

ACTIVE CLOTHING CO LIMITED
E-225, PHASE-VIII-B, INDUSTRIAL AREA, MOHALI

Notes to financial Statements for the year ended 31st March, 2019

Background and nature of Operations

Active Clothing Co Limited (The Company) is a Public Limited Company Incorporated under the provisions of Companies Act,1956 on 27.02.2002 . The Company is engaged in Manufacture of Apparels. Shares of the Company are listed on BSE-SME Exchange.

30. SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial results in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III to the Companies Act, 2013. Based on the nature of services 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 twelve months for the purpose of current/ non-current classification of its assets and liabilities.

B) USE OF JUDGEMENT AND ESTIMATES

The preparation of the financial results in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial results and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial results in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial results.

C) REVENUE RECOGNITION

i) Sales are accounted for at the time of issuance of bill/invoices to the customers.

li Revenue in respect of the export incentives is recognized on post export basis.

D) EMPLOYEES' BENEFIT

Short term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognized in the statement of profit and loss in the period in which the employee renders the related service.

Post-employment benefits

Defined contribution plan Provident fund

The company makes specified contribution towards employee provident fund to Employees Provident Fund administered by the Regional Provident Commissioner. The Company's contribution to provident fund, being a defined contribution plan, is recognized in the statement of profit and loss in the financial year to which it relates

Defined benefit Gratuity Plan

The company has not provided for in the books of accounts as required by IAS-19 issued by the Institute of Chartered Accountants of India.

E) PROPERTY, PLANTS AND EQUIPMENTS

Fixed Assets are carried at cost of acquisition less accumulated depreciation. Costs include all expenses incurred to bring the asset to its present location and condition.

F) DEPRECIATION AND AMORTISATION

Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective 01 April 2014, the management has reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for year ended 31 March 2018 is provided on written down value method as per the rates prescribed under Schedule II of the Companies Act, 2013.

Block of asset	Useful life as per Companies Act, 2013 (in years)
Buildings	30
Plant and machinery	15
Furniture and fixture	10
Office equipment	5
Computers	3
Vehicles	8 – 10

BORROWING COST

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the date on which each assets is put to use as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

H) FOREIGN EXCHANGE TRANSACTIONS

Foreign currency transactions are recorded at the exchange rates prevailing at the date of

transaction. Exchange differences arising on settlement of transactions are recognized as income or expense in the year in which they arise.

I) Provision and Contingent Liabilities :

i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:

a) the Company has a present obligation as a result of a past event ;

b) a probable outflow of resources embodying economic benefits is expected to settle the obligation ; and

c) the amount of the obligation can be reliably estimated

ii) Contingent liability is disclosed in case there is :

a) (i) possible obligation that arises from past events and 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 enterprise ; or

(ii) a reliable estimate of the amount of the obligation cannot be made.

b) a present obligation arising from past events but is not recognized

i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation ; or

(ii) a reliable estimate of the amount of the obligation cannot be made.

J) INVENTORIES

Raw Material , Work in Progress, Store & Spares, Finished Goods are valued at lower of cost or market value (net releasable value). Costs includes direct material and labor costs and proportion of manufacturing over heads.

K) GOVERNMENT GRANTS AND SUBSIDIES:

a) Government grants and subsidies are recognized as and when the same are received.

b) Capital Government Grants or Subsidies relating to specific fixed assets are deducted from the gross value of the respective fixed assets and other capital grants are credited to Capital Reserve.

c) Other Government Grants or Subsidies relating to an expense item are deducted from related expenses.

L) ACCOUNTING FOR TAXES ON INCOME

Provision for taxation has been duly made under the Income Tax Act, 1961.

Deferred tax is recognized for all timing differences. Deferred tax assets are carried forward to the extent it is reasonably / virtually certain that future taxable profit will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed at each balance sheet date and written down/written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or

substantively enacted at the balance sheet date.

In Crores

31. CONTINGENT LIABILITIES:	31.03.2019	31.03.2018
(i) Letter of Credits outstanding	1.31	1.31
(ii) Bank Guarantees and letters of Credit outstanding	0.71	0.60
(iii) Unhedged Foreign Currency Exposure	7.80	8.87
(iv) Other monies for which the company is Contingently liable.	NIL	NIL

32. IMPAIRMENT OF ASSETS:

In accordance with the Accounting Standard (Ind AS)-36 on "Impairment of Assets" the Company has assessed as on the balance sheet date, whether there are any indications (Listed in paragraphs 8 to 10 of the Standard) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

33. EARNING PER SHARE

The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (Ind AS)-33 on "Earning Per Share" issued by Companies (Accounting Standard) Rules, 2006.

A statement on calculation of basic EPS is as under:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Net Profit after tax attributable to equity Shareholders (A)	30627802.15	23713632.67
Weighted average number of equity shares (B)	15512215	439231*
Basic earning per Share (Rs.) (A)/(B)	1.97	53.99
Diluted earning per share (Rs.)	1.97	53.99

*Weighted average number of equity shares have been calculated on the number of days the IPO proceeds were ploughed in business.

34. RELATED PARTY DISCLOSURE

(a) Disclosure of Related Parties and relationship between the parties.

1. Subsidiaries NIL

2. Associates Again Lifestyle Pvt. Ltd.

Purchase	8283302.65
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3. Key Management Personnel

PARTICULARS	Director Salary
Sh.Rajesh Mehra	1200000.00

Relative of Key Management Personnel

PARTICULARS	Nature	Amount
Rajesh Mehra HUF	Royalty	600000.00
Kalika Mehra	Salary	360000.00
	Professional fee	1350000.00

35. The Information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per revised Schedule -III of the Companies Act, 2013.

(a) CIF VALUE OF IMPORTS

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Raw Material/Consumables	4141410.83	5232267.19
Machinery	1357043.46	102118370.00
TOTAL	5498454.29	107350637.19

(b) EXPENDITURE IN FOREIGN CURRENCY

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
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Foreign Travelling	1883725.69	1876341.00
TOTAL	1883725.69	1876341.00

(c) EARNING IN FOREIGN CURRENCY

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
FOB value of Export	16790336.14	5855683.00
TOTAL	16790336.14	5855683.00

(d) VALUE OF RAW MATERIALS CONSUMED

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Material consumed	1104196404.60	910615845.43

36. Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

FOR AND ON BEHALF OF THE BOARD

For Jiwan Goyal & Co
Chartered Accountants
FRN 012874N

(DIRECTOR)

(DIRECTOR)

(Jiwan Goyal)
Proprietor
Membership No. 091937

(CFO)

(C.S.)

Dated : 27.05.2019

Place; Mohali