Notes forming part of the financial statements for the year ended 31st March 2019

Note 1: Summary of significant Accounting Policies, Critical Judgments and key estimates

1. General Information

Euro Leder Fashion Limited (The "Company") is engaged in manufacture of leather Garments and has its registered office at No.99, GST Road, Pallavaram, Chennai-600043. The company is having units in Nagelkeni and Uthiramerur. The company is a public limited company and shares are listed in BSE Limited Mumbai.

2. Summary of Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the 2013 Act. The financial statements are prepared under historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below, in accordance with the Generally Accepted Accounting Principles in India and comply in all material respects with the accounting standards specified under the section 133 of the Act. All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / noncurrent classification of assets and liabilities.

2.2. Use of estimates :

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make judgements, estimates and assumptions that effect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. These 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. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting Estimatesare recognised in the period in which the estimate is revised if the revision affects only that period, or in theperiod of the revision and future periods if the revision affects both current and future periods.

2.3 Property, Plant and Equipment (PPE)

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment in value, if any. Cost includes purchase price, (inclusive of import duties and non – refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, if any. If the Company has acquired a Property, Plant and Equipment on deferred term basis and terms are beyond normal credit terms, property plant and equipment will be recognized on cash price equivalent, i.e. discounted amount. The cost of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress. The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. When parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Depreciation on Property, Plant and Equipment (Tangible assets) is generally computed on a pro-rata basis on the basis of the estimated life specified in Schedule II of the Companies Act, 2013 under Straight line method. The useful life of assets prescribed in Schedule II to the Companies Act, 2013 are considered for the purpose of Computation of Depreciation. However, If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on an annual review is different from that envisaged in the aforesaid schedule, depreciation is provided at a such rate based on the useful life / remaining useful life as technically advised. Accordingly, depreciation is provided based on the useful life indicated below which is different from that stated in Schedule II to the Companies Act, 2013.

Assets	Life (in years)
Vehicles	6
Office Equipments	10
Plant & Machinery	13

Depreciation charge on additions / deletions is restricted to the period of use. Depreciation methods, useful lives and residual values are reveiwed annually.

2.4 Impairment

Assessment is done annually as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. In such cases, impairment losses are reversed to the extent the assets carrying amount does not exceed, the carrying amount that would have been determined if no impairment loss had previously been recognised.

2.5 Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction / production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalised as part of the cost of that asset. All other borrowing costs are charged to revenue.

2.6 Inventories

Inventories are stated at lower of weighted average cost and net realisable value. Cost of inventories comprises of purchase cost, cost of conversion and other cost including manufacturing overheads incurred in bringing the inventory to present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.7 Foreign Currency Transaction

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the Functional currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are reinstated at the end of accounting period. Exchange differences on reinstatement of all monetary items are recognised in the Statement of Profit and Loss.

Derivative Financial instruments and Hedge Accounting

The Company is exposed to foreign currency risk arising out of Foreign currency revenue, receivables, cash balances, forecasted cash flows, payables and foreign currency loans. The Company has a detailed foreign currency risk mitigation policy in place, including the use of derivatives lilke the forward currency contracts/ options contracts to hedge forecasted cash flows denominate in Foreign currency.The objective of the same is to mitigate the impact of foreign currency exchange fluctations caused by transacting in foreign currency incase of future cash flows or highly probable forecast transactions. The Company enters into various foreign currency derivative contracts with Banks in the form of Forward currency contracts (‘Hedging instrument’) and recognise the financial assets / liabilities (‘hedged item’) through formal documentation of the hedging relationship in line with the Company’s Foreign currency risk management policy.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above, are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

2.8 Revenue Recognition

The company has applied Ind AS 115 ‘Revenue from contracts with customers’ with effect from 1 April 2018. The performance obligations under all sales contracts are satisfied at a point of time. Ind AS 115 did not have a material impact on the amount or timing of recognition of reported revenue.

The Company derives revenues primarily from sale of leather garments. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the probable consideration expected to be received in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount/pricing incentives varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount/pricing incentives is not recognized until the payment is probable and the amount can be estimated reliably.The company recognizes changes in the estimated amount of obligations for discounts/pricing incentives in the period in which the change occurs.

2.9 Employee Benefits

1. Short - Term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognised in the period in which the employee renders the related service.

2. Defined Contribution Plans Provident Fund

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Superannuation Fund

This is a defined contribution Plan. The company contributes sum equivalent to certain specified percentages of the eligible annual salaries based on the options exercised by the eligible employees to Superannuation Fund administered by Life Insurance Corporation of India (LIC).The Company has no further obligations for future superannuation benefits other than its annual contribution and recognises such contribution as expense as and when due.

3. Defined Benefit Plan

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") administered by LIC covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation, resignation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the other comprehensive income in the year in which they arise. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

4. Other Long term employee benefits

Compensated Absence

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Profit and Loss Statement in the year in which they arise.

2.10 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant prevailing tax laws. Tax expenses relating to the items in profit and loss shall be treated as current tax as part of profit and loss and those relating to items in other comprehensive income (OCI) shall be recognised as part of OCI.

Deferred tax is recognised for all the temporary differences between the carrying amounts of assets and liablities in the financial statements and corresponding tax bases used in computation of taxable profit. Deferred tax assets are recognised and carried forward only to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any and the same is recognised to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation law.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period. MAT shall be treated as part of deferred tax assets.

2.11 Financial instruments

Initial recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through profit or loss A financial asset which is not classified in the above category is subsequently fair valued through profit or loss.

iii. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method for trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments Derecognition of financial instruments. The company derecognizes 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 derecognition under IND AS 109.A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Impairment

All financial assets classified as at amortised cost shall be tested for impairment under Ind AS 109 and measured using Expected Credit Loss (ECL) model."

2.12 Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices inactive markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs

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

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

2.13 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. All government grants are initially recognized by way of setting up as deferred income. Government grants relating to income are subsequently recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property plant and equipment are subsequently recognised in profit or loss on a systematic basis over the expected life of the related depreciable assets. Grants recognized in Profit and Loss as above are presented within other income.

2.14 Research & Development Expenditure

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred. Items of property, plant and equipment and acquired Intangible assets utilised for Research and Development are capitalized and depreciated in accordance with the policies stated for property, plant and equipment and intangible assets.

2.15 Provisions and Contingent Liabilities

Provisions : Provisions are recognised when there is a present obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value unless the effect of time value of money is material. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities :Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

2.16 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting equity dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3. Critical accounting judgements, assumptions and key sources of estimation uncertainty

The following are the critical judgements, assumptions concerning the future, and key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1. Useful lives of property, plant and equipment

As described at Note 2.3 above, the charge in respect of periodic depreciation for the year is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed annually. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

3.2. Employee Benefits

The cost of defined benefit plans are determined using actuarial valuation, which involves making assumptions about discount rates, expected rates of return on assets, future salary increases, and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

3.3. Taxation

Significant assumptions and judgements are involved in determining the provision for tax based on tax enactments, relevant judicial pronouncements and tax expert opinions, including an estimation of the likely outcome of any open tax assessments / litigations. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available, based on estimates thereof.

3.4 Provisions and contingencies

Critical judgements are involved in measurement of provisions and contingencies and estimation of the likelihood of occurrence thereof based on factors such as expert opinion, past experience etc.

4. Recent accounting pronouncements Standards issued but not yet effective

4.1. Amendments to Ind AS 12 - Income Taxes

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The currentand deferred tax asset or liability shall be recognized and measured by applying the requirements inInd AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

4.2 Amendment to Ind AS 19 - Employee Benefits

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

5. New Accounting Standard :Ind AS 116 – Leases

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward thelessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

The Company is currently evaluating the effect of the above on its standalone financial statements

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Note 6:Property,Plant and Equipment and Capital work in progress

		Gross Block				Depreciation				Net Block	
Sl. No.	Particulars	As at 01.04.2017	Additions	Deletions	As at 31.03.2018	Upto 01.04.2017	For the Year	Adjustment	As at 31.03.2018	As at 31.03.2018	As at 01.04.2017
1	Plant & Machinery	2,26,15,229.25	1,75,09,514.00	-	4,01,24,743.25	70,14,443.20	15,20,321.00	-	85,34,764.20	3,15,89,979.05	1,56,00,786.05
2	Furniture & Fixtures	41,30,711.19	5,61,715.00	-	46,92,426.19	22,64,035.85	1,85,262.00	-	24,49,297.85	22,43,129.34	18,66,675.34
3	Motor Car	1,77,60,450.97	23,74,973.00	11,89,150.00	1,89,46,273.97	54,55,697.77	20,77,499.00	5,04,081.00	70,29,115.77	1,19,17,159.20	1,23,04,753.20
4	Computer	11,35,498.50	-	-	11,35,498.50	10,51,272.34	26,675.00	-	10,77,947.34	57,552.58	84,226.16
5	Land Purchase	8,38,17,158.00	5,64,000.00	-	8,43,81,158.00	-	-	-	-	8,43,81,158.00	8,38,17,158.00
	Total Tangible Assets	12,94,59,047.90	2,10,10,202.00	11,89,150.00	14,92,80,099.90	1,57,85,449.16	38,09,757.00	5,04,081.00	1,90,91,125.16	13,01,88,978.16	11,36,73,598.74
6	Work In Progress	19,39,377.28	0.00	-	19,39,377.28	-	-	-	-	19,39,377.28	19,39,377.28
		19,39,377.28	0.00	-	19,39,377.28	-	-	-	-	19,39,377.28	19,39,377.28
	TOTAL	**13,13,98,425.18**	**2,10,10,202.00**	**11,89,150.00**	**15,12,19,477.18**	**1,57,85,449.16**	**38,09,757.00**	**5,04,081.00**	**1,90,91,125.16**	**13,21,28,355.44**	**11,56,12,976.02**
7	Intangible Assets										
	TOTAL	-	-	-	-	-	-	-	-	-	-
	GRAND TOTAL	**13,13,98,425.18**	**2,10,10,202.00**	**11,89,150.00**	**15,12,19,477.18**	**1,57,85,449.16**	**38,09,757.00**	**5,04,081.00**	**1,90,91,125.16**	**13,21,28,355.44**	**11,56,12,976.02**

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Note 6: Property, Plant and Equipment and Capital work in progress

		Gross Block				Depreciation				Net Block	
Sl. No.	**Particulars**	**As at 01.04.2018**	**Additions**	**Deletions**	**As at 31.03.2019**	**Upto 01.04.2018**	**For the Year**	**Adjustment**	**As at 31.03.2019**	**As at 31.03.2019**	**As at 01.04.2018**
1	Plant & Machinery	4,01,24,743.25	1,78,61,308.86	-	5,79,86,052.11	85,34,764.20	23,60,502.00	-	1,08,95,266.20	4,70,90,785.91	3,15,89,979.05
2	Furniture & Fixtures	46,92,426.19	4,93,923.39	-	51,86,349.58	24,49,297.85	2,49,396.00	-	26,98,693.85	24,87,656.73	22,43,128.34
3	Motor Car	1,89,46,273.97	22,70,617.00	11,63,218.00	2,00,53,672.97	70,29,115.77	20,92,305.00	7,78,130.00	83,43,290.77	1,17,10,383.20	1,19,17,158.20
4	Computer	11,35,498.50	1,03,381.33	-	12,38,879.83	10,77,947.34	28,870.00	-	11,06,817.34	1,32,063.91	57,551.16
5	Land Purchase	8,43,81,158.00	19,23,776.00	-	8,63,04,934.00	-	-	-	-	8,63,04,934.00	8,43,81,158.00
	Total Tangible Assets	14,92,80,099.90	2,26,53,006.58	11,63,218.00	17,07,69,888.48	1,90,91,125.16	47,31,073.00	7,78,130.00	2,30,44,068.16	14,77,25,823.74	13,01,88,974.74
6	Work In Progress	19,39,377.28	-	-	19,39,377.28	-	-	-	-	19,39,377.28	19,39,377.28
		19,39,377.28	-	-	19,39,377.28	-	-	-	-	19,39,377.28	19,39,377.28
	TOTAL	**15,12,19,477.18**	**2,26,53,006.58**	**11,63,218.00**	**17,27,09,265.76**	**1,90,91,125.16**	**47,31,073.00**	**7,78,130.00**	**2,30,44,068.16**	**14,96,65,201.02**	**13,21,28,352.02**
	Intangible Assets										
	TOTAL	-	-	-	-	-	-	-	-	-	-
	GRAND TOTAL	**15,12,19,477.18**	**2,26,53,006.58**	**11,63,218.00**	**17,27,09,265.76**	**1,90,91,125.16**	**47,31,073.00**	**7,78,130.00**	**2,30,44,068.16**	**14,96,65,201.02**	**13,21,28,352.02**

	ASSETS	31.03.2019	31.03.2018
6	**NON CURRENT ASSETS**		
	(a) Property, plant and equipment	14,77,25,823.74	13,01,88,978.16
	(b) Capital work-in-progress	19,39,377.28	19,39,377.28
	Total Rs.	14,96,65,201.02	13,21,28,355.44
7	(c) Financial assets		
	(i) Investments		
	Equity Shares -Fully Paid up		
	154 Shares in Lakshmi Vilas Bank Ltd	8,751.00	8,751.00
	(Aggregate Value of quoted invesment)		
	Total Rs.	8,751.00	8,751.00
8	(ii) Other financial assets		
	Unsecured Considered Good		
	Capital Advances		
	Rental and Security Deposits	1,04,84,348.52	93,97,098.52
	Advance Income Tax & Self assessment tax	1,06,22,772.00	1,84,50,764.00
	Others advnces	27,55,800.00	64,24,806.22
	Total Rs.	2,38,62,920.52	3,42,72,668.74
	Total non-current assets	17,35,36,872.54	16,64,09,775.18
	CURRENT ASSETS		
9	**Inventories**		
	(As Certified by the Managing Director)		
	Raw Materials including Scraps	6,26,20,539.00	5,06,28,951.00
	Consumables	84,94,396.00	92,30,717.00
	Work in Progress	24,00,000.00	41,85,000.00
	Finished Goods	1,10,44,300.00	1,68,12,100.00
	Total Rs.	8,45,59,235.00	8,08,56,768.00
10	**(b) Financial Assets**		
	(i) Investments		
	Canara Rebeco Gold Saving Fund	1,37,18,498.00	1,26,69,257.79
		1,37,18,498.00	1,26,69,257.79
11	**(ii) Trade receivables**		
	Unsecured		
	Debts overdue for a period exceeding six months		
	- Considered Good (exceeds one year)	34,53,323.00	81,254.00
	- Doubtful		
	Other debts		
	- Considered Good (Current Year receivables)	13,98,11,581.40	13,06,13,446.52
	- Doubtful		
	Total Rs.	14,32,64,904.40	13,06,94,700.52
	Less: Provision for doubtful debts		
	Total Rs.	14,32,64,904.40	13,06,94,700.52

	ASSETS	31.03.2019	31.03.2018
12	**(iii) Cash and cash equivalents**		
	Cash on hand	18,984.45	8,253.45
		18,984.45	8,253.45
13	**(iv) Bank balance other than (ii) above**		
	Balances with banks		
	In Current Accounts	3,00,037.22	24,35,930.18
	In EEFC Accounts	84,03,923.08	34,33,596.00
	In Deposit	3,16,99,162.66	4,44,08,617.92
	Total Rs.	4,04,03,122.96	5,02,78,144.10
14	(v) Short term Loans and advances		
	Unsecured - Considered Good		
	Loans and advances	2,23,30,994.76	2,07,27,566.33
	Rent Deposits	20,50,000.00	21,72,000.00
	Other advances	1,07,07,282.61	2,09,74,908.22
	Total Rs.	3,50,88,277.37	4,38,74,474.55
	Less: Provision for doubtful debts		
	Total Rs.	3,50,88,277.37	4,38,74,474.55
15	**(c) Other current assets**		
	Duty Drawback Receivable	*34,86,232.00*	43,93,909.00
	Vat in put credit receivable	82,86,739.40	1,00,45,051.48
	GST receivables	2,52,16,776.70	3,84,22,401.34
	Total Rs.	3,69,89,748.10	5,28,61,361.82
	TOTAL CURRENT ASSETS	**35,40,42,770.28**	**37,12,42,960.23**
	TOTAL CURRENT AND NON CURRENT ASSETS	**52,75,79,642.82**	**53,76,52,735.41**
	CONTINGENT LIABILITIES & COMMITMENTS		
	Contingent Liabilities		
	Liability on bills discounted with banks	13,14,64,565.00	8,33,36,266.00
	Total Rs.	**13,14,64,565.00**	**8,33,36,266.00**

Note 16 Equity Share capital

Particulars	As at 31 March, 2019		As at 31 March, 2018		As at 1 April, 2017	
	Number of shares	Rs.	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised 50,00,000 Equity Shares of Rs.10/- each	50,00,000	5,00,00,000	50,00,000	50,00,000	5,00,00,000	50,00,00,000
(b) Issued, Subscribed and Fully paid up Equity shares of Rs.10/- each with voting rights	44,73,600	4,47,36,000	44,73,600	4,47,36,000	44,73,600	4,47,36,000
Less:calls in arrears	7,54,100	56,55,750	7,54,133	56,56,000	7,56,238	56,71,750
		3,90,80,250		3,90,80,000		3,90,64,250

Notes:

1. The Company has only one class of shares referred to as equity shares having a par value of Rs.10 each. Each holder of equity share is entitled to one vote per share.

2. In the event of repayment of Capital of the Company, the distribution will be in the proportion to the number of equity shares held by the shareholders.

3. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2019			
- Number of shares	44,73,600	-	44,73,600
- Amount (Rs.)	4,47,36,000	-	4,47,36,000
Year ended 31 March, 2018			
- Number of shares	44,73,600	-	44,73,600
- Amount (Rs.)	4,47,36,000	-	4,47,36,000

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

Class of shares / Name of shareholder	As at 31 March, 2019		As at 31 March, 2018		As at 1 April, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights						
Shri.RM.Lakshmanan	12,73,929	28.48%	10,80,495	24.15%	10,80,495	24.15%

Notes forming part of the Financial Statements for the year ended 31st March 2019

	Particulars	As at 31.03.2019	As at 31.03.2018
	EQUITY AND LIABILITIES		
	Equity		
16	a) Equity Share capital		
	Authorized Capital	5,00,00,000.00	5,00,00,000.00
	50,00,000 Equity Shares of Rs. 10/- each		
	Issued, Subscribed and Paid up:		
	4473600 Equity Shares of Rs. 10/- each		
	fully paid up	4,47,36,000.00	4,47,36,000.00
	Less:calls in arrears	56,55,750.00	56,56,000.00
	Total Rs.	**3,90,80,250.00**	**3,90,80,000.00**
16.1	**Shares in the Company held by each shareholder holding more than 5 per cent shares**		
	Name of the Shareholders	No of shares held	No of shares held
	Shri.RM.Lakshmanan	**1273929**	10,78,295
	% of holding	**28.48**	24.10
	The company during the period of five years immediately preceding 31st March 2019, has not issued any bonus shares, shares for consideration other than cash and has not bought back its shares. Further the company does not have any outstanding shares issued under options as on 31-03-2019		
17	b) Other Equity		
	Opening balance	8,40,03,624.84	7,68,77,466.37
	Net Profit For the current year	41,74,142.25	71,26,158.47
	Closing Balance	**8,81,77,767.09**	**8,40,03,624.84**
	GENERAL RESERVE		
	The general reserve is the profit transferred from retained earnings from time to time. There is no policy of regular transfer		
	FVTOCI RESERVE		
	Fair value through other comprehensive income reserve represents the balance in equity for items to be accounted in other comprehensive income (OCI). The company has opted to recognize the changes in the fair value of certain investments in equity instruments. The company transfers amount from this reserve to retained earnings in case of loss/gain on actual sale.		
	RETAINED EARNINGS		
	Represents the portion of net income / (loss) of the company that has been retained / carried over by the company.		

	Particulars	As at 31.03.2019	As at 31.03.2018
	Liabilities		
	Non-current liabilities		
18	a) 'Deferred tax liabilities (Net) Tax Liability on difference between book depreciation and depreciation under the Income tax act 1961 Tax Act 1961.	20,39,433.00	10,69,507.00
19	Other Long term Liabilities	-	21,61,119.00
20	Long term provisions	1,28,67,827.00	1,34,73,103.00
	TOTAL RS.	**1,49,07,260.00**	**1,67,03,729.00**
	Current liabilities		
21	**(a) Financial liabilities**		
	a) Short Term Borrowings-Secured-Ref Note No.21.1, 21.2 & 21.3		
	a) Packing Credits	5,43,84,286.19	4,92,72,429.19
	b) Bills negotiation with bank	13,14,64,565.00	8,33,36,266.00
	c) Packing Credit foreign curreny (in Rs.)		-
	d) Canara Bank VSL MSE in Rs.	-	2,50,00,000.00
	TOTAL RS.	**18,58,48,851.19**	**15,76,08,695.19**
21.1	Deposit of title deeds of land at adyar belong to the one of the directors relative of the Company		
21.2	First charge on Hypothication of Raw materials, Work in progress, Finished goods, consumable stores and spares meant for Exports and all other movable goods and properties of every description, Book Debts Present and Future, Plant and Machinery &		
21.3	Personal guarantee of Two directors of the company		
22	**ii) 'Trade payables**		
	Trade Payable-Suppliers	13,88,55,851.61	14,51,35,354.88
		13,88,55,851.61	**14,51,35,354.88**
23	**b) Other current liabilities**		
	Other Current Liabilities	5,34,54,486.93	8,68,73,653.93
	Statutory Dues	10,55,176.00	11,41,646.00
	Due to Directors	-	5,06,031.57
	TOTAL RS	**5,45,09,662.93**	**8,85,21,331.50**
24	**c) 'Short-term provisions**		
	Provision for Income Tax	62,00,000.00	66,00,000.00
		62,00,000.00	**66,00,000.00**
	TOTAL CURRENT LIABILITIES	**52,75,79,642.82**	**53,76,52,735.41**

25 Revenue from operations	Year ended 31 March 2019	Year ended 31 March 2018
SALE OF PRODUCTS		
Export Sales	73,15,93,367.00	74,03,78,192.00
Local Sales	3,24,890.00	-
Second Sales	-	94,470.00
GST SALES	33,63,245.00	86,06,298.87
CST SALES	-	21,36,608.00
	73,52,81,502.00	75,12,15,568.87
OTHER OPERATING REVENUES		
Duty Draw Back received	2,10,43,170.00	4,89,03,367.00
Import License Sold	3,41,54,554.00	2,58,00,207.36
TOTAL	5,51,97,724.00	7,47,03,574.36
TOTAL	79,04,79,226.00	82,59,19,143.23
26 Other Income		
INTEREST INCOME		
Interest received	15,56,056.11	32,58,424.73
export sample income	3,37,183.73	-
Insurance Claim Received-Factory	38,079.30	-
income from investment	49,240.21	-
Interest from KDR	5,25,671.63	-
profit on sale of assets	23,543.00	-
Development charges	-	10,500.00
Discount Allowed & procesing income	-	30,404.33
Exchange Difference	1,74,94,930.47	1,59,95,802.63
TOTAL	2,00,24,704.45	1,92,95,131.69
27 Cost of materials consumed (Ref Note No.27.1.27.2)		
Materials Consumed- Leathers		
Opening Stock	5,06,28,951.00	2,74,87,441.00
Add : Purchases	48,74,64,901.00	58,60,97,247.23
	53,80,93,852.00	61,35,84,688.23
Less : Closing Stock	6,26,20,539.00	5,06,28,951.00
TOTAL	47,54,73,313.00	56,29,55,737.23
Materials Consumed- Consumables		
Opening Stock	92,30,717.00	59,22,708.00
Add : Purchases	10,31,14,683.85	8,96,77,390.06
	11,23,45,400.85	9,56,00,098.06
Less : Closing Stock	84,94,396.00	92,30,717.00
	10,38,51,004.85	8,63,69,381.06
Add : Chemical Purchase	47,71,429.69	47,02,798.67
	10,86,22,434.54	9,10,72,179.73
TOTAL	58,40,95,747.54	65,40,27,916.96
28 Changes in inventories of finished goods work-in-progress and Stock-in-Trade		
Increase/ (Decrease) In stock :-		
Opening Stock		
Finished Goods	1,68,12,100.00	97,33,550.00
Work In Progress	41,85,000.00	15,47,500.00
	2,09,97,100.00	1,12,81,050.00
Closing Stock		
Finished Goods	1,10,44,300.00	1,68,12,100.00
Work In Progress	24,00,000.00	41,85,000.00
Increase / (Decrease In Stock)	75,52,800.00	-97,16,050.00

29 Employee Benefits Expense		
Salaries and incentives		
Directors Remuneration	15,00,000.00	15,00,000.00
Sri. R.M.Lakshmanan Whole Time Director		
HRA To Directors :-	9,00,000.00	9,00,000.00
Sri. R.M.Lakshmanan Whole Time Director		
Salaries & Wages	3,88,72,309.50	3,88,17,418.00
Security Charges	5,07,364.42	3,14,759.14
TOTAL	4,17,79,673.92	4,15,32,177.14
Contributions to		
Contribution to Provident fund	21,67,463.00	22,00,420.00
Contribution to ESIC	3,97,215.00	3,86,582.00
Staff welfare expenses	21,25,617.18	22,38,193.33
TOTAL	46,90,295.18	48,25,195.33
GRAND TOTAL	4,64,69,969.10	4,63,57,372.47
30 Finance costs		
Interest Paid to Banks	1,18,83,356.05	94,63,922.00
Bank Charges	38,00,649.10	49,74,483.81
TOTAL	1,56,84,005.15	1,44,38,405.81
31 Depreciation and amortization expense		
Depreciation	47,31,073.00	38,09,757.00
	47,31,073.00	38,09,757.00
32 Other expenses		
Rent Paid	1,33,73,818.00	1,11,17,099.00
Annul Listing Fees	3,04,000.00	2,68,767.00
Agm Expeneses	22,229.00	68,695.00
Annual Maintanance Charges	-	83,170.00
Rate & Taxes	1,11,78,575.36	9,28,824.00
Insurance	6,93,912.07	7,60,188.59
Packing Material Consumed	32,87,710.44	41,93,550.20
Air Freight & Transport Charges	2,14,42,414.13	2,42,06,420.46
Export Agency Commission	54,54,244.00	93,25,722.00
Postage,Telegram & Telephone	14,67,171.19	15,73,024.43
Printing & Stationery	6,29,822.00	5,65,217.00
Travelling & Conveyance	11,60,643.60	12,03,569.00
Tours and Travelling Expenses (including overseas)	62,92,065.72	39,06,564.52
Repairs & Maintenance :-		
a. Building	50,01,989.35	13,12,223.00
b. Computers	83,734.09	3,64,379.45
c. Others	41,05,999.48	13,30,139.60
d. Plant & Machinery	25,12,439.44	53,59,338.61
Sitting Fees	32,000.00	40,000.00
Advertisement Charges	61,300.00	49,200.00
Professional Charges	17,49,696.00	4,87,662.00
Boarding and lodging expenses	-	2,37,550.09
Rate difference	1,25,78,562.00	
Bad Debts Written Off	25,19,330.74	4,66,263.24
Gratuity Paid	3,82,400.00	3,25,000.00
Bonded Storage	-	8,511.75
Clearance Charges	-	64,500.00

Disbursement Fee	14,74,217.34	11,285.58
ED Cess Paid	-	51,363.84
general exp	2,000.00	
Handling Charges	1,600.00	9,56,570.52
KKC Paid		8,944.58
Late Fee Filing Gst	-	450.00
Other Charges	5,606.74	58.00
Stock exchange fee	5,64,040.00	
Pattern Development Charges-Export	-	7,07,757.00
Swatch Barath Paid		9,222.36
Warehouse Charges & Cess	11,546.25	26,481.25
Bonus Paid	-	32,56,470.00
Leave Encashments	2,17,790.00	49,972.00
Donations	67,800.00	30,500.00
Documentation Charges	-	-
Service Tax paid	-	5,59,585.68
ECGC Premium	5,14,373.00	2,53,172.00
Vehicle Maintenance	25,33,174.27	19,33,369.17
Forward contract Loss	-	-
Export Promotion Expenses	68,49,328.41	91,80,281.53
Pooja Expenses	-	1,96,277.00
Interest paid	-	1,11,362.00
FST Charges	-	3,597.00
Office Maintanance	3,41,493.73	2,20,982.48
Books & Periodicals	1,520.00	1,200.00
Entertainment expenses	-	-
Loss on sale of assets	2,27,331.00	5,80,781.00
Inspection charges	-	1,036.00
Rounded off	4.44	-305.94
Membership & Subscription	-	2,950.00
Power & Fuel	20,47,246.77	24,43,418.61
Electricity Charges	57,08,255.00	50,30,327.00
Labour Charges	73,88,904.25	2,03,91,738.38
Leather Processing Charges	1,30,97,247.83	53,76,285.88
Commission Paid	36,89,719.67	42,97,041.95
Duty Paid-Customs	16,68,281.10	15,46,209.40
Audit Fees (Ref Note No.33.1)	1,05,400.00	1,01,000.00
Income tax paid	13,29,648.00	-
TOTAL	14,21,80,584.41	5,84,963.21
33.1 Amount Paid / Payable to Auditors		
Audit Fees	75,000.00	75,000.00
Taxation	25,000.00	25,000.00
Certification fees	5,400.00	1,000.00
TOTAL	1,05,400.00	1,01,000.00
27.1 Raw material Consumed		
Leather- 7863915 Sq.Ft 10190266 Sq.Ft	47,54,73,313.00	56,29,55,737.23
Other Accessories	10,86,22,434.54	9,10,72,179.73
	58,40,95,747.54	65,40,27,916.96
27.2 Value of imported/indigeneous material consumed		
Import-Landed Cos-10.43% & 10.18%	6,09,50,137.15	8,96,77,390.06
Indigeneous-89.57% & 89.82%	52,31,45,610.39	56,43,50,526.90
Total -100%	58,40,95,747.54	65,40,27,916.96

Note No.33

Other disclosures as per requirements in revised schedule iii of Companies act 2013.

Contingent Liabilities

Particulars	**As at 31 March, 2019 Rs.**	**As at 31 March, 2018 Rs.**	**As at 31 March, 2017 Rs.**
33. Contingent liabilities and commitments (to the extent not provided for)			
(i) Contingent liabilities			
(a) Guarantees	-	-	-
(b) Unexpired letters of credit	-	-	-
(c) Disputed tax/duty demands under appeal (Refer Note 1 below)	4,04,363	14,67,193	4,04,363
(ii) Commitments			
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Property, Plant and Equipment			
* Includes amounts under dispute for various assessment years adjusted unilaterally by Income tax assessment authorities with carried forward business losses.			

Note 1 - Disputed tax/duty demands and disallowances under appeal

Name of the Statute and nature of Dispute	**Amount (Rs.)**	**Period to which the amount relates**	**Forum where Dispute is Pending**
Income Tax Act, 1961			
Income tax demand for the A.Y 2001-02	4,04,363.00	2001-02	ITAT appeal
Income tax demand for the A.Y 2014-15	10,62,830.00	2014-15	CIT appeal
Note: - Figures in brackets relate to the previous year.			

(i) Details of Auditors' Remuneration:

	Details 2018-19 Rs.in lakhs	2017-18 Rs.in lakhs
Statutory Audit	0.75	0.75
Tax Audit	0.25	0.25
Certification charges	**0.05**	**0.01**
Total	**1.05**	**1.01**

ii) Confirmation of balances from Debtors and Creditors have not been received in certain cases.

iii Items of revenue / expense amounting to more than 1% of total value has been disclosed separately.

iv) Previous year's figures have been re-grouped wherever necessary to conform to this year's classification.

v) As per IND AS 19, Employees Benefit, the disclosure of employees benefits as defined in the Accounting standard are given below:

vi) EARNING PER SHARE (EPS)

	31.03.2019	31.03.2018
Profit as per Profit & Loss account (Rs.Inlacs).	97.89	107.12
Weighted Average number of equity shares (in lacs)	39.08	39.08
Basic and Diluted Earnings Per Share (Rs. P).	1.07	1.82
Nominal Value of Shares (Rs.).	10/-	10/-

vii). RELATED PARTIES TRANSACTIONS:

As per the IND AS 24 – Related party transactions, the company's related party and the details of transactions the company had with them are given below:

a) Key Managerial Personnel and relatives of Key Managerial Personnel

Name of the Key Managerial personnel	Designation
1. Sri. RM.Lakshmanan	Whole Time Director
2. Sri.N.MeenakshiSundaram	Director-retired on 18.09.2018
3. Sri S.Jambunath	Director-retired on 18.09.2018
4. Mrs.jayamalini	Director
5. Avinash Ananthanarayanan	Director Appointed on 17.09.2018
6. Ms.Aishwarya N	Director-Appointed on 12.11.2018
7. M Nagendra	Chief Financial Officer

b) Relatives of Key Managerial Personnel-

1. Late Meenal. L, Wife of RM.Lakshmanan
2. Sajith Chandran, Husband of S.Jayamalini

c) Disclosure in respect of related party transactions

Nature	2018-19	2017-18
Rent-Late.Meenal.L	1050000	1800000
Rent- RM.Lakshmanan	225000	0
Rent- L.Ramanathan	225000	0
Rent -L Shwetha	225000	0
Salary-Mr.Sajithchandran	741000	629000
Outstanding payable as on 31 March 2019		
Late.L.Meenal	0	135000
Rent- RM.Lakshmanan	45000	0
Rent- L.Ramanathan	45000	0
Rent -L Shwetha	45000	0
Mr.SajithChandran	57000	48300

Mrs.Meenal died in sept 2018 and the shares were given in equal proportion to the legal heirs.

d. Remuneration to key management personal

Name	Rs. in Lakhs	Rs. in Lakhs
M.Nagendra- Chief Financial Officer	6.84	6.18

VIII) Disclosure of Fair value measurements

(a) Financial Instuments by category:-

The following table provides categorization of all financial instruments

Particulars	Amortised Cost Amount in rupees	Fair Value thru Profit and Loss
As at 31-03-2019		
Financial Assets		
Investments	1,37,18,498.00	8,751.00
Trade Receivables	14,32,64,904.00	
Cash and Cash Equivalents	18,984.00	
Other Financial Assets	2,38,62,920.00	
Financial Liabilities		
Borrowings	18,58,48,851.00	
Trade Payables	13,88,55,851.00	
Other financial liabilities	5,45,09,662.00	
As at 31-03-2018		
Financial Assets		
Investments	1,26,69,257.79	8,751.00
Trade Receivables	13,06,94,700.52	
Cash and Cash Equivalents	8,253.45	
Other Financial Assets	3,42,72,668.74	
Financial Liabilities		
Borrowings	15,76,08,695.19	
Trade Payables	14,51,35,354.88	
Other financial liabilities	8,85,21,331.50	
As at 01-04-2017		
Financial Assets		
Investments	1,22,15,790.05	8,751.00
Trade Receivables	14,42,64,362.40	
Cash and Cash Equivalents	8,179.45	
Other Financial Assets	3,24,28,036.77	
Financial Liabilities		
Borrowings	16,76,41,879.19	
Trade Payables	10,42,69,164.44	
Other financial liabilities	5,36,77,825.12	

(b) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by Valuation technique:

Level 1: Quoted (Unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

IX) Financial Risk Management

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management frame work and thus established a risk management policy to identify and analyse the risk faced by the Company. Risk Management systems are reviewed by the BOD periodically to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit committee is assisted in the oversight role by Internal Audit. Internal Audit undertakes reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes forming part of the Financial Statements for the year ended 31st March 2019

Note 34 : Income Taxes

(i) Reconciliation between average effective tax rate and applicable tax rate

The Company does not have any taxable profits during the year. Further, deferred tax has also not been recognized for reasons stated in Note 1 below. Accordingly, the disclosure relating to reconciliation of income tax expenses to applicable tax rates is not applicable.

(ii) Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance sheet.

Particulars				**(In Rs.)**
	For the Year ended 31 March 2019			
	Opening Balance	**Recognised in Profit and Loss**	**Recognised OCI**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	(10,69,507)	(9,69,926)	-	(20,39,433)
Tax effect of items constituting deferred tax assets				
Employee Benefits	-	-	-	-
Total	**-**	**-**	**-**	**-**
Net Tax Asset / (Liabilities)	**(10,69,507)**	**(9,69,926)**	**-**	**(20,39,433)**

Particulars				**(In Rs.)**
	For the Year ended 31 March 2018			
	Opening Balance	**Recognised in Profit and Loss**	**Recognised OCI**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	(5,83,756)	(4,85,751)	-	(10,69,507)
Tax effect of items constituting deferred tax assets				
Employee Benefits	-	-	-	-
Total	**-**	**-**	**-**	**-**
Net Tax Asset / (Liabilities)	**(5,83,756)**	**(4,85,751)**	**-**	**(10,69,507)**

Note 35 : Financial Instruments

A. Capital risk management The capital structure of the company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the company which comprises issued share capital and accumulated reserves disclosed in the Statement of Changes in Equity.

The company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

Particulars	**As at 31 March 2019**	**As at 31 March 2018**	**As at 1 April 2017**
Debt (Refer Note 21)	18,58,48,851.00	15,76,08,695.19	14,81,26,644.19
Cash and Bank Balance	4,04,03,122.00	-5,02,86,397.55	-5,11,01,322.00
Total Debt	**22,62,51,973.00**	**10,73,22,297.64**	**9,70,25,322.19**
Total Equity	12,72,58,017.00	12,30,83,624.84	10,97,75,479.39
Net Debt to equity ratio	**1.78**	**0.87**	**0.88**

B. Financial Risk Management

ii) Interest rate risk The company is exposed to interest rate risk as the company borrows funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings. The use of interest rate swaps are also entered into, especially to hedge the floating rate borrowings or to convert the foreign currency floating interest rates to the domestic currency floating interest rates.

b) Credit risk Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counter parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, concentrated in the automoile industry, mainly the Original Equipment Manufacturers ("OEM"). Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, security deposits are received from customers.

At 31 March 2019, the company did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the maximum exposure to credit risk.

c) Liquidity Risk

The company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for the company. The company has established an appropriate liquidity risk management framework for it's short term, medium term and long term funding requirement

d) Details of outstanding forward exchange contracts #

Currency pair	Currency	Currency value	Average exchange rate	Nominal Value (Rs.)	Buy/Sell
As at March 31, 2019					
USD/INR	US Dollar	Nil		-	Buy
EURO/INR	EURO	Nil		-	Buy
As at March 31, 2018					
USD/INR	US Dollar			-	Buy
EURO/INR	EURO	74,500.00	76.38	56,90,310	Buy
As at April 1, 2017					
USD/INR	US Dollar	2,00,000.00	67.18	1,34,35,000	Buy
EURO/INR	EURO	2,00,000.00	73.18	1,46,36,000	Buy

Note xii: Approval of Financial Statements

The financial statements were approved for issue by the board of directors on 25.05.2019.

Financial arrangements

The company has access to the following undrawn borrowing facilities:

Particulars	31-03-2019 (Rs.in lakhs)	31-03-2018 (Rs.in lakhs)
Expiring within one year	1858.49	1576.08
Working capital and other facilities		
Expiring beyond year	Nil	Nil

Maturities of Financial Liabilities

Nature of Financial Liability	Less than 1 year (Amount in Rs.) .	1-5 years (Amount in Rs.) .
As at 31.03.2019		
Borrowings from Banks	18,58,48,851.19	-
Trade payables	13,88,55,851.61	-
Other financial liabilities	5,45,09,662.93	-
As at 31.03.2018		
Borrowings from Banks	15,76,08,695.19	-
Trade payables	14,51,35,354.88	
Other financial liabilities	8,85,21,331.50	-

xii.Foreign Currency Risk

The Company's exposure in USD and other foreign currency denominated transactions in connection with import of cotton, capital goods & spares, besides exports of finished goods in foreign currency, gives rise to exchange rate fluctuation risk. The Company has following policies to mitigate this risk: Decisions regarding borrowing in Foreign Currency and hedging thereof, and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contract after taking into consideration the anticipated Foreign exchange inflows/ outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

The company's exposure to foreign currency risk (Un –hedged) as detailed below:

Currency (Amount in Rs.)

Currency	**Trade Payables**	**Trade and other receivables**		
In USD				
As at 31-03-2019	Nil	14,98,545.00	69.50	104148895
As at 31-03-2018	Nil	10,15,665.00	65.04	66063016
As at 31-03-2017	Nil	13,02,370.00	64.81	84412330
As at 01-04-2016	Nil	6,53,434.00	66.17	43237728
In EURO				
As at 31-03-2019	Nil	4,89,584.00	79.50	3,8921928
As at 31-03-2018	Nil	8,45,257.00	80.62	68146479
As at 31-03-2017	Nil	8,32,375.00	69.20	57597686
As at 01-04-2016	Nil	14,28,414.00	75.36	107645279

Foreign currency sensitivity analysis

Currency	As at March 31, 2019	Sensitivity +1%	Sensitivity -1%	As at March 31, 2018	Sensitivity +1%	Sensitivity -1%
USD	104148895	1041488	(-104148)	66063016	660630	(66063016)
Euro	3,8921928	389219	(389219)	68146479	681464	(681464)

Cash flow and fair value interest rate risk:

Interest rate risk arises from short term borrowings with variable rates which exposed the Company to cash flow interest rate risk. The Company is exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing, which is mainly addressed through the management of the fixed/floating ratio of financial liabilities. The Company constantly monitors credit markets to strategize a well-balanced maturity profile in order to reduce both the risk of refinancing and large fluctuations of its financing cost.

The Company believes that it can source funds for both short term and long term at a competitive rate considering its strong fundamentals on its financial position.

xiii) Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the Shareholders' wealth. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus debt.

For S. RAMAKRISHNAN ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No.006637S

On Behalf of the Board of Directors

(S.RAMAKRISHNAN)
Partner
Membership No.025936

RM.Lakshmanan
Whole Time Director
(DIN: 00039603)

Smt.Jayamalini
Director
(DIN: 0825482)

M.Nagendra
Chief Financial Officer

Note 36: Operating Lease arrangements

Leasing arrangements

Future Non-Cancellable minimum lease commitments

(Amount in Rs)

Particulars	31-Mar-19	31-Mar-18
Not later than one year	1,10,71,500	1,18,21,500
Later than one year and not later than five years	-	45,48,000
Later than five years	-	-

Expenses recognised in the Statement of Profit and Loss

(Amount in Rs)

Particulars	31-Mar-19	31-Mar-18
Minimum Lease Payments	1,33,73,818.00	11,117,099.00
Sub-lease payments	-	-
Contingent rents (state basis)	-	-