of Share held	% of total shares held
1. Indian Promoters & Person Acting in Concert	4,35,02,574	52.67
Sub-total	4,35,02,574	52.67
2.1 Mutual Funds & UTI	875	0.00
2.2 Foreign portfolio investors	3,58,262	0.44
Sub-total	4,38,61,711	53.11
3.1 Bodies Corporate	1,31,35,539	15.90
3.2 IEPF	4,40,790	0.53
3.3 Indian Public	2,26,53,663	27.43
3.4 Trust	500	0.00
3.5 NRIs. / NRNs.	6,80,512	0.82
3.6 Clearing Members	2,03,302	0.25
3.7 Hindu Undivided Family	14,45,502	1.75
3.8 NBFCs registered with RBI	1,75,000	0.21
Sub-total	3,87,34,808	46.89
Grand Total	8,25,96,519	100.00

L) Dematerialization of Shares:

About 98.51% of the shares of the Company have been dematerialized as on March 31, 2020. The Company has entered into an agreement with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) whereby shareholders can dematerialized their shares.

The equity shares of the Company are traded at BSE Limited and National Stock Exchange of India Limited.

Reconciliation of share capital audit report of the Company obtained from Practising Company Secretary has been submitted to Stock Exchanges within stipulated time.

No. of shares held in dematerialized and physical mode:

	No. of Shares	% of shares
Holding in dematerialized form	8,13,67,519	98.51
Holding in physical form	12,29,000	1.49
Total	8,25,96,519	100.00

The names and addresses of the Depositories are as under:

- | | |
|---|---|
| 1. National Securities Depository Ltd.
Trade World, 4th Floor
Kamala Mills Compound
Senapathi Bapat Marg, Lower Parel,
Mumbai - 400 013 | 2. Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
28th Floor, Dalal Street
Mumbai - 400 023 |
|---|---|



VIP CLOTHING LIMITED

M) Share Transfer System:

Application for transfer of shares held in physical form is received at the office of the Registrar and Transfer Agent of the Company. Investors Grievance Committee approves valid transfers of shares and share certificates duly endorsed are dispatched within the prescribed time.

Shares held in dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agent of the Company periodically receive from the depository the beneficiary holdings so as to enable them to update the records and to send all corporate communications, dividend warrants, etc.

N) Plant Locations of VIP Clothing Limited:

Factory Location	Activity
(i) Plot No. 92/94, New GIDC, Umbergaon, Valsad, Gujarat - 396 171	Stitching Unit
(ii) S. F. No. 125, 126 & 127, Appachimarmadam, Thingalur, Erode, Tamil Nadu – 638 055	Stitching Unit
(iii) Chinnakkully Village, Pappampatty Panchayat, Coimbatore, Tamil Nadu - 641016	Wind Mill

O) Address for Investors Correspondence:

Shareholders correspondence should be addressed to our Registrar & Transfer Agent at the following address:

Link Intime India Pvt Ltd., : C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083.
Tel No. - 022 49186000 Fax No. - 022 49186060
Email: rnt.helpdesk@linkintime.co.in

For transfer, dematerialisation or any other query regarding the shares in physical form and any other general queries please contact to our registrar and for shares held in dematerialised form please contact to your Depository Participants.

In case of difficulty investors are advised to correspond with the Company Secretary at the Registered Office of the Company at the following address:

VIP Clothing Limited : C-6, Road No. 22, MIDC,
Andheri (East), Mumbai – 400093
Tel No.: 022 28257624
Fax No.: 022 28371023
Email: investor.relations@viporg.com

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT OF THE COMPANY

The Board has laid down a Code of Conduct and Ethics for the Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for financial year 2019-20. Requisite declaration signed by the Chairman & Managing Director to this effect is given below;

“I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the Codes of Conduct and Ethics for Directors and Senior Management of the Company in respect of the financial year 2019-20.”

Place: Mumbai
Date: June 27, 2020

Sunil J. Pathare
Chairman and Managing Director
(DIN 00192182)



CEO & CFO CERTIFICATION

To
The Board of Directors
VIP Clothing Limited
Mumbai

Sub: Compliance Certificate under Regulation 17(8) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

I, Sunil Pathare, Chairman and Managing Director of VIP Clothing Limited as per the Regulation 17(8) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, hereby certify that the following:

- (a) I have reviewed financial statements and the cash flow statement for the year ended on March 31, 2020 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Companies code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee that;
 - 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.

Place: Mumbai
Date: June 27, 2020

Sunil J. Pathare
Chairman and Managing Director
(DIN 00192182)

CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from M/s. Sharp & Tannan, Chartered Accountants, Statutory Auditor of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations, is attached to the Board's Report forming part of the Annual Report.



Independent Auditors' certificate on compliance with the Corporate Governance requirements under SEBI [Listing Obligation and Disclosure Requirements] Regulation, 2015

To The Members of
VIP Clothing Limited
Mumbai

Introduction

1. We have examined the compliance of conditions of Corporate Governance by VIP Clothing Limited (the Company), for the year ended on March 31, 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("SEBI Listing Regulations")

Management's responsibility for compliance with the conditions of SEBI Listing Regulations

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations, including preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

3. Our responsibility was limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company for the year ended March 31, 2020.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the "Guidance Note") issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of schedule V of the SEBI Listing Regulations, as applicable during the year ended March 31, 2020.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on use

9. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirements of aforesaid SEBI Listing Regulations and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

FOR SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
By the hand of

Place : Pune
Date : June 27, 2020

Tirtharaj Khot
Partner
Membership No.(F) 037457
UDIN: 20037457AAAABK8588



MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMIC OVERVIEW

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protective measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by –3 per cent in 2020, much worse than during the 2008–09 financial crisis. Global growth is projected at –4.9 per cent in 2020, 1.9 per cent points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 per cent. Overall, this would leave 2021 GDP some 6.5 per cent percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperilling the significant progress made in reducing extreme poverty in the world since the 1990s. (source : IMF)

After a contraction in the current financial year, India's economy is forecast to bounce back with a sharp growth rate of 9.5 per cent next year provided it avoids further deterioration in financial sector health. The coronavirus pandemic will lead to shrinking of the already slowing economy in 2020-21 that started in April. The pandemic has drastically weakened India's growth outlook and laid bare the challenges caused by a high public-debt burden. The lockdown has been repeatedly extended, although some restrictions have been eased from May 4 in zones with fewer infections. However, new cases have continued to rise. To support the economy, the Reserve Bank of India (RBI) has eased monetary policy by cutting policy rates and providing liquidity through long-term repo operations. Prudential requirements for banks have also been eased to free up liquidity for lending. The government has announced stimulus measures amounting to 10 per cent of GDP, of which the fiscal component of about 1 per cent of GDP is significantly less than many of India's peers, the rating agency said.

INDUSTRY STRUCTURE AND DEVELOPMENT

The coronavirus disease (COVID-19) is affecting every sphere of life including manufacturing activities, businesses, etc., across the globe and India is also not spared from the panic situation. The textile industry predominantly employs migrant workers from different States and also a large population comes for work from far off places using public transport. India's textile industry is one of the economy's largest industry. In 2000-01, the textile and garment industries accounted for about 4 per cent of GDP, 14 per cent of industrial output, 18 per cent of industrial employment, and 27 per cent of export earnings (Hashim). India's textile industry is also significant in a global context, ranking second to China in the production of both cotton yarn and fabric and fifth in the production of synthetic fibers and yarns. In contrast to other major textile-producing countries, mostly small-scale, non-integrated spinning, weaving, cloth finishing, and apparel enterprises, many of which use outdated technology, characterize India's textile sector. Some, mostly larger, firms operate in the "organized" sector where firms must comply with numerous government labour and tax regulations. Most firms, however, operate in the small-scale "unorganized" sector where regulations are less stringent and more easily evaded.

The unique structure of the Indian textile industry is due to the legacy of tax, labour, and other regulatory policies that have favoured small-scale, labour-intensive enterprises, while discriminating against larger scale, more capital-intensive operations. The structure is also due to the historical orientation towards meeting the needs of India's predominately low-income domestic consumers, rather than the world market. Policy reforms, which began in the 1980s and continued into the 1990s, have led to significant gains in technical efficiency and international competitiveness, particularly in the spinning sector. However, broad scope remains for additional reforms that could enhance the efficiency and competitiveness of India's weaving, fabric finishing, and apparel sectors. (Source: Fiber fashion)

The textiles industry has made a major contribution to the national economy in terms of net foreign exchange earnings and contribution to the GDP. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of India's economy. Textiles exports from India will touch US\$ 185 billion by the year 2024-25. Export of textiles increase to US\$ 41.67 billion in 2014-15 by 3%. In rupee terms, to ₹ 2.55 Lacs Crores as against ₹ 2.48 Lacs Crores in the last year there by showing a growth of 3%. Growth in export of certain segments were high such as handicrafts (17%), carpets (15%) and readymade garments (12%), India has a share of approximately 5% of the global textiles and apparel trade. The technical textile sector has demonstrated encouraging growth trends in India with a CAGR of 8% for the last few years it has reached a size of \$13 billion. The sector is expected to show a CAGR of 16% to reach \$31 billion by 2020-21. Under the Make in India initiative, investment opportunities for foreign companies and entrepreneurs are available across the entire value chain of synthetics, value-added and specifically fabrics, fabric processing set-ups for all kinds of natural and synthetic textiles, technical textiles, garments, and retail brands. (source: GreenChem Industries)

Dynamics of the global apparel market keeps changing drastically. Growth of apparel markets in developed countries are slowing down, while simultaneously, it is seeing a robust growth in the developing nations. There is a paradigm shift due to demanding customer base, with trends inclining towards product differentiation much influenced by social, economical and environmental concerns. Among the emerging markets, India is quickly becoming a preferred destination for international apparel brands. Indian apparel market is calculated to grow at a CAGR of 13% and is predicted to reach approximately US\$ 124 billion by 2020. Aspirations and ground realities are what it takes to success. Global brands with deep pockets are making a beeline into the Indian market due to its stabilized economy. Many global brands are penetrating into the I and II tier cities, while domestic brands are also strengthening their position. The nod of the Central Government for FDI will further boost the presence of global brands in India. (source : Fiber fashion)

INNERWEAR INDUSTRY

Indian Textiles and Apparels [Garment Sector] industry, accounts for approximately 4% of the global Textiles and Apparels market. The Textiles and Apparels market industry is one of the largest and the most important sectors for the Indian economy in terms of output, foreign exchange earnings and employment. The industry contributes approximately 7% to industrial output in value terms, 2% to the GDP and 15% to the country's export earnings. Exports and domestic consumption are both expected to be sluggish in the near term due to the impact of COVID-19.



VIP CLOTHING LIMITED

Among all the fashion categories, innerwear has emerged as one of the fastest growing categories over the last few decades. A commodity which was earlier depicted as a mere essential has in the last few years transformed itself into a fashion statement. The Indian innerwear market currently estimated to be worth ₹ 32,000 Crore accounts for ~9 per cent of the total domestic fashion retail market. Domestic demand of innerwear has changed with consumer buying behavior, transforming from need based to aspiration based, coupled with increased fashion consciousness among millennial. Innerwear category has broadened from basic requirement of commodity wear to designer wear with emphasis on styling and comfort. The Indian innerwear market holds immense growth potential and is slated to grow phenomenally over the next 5 years. The Indian innerwear market is primarily segmented into men's innerwear and women's innerwear. Currently, the women's segment dominates the innerwear category by constituting 64 per cent of the total innerwear market. Men's segment is 33 per cent and kids 3 per cent of the total innerwear market. (source: Indian companies)

WOMEN'S INNERWEAR MARKET

The Indian innerwear market is primarily dominated by women's innerwear which accounts for 64 per cent of the total innerwear market and it accounts for 16 per cent of the total women's apparel market. Various product categories in women's innerwear are – brassieres, camisoles, panties, tees, nighties, shorts, etc. Brassieres and panties contribute 85 per cent of the total women's innerwear segment.

Women's innerwear segment is poised to grow at an impressive growth rate of 12.5 per cent over the next decade to reach ₹ 68,000 Crore by 2028 from current market size of ₹ 21,000 Crore. Branded innerwear contributes 38-42 per cent of the total women's innerwear market and this share is expected to grow to 45-48 per cent of the total women's market by 2023.

Women are conscious about the brands and styles for their intimate wear. The trend is not restricted to just metros but can be witnessed spreading in Tier I, II and III cities. This adoption of branded lingerie has led to influx of international and domestic innerwear brands. (source: Indian companies)

MEN'S INNERWEAR MARKET

The men's innerwear market is currently valued at ₹ 11,000 Crore and is expected to grow at a CAGR of 7 per cent over the next decade to reach ₹ 21,800 Crore by 2028. It contributes 7 per cent of the total men's apparel market.

The market is dominated by a large number of small-scale players making ~60-65 per cent of the market fragmented and unorganised. However, the market segment is evolving gradually and moving towards organised retail. (source: Indian companies)

KIDS INNERWEAR MARKET

The kids wear market in India is estimated at Rs 81,900 crores and expected to grow at a CAGR of 8.5% in the next five years. With a booming kids population in India and owing to distinct factors like the growing trend of nuclear family system, increased spending on children, greater brand awareness among kids, and better focus on this segment by organized players, the kids wear industry is poised to grow in the coming years. (source: Indian companies)

Market for kids' apparel is the fastest growing industry in India. Children's garments are available in various forms and designs. There is an excellent opportunity for the organised players to lay a strong foundation in this segment. Indian market is now moving towards an international look in terms of children's apparel.

Branded kids apparel market is in its nascent stage in India with a handful of national and international brands. Today Indian kids wear branded market is growing at 15% per annum. Some major changes in trends are taking place in the market for kids' apparel. One of the important changes is the increasing preference for branded apparel. This shift is taking place on account of changes such as a rise in the disposable income of the people and the increasing influence of western world. The other important change that is taking place in this area is the emergence of kids as an independent buyer group. Influenced by mass media and peer pressure, today's kids are more informed and self-conscious.

A cursory analysis of the kids buying behaviour indicates that they are an independent customer group displaying considerable 'pester power' that they have inculcated and now seem to be exerting. Additionally, kids are highly self-conscious and can be easily affected by peer pressure, at a very young age, and thus can be very demanding, often at the cost of the parent's peace of mind if not their pockets. (source: Indian textile journal)

GROWTH DRIVERS

The present market trends show an inclination amongst Indian consumers to spend more on innerwear, leading to aggressive growth of this category especially in premium and luxury price segments. The recent mode of retailing through online channels has permeated into the innerwear category as well giving it much exposure to the consumers.

It is evident that Indian innerwear industry has come a long way in last decade and perception of today's consumer towards innerwear has changed. The category is no more considered a basic necessity but a fashion indulgence which gives confidence and feel good factor.

Growing Indian middle class- moving up ladder – Rising disposable income, economic growth and dual income households has led in the emergence of a middle class which is ready to spend and experiment with fashion and style. With more income to spend the middle class has become more brand conscious. This has led to higher value and volume.

Change from need driven to aspiration driven buying – The recent consumer trends show that price is not the most important criteria anymore for this segment. For evolving consumers, looking good has become an important aspect of life. Therefore, spending on apparel, personal care and grooming is on the rise.

Occasion specific products like seamless bras, strapless bras, padded bras, bralettes, etc. are being sought. There has been a rising demand for functionality based women's innerwear like shapewear, tummy tuckers, etc. for women desiring a slimmer look; non-wired brassieres for woman facing comfort issues after prolonged use of wired ones; and sports bras suitable for physically active women.



Emergence of online retail channels – The emergence of online retail channels has bolstered sales of premium innerwear among the youth. The fashion conscious women residing in tier I, II cities with limited access to brick and mortar stores are most benefitted through the emergence of online retail in innerwear segment. It has been witnessed that women are the key buyers of innerwear available on online channels. (Source : Images of Business Fashion)

E-Commerce Industry

The Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest e-commerce market in the world by 2034. The e-commerce market is expected to reach ₹13,97,800 crore (US\$ 200 billion) by 2027 from Rs 2,69,076.5 crore (US\$ 38.5 billion) in 2017. India's e-commerce market has the potential to grow more than four folds to Rs 10,48,350 crore (US\$ 150 billion) by 2022 supported by rising incomes and surge in internet users. Online shoppers in India are expected to reach 120 million in 2018 and eventually 220 million by 2025. Online retailers now deliver to 15,000-20,000 pin codes out of nearly 100,000 pin codes in the country. E-Commerce and consumer internet companies in India received more than ₹ 48,923 crore (US\$ 7 billion) in private equity and venture capital in 2018. Online retail sales in India are expected to grow by 31 per cent to touch ₹ 2,28,540.3 crore (US\$ 32.70 billion) in 2018, led by Flipkart, Amazon India and Paytm Mall. Online retail is expected to contribute 2.9 per cent of retail market in 2018. (Source: www.ibef.org)

Much growth of the industry has been triggered by increasing internet and smartphone penetration and by 2022, smartphone users are expected to reach 859 million and e-commerce sector expected to grow 1,200 per cent by 2026. During April-June quarter 2019, smartphone shipment in India grew 9.9 per cent year-on-year to 36.9 million shipments. Internet penetration in India grew from just 4 per cent in 2007 to 34.42 per cent in 2017, registering a CAGR of 24 per cent between 2007 and 2017. In FY20, internet penetration in India was 50.52 per cent. The number of internet users in India is expected to increase from 665.31 million as of June 2019 to 829 million by 2021. Internet penetration in rural India is expected to grow as high as 45 per cent by 2021 compared to the current rate of 26.57 per cent. The e-commerce retail logistics market in India is estimated at ₹ 9,435.15 crore (US\$ 1.35 billion) in 2018 and is expected to grow at a 36 per cent CAGR over the next five years. It also received and investment of ₹ 43,681.25 crore (US\$ 6.25 billion) from January–May 2019. In the festive sale (September 29-October 4, 2019), the e-tailers in India achieved US\$ 3 billion of Gross Merchandise Value (GMV).

A young demographic profile, rising internet penetration and relative better economic performance are the key drivers of this sector. The Government of India's policies and regulatory frameworks such as 100 per cent foreign direct investment (FDI) in B2B e-commerce and 100 per cent FDI under automatic route under the marketplace model of B2C e-commerce are expected to further propel growth in the sectors. As per the new Foreign Direct Investment (FDI) policy, online entities through foreign investments cannot offer the products which are sold by retailers in which they hold equity stake. In February 2019, the Government of India released the Draft National E-Commerce Policy which encourages FDI in the marketplace model of e-commerce. Further, it states that the FDI policy for e-commerce sector has been developed to ensure a level playing field for all participants. According to the draft, a registered entity is needed for the e-commerce sites and apps to operate in India. Government also proposed the National E-commerce Policy, set up the lawful agenda on cross-border data flow, no data will be shared with foreign government without any prior authorisation of Indian government. Through its Digital India campaign, the Government of India is aiming to create a trillion-dollar online economy by 2025.

(Source : Indian E-commerce Industry Analysis Report)

Segment wise or product wise performance

The Company is engaged in the business of manufacturing garments. Therefore there is no separate reportable segment.

Outlook on strengths and Opportunities:

Strengths:

The Company since long engaged in the manufacture and marketing of innerwear under band name VIP, Frenchie, Feelings and Leader, has the state of art machinery and infrastructure of manufacturing. The Company has strong recall value of brand in the market with robust sales channel from distribution & wholesales to modern trade, institution, e-commerce and retail store sales channel to cater the needs of the consumer.

Opportunities:

The growth of innerwear segment, in India, can be attributed to the introduction of various international brands and other regional players. The evolution of branded innerwear is mainly rooted in urban India. But, influx of international brands into Tier I and II cities have resulted in providing a huge untapped market for organised players, with attention on western outfits and an increasing demand for occasion and output based innerwear, the market has seen a holistic boom. Today, people look for innerwear with optimum functionality and comfort.

The rising purchasing power among customers and increasing working women are other factors that have boosted the market. The innerwear market is poised to grow at impressive pace in near future. The changing demographics, growing youth population ready to experiment with colours, fashion and trends etc and there are plethora of growth prospects for both international and domestic innerwear bands to expand their current product portfolio and experiment with new offerings.

Outlook on weakness and threats:

The Industry is highly fragmented and manually intensive with Low productivity and high dependence on cotton. The industry dominated by small scale enterprises with and lack of skilled labour and low labour productivity due to out-dated technology. The challenges which industry faces is timely and efficient delivery of products, no stock rotation leading to outdated stock, Increased cost of Reverse Logistics, Managing Multiple Warehouses and Stores. There is high competition from international and domestic players and it has been growing in the years to come.



Risk and Concerns:

The Company is exposed to various types of risks associated with business of the Company, which will be internal as well as external risk. One of the key risks faced by the Company in today's scenario is the fluctuations in the price of raw material. Any increase in prices of raw materials could create a strain on the operating margins of the Company. We operate in a highly competitive market with competitors who may have better ability to spend more aggressively on advertisement and marketing and more flexibility to respond to changing business and economic conditions. Further, there are regional or smaller competitors who have certain advantages over us. An increase in the amount of competition that we face could have a material adverse effect on our market share and sales. The Company has in place risk management procedure to identify and evaluate the risk on a regular basis. The Company has the risk management committee, who brain-storm on the various risks associated with the Company. The details of risk committee have been mentioned in the Corporate Governance report.

Internal control system and adequacy:

The Company has implemented adequate procedure and internal controls which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statement. The Company also ensures that internal controls are operating effectively.

Internal audit covers all areas of activities and periodical internal audit reports are submitted to the management for review to strengthen any areas which requires more focus. The Audit Committee reviews all financial statements, performance and ensures adequacy of internal control systems. The Company has a well-defined organization structure, authority levels and internal rules and guidelines for conducting business transactions.

The software solutions such as SAP, DMS, field assistance and number of other robust system provides the Company to control over various business processes, increases productivity, better inventory management, promotes quality, reduced material cost, effective human resources management, reduced overheads boosts profits, plan its sales, production and monitor and control the processes in case any deviation.

SAP software products provide powerful instruments for helping companies to manage their financials, logistics, human resources, and other business areas. The backbone of SAP software offering is SAP ERP system which is the most advanced Enterprise Resource Planning (ERP) system from currently available ones. Presently the SAP system is running smoothly.

Human resource & industrial relations:

Industrial relations are the relationships between employees and employers within the organizational settings. From this perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labour) relations.

This year, while we understood that to be a successful enterprise, we have to do two things quite well: To stay innovative and creative in terms of product development and design, but at the same time we have to be tightly controlled about certain aspect of our Corporate behaviour and culture – The HR function as a whole, acted as a change agent and were able to identify and implement the change management role behaviours.

In terms of Talent acquisition, we have been able to acquire Key senior managerial & Senior Leadership talent from the organisation of repute with an industry acceptable lead time and were also instrumental to attract diverse talents across levels from the Industry.

In order to attract, retain and motivate the best available talent, Company provides an opportunity to employees to participate in the growth of the Company, besides creating long term wealth in their hands. As the business environment is becoming increasingly competitive, it is important to attract and retain qualified, talented and competent personnel in the Company. Your Company believes in rewarding its Employees for their continuous hard work, dedication and support, which has led the Company on the growth path.

At our manufacturing units, we handle the health, hygiene, safety issues by conducting awareness programs and imparting periodic training to employees on the proper use of automated machines & equipment in order to obtain / achieve manufacturing excellence.

With the implementation of SAP system, we have attained the integration of all systems & processes across the organisation. As a part of digitalization of processes and paper-less office, we are pursuing with Employees' Self Service Portal in the name of 'Task Manager'. This online platform will take many of HR activities online and will ensure real-time control system."

Strengthening the employer-employee relationship is the strategic role of our Human Resource Department. We have continuously facilitated and formulated the work strategy and determined the functional processes necessary for smooth transition of the organisation goals and objectives. We constantly strive to develop strategic solution to employment-related matters that affect the organisation's ability to meet its productivity and performance goals.

As on March 31, 2020 the Company had 1408 (Employees 385 + Workers 1023) people working directly and indirectly with the Company. The industrial relations at the Company's units, head office were cordial throughout the year.



VIP CLOTHING LIMITED

Finance review: Financial performance and analysis

(₹ In Lakhs)

Particulars	2019-20	2018-19	Change	Change (%)
Revenue from operation	17276.41	20746.35	-3469.94	-16.73%
Profit before Interest, Depreciation & Tax (excluding Other Income)	-1572.94	363.67	-1936.61	-532.52%
Less : Finance Cost	1038.21	880.70	157.51	17.88%
Less : Depreciation	424.05	331.01	93.04	28.11%
Add : Other Income	277.21	196.97	80.24	40.74%
Profit/(Loss) Before exceptional item and Tax	-2757.99	-651.07	-2106.92	323.61%
Profit for the year (excluding OCI)	-1495.04	-619.34	-875.70	141.39%
Profit for the year (including OCI)	-1495.04	-619.34	-875.70	141.39%

Key Financial Ratios

Particulars	2019-20	2018-19	Change (%)
Return on Net Worth (%)	-11.02%	-4.22%	-161.14%
Return on Capital Employed (%)	-16.74%	-3.36%	-398.21%
Basic EPS (after exceptional items) in `	-1.81	-0.75	-141.33%
Debtors Turnover	3.17	3.30	-3.94%
Inventory Turnover	1.37	1.35	1.48%
Interest Coverage Ratio	-1.66	0.26	-738.46%
Current Ratio	1.50	1.77	-15.25%
Debt Equity Ratio	0.58	0.55	-5.45%
Operating Profit Margin (%)	-9.10%	1.75%	-620.00%
Net Profit Margin (%)	-8.65%	-2.99%	-189.30%

Explanation on Key Financial Ratio:

The rapid spread of the COVID-19 pandemic across countries, including India, has not spared India's apparel sector either, adding to the woes of the player who have already experienced a rather challenging fiscal 2020. Amid a subdued demand scenario in the domestic as well as the international markets, intensifying competition and lags witnessed in the clearance of export incentives, there was a drop in turnover and negative impact on profitability and financial ratios for FY20 as compared to FY19.



INDEPENDENT AUDITOR'S REPORT

To the Members of VIP Clothing Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **VIP Clothing Limited**, (the 'Company'), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Standalone 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 (ICAI) together with ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2.4 to the Financial Statements, which describes the economic and social consequences the entity is facing as a result of COVID-19 which is impacting operations of the Company, supply chains, personnel available for work etc.

Our opinion is not modified in respect of this matter of emphasis.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. We have determined the matters described below to be the key audit matters and were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

1. Indirect tax liabilities – Recoveries from past periods and ongoing tax matters.
2. Impact of minimum item / product differentiation resulting in complexities in physical verification of inventories and reconciliation thereof with book balances.
3. Accounting for Expected Credit Loss on trade receivables.
4. Revaluation of Brands

Indirect tax liabilities – Recoveries from past periods and ongoing tax matters

Description of Key Matter:

As at March 31, 2020, the Company has unsettled and disputed indirect tax positions amounting to Rs. 1,010.94 lacs on account of erstwhile Sales tax within the State of Tamilnadu and Delhi. Also, other current assets in the financial statements include recoveries amounting to Rs. 416.76 lacs from State of Tamilnadu and Rs. 937.93 lacs under Goods and Service Tax Act. The disposal of these items involves significant judgment to determine the possible outcome and timing thereof.

Description of Auditor response:

We obtained information from the Company of demands and notices received by it during the financial year 2019-20 with respect to the pending matters. We reviewed the processes and controls in place over tax assessments including follow ups, demands / refunds through discussions with the management's internal experts and reviewed the communications with those charged with governance pertaining to this issue. We sought guidance from our tax team to evaluate the status as explained by the Company's internal expert and the possible outcome of these demands and status of refund claims, especially in the given situation of frequent change in the countrywide regulatory environment some of them being substantial in nature like change from VAT/Sales Tax regime to Goods and Service Tax. Assessed whether the Company's disclosures in Note 35 to the standalone financial statements, the Contingent liabilities and commitments, adequately disclose the relevant facts and circumstances.



Impact of minimum item / product differentiation resulting in complexities in physical verification of inventories and reconciliation thereof with book balances

Description of Key Matter:

As at March 31, 2020 the Company reported a total inventory of Rs. 9,237.14 Lacs consisting of Rs. 2,740.75 Lacs of raw materials, Rs. 1,374.27 Lacs of stock in process and Rs. 5,122.12 Lacs representing its finished goods. The Company has two manufacturing units and the management has carried out a physical verification at both the units and we observed difficulties in identifying correct stock items that gave rise to some differences when compared with book balances. The Company is in the business of manufacture and sale of undergarments for both gents and ladies. Due to its nature of business, the Company is required to manufacture and maintain a desired inventory levels to cater to market, products in various sizes, shapes and colors and each of these have to be at least in four of its popular brands, among others. Inherently, there is minimum product differentiation between items held as inventories. The Company also gets some of its products manufactured from subcontractors. Considering the multiple product range and multiple production arrangements coupled with minimum product differentiation, the process of arranging, stocking, counting and subsequent reconciliation of these individual items of raw material and finished product with book records is a complex and time-consuming process. Additionally, the Company also carries out manufacturing activities on behalf of other manufacturers. The situation for physical count was further accentuated due to lockdowns and distancing requirements resulting due to outbreak of COVID-19 pandemic. In view of above, this was a key audit matter in the context of our audit.

Description of Auditor response:

We carried out comparatives of inventory levels for certain past periods with a view to ascertain any unreasonable accumulations in inventory levels. Reviewed and compared the inventory levels submitted to other agencies like Company bankers with a view to confirm inventory levels reported and discussed with the management on the observation, if any, made by such agencies on their in specific relation. We further obtained an understanding and evaluated the designed and controls in relation to inventory.

Accounting for Expected Credit Loss on trade receivables

Description of Key Matter:

Management has considered estimates in computing the expected credit losses after considering credit history of customers and current market realities.

Description of Auditor response:

We have performed audit procedures that included management discussions on Company's understanding in relation to the adoption of the standard and installing a process of its implementation. We reviewed the past data, customer history and assumptions arising therefrom in deciding and computing loss rate for different ageing buckets identified by the management. We also reviewed the application of any specific provision for customers which was necessary in the given circumstances. With respect to forward looking assumption and matters considered by the Company, keeping in relevance the impact due to COVID-19 pandemic outbreak, held discussions with the management and corroborated the assumption using both internal and externally available information on attest basis.

Revaluation of Brands

Description of Key Matter:

As on April 1, 2017 the Company was required to transit to and implement Indian Accounting Standards. At the time of transition the Company had carried out a fair valuation of its four business brands at the value of Rs. 12,397.10 lacs. However, subsequently the management observed that the projections used for valuation of the brands had certain errors. Consequently, the management decided to correct this error by giving a retrospective accounting treatment in terms of Indian Accounting Standard (Ind AS) 1 - Presentation of Financial Statements and Indian Accounting Standard (Ind AS) -38 Intangible Assets. In view of this, the management has now carried out an exercise to revise the side valuation and has arrived at a revised fair value of four brands to Rs. 6,923.82 lacs. Considering the nature of transaction and it's retrospective accounting treatment this was a key audit matters for us.

Description of Auditor Response:

The Company had engaged an outside professional firm to carry out its brand valuation as on the transition date. The Company has obtained fresh valuation report from an approved valuer after correcting the objective error as assessed by it. The Institute of Chartered Accountants of India ICAI has issued valuation standards. We broadly reviewed the bases, approaches and methods recommended by relevant valuation standard 102 and valuation standard 103 and those used by the Company and generally satisfied about the appropriateness of the same. This helped us in comparing the assumptions made in the previous valuation. We also examined and satisfied ourselves about the requirements of giving effect of a retrospective accounting treatment in terms of Ind AS 1, recognition of an impairment accounting in terms of Ind AS 38, as aforesaid and other consequential accounting treatments and corresponding requisite disclosures.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including any annexures thereto, Corporate Governance Report and Management Discussion and Analysis, but does not include the standalone financial statements and our auditor's report thereon.



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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on our work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

Due to the COVID-19 pandemic and the lockdown and other restrictions imposed by the Government and local administration, the audit processes carried out post lockdown were based on the remote access and evidence shared digitally.

Our opinion is not modified in respect of these other matters.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- (d) 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 standalone 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; and
- (e) 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 financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in: (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in the **Annexure 'A'**, a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards prescribed under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**;
 - (g) with respect to the other matters to be included in the Auditors Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
 - (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (1) the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - (Refer Note 35 to the standalone financial statements);
 - (2) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (3) there has been no delay in transferring amounts, required to be transferred, to the Investor Education protection fund by the Company.

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

Tirtharaj Khot
Partner
Membership No.(F) 037457
UDIN: 20037457AAAABJ6927

Place : Pune
Date : June 27, 2020

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 of our report of even date)

- (i) (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 a verification of fixed assets to cover all the items at major locations in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no physical verification has been conducted by the management in view of COVID-19 pandemic outbreak.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable property is held in the name of the Company.
- (ii) We have been informed that the Company has a plan of physically verifying its inventories at certain intervals of time in a phased manner and the same has been carried out excluding inventories in transit, as per plan. The discrepancies noted on physical verification of inventory as compared to book records were appropriately dealt with in the books of account.
- (iii) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act 2013 ("the Act"). Therefore, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investment, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Therefore, Paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply.
- (vi) As per the information and explanations given to us, in respect of the class of industry the Company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013. Therefore, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods and services tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records examined by us, there are no cases of non-deposit with appropriate authorities of disputed dues of duty of customs, goods and service tax. However, according to information and explanation given to us the following dues of Income tax, Central sales tax and Value added tax as at March 31, 2020 which have not been deposited on account of a dispute pending, are as under:

Sr No	Forum where the dispute is pending	Nature of the disputed dues	Name of the Statute	F. Y. which the amount relates to	Rs. In Lakh
1	High Court of Chennai	Claim of concessional rate of tax disallowed	TNVAT ACT, 2006	2001-2002	195.46
2	Deputy Commercial Tax Office - Tamil Nadu	Disallowance of concessional rate of tax on BT	TNVAT ACT, 2006	2001-2002	5.43
3	Deputy Commercial Tax Office - Tamil Nadu	CST rate of Hosiery Goods	TNVAT ACT, 2006	2002-2003	802.77
4	Deputy Commercial Tax Office – Delhi	Non submission of form "C"	Central Sales Tax Act, 1956	2005-2006	7.28
5	Income Tax Appellate Tribunal – Mumbai	Penalty u/s271(1)	Income Tax Act, 1961	2010-2011	2.68
6	Asst Commissioner of Income Tax – Kalyan	Demand u/s 156	Income Tax Act, 1961	2011-2012	31.51

- (viii) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to banks and financial institution during the year. The Company has not borrowed from government and debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not raised any term loan during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted



auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year nor have we been informed of such case by management.

- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The relevant details of such related party transactions have been disclosed in the standalone financial statements, etc., as required under Indian Accounting Standard (Ind AS) 24, *Related Party Disclosures* specified under Section 133 of the Act.
- (xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the Paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

Tirtharaj Khot
Partner
Membership No.(F) 037457
UDIN: 20037457AAAABJ6927

Place : Pune
Date : June 27, 2020



ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT (Referred to in paragraph 2(f) of our report of even date)

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **VIP Clothing Limited**, (the 'Company') as of March 31, 2020 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 Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, 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 of March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

Tirtharaj Khot
Partner

Place : Pune
Date : June 27, 2020

Membership No.(F) 037457
UDIN: 20037457AAAAABJ6927



VIP CLOTHING LIMITED

Balance Sheet as at March 31, 2020

(₹ in Lakhs)

	Note No.	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
ASSETS				
Non-current assets				
Property, plant and equipment	3	3,609.20	3,864.95	4,101.29
Right of use assets	3A	371.95	-	-
Other intangible assets	4	6,942.34	6,987.37	7,028.67
Financial assets				
i. Investments	5	0.25	1.15	1.15
ii. Others financial assets	6	100.45	100.11	124.19
Other non-current assets	7	36.15	36.58	37.02
Total non-current assets		11,060.34	10,990.16	11,292.32
Current assets				
Inventories	8	9,237.14	11,169.53	11,348.92
Financial assets				
i. Trade receivables	9	4,861.65	6,044.17	6,516.53
ii. Cash and cash equivalents	10	181.50	1.60	0.68
iii. Bank balance other than (ii) above	11	265.53	570.55	510.23
iv. Employee loans and advances	12	39.46	28.74	23.89
v. Other financial assets	13	0.76	0.76	0.96
Current tax assets (Net)	14	25.82	13.40	6.96
Other current assets	15	1,558.61	1,420.67	1,184.37
Total current assets		16,170.47	19,249.42	19,592.54
TOTAL ASSETS		27,230.81	30,239.58	30,884.86
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	16	1,651.93	1,651.93	1,651.93
Other equity				
Reserves and surplus	17	12,007.49	13,527.42	14,198.83
Total equity		13,659.42	15,179.35	15,850.76
LIABILITIES				
Non-current liabilities				
Financial liabilities				
i. Borrowings	18	14.85	21.73	31.44
ii. Other financial liabilities	19	1,001.56	582.38	522.95
Provisions	20	103.28	84.71	82.33
Deferred tax liabilities	21	1,691.76	3,500.37	3,542.94
Total non-current liabilities		2,811.45	4,189.19	4,179.66
Current liabilities				
Financial liabilities				
i. Borrowings	18	7,857.77	8,246.10	7,979.48
ii. Trade payables	22	2,074.95	2,075.29	2,408.54
iii. Other financial liabilities	19	390.72	256.44	214.49
Provisions	20	405.37	251.94	220.04
Other current liabilities	23	31.13	41.27	31.89
Total current liabilities		10,759.94	10,871.04	10,854.44
TOTAL EQUITY AND LIABILITIES		27,230.81	30,239.58	30,884.86
Summary of significant accounting policies	2			

See accompanying notes forming parts of financial statements
As per our report of even date

For and on behalf of Board

For Sharp & Tannan

Chartered Accountants
Registration No - 109982W
By the hand of

Tirtharaj Khot
Partner
Membership No. (F) 037457

Devendra Vyas
Chief Finance Controller
(M.No. ACA - 150498)

Sunil J. Pathare
Chairman &
Managing Director
(DIN: 00192182)

Kapil J. Pathare
Whole time Director
(DIN: 01089517)

Place: Pune
Date : June 27, 2020

Place: Mumbai
Date : June 27, 2020



VIP CLOTHING LIMITED

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

(₹ in Lakhs)

	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
CONTINUING OPERATIONS			
Revenue from operations	24	17,276.41	20,746.35
Other income	25	277.21	196.97
Total revenue		17,553.62	20,943.32
Expenses			
(a) Cost of materials consumed	26	10,222.37	12,141.43
(b) Changes in inventories of finished goods and work-in-progress	27	924.07	(25.36)
(c) Employee benefits expense	28	2,148.85	2,109.59
(d) Advertisement & publicity expenses		178.25	500.78
(e) Finance cost	29	1,038.21	880.70
(f) Depreciation and amortization expense	3, 3A & 4	424.05	331.01
(g) Other expenses	30	5,375.81	5,656.24
Total expenses		20,311.61	21,594.39
Profit / (Loss) before exceptional items and tax		(2,757.99)	(651.07)
Exceptional items		-	-
Profit / (Loss) before tax		(2,757.99)	(651.07)
Tax expense:			
(a) Current tax expense for current year		-	-
(b) Current tax expense relating to prior years		-	-
(c) Deferred tax	39	(1,262.95)	(31.73)
Income Tax expense:		(1,262.95)	(31.73)
Profit / (Loss) from continuing operations		(1,495.04)	(619.34)
DISCONTINUED OPERATIONS			
Profit / (Loss) from discontinued operations (before tax)		-	-
Add / (Less): Tax expense of discontinued operations		-	-
(a) on ordinary activities attributable to the discontinued operations		-	-
Profit / (Loss) from discontinued operations		-	-
TOTAL OPERATIONS		(1,495.04)	(619.34)
Profit / (Loss) for the year		(1,495.04)	(619.34)
Other comprehensive income			
A(i) Items that will not be reclassified to profit or loss			
Re-measurement gain/(losses) on defined benefit plans		(10.70)	(21.63)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income		(10.70)	(21.63)
Total comprehensive income for the period		(1,505.74)	(640.97)
Earnings per equity share (for continuing operations):			
Basic		(1.81)	(0.75)
Diluted		(1.81)	(0.75)
Earnings per equity share (for discontinued operations):			
Basic		-	-
Diluted		-	-
Earnings per equity share (for continuing & discontinued operations):			
Basic	33	(1.81)	(0.75)
Diluted	33	(1.81)	(0.75)
Summary of significant accounting policies	2		

See accompanying notes forming parts of financial statements
As per our report of even date

For and on behalf of Board

For Sharp & Tannan

Chartered Accountants
Registration No - 109982W
By the hand of

Tirtharaj Khot
Partner
Membership No. (F) 037457

Devendra Vyas
Chief Finance Controller
(M.No. ACA - 150498)

Sunil J. Pathare
Chairman &
Managing Director
(DIN: 00192182)

Kapil J. Pathare
Whole time Director
(DIN: 01089517)

Place: Pune
Date : June 27, 2020

Place: Mumbai
Date : June 27, 2020



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

A. EQUITY SHARE CAPITAL:

(₹ in Lakhs)

Particulars	Nos.	Amount
Equity shares of ₹ 2/- each issued, subscribed and fully paid-up		
As at March 31, 2019	8,25,96,519	1,651.93
Changes in equity share capital during the year	-	-
As at March 31, 2020	8,25,96,519	1,651.93

B. OTHER EQUITY:

(₹ in lakhs)

Particulars	Reserves and Surplus					
	Capital Redemption Reserves	Securities Premium	General Reserves	Surplus / (Deficit) in Profit & Loss	Share based payment Reserves	Total equity
	(Note 17)	(Note 17)	(Note 17)	(Note 17)	(Note 17)	
As at April 1, 2019	4,035.00	7,472.40	817.30	1,202.72	-	13,527.42
Profit for the year	-	-	-	(1,495.04)	-	(1,495.04)
Other comprehensive income						
Re-measurement gains/(losses) on defined benefit plans	-	-	-	(10.70)	-	(10.70)
Total comprehensive income	-	-	-	(1,505.74)	-	(1,505.74)
Deletion for the year	-	-	-	(14.19)	-	(14.19)
As at March 31, 2020	4,035.00	7,472.40	817.30	(317.21)	-	12,007.49
As at April 1, 2018	4,035.00	7,472.40	817.30	5,456.61	30.44	17,811.75
Correction of error in Brand valuation (Note 4)	-	-	-	(5,473.28)	-	(5,473.28)
Related Deferred Tax Liability on Brand (Note 21)	-	-	-	1,860.36	-	1,860.36
Opening balance after correction of error as at April 1, 2018	4,035.00	7,472.40	817.30	1,843.69	30.44	14,198.83
Profit for the year	-	-	-	(619.34)	-	(619.34)
Other comprehensive income						
Re-measurement gains/(losses) on defined benefit plans	-	-	-	(21.63)	-	(21.63)
Total comprehensive income	-	-	-	(640.97)	-	(640.97)
Addition for the year	-	-	-	-	(30.44)	(30.44)
As at March 31, 2019	4,035.00	7,472.40	817.30	1,202.72	-	13,527.42

See accompanying notes forming parts of financial statements

As per our report of even date

For Sharp & Tannan

Chartered Accountants

Registration No - 109982W

By the hand of

Tirtharaj Khot

Partner

Membership No. (F) 037457

Devendra Vyas

Chief Finance Controller

(M.No. ACA - 150498)

Sunil J. Pathare

Chairman &

Managing Director

(DIN: 00192182)

Kapil J. Pathare

Whole time Director

(DIN: 01089517)

Place: Pune

Date : June 27, 2020

Place: Mumbai

Date : June 27, 2020

For and on behalf of Board



Cash Flow Statement for the year ended on March 31, 2020

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash Flow from Operating Activities		
Profit before tax from		
Continuing operations before exceptional items	(2,757.99)	(651.07)
Discontinued operations	-	-
Profit before tax	(2,757.99)	(651.07)
<u>Adjustment for:</u>		
Depreciation and amortization	424.05	331.01
(Profit)/loss on sale of assets (Net)	0.34	(0.56)
Re-measurement of defined benefit plans	(14.30)	(32.47)
Interest received	(44.59)	(43.12)
Rental income from investment properties	(0.20)	(0.68)
Financial cost	1,038.21	880.70
Proceeds from ESOP outstanding Res	-	(30.44)
Proceed from sale of investment	0.90	-
Provision no longer required	(542.06)	-
	862.35	1,104.44
Operating profit before working capital changes	(1,895.64)	453.37
<u>Changes in working capital</u>		
(Increase) / decrease in inventories	1,932.39	179.39
(Increase) / decrease in trade receivables	1,182.52	472.36
(Increase) / decrease in employee loans & advances	(10.72)	(4.85)
(Increase) / decrease in other financial assets	10.90	23.51
(Increase) / decrease in other current assets	(137.50)	(235.86)
Increase / (decrease) in trade payables	(0.35)	(333.24)
Increase / (decrease) in provisions	172.01	34.28
Increase / (decrease) in security deposit from customer	(0.19)	62.30
Increase / (decrease) in retention money	3.37	(2.85)
Increase / (decrease) in lease liability	415.99	-
Increase / (decrease) in other financial liabilities	136.13	41.73
Increase / (decrease) in other current liabilities	(10.15)	9.38
Net changes in working capital	3,694.40	246.15
Cash generated from operations	1,798.76	699.52
<u>Add/(less):</u>		
Direct tax refunds	-	-
Direct taxes paid	(12.42)	(6.43)
	(12.42)	(6.43)
<u>Cash flow from exceptional items</u>		
Profit/(loss) on exceptional item	-	-
Net cash flow from / (used in) operating activities (A)	1,786.34	693.09



VIP CLOTHING LIMITED

Cash Flow Statement for the year ended on March 31, 2020

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(495.70)	(54.36)
Proceed from sale of property, plant and equipment	0.14	1.55
Proceed from Fixed Deposits	291.93	(59.35)
Interest income	44.60	43.12
Rental Income from investment properties	0.20	0.68
Net cash flow from / (used in) investing activities (B)	(158.83)	(68.36)
C. Cash flow from financing activities		
Proceeds from retained earnings	(14.19)	-
Proceeds from borrowings (Net)	(395.21)	256.90
Financial cost	(1,038.21)	(880.70)
Net cash flow from / (used in) financing activities (C)	(1,447.61)	(623.80)
Net increase / (decrease) in cash & cash equivalents (A+B+C)	179.90	0.93
Cash and cash equivalents at the beginning of the year	1.61	0.68
Cash and cash equivalents at the end of the year	181.51	1.61
Comprises:		
(a) Cash on hand	1.80	0.35
(b) Balances with banks		
(i) In current accounts	179.71	1.26
Net increase in cash & cash equivalents	181.51	1.61

See accompanying notes forming parts of financial statements

As per our report of even date

For Sharp & Tannan

Chartered Accountants

Registration No - 109982W

By the hand of

Tirtharaj Khot

Partner

Membership No. (F) 037457

Place: Pune

Date : June 27, 2020

For and on behalf of Board

Devendra Vyas
Chief Finance Controller
(M.No. ACA - 150498)

Sunil J. Pathare
Chairman &
Managing Director
(DIN: 00192182)

Place: Mumbai

Date : June 27, 2020

Kapil J. Pathare
Whole time Director
(DIN: 01089517)



Notes forming part of the financial statements as of March 31, 2020

Notes No.2

1 Corporate Information

VIP Clothing Limited (the 'Company') is domiciled in India. The Company was incorporated on January 14, 1991. The Company's Identification No. is L18101MH1991PLC059804. The Company's registered office is at C-6, Road No. 22, MIDC, Andheri (East), Mumbai- 400093. The Company is a leading Manufacturer, Marketing and Distributor of Men's and Women's innerwear and socks under the brand name VIP, Frenchie, Feelings, Leader and Brat. The Company's equity shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The financial statements were approved for issue by the Company's Board of Directors on June 27, 2020.

2 Basis of Preparation and Significant Accounting Policies

2.1 Compliance with Ind AS:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and the Companies (Indian Accounting Standards) Amendment Rules, 2017 as amended from time to time.

2.2 Basis for Preparation of Financial Statements:

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the considerations given in exchange for goods and services.

The financial statements are presented in INR (₹) and all the values are rounded off to the nearest rupees in lakh except when otherwise indicated.

2.3 Going Concern

As at March 31, 2020, the Company's paid-up capital and reserves were ₹ 13,659.42 lakhs. The Company's management believes that the Company will continue to operate as a going concern and meet all its liabilities as they fall due for payment and consequently will be in a position to continue in operation for the foreseeable future, to realise its assets and to discharge its liabilities in the normal course of business.

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

2.4 Estimation of uncertainties relating to the global health pandemic from COVID-19

Due to the COVID 19 pandemic Government of India declared a lock down on March 24, 2020, which has impacted the business activities of the Company. The Company has resumed partially operations at factories after obtaining formal permissions from the relevant authorities. The Company has ensured all safety measures and precautions are taken at all locations, before resuming the operation. The Company has assessed and considered the impact of this pandemic on carrying amounts of receivables, other assets and its business operations including all relevant internal and external information available upto the date of approval of these financials. Basis such evaluation, the management does not expect any adverse impact on its future cash flows and shall be able to continue as a going concern and meet its obligations as and when they fell due. The impact of COVID 19 on the Company's financial statements may differ from that estimated as at the date of approval of these financials. The Company will continue to monitor future economic conditions for any significant change.

2.5 Recent Accounting Development

Ministry of Corporate Affairs notifies new standards or amendment to existing standards. There is no such notification which would have been applicable from April 1, 2020

2.6 Significant Accounting Policies

2.6.1 Current versus Non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

Notes forming part of the financial statements as of March 31, 2020

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Advance tax paid is classified as Current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.6.2 Property, plant and equipment and Other intangible assets:
Property, plant and equipment (PPE)

Property, plant and equipment (PPE) held for use in production or supply of goods or services or for administrative purposes are stated at cost less accumulated depreciation/amortization less accumulated impairment, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, and interest on borrowings attributable to acquisition of qualifying PPE up to the date the asset is ready for its intended use.

Capital work-in-progress for production, supply of administrative purposes is carried at cost less accumulated impairment loss, if any, until construction and installation are complete and the asset is ready for its intended use.

Depreciation is recognized (other than on capital work-in-progress) on a straight line method over the estimated useful lives of assets. Depreciation on assets acquired/ purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition till the date of sale/retirement. The estimated useful lives of assets are stated below:

Particulars	Useful Life (in years)
Building	30 years
Plant and Machinery	15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Office equipment	5 years
Electrical installations and equipment	10 years
Computer Equipment	3 years / 6 years
Software	6 years

Useful life of assets consistent with the useful life specified in the Schedule II of the Companies Act, 2013.

The useful lives of assets is assessed based on a technical evaluation, taking into account the nature of assets, the estimated usage of assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, maintenance history, etc. The estimated useful life is reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

Where the cost of part of the asset is significant to the total cost of the assets and the useful life of that part is different from the useful of the remaining asset, useful life of that significant part is determined separately. Depreciation of such significant part, if any, is based on the useful life of that part.

Freehold land is not depreciated.

Subsequent Expenditure relating to PPE is capitalised only when it is probable that future economic benefits will flow to the Company and cost of the item can be measured reliably.

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

Intangible assets:

An intangible asset shall be recognized if, and only if: (a) it is probable that the expected future economic benefits that are

Notes forming part of the financial statements as of March 31, 2020

attributable to the asset will flow to the entity; and (b) the cost of the asset can be measured reliably. The entity assesses the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset is measured initially at cost.

Amortisation is recognized on a straight line basis over their estimated useful lives, which reflects the pattern in which the asset's economic benefits are consumed.

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from their use. Gain or loss arising from de-recognition of an intangible assets, measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

2.6.3 Leases:

The Company has adopted Ind AS 116-Leases effective April 1, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (April 1, 2019). Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of Buildings and Plant & Machinery taken on lease. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease, and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently re-measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is re-measured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the leased assets. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116, Leases, and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for the year ended March 31, 2019.

2.6.4 Impairment of tangible and intangible assets:

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine

Notes forming part of the financial statements as of March 31, 2020

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 individual asset, the Company estimates the recoverable amount of the cash generating unit to which an individual 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 group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

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.

2.6.5 Inventories:

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

2.6.6 (A) Revenue recognition:

Effective April 1, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" with modified retrospective approach. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, Goods and service tax and amounts collected on behalf of third parties.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer. The revenue is measured on the basis of the consideration defined in the contract with customer, including variable consideration, such as discounts, or other contractual reductions.

Sale of services

In contracts involving the rendering of services, revenue is recognised when services are rendered.

2.6.6 (B) Other Income:Interest income

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

Dividends

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

Export Incentives

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

2.6.7 Foreign currencies:

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

Transactions in currencies other than the Company's functional currency are recognized at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency



Notes forming part of the financial statements as of March 31, 2020

at the closing exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate prevailing at the date of initial recognition (in case measured at historical cost) or at the rate prevailing at the date when the fair value is determined (in case measured at fair value).

Foreign exchange differences are recognized in profit or loss in the period in which they arise except for exchange difference 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 cost on those foreign currency borrowings.

2.6.8 Employee Benefits:

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in OCI are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to retained earnings.

The cost of short term compensated absences are provided for based on estimates. Long term compensated absence are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the statement of profit and loss.

2.6.9 Share based payments

Company has equity-settled employee stock option plans. The stock options granted to employees in pursuant to the Group's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee benefit expenses over the vesting period on a straight line basis. The amount recognized as expense in each year is arrived at based on the number of grants expected to vest. If a grant cancelled before the vesting period, the cumulative discount recognized as expense in respect of such grant is reduced from Employee benefit expenses charged to statement of profit and loss.

2.6.10 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. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.6.11 Taxation:

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

Current tax

The tax currently payable is based on the taxable profit for the year. 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 the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on net basis.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Deferred tax

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

Notes forming part of the financial statements as of March 31, 2020

initial recognition of goodwill.

The carrying amount of deferred tax asset 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 is realized, based on taxes (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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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

2.6.12 Provisions:

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

The amount recognized as 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 time value of money is material).

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities and contingent assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.6.13 Financial instruments:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and 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 liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Classification and subsequent measurement

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

These include trade receivables, loans, deposits, balances with banks, and other financial assets with fixed or determinable payments.

Impairment

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, other contractual right to receive cash or other financial assets or other financial assets not designated at fair value through profit or loss. The loss allowance for a financial instrument is equal to the lifetime expected credit losses if the credit risk on that

Notes forming part of the financial statements as of March 31, 2020

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 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within 12 months after the reporting date.

For trade receivables or any contractual right to receive cash or another financial assets that results from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. The Company has used a practical expedient permitted by Ind AS 109 and determines the expected credit loss allowance based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

Reclassification of Financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Financial liabilities**Classification**

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

Equity instruments

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

Subsequent measurement

Financial liabilities (that are not held for trading or not designated at fair value through profit or loss) are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method.

Effective interest method is a method of calculating amortized 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, 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.

Foreign exchange gains and losses

Financial liabilities denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the Statement of Profit and Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognized in the Statement of Profit and Loss.

De-recognition of financial instruments

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting of financial instruments

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

2.6.14 Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and unencumbered, highly liquid bank and other balances (with original maturity of three months or less) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6.15 Earnings per share:

The Company reports basic and diluted earnings per share (EPS) in accordance with Indian Accounting Standard 33 "Earnings

Notes forming part of the financial statements as of March 31, 2020

per Share". Basic EPS is computed by dividing the net profit or loss attributable to ordinary equity holders of the entity by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit or loss attributable to ordinary equity holders of the entity by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential ordinary shares dilutive potential equity shares (except where the results are anti-dilutive).

2.6.16 Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, which are described in Note 2, the Management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Impairment of property, plant and equipment

Determining whether property, plant and equipment is impaired requires an estimation of the value in use of the cash-generating unit. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. When the actual future cash flows are less than expected, a material impairment loss may arise.

(ii) Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors have determined that no changes are required to the useful lives of assets.

(iii) Discount rate - defined benefit obligation

The Company's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

(iv) Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

(v) Fair Value Measurement

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Ind AS 113 – Fair Value Measurement. An explanation of each level is as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.



VIP CLOTHING LIMITED

Notes forming part of the financial statements as of March 31, 2020

Note No.3: Property, plant and equipment

(₹ in lakhs)

Particulars	Land (Freehold)	Building (Warehouse)	Building (Factory)	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Electrical installation	Computers and accessories	Total
Gross Block										
As at April 1, 2018	1,290.83	5.88	1,885.94	2,170.25	65.43	177.06	58.72	8.28	214.74	5,877.13
Additions	-	-	-	13.39	6.90	4.23	15.05	-	12.71	52.28
Inter-Branch Transfer	-	-	-	-	-	-	3.02	-	(34.65)	(31.63)
Deletions/(Adjustment)	-	-	-	-	-	2.99	1.31	-	-	4.30
As at March 31, 2019	1,290.83	5.88	1,885.94	2,183.64	72.33	178.30	75.48	8.28	192.80	5,893.48
Additions	-	-	-	8.09	-	-	12.90	-	5.90	26.89
Inter-Branch Transfer	-	-	-	-	-	-	-	-	-	-
Deletions/(Adjustment)	-	-	-	-	-	-	9.62	-	-	9.62
As at March 31, 2020	1,290.83	5.88	1,885.94	2,191.73	72.33	178.30	78.76	8.28	198.70	5,910.75
Depreciation										
As at April 1, 2018	-	4.00	529.51	884.60	17.84	100.46	47.24	2.41	189.78	1,775.84
Depreciation for the year	-	0.45	63.61	180.16	8.97	18.15	5.82	0.45	6.04	283.65
Inter-Branch Transfer	-	-	-	-	-	-	0.08	-	(27.74)	(27.66)
On disposals	-	-	-	-	-	2.42	0.88	-	-	3.30
As at March 31, 2019	-	4.45	593.12	1,064.76	26.81	116.19	52.26	2.86	168.08	2,028.53
Depreciation for the year	-	0.45	63.61	180.83	8.34	12.97	7.56	0.41	7.99	282.16
Inter-Branch Transfer	-	-	-	-	-	-	-	-	-	-
On disposals	-	-	-	-	-	-	9.14	-	-	9.14
As at March 31, 2020	-	4.90	656.73	1,245.59	35.15	129.16	50.68	3.27	176.07	2,301.55
Net Block										
As at March 31, 2019	1,290.83	1.43	1,292.82	1,118.88	45.52	62.11	23.22	5.42	24.72	3,864.95
As at March 31, 2020	1,290.83	0.98	1,229.21	946.14	37.18	49.14	28.08	5.01	22.63	3,609.20

Refer note 18 for hypothecation of property, plant and equipment against borrowing.

Note No.3A: RIGHT OF USE ASSETS

(₹ in lakhs)

Particulars	Building	Plant and equipment	Total
Gross Block			
As at April 1, 2018	-	-	-
Additions	-	-	-
Inter-Branch Transfer	-	-	-
Deletions/(Adjustment)	-	-	-
As at March 31, 2019	-	-	-
Additions on account of Transition to Ind AS 116 - April 1, 2019	438.86	29.95	468.81
Inter-Branch Transfer	-	-	-
Deletions/(Adjustment)	4.63	-	4.63
As at March 31, 2020	434.23	29.95	464.18
Depreciation			
As at April 1, 2018	-	-	-
Depreciation for the year	-	-	-
Inter-Branch Transfer	-	-	-
On disposals	-	-	-
As at March 31, 2019	-	-	-
Depreciation for the year	94.36	2.50	96.86
Inter-Branch Transfer	-	-	-
On disposals	4.63	-	4.63
As at March 31, 2020	89.73	2.50	92.23
Net Block			
At March 31, 2019	-	-	-
At March 31, 2020	344.50	27.45	371.95

The Company has adopted Ind AS 116 effective April 1, 2019, the Company has applied the standard to its assets taken on lease with the cumulative impact recognised on the date of initial application (April 1, 2019).

The Company's leases mainly comprise of buildings and Plant and equipment taken on lease. The Company has taken on lease buildings for warehouse and skill development centres and Plant and equipment for skill development centres.

Note No.3A: RIGHT OF USE ASSETS
Transition

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 468.81 lakhs, and a lease liability of ₹ 482.99 lakhs. The cumulative effect of applying the standard, amounting to ₹ 14.19 lakhs was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application :

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 12.75%.

The movement in lease liabilities during the year ended March 31, 2020 is as follows :

Particulars	₹ in lakhs
Balance as at beginning April 1, 2019	482.99
Additions	-
Deletions	-
Finance cost accrued during the year	61.58
Payment of lease liabilities	(128.58)
Balance as at end March 31, 2020	415.99

The aggregate depreciation on ROU assets has been included under depreciation and amortization expense in the Statement of Profit and Loss.



Notes forming part of the financial statements as of March 31, 2020

Note No.4: Intangible Assets

(₹ in lakhs)

Particulars	Computer Software	License / Brands	Total
Gross Block			
As at April 1, 2018	234.91	12,397.10	12,632.01
Correction of error	-	5,473.28	5,473.28
Opening balance after correction of error as at April 1, 2018	234.91	6,923.82	7,158.73
Additions	2.08	-	2.08
Inter-Branch Transfer	31.64	-	31.64
Deletions/(Adjustment)	-	-	-
As at March 31, 2019	268.63	6,923.82	7,192.45
Additions	-	-	-
Inter-Branch Transfer	-	-	-
Deletions/(Adjustment)	-	-	-
As at March 31, 2020	268.63	6,923.82	7,192.45
Depreciation			
As at April 1, 2018	130.06	-	130.06
Depreciation for the year	47.36	-	47.36
Inter-Branch Transfer	27.66	-	27.66
On disposals	-	-	-
As at March 31, 2019	205.08	-	205.08
Depreciation for the year	45.03	-	45.03
Inter-Branch Transfer	-	-	-
On disposals	-	-	-
As at March 31, 2020	250.11	-	250.11
Net Block			
As at March 31, 2019	63.55	6,923.82	6,987.37
As at March 31, 2020	18.52	6,923.82	6,942.34

The Company has carried out fair valuation of its four Brands namely VIP, Frenchie, Feelings and Leader at ₹ 12,397.10 lakhs as at April 1, 2016 i.e. being the date of transition to Indian Accounting Standards. However, subsequently it is observed that the valuation was dependent on error prone projection of management. Consequently, corrections of an objective error is required by revised fair valuation and its retrospective accounting. Hence, the Company has opted corrected fair valuation of its Brands namely VIP, Frenchie, Feelings and Leader from registered valuer and corrected value of brands are ₹ 6,923.82 lakhs.

Note No.5: FINANCIAL ASSETS - NON CURRENT INVESTMENT

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
(A) Investment in Government or trust securities			
(i) Government securities NSC	-	0.90	0.90
(B) Investment in Shares			
(i) Investment in Saraswat Bank	0.25	0.25	0.25
	0.25	1.15	1.15

During the year Company has disposed off NSC.



Note No.6: FINANCIAL ASSETS - NON CURRENT OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Security deposits	100.45	100.11	124.19
	100.45	100.11	124.19

Note No.7: OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Advance lease rent - Umbergaon	36.15	36.58	37.02
	36.15	36.58	37.02

Note No.8: INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
(As certified by the Management)			
Raw materials	2,740.75	3,749.07	3,953.81
Stock in Process	1,374.27	2,100.41	2,076.79
Finished goods	5,122.12	5,320.05	5,318.32
Total	9,237.14	11,169.53	11,348.92

As a prudent practice the Company management has written off the obsolete inventories during the current financial year.

Note no.9: FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Trade receivables outstanding for a period exceeding six months			
Unsecured, considered good	1,683.62	1,962.79	1,319.28
Doubtful	310.16	332.61	560.70
	1,993.78	2,295.40	1,879.98
Less: Provision for doubtful trade receivables	310.16	332.61	560.70
	1,683.62	1,962.79	1,319.28
Other Trade receivables			
Secured, considered good	572.92	573.11	510.81
Unsecured, considered good	2,605.11	3,508.27	4,686.44
	3,178.03	4,081.38	5,197.25
Total	4,861.65	6,044.17	6,516.53

Note No.10: FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
(i) Cash on hand	1.79	0.35	0.08
(ii) Balances with banks			
In current accounts	179.71	1.25	0.60
Total	181.50	1.60	0.68

Notes forming part of the financial statements as of March 31, 2020
Note No.11: FINANCIAL ASSETS - BANK BALANCE OTHER THAN NOTE 10 ABOVE

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
In deposit accounts *	247.26	539.18	479.84
Interest receivable	10.04	21.29	20.52
In earmarked accounts			
Unpaid dividend accounts#	8.23	10.08	9.87
Total	265.53	570.55	510.23

* The Company has kept as a margin of fixed deposits to the extent of ₹ 14.78 lakhs with banks for bank guarantees as lien.

Unpaid dividends would be transferred to Investors Education and Protection Fund as per statutory requirements as and when due.

Note No.12: FINANCIAL ASSETS - EMPLOYEE LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Loan/advances to employee - Unsecured (Considered good)	39.46	28.74	23.89
Total	39.46	28.74	23.89

Note No.13: FINANCIAL ASSETS - OTHER FINANCIAL ASSETS (CURRENT)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Rent receivables	0.76	0.76	0.96
Total	0.76	0.76	0.96

Note No.14: CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Income tax assets (net)			
Income tax paid for AY 2012-13	6.30	-	-
TDS receivable	19.52	13.40	6.96
Net Income tax assets / (liabilities)	25.82	13.40	6.96



VIP CLOTHING LIMITED

Notes forming part of the financial statements as of March 31, 2020

Note No.15: OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Capital advances	2.80	5.99	-
Advances other than capital advances			
Advances to vendor	87.71	136.80	206.88
Others			
Sales tax refund receivable	416.76	454.46	480.86
Duty drawback receivable	7.32	6.75	34.08
ROSL Income receivable	29.37	9.48	-
Others	11.12	11.12	13.02
GST receivables	937.93	748.64	401.70
Prepaid expenses	65.60	47.43	47.83
Total	1,558.61	1,420.67	1,184.37

Note No.16: EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Authorised :			
15,00,00,000 Equity Shares of ₹ 2/- each	3,000.00	3,000.00	3,000.00
45,00,000 Preference Shares of ₹ 100/- each	4,500.00	4,500.00	4,500.00
	7,500.00	7,500.00	7,500.00
Issued, Subscribed and Fully Paid Up:			
8,25,96,519 Ordinary Shares of ₹ 2/- each	1,651.93	1,651.93	1,651.93
(Previous year 8,25,96,519 Ordinary Shares of ₹ 2/- each)	1,651.93	1,651.93	1,651.93

16.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Opening	8,25,96,519	8,25,96,519	8,25,96,519
Add/(Less): Issued/(bought back) of shares	-	-	-
Closing	8,25,96,519	8,25,96,519	8,25,96,519

16.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2020	
	Number of shares	% Held
Equity shares		
Sunil J Pathare	1,67,42,008	20.27%
Kapil J. Pathare	1,48,15,548	17.94%
Lalita J. Pathare	1,03,07,937	12.48%
Subhkam Properties LLP	95,00,000	11.50%



Notes forming part of the financial statements as of March 31, 2020

Class of shares / Name of shareholder	As at March 31, 2019	
	Number of shares	% Held
Equity shares		
Sunil J Pathare	1,67,42,008	20.27%
Kapil J. Pathare	1,48,15,548	17.94%
Lalita J. Pathare	1,03,07,937	12.48%
Subhkam Properties LLP	95,00,000	11.50%

Class of shares / Name of shareholder	Opening as on April 1, 2018	
	Number of shares	% Held
Equity shares		
Sunil J Pathare	1,67,42,008	20.27%
Kapil J. Pathare	1,48,15,548	17.94%
Lalita J. Pathare	1,03,07,937	12.48%
Subhkam Properties LLP	95,00,000	11.50%

16.3 Rights, Preference and Restriction attached to Shares.

The Company has two class of shares, one is Equity shares having face value of ₹ 2/- each per share and another is Preference shares of ₹ 100/- each. Each holder of equity share is entitled to one vote per share. The Preference shares does not carry voting rights but entitled to get the dividend. The dividend, if any, proposed by the Board of Directors is subject to the approval of the equity shareholder in their ensuing general meeting. In the event of liquidation of the Company, the holder of equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts (including redeemable Preference Shares). The distribution will be in proportion to the number of equity shares held by the shareholder.

16.4 The Company does not have any Holding Company or Subsidiary Company, hence disclosure of shares held by Holding Company and Subsidiary Company does not arise.

Note No.17: OTHER EQUITY

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
(a) Capital Redemption Reserve	4,035.00	4,035.00	4,035.00
(b) Securities Premium	7,472.40	7,472.40	7,472.40
(c) General Reserve	817.30	817.30	817.30
(d) Surplus / (Deficit) in Statement of Profit and Loss	(317.21)	1,202.72	1,843.69
(e) Share Based Payment Reserve (Equity) *	-	-	30.44
	12,007.49	13,527.42	14,198.83

* In F.Y. 2018-19, Employee Stock Options (ESOP) of 9,09,000 granted to the eligible employees under ESOS-2017 scheme by the Company has been cancelled at the NRC meeting held on March 18, 2019. The amount of ₹ 205.95 lakhs has been reversed during the 4th quarter ended on March 31, 2019 (the amount of ₹ 175.51 lakhs in current F.Y. 2018-19 and ₹ 30.44 lakhs in previous F.Y. 2017-18).



Notes forming part of the financial statements as of March 31, 2020

Note No.18: FINANCIAL LIABILITIES - BORROWING

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
(A) Non Current Borrowing			
Vehicle loan - Secured	14.85	21.73	31.44
	14.85	21.73	31.44
(B) Current Borrowing			
From bank			
Cash credit	6,940.52	6,956.21	5,657.44
IDBI bank purchase bill discounting	-	30.95	455.30
LC bill acceptance	917.25	1,258.94	1,866.74
Total	7,857.77	8,246.10	7,979.48

Notes: Working capital loan secured by way of hypothecation of inventories, book debts and movable property, plant and equipment of the Company and further secured by way of first charge of property situated at GIDC-Umbergaon (Gujarat), Thingalur (Tamil Nadu), Edyaarpalayam (Tamil Nadu), Kon village-Kalyan (Maharashtra).

Note No.19: OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
(A) Non Current other financial liabilities			
Security deposits from customers	572.92	573.10	510.82
Retention money	12.65	9.28	12.13
Lease liability	415.99	-	-
	1,001.56	582.38	522.95

Note: The Company has lease contracts for its offices, warehouse and skill development training centres taken on lease. These leases generally have lease terms varying 2 to 6 years. The Company's obligations under its leases are secured by the lessor's title to the lease assets. Generally, the Company is restricted from assigning and subleasing the lease assets. There are several lease contracts that include extension and termination option at mutual consent.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
(B) Current other financial liabilities			
Current maturities of long-term debt	6.88	9.71	8.95
Unpaid dividends #	8.23	10.08	9.87
Advance from skill project *	169.88	-	-
Others	205.73	236.65	195.67
Total	390.72	256.44	214.49

The figures reflect the position as at year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.

* In FY 2019-20, the Company has implemented two projects. Project-1 under DDU-GKY for skilling rural youths in the State of Odisha and Government has released 1st Installment of ₹ 184.88 lakhs. Project-2 under DMF in the State of Gujarat, the Company has received ₹ 10.85 lakhs for the said project.

Notes forming part of the financial statements as of March 31, 2020
Note No.20: PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
(A) Non Current provisions			
Provision for employee benefits:			
Leave encashment payable	69.44	50.87	48.49
Provision for compensation:			
Provision for compensation*	33.84	33.84	33.84
	103.28	84.71	82.33
(B) Current provisions			
Provisions for expenses	348.90	209.29	200.03
Gratuity payable	43.29	32.13	7.88
Leave encashment payable	13.18	10.52	12.13
Total	405.37	251.94	220.04

* High court of Madras has passed an award against the Company, under this award the Company was directed to pay Cotton Corporation of India Ltd. a sum of ₹ 33.84 lakhs in form of compensation for the loss suffered. However, the Company has made an appeal in Supreme Court, therefore provision has been recognized.

Reconciliation of provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
(A) Provision for Employee benefits			
Balance at the beginning of the year	93.52	68.50	67.82
Additions during the year	83.12	59.52	2.71
Utilised during the year	50.73	34.50	2.03
Balance at the end of the year	125.91	93.52	68.50
(B) Provision for other than employee benefits			
Balance at the beginning of the year	243.13	233.86	180.58
Additions during the year	342.54	201.72	226.30
Utilised during the year	202.93	192.45	173.02
Balance at the end of the year	382.74	243.13	233.86

Note No.21: DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	Opening as on April 1, 2018	Impact of Correction of Error	Opening balance after correction of error as at April 1,2018
Impact in Deferred tax liabilities and assets on correction of error			
Depreciation	477.71	-	477.71
Old DTL balance	768.89	-	768.89
Gratuity	(26.14)	-	(26.14)
Leave Encashment	(14.37)	-	(14.37)
Disallowances u/s 43B & 36	(16.56)	-	(16.56)
Valuation of Brand / Trade marks	4,213.77	(1,860.36)	2,353.41
Provision for Doubtful Debts and advances	-	-	-
C/F Business loss / Unabsorbed depreciation	-	-	-
	5,403.30	(1,860.36)	3,542.94



Notes forming part of the financial statements as of March 31, 2020

Note No.21: DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	Opening balance after correction of error as at April 1, 2018	Credit/(charge) in the Statement of Profit and Loss	As at March 31, 2019
Movement in Deferred tax liabilities and assets during the year March 31, 2019			
Depreciation	477.71	(34.02)	443.69
Old DTL balance	768.89	-	768.89
Gratuity	(26.14)	(8.29)	(34.43)
Leave Encashment	(14.37)	(0.26)	(14.63)
Disallowances u/s 43B & 36	(16.56)	-	(16.56)
Valuation of Brand / Trade marks	2,353.41	-	2,353.41
Provision for Doubtful Debts and advances	-	-	-
C/F Business loss / Unabsorbed depreciation	-	-	-
	3,542.94	(42.57)	3,500.37

(₹ in lakhs)

Particulars	As at March 31, 2019	Credit/(charge) in the Statement of Profit and Loss	As at March 31, 2020
Movement in Deferred tax liabilities and assets during the year March 31, 2020			
Depreciation	443.69	(205.48)	238.21
Old DTL balances	768.89	(768.89)	-
Gratuity	(34.43)	34.43	-
Leave Encashment	(14.63)	(6.16)	(20.79)
Disallowances u/s 43B & 36	(16.56)	16.56	-
Valuation of Brand / Trade marks	2,353.41	(610.82)	1,742.59
Provision for Doubtful Debts and advances	-	(18.88)	(18.88)
C/F Business loss / Unabsorbed depreciation	-	(249.37)	(249.37)
	3,500.37	(1,808.61)	1,691.76

Impact of tax rate change: The Company has elected to exercise the option permitted under Section 115BAA of the Income -tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its deferred tax liability on the basis of the rate prescribed in the said section. The full impact of this change has been recognized in the statement of profit & loss for the year.

The Company has recognized deferred tax assets to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income tax.

The Company has re-instated its deferred tax liability on account of revaluation of License / brand from ₹ 4,213.77 lakhs (further re-instated to ₹ 3,120.10 lakhs on account of tax rate change) to ₹ 2,353.41 lakhs. Further re-instated to ₹ 1,742.59 lakhs on account of change in tax rate.

During the year the Company has written back old deferred tax liability amounting to ₹ 768.89 lakhs

Notes forming part of the financial statements as of March 31, 2020
Note No.22: FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Other than Acceptance			
Total outstanding dues of Micro, Small and Medium Enterprises	165.97	42.34	15.51
Total outstanding dues of Creditors other than Micro, Small and Medium Enterprises	1,908.98	2,032.95	2,393.03
Total	2,074.95	2,075.29	2,408.54

Payment against supplies from Small scale and ancillary undertakings are generally made in accordance with agreed credit terms.

Details of dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006

The Company has amounts due to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2020, March 31, 2019 & April 1, 2018. The details in respect of such a dues are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting year	165.97	42.34	15.51
The amount of Interest due and accrued thereon remaining unpaid at the end of the accounting year	11.46	6.36	-

The above information has been furnished to the extent such parties have been identified by the Company.

Note No.23: OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Opening as on April 1, 2018
Advances others			
Advances from customers	1.68	1.68	(0.01)
Others			
Other statutory payables	27.78	36.28	30.62
GST - RCM payables	1.67	3.31	1.28
Total	31.13	41.27	31.89



Notes forming part of the financial statements as of March 31, 2020

Note No.24: REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Sale of products (Refer Note (i))	16,968.06	20,442.95
(b) Other operating revenues (Refer Note (ii))	308.35	303.40
Total	17,276.41	20,746.35
Note (i) - Sale of products		
<u>Manufactured goods</u>		
Knit wear	16,965.60	20,173.37
Fabric	2.46	269.58
Total	16,968.06	20,442.95
Note (ii) - Other operating revenues		
Sale of scrap	36.11	41.20
Job Work	231.71	185.49
Duty drawback and other export incentives	20.64	29.46
ROSL Income Received	19.89	47.25
Total	308.35	303.40

Note No.25: OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest income	44.60	43.12
(b) Rental income from investment properties	0.20	0.68
(c) Profit on sale of fixed assets (net of expenses directly attributable)	-	0.56
(d) Forex exchange gain	14.68	11.53
(e) Miscellaneous income	191.66	141.08
(f) Project income	26.07	-
Total	277.21	196.97

Note: In FY 2019-20, the Company has implemented two projects. Project-1 under DDU-GKY for skilling rural youths in the State of Odisha and Project-2 under DMF in the State of Gujarat. Upto March 31, 2020 the Company has spent ₹ 26.07 lakhs for skill development.

Note No.26: COST OF MATERIAL CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock	3,749.07	3,953.81
Add: Purchases	9,214.05	11,936.69
	12,963.12	15,890.50
Less: Closing stock	2,740.75	3,749.07
Total	10,222.37	12,141.43



Notes forming part of the financial statements as of March 31, 2020

Note No.27: CHANGE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year:		
Finished goods	5,122.12	5,320.05
Work-in-progress	1,374.28	2,100.42
	6,496.40	7,420.47
Inventories at the beginning of the year:		
Finished goods	5,320.05	5,318.32
Work-in-progress	2,100.42	2,076.79
	7,420.47	7,395.11
Net (increase) / decrease	924.07	(25.36)

Note No.28: EMPLOYEE BENEFIT EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	1,851.59	1,895.74
Contributions to provident and other fund	209.67	127.08
Staff welfare expenses	87.59	86.77
Total	2,148.85	2,109.59

Note No.29: FINANCE COST

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest expense on:-		
(i) Borrowings	810.49	700.09
(ii) Interest on security deposit	39.37	38.61
(iii) Interest on lease liability on ROU	53.14	-
(b) Other borrowing costs :-		
Processing Charges	36.42	28.69
Bank charges	98.79	113.31
Total	1,038.21	880.70

Note: On account of implementation of Ind AS 116 - Leases, the Company has recognized Interest on lease liability on ROU amounting to ₹ 53.14 lakhs for the year.



Notes forming part of the financial statements as of March 31, 2020

Note No.30: OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Books & Periodicals	0.89	4.04
Business promotion	402.90	351.81
Communication (Postage & Telephone)	44.43	53.12
Festival Expenses	12.31	13.05
Freight and forwarding	481.96	540.10
Freight Inward	138.21	170.06
Garmenting charges	12.50	20.34
Bus Hire Charges	274.37	295.72
Insurance	61.80	39.73
Knitting and processing charges	2,236.32	2,457.84
Legal and professional	137.14	242.83
Loss on fixed assets sold / scrapped / written off	0.34	-
Membership & Seminar Expenses	2.04	2.56
Miscellaneous expenses	22.35	20.81
Payments to auditors (Refer Note (i) below)	21.76	20.75
Power and fuel	93.02	94.09
Printing & stationery and Computer Expenses	93.13	72.78
Bad Debts Written Off	310.00	1.45
Provision for Doubtful Debts	-	75.00
Rates and taxes	48.78	48.44
Short Term Lease Rent	9.01	138.30
Umbergaon prepaid Lease Rent	0.44	0.44
Purchases trading items	111.80	78.40
Repairs and maintenance - Buildings	23.90	58.96
Repairs and maintenance - Machinery	32.73	67.10
Repairs and maintenance - Others	83.22	62.34
Sales commission	143.04	151.92
Sales Tax & Turnover Tax	41.30	26.35
GST Tax expenses	7.31	0.51
Security Service Charges	35.79	46.24
Travelling , conveyance and motor car	447.59	489.77
Water Expenses	4.31	5.03
Interest paid to MSME Vendor	11.46	6.36
Compensation	8.50	-
Project expenses	21.16	-
Total	5,375.81	5,656.24

Note: In FY 2019-20 the Company has implemented two projects. Project-1 under DDU-GKY for skilling rural youths in the State of Odisha and Project-2 under DMF in the State of Gujarat till March 31, 2020 the Company has spent ₹ 21.16 lakhs for skill development and ₹ 5.09 lakhs on depreciation on ROU assets.

Note : (i)

(i) Payments to the auditors comprises (net of GST input credit, where applicable):		
As auditors - statutory audit	16.50	16.50
For taxation matters	3.00	3.00
For Company law matters	-	-
For Right issue expenses	-	-
For other services	0.15	-
Reimbursement of expenses	2.11	1.25
Total	21.76	20.75

Notes forming part of the financial statements as of March 31, 2020
Additional information to financial statements and disclosures under Indian Accounting Standards:
Note No.31: EMPLOYEE BENEFITS:
Defined benefit plans:
Gratuity:

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The contributions are managed through a third party which acts as the administrator of the fund.

The Company maintains gratuity funds, which is being administered by Life Insurance Corporation of India. Fund value confirmed by Life Insurance Corporation of India as at March 31, 2020 is considered to be the fair value.

Disclosures for defined benefit plans based on actuarial reports as on March 31, 2020

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i. Change in defined benefit obligation		
Opening defined benefit obligation	287.22	261.16
Interest cost	22.37	20.32
Current service cost	23.85	20.49
Past service cost	-	-
Benefit paid directly by the employer	-	-
Benefit paid from the Fund	-	(46.19)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	20.83	(0.43)
Actuarial (gains)/losses arising from changes in experience assumptions	(9.40)	31.87
Liability at the end of the year	344.87	287.22
ii. Change in fair value of assets		
Opening fair value of plan assets	255.09	258.45
Expected return on plan assets	19.87	20.11
Return on plan assets excluding interest income	(2.87)	(1.03)
Contributions by the employer	29.49	23.75
Benefit paid from the Fund	-	(46.19)
Closing fair value of plan assets	301.58	255.09
iii. Amount recognized in balance sheet		
Present value of obligation as at year end	(344.87)	(287.22)
Fair value of plan assets as at year end	301.58	255.09
Net asset/(liability) recognized in balance sheet	(43.29)	(32.13)
iv. Expenses recognized in statement of profit or loss		
Current service cost	23.85	20.49
Interest on defined benefit obligation	22.37	20.32
Expected return on plan assets (interest income only)	(19.87)	(20.11)
Past service cost	-	-
Total expenses recognized in profit or loss	26.35	20.70

Notes forming part of the financial statements as of March 31, 2020

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
v. Expenses recognized in other comprehensive income (OCI)		
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	20.83	(0.43)
Actuarial (gains)/losses arising from changes in experience assumptions	(9.40)	31.87
Return on plan assets excluding interest income	2.87	1.03
Net (income)/expenses for the period recognized in OCI	14.30	32.47
vi. Actual return on plan assets		
Expected return on plan assets	19.87	20.11
Return on plan assets excluding interest income	(2.87)	(1.03)
Actual return on plan assets	17.00	19.08
vii. Expected employer's contribution for the next year	301.58	255.09
viii. Principal Actuarial Assumptions		
Rate of discounting (per annum)	6.89%	7.79%
Rate of salary increase	4.00%	4.00%
Rate of employee turnover	2.00%	2.00%
Mortality rate during employment	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Mortality rate after employment	N.A.	N.A.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate		
Changes in assumptions if increase by 1%	321.86	268.42
Changes in assumptions if decrease by 1%	371.08	308.60
Salary increase rate		
Changes in assumptions if increase by 1%	369.68	307.47
Changes in assumptions if decrease by 1%	322.76	269.16
Attrition rate		
Changes in assumptions if increase by 1%	350.60	293.81
Changes in assumptions if decrease by 1%	338.48	279.87

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.



Notes forming part of the financial statements as of March 31, 2020

Note No.32: CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the financial year, the Company spent ₹ Nil (P.Y. ₹ Nil) as per the section 135 of the Companies Act, 2013 in respect of Corporate Social Responsibility (CSR).

Note No.33: EARNING PER SHARE

Particulars	As at March 31, 2020	As at March 31, 2019
Face Value per Equity Share	₹ 2/-	₹ 2/-
Basic Earnings per Share	(1.81)	(0.75)
Net profit / (loss) after tax (₹ in lakhs)	(1,495.04)	(619.34)
Less: Preference dividend and tax thereon (₹ in lakhs)	-	-
Net profit / (loss) for the year attributable to the equity shareholders (₹ in lakhs)	(1,495.04)	(619.34)
Weighted average number of equity shares for Basic	8,25,96,519	8,25,96,519
Diluted Earnings per Share	(1.81)	(0.75)
Net profit / (loss) after tax (₹ in lakhs)	(1,495.04)	(619.34)
Less: Preference dividend and tax thereon (₹ in lakhs)	-	-
Net profit / (loss) for the year attributable to the equity shareholders (₹ in lakhs)	(1,495.04)	(619.34)
Weighted average number of equity shares for Diluted	8,25,96,519	8,25,96,519
Reconciliation of Weighted Average number of shares outstanding		
Weighted Average No. of Equity Shares used as denominator for calculating Basic EPS	8,25,96,519	8,25,96,519
Add: Total Weighted Average ESOP	-	-
Weighted Average No. of Equity Shares used as denominator for calculating Diluted EPS	8,25,96,519	8,25,96,519

Note No.34: RELATED PARTY TRANSACTIONS

a. Details of related parties:

Enterprises owned or significantly influenced by key management Personnel or their relatives

Maxwell Ventures Private Limited
 Maxwell Capital Management Private Limited
 Maxwell Entertainment Private Limited
 Maxwell Retails Private Limited
 Maxwell Health and Hygiene Private Limited
 HYBO Hindustan
 PAKO Hindustan
 Pats Treasures
 Unnati Ventures
 Kanishk Capital Partners
 K. 3 Realtors
 Global Construction
 Pathare Agro Farms
 Shogun Chemicals Private Limited

Key Managerial Personnel

Mr. Sunil J. Pathare (Chairman and Managing Director)
 Mr. Kapil J. Pathare (Whole Time Director)
 Mr. Ashish Mandaliya (Chief Financial Officer and Company Secretary) upto May 15, 2020
 Mr. Devendra Vyas (Chief Finance Controller)



Notes forming part of the financial statements as of March 31, 2020

Relatives of Key Management Personnel

Smt. Lalita J. Pathare (Mother of Sunil J. Pathare and Kapil J. Pathare)

Mrs. Heena S. Pathare (Wife of Sunil J. Pathare)

Mrs. Ashwini K. Pathare (Wife of Kapil J. Pathare)

Note: Related parties have been identified by the Management as per Ind AS 24.

b. Details of related parties transactions and Balance outstanding as at March 31, 2020

(i) Transactions with related parties

(₹ in lakhs)

Name of Party	Nature of Transactions	As at March 31, 2020	As at March 31, 2019
Hybo Hindustan	Rent, Electricity & Water charges	113.63	118.00
Pako Hindustan	Job work	-	-
Kapil J. Pathare	Rent	6.07	5.84

(ii) Balance outstanding at the end of the year

(₹ in lakhs)

Name of Party	As at March 31, 2020	As at March 31, 2019
Hybo Hindustan	92.07	61.22
Pako Hindustan	0.06	0.06
Kapil J. Pathare	(0.03)	3.03

Remuneration of Directors / Key Managerial Personnel

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Salary and short-term employee benefits	229.33	290.04
Contribution to provident fund	11.56	9.96

Note No.35: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Guarantees given by bank	90.94	10.12
Claims against the Company not acknowledged as debts -		
Income Tax Liability in Appeal by IT department	34.19	-
Sales Tax / Central Sales Tax Liability	1,010.94	1,010.94
Letter of Credits	359.34	614.73

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions.

Notes forming part of the financial statements as of March 31, 2020
Note No.36: EARNINGS AND EXPENDITURE IN FOREIGN CURRENCY

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Expenditure in Foreign currency		
Royalty	-	2.03
Travelling	4.65	5.97
Others	116.25	119.63
Earnings in Foreign currency		
Export inward Remittance	1,419.40	1,609.94

Note No.37: SUBSEQUENT EVENTS REVIEW

1. Mr. Ashish Mandaliya (Chief Financial Officer and Company Secretary) has resigned from the Company w.e.f. May 15, 2020.
2. Due to novel COVID19, the Company has temporarily stopped its business operations at Umbergaon plant.
3. On April 15, 2020, the Company has borrowed "COVID19 Emergency Credit Line" demand loan from SBI amounting to ₹ 495 lakhs.

Note No.38: SEGMENT REPORTING

The Company is engaged in the business of manufacturing garments. Therefore there is no separate reportable segment.

Note No.39: INCOME TAX

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME-TAX		
(a) Amounts recognised in profit and loss		
Current tax for prior years	-	-
Deferred tax		
Origination and reversal of temporary differences	(1,262.95)	(31.73)
Recognition of previously unrecognised tax losses	-	-
Change in recognised deductible temporary differences	-	-
Total deferred tax expense/(benefit)	(1,262.95)	(31.73)
Tax expense for the year	(1,262.95)	(31.73)
(b) Income tax recognised in other comprehensive income	-	-
(c) Income tax recognised directly in equity	-	-
(d) Reconciliation of effective tax rate		
a) (Loss) before tax	(2,757.99)	(651.07)
b) Enacted tax rate in India 25.168% (31 March 2019: 33.384%) *	-	-
c) Expected tax expense	-	-
d) Effect of expenses that are not deductible in determining taxable profit		
Interest on late payment of taxes / MSME	-	-
Corporate Social responsibility expenses	-	-
e) Net expense to be recognised	(2,757.99)	(651.07)
f) (Excess)/Short provision for tax relating to prior year	-	-
g) Deferred tax expenses	(1,262.95)	(31.73)
h) Tax expense recognised in statement of profit or loss	-	-
Profit / (Loss) for the year	(1,495.04)	(619.34)

The Company elected to exercise the option permitted under Section 115BAA of the Income -tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its deferred tax liability basis the rate prescribed in the said section. The full impact of this change has been recognised in the statement of profit & loss for the year.

* The change in enacted tax rate is on account of change in rate of surcharge from 7% to 10%.



Notes forming part of the financial statements as of March 31, 2020

Movement in deferred tax balances

(₹ in lakhs)

Particulars	Net balance March 31, 2019 ₹	Recognised in profit or loss ₹	Recognised in OCI ₹	Others ₹	March 31, 2020
					Net deferred tax asset / liability ₹
Deferred tax liability	3,500.37	(1,262.95)	(3.60)	(542.06)	1,691.76

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

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

Note No.40: FINANCIAL INSTRUMENTS

40.1 Capital Management:

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to the shareholders and benefits to other stakeholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. The capital structure of the Company consists of debt and total equity of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, External-commercial borrowings and short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The Company is not subject to any externally imposed capital requirements.

40.2 Fair Value Measurement

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

(₹ in lakhs)

Particulars	Carrying amount		Fair value			Total
	FVTPL	Other Financial Assets/ Liabilities- Amortised Cost	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
March 31, 2020						
Investment - shares of Saraswat Bank (Note 5)	-	0.25	-	-	-	-
Other Non current Financial assets - Security deposits (Note 6)	-	100.45	-	-	-	-
Trade receivables (Note 9)	-	4,861.65	-	-	-	-
Cash and cash equivalents (Note 10)	-	181.50	-	-	-	-
Bank balances other than Cash and cash equivalents (Note 11)	-	265.53	-	-	-	-
Employee loans and advances (Note 12)	-	39.46	-	-	-	-
Other current financial assets (Note 13)	-	0.76	-	-	-	-
TOTAL	-	5,449.60	-	-	-	-
Non current liabilities: Borrowing (Note 18A)	-	14.85	-	-	-	-
Other Financial liability : Non current (Note 19)	-	1,001.56	-	-	-	-
Other Financial liability : Current (Note 19)	-	390.71	-	-	-	-
Current liabilities: Bank Borrowing (Note 18B)	-	7,857.77	-	-	-	-
Current liabilities: Trade payables (Note 22)	-	2,074.95	-	-	-	-
TOTAL	-	11,339.84	-	-	-	-

Notes forming part of the financial statements as of March 31, 2020

(₹ in lakhs)

Particulars	Carrying amount		Fair value			Total
	FVTPL	Other Financial Assets/ Liabilities- Amortised Cost	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
March 31, 2019						
Non current investment (Note 5)	-	1.15	-	-	-	-
Other Non current financial assets - Security deposits (Note 6)	-	100.11	-	-	-	-
Trade receivables (Note 9)	-	6,044.17	-	-	-	-
Cash and cash equivalents (Note 10)	-	1.60	-	-	-	-
Bank balances other than Cash and cash equivalents (Note 11)	-	570.55	-	-	-	-
Employee loans and advances (Note 12)	-	28.74	-	-	-	-
Other current financial assets (Note 13)	-	0.76	-	-	-	-
TOTAL	-	6,747.08	-	-	-	-
Non current liabilities: Borrowing (Note 18A)	-	21.73	-	-	-	-
Other Financial liability : Non current (Note 19)	-	582.38	-	-	-	-
Other Financial liability : Current (Note 19)	-	256.44	-	-	-	-
Current liabilities: Bank Borrowing (Note 18B)	-	8,246.10	-	-	-	-
Current liabilities: Trade payables (Note 22)	-	2,075.29	-	-	-	-
TOTAL	-	11,181.94	-	-	-	-

40.3 Financial risk management framework:

The Company is exposed primarily to market risk, credit risk and liquidity risk which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates and other market changes.

Credit Risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Outstanding customer receivables are regularly monitored. The Company maintains its cash and cash equivalents and deposits with banks having good reputation and high quality credit ratings.

Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Exposure to liquidity risk

"The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

* all non derivative financial liabilities

* net and gross settled derivative financial instruments for which the contractual maturities are essential for the understanding of the timing of the cash flows."



Notes forming part of the financial statements as of March 31, 2020

Contractual cash flows:

(₹ in lakhs)

As at March 31, 2020	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Long-term borrowings	14.85	14.85	-	7.46	7.39	-
Other Non current financial liabilities*	1,001.56	1,001.56	94.10	111.47	223.07	572.92
Current borrowing from Bank	7,857.77	7,857.77	7,857.77	-	-	-
Trade payables	2,074.95	2,074.95	2,074.95	-	-	-
Other Current financial liabilities	390.71	390.71	390.71	-	-	-
TOTAL	11,339.84	11,339.84	10,417.53	118.93	230.46	572.92

Note*: Security deposits received from customers amounting to ₹ 572.92 lakhs (PY ₹ 573.10 lakhs) are repayable on demand when there is breach of contract. However, these deposits received from customers are generally against the long term contracts. Therefore, the same has been classified as more than 5 years.

(₹ in lakhs)

As at March 31, 2019	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Long-term borrowings	21.73	21.73	-	6.88	14.85	-
Other Non current financial liabilities*	582.38	582.38	-	-	9.28	573.10
Current borrowing from Bank	8,246.10	8,246.10	8,246.10	-	-	-
Trade payables	2,075.29	2,075.29	2,075.29	-	-	-
Other Current financial liabilities	256.44	256.44	256.44	-	-	-
TOTAL	11,181.94	11,181.94	10,577.83	6.88	24.13	573.10

Other Risk:**Climate Risk:**

The Company is exposed to the risk of damage from climatic changes and other natural forces. The Company has extensive processes in place aimed at monitoring those risks, including regular monitoring and follow up.

Regulatory and Environmental Risk:

The Company is subject to laws and regulations in various segments like Environmental, Forest etc. and has laid down policies and procedures aimed at compliance with local environmental and other laws.

Note No.41:

Previous year figures have been regrouped/rearranged, wherever necessary to make them comparable with the current year's classification.

Signatures to Notes 1 to 41

As per our report of even date

For Sharp & Tannan

Chartered Accountants

Registration No - 109982W

By the hand of

For and on behalf of Board**Tirtharaj Khot**

Partner

Membership No. (F) 037457

Devendra Vyas

Chief Finance Controller

(M.No. ACA - 150498)

Sunil J. PathareChairman &
Managing Director
(DIN: 00192182)**Kapil J. Pathare**Whole time Director
(DIN: 01089517)

Place: Pune

Date : June 27, 2020

Place: Mumbai

Date : June 27, 2020



Financial Highlights

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Equity Share capital	1,652	1,652	1,652	1,652	1,322	1,322	1,262	1,262	1,262	1,262
Redeemable Pref. Shares Capital	-	-	-	-	-	-	395***	1185	1185	1185**
Convertible Pref. Shares Capital	-	-	-	-	-	-	-	-	-	-
Reserves & Surplus	12,007	13,527 ²	14,199 ²	14,301 ²	8,012	7,944	7,830	7,515	7,482	7,328
Misc exp. not written off	-	-	-	-	-	-	-	-	-	-
Net Worth	13,659	15,179	15,851	15,623	9,334	9,206	9,092	8,777	8,744	8,590
Long term Debts	-	-	-	-	-	-	-	-	-	597
Net Asset Block	109,23	10,852 ³	11,130 ³	17,110 ³	6,153	6,658	6,944	7,033	8,031	7,592
Total Income	17,554	20,943	22,366	23,270	19,514	26,160	25,875	25,491	22,056#	23,220
Profit before tax	(2,758)	(-651)	(-252)	(610)	(947)	1,091	806	439	875	240
Taxation	(1,263)	(32)	46	35	46	390	273	154	152	77
Profit after tax	(1,506)	(641)	(303)	(751)	(993)	701	533	285	464#	163
Dividend Rate on										
Equity share	-	-	-	-	-	15.00%	10.00%	12.50%	15.00%	5.00%
Redeemable Pref. Shares	-	-	-	-	-	5.00%	5.00%	5.00%	5.00%	5.00%
No of Equity Shares (in Lakhs)	825.96	825.96	825.96	660.77	660.77	660.77	660.77	660.77	660.77	660.77
Face value of Share-Equity 2	2	2	2	2	2	2	2	2	2	
Preference	100	100	100	100	100	100	100	100	100	100
E arning per share	(1.81)	(0.75)	(0.39)	(0.97)	(1.50)	1.08	0.73	0.34	0.63	0.07
E arning per share	(1.81)	(0.75)	(0.39)	(0.97)	(1.50)	1.08	0.73	0.34	0.63	0.07
Book value per share	16.54	18.38	19.19	23.64	14.13	14.59	14.41	13.8	13.86	13.62
Current Ratio	1.50	1.78	1.81	1.35	1.31	1.23	1.34	1.22	1.32	1.26

- ₹ 330 Lakhs increased on account of issue of 1,65,19,304 Equity shares at right issue @ ₹ 26/- (face value of shares is ₹ 2/-)
 - Increase in securities premium account by ₹ 3,965 Lakhs on account of Rights issue of Shares and others on account of effect has been give for the first time adoption of INDAS as well as correction of brand valuation and related DTL impact.
 - Effect has been give for the first time adoption of INDAS and correction of brand valuation.
- * ₹ 620.60 Lakhs 5% Redeemable Preference shares of ₹ 100/- each bought back.
 ** ₹ 629.45 Lakhs 5% Redeemable Preference shares of ₹ 100/- each bought back.
 *** ₹ 790 Lakhs 5% Redeemable Preference shares of ₹ 100/- each redeemed.
 # Excluding yarn - discontinued operation.



VIP CLOTHING LIMITED

To,
Link Intime India Private Limited/Depository Participant

Updation of Shareholders Information

I/We request you to record the following information against my/our Folio No./DP ID/Client ID:

General Information:

Folio No./DP ID/Client ID:	
PAN:*	
CIN/Registration No.:* (applicable to Corporate Shareholders)	
Tel. No. with STD Code:	
Mobile No.:	
E-mail id:	

*Self attested copy of the document(s) enclosed.

Bank Details:

IFSC: (11 digit)	
MICR: (9 digit)	
Bank A/c Type:	
Name of the Bank:	
Bank Branch Address:	

*A blank cancelled cheque is enclosed to enable verification of bank details.

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/We would not hold the Company/RTA responsible. I/We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/We understand that the above details shall be maintained till I/We hold the securities under the above mentioned Folio No.

Place:

Date:

Signature of Sole/First holder

Note:

Shareholders holding shares in physical mode and having Folio No(s) should provide the above information to our RTA, Link Intime India Private Limited. Shareholders holding

EXPL RING



the new!

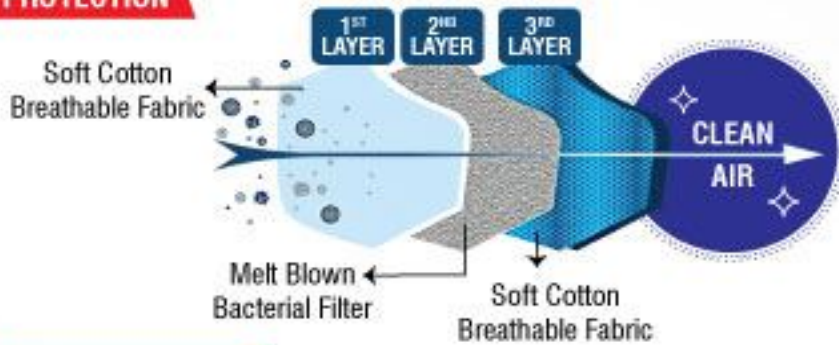


Frenchie Junior MASK

GOING OUT?
"STAY SAFE"



LAYER PROTECTION



AVAILABLE IN DIFFERENT COLOURS



3 PLY MASK
100% COTTON

EXPLORING



the new!

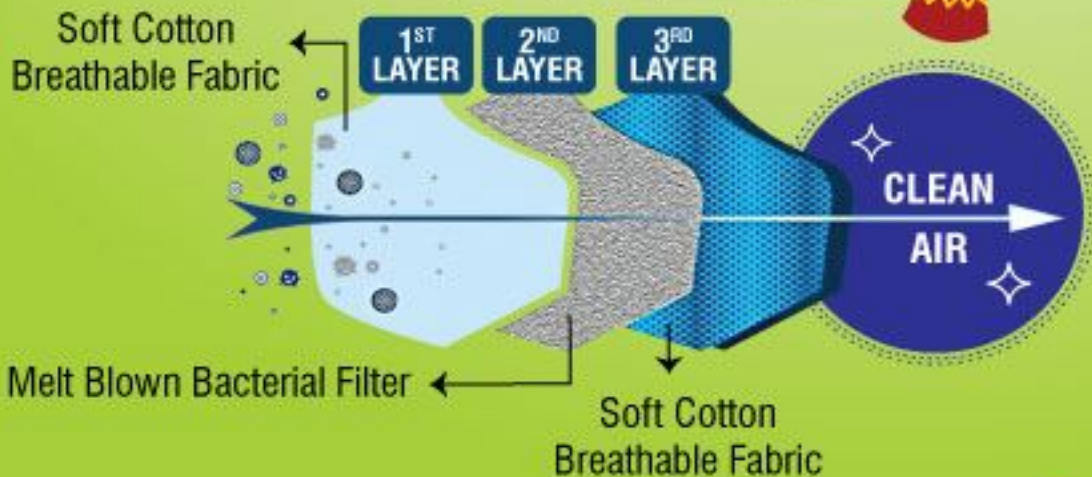
BACK TO
SCHOOL?

yes

Frenchie
Junior MASK



LAYER
PROTECTION



AVAILABLE IN
DIFFERENT COLOURS



3 PLY
MASK
100% COTTON

EXPL RING



the new!

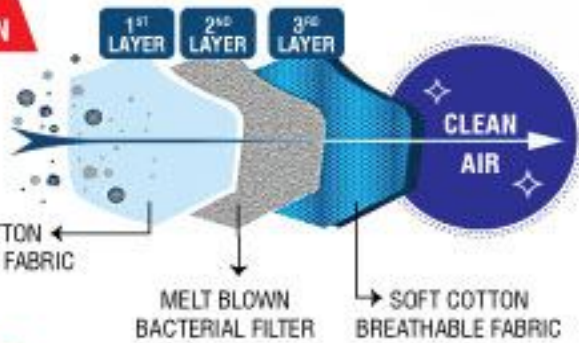


VIP[®] mask.

GOING
OUT?
"STAY
SAFE"



LAYER
PROTECTION



AVAILABLE



DIFFERENT COLOURS & DESIGNS



**3 PLY
MASK**
100% COTTON



bellla



HIPSTER

**NEW
Range
PANTIES**

mista



HIPSTER



Feelings



LEADER

Saymanay

PANTY



SMOOTH
FEEL



100% SOFT
COTTON FABRIC





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