

SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The financial statements are prepared in accordance with India Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which area measured at fair values. GAAP comprises mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

(b) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and , if material, their effects are disclosed in the notes to the financial statements.

(c) Revenue Recognition

Revenue on sale of products is recognised when the products are delivered to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales & Purchases are stated net of trade discount, returns and taxes collected.

(d) Provisions and contingent liabilities

A provision is recognized, if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

(e) Fixed Assets & Depreciation thereon

- i) Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation. The cost of assets includes other direct/ indirect and incidental cost incurred to bring them into their present location.
- ii) Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II,

(f) Retirement benefits to employees

- Gratuity

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment with the company.

- Provident Fund

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

(g) Inventories

Inventories of Traded Goods are stated at cost or net realizable value, whichever is lower. Cost comprises all cost of purchase and other costs which are being incurred in bringing the inventories to their present location and condition.

(h) Provision for Current Tax & Deferred Tax

Provision for income tax is made on the basis of estimated taxable income for the year at current rates. Tax expenses comprises of Current Tax, and Deferred Tax at applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/recoverable in respect of the taxable income/loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax asset is recognized and carry forward to the extent that there is a reasonable certainty that the assets will be realise in future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation of assets.

(i) Investments

Company's Investments are Non-Current Investments in nature being Investment in Subsidiary Company. Non-Current Investments are stated at cost. A provision for diminution in the value of Investments is made for each investment individually if such decline is other than temporary.

(j) Current Assets, Loans and Advances & Liabilities

In the opinion of the Board of Directors, the Current Assets, Loans and Advances and Current Liabilities are approximately stated if realized in the ordinary course of business. As no confirmatory letters were submitted from Debtors and Creditors, their balances are reflected in the Balance Sheet as appearing in the books. The provisions for all other liabilities is adequate and not in excess of the amount reasonably necessary.

(k) Regrouping of Previous Year figures

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amount and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

NOTES ON ACCOUNTS AND OTHER DISCLOSURES :

(a) Earning Per Share :

Basic earning per share is calculated by dividing net profit for the period attributed to equity shareholders [after deducting tax expenses] by total number of equity shares outstanding at the end of year.

A. EPS As on 31.03.2019

EPS	Net Profit after tax	2,70,29,160	=2.83
	Weighted Average No. of Equity Shares Outstanding	95,48,137	

B. Adjusted EPS as on 31.03.2018

EPS	Net Profit after tax	2,52,68,241	=3.84
	Weighted Average No. of Equity Shares Outstanding	65,79,052	

(b) Contingent Liabilities :

Contingent Liabilities represents claims against the company not acknowledged as debts includes, a) the appeal lying with Deputy Commissioner of Sales Tax, VAT Department, Maharashtra for demand of Rs. 2,94,020 of FY 2012-13 (tax paid of 13,900). Further Bank Guarantee issued against Work Order Received Outstanding of Rs. 4,33,81,138 against which Margin @ 25% has paid

(c) Due to Micro and Small Enterprises :

We have sent letter to our creditors, however no response has been received from them. Therefore, we are unable to bifurcate creditors in to micro and small enterprises.

(d) Payment to Auditors :

Statutory Audit Fees :50,000/- Other capacity : 20,000/-

(e) IPO issue : The Company is listed on NSE Emerge on 9th October, 2018. During the half year, the company has raised Rs. 18,90,00,000, by way of issue of 30,00,000 equity share of Rs. 10 each at premium of Rs. 53 per share , totaling to price of Rs. 63 Per share. Amount so raised has been utilised as per the object of the Issue.

(f) Deferred IPO Expenses :

The Company has incurred Rs. 1,43,36,721 towards IPO expenses, in nature of Merchant banker Fees, Stock Exchange fees, Advisor Fees, Registrar to the Issue fees, Legal Advisor Fees, Travelling Exp., Forms Printing & Stationary and other expenses. n the opinion of the management of the company and as per their best estimate, benefit of such expenses will be available beyond 1 financial year to company and up to the approximate 5 financial years from the date of realization of IPO proceeds, hence looking to long term benefit IPO expenses has been deferred for next 5 years commencing from the realization of IPO proceeds.

(g) Related Party Disclosures

(1) Related parties & their relationship

i) Subsidiary/Entities significantly influenced by Directors and / or Relative of Directors

- Poonam Furniture
- Paradise Furniture
- Pearl Furniture Pvt. Ltd. (Subsidiary w.e.f. 1st June, 2017)
- Parin Motors
- Prince Furniture
- Deven Impex

ii) Key Managerial Personnel

- Umesh D Nandani - Managing Director
- Parin U Nandani - Director
- Deven D Nandani -
Director
- Kamal M Shah - Chief Financial Officer
- Krishna Lodhiya - Company Secretary

(2) Transactions with related parties

(Rs. in lacs)

Particulars	Subsidiary/Entities significantly influenced by Directors and or Relative of Directors	Key Managerial Personnel & their relatives	Total
Expenses paid	-	40.22	40.22
Purchase of Goods (Excluding Tax)	3516.04	-	3516.04
Remuneration	-	35.82	35.82
Revenue/Sales (Excluding Tax)	3.29	-	3.29
Loan Taken	-	356.74	356.74
Loan Repaid	-	579.10	622.74

(3) Balances with Related Parties as at 31st March, 2019

(Rs. in lacs)

Particulars	Subsidiary/Entities significantly influenced by Directors and or Relative of Directors	Key Managerial Personnel & their relatives	Total
Trade Receivables, Loans & Advances, Advances to suppliers of	282.39	-	282.39
Trade Payables for Goods , Expenses	19.00	-	19.00
Investment	405.58	-	405.58
Unsecured Loan	-	270.33	270.33

(4) Disclosure of material transactions/balances with related parties

(Rs. in lacs)

	Particulars	Nature of Transaction	FY 2018-19	FY 2017-18
	Investment - Pearl Furniture Pvt. Ltd	Share Purchase	405.58	405.58
	Revenue: (Basic Value)	Nature of Transaction		
	Poonam Furniture	Sales of Goods	2.57	1.42
	Perfect Industries	Sales of Goods	-	2.77
	Parin Motors	Sales of Goods	0.72	9.32
	Expense Paid:			
	Deven D Nandani	Rent	15.00	10.05
	Deven D. Nandani	Interest on Unsecured Loan	11.95	38.39
	Umesh D. Nandani	Interest on Unsecured Loan	13.27	2.08
	Umesh D Nandani - HUF	Interest on Unsecured Loan	-	10.99
	Dhirajlal L Nandani - HUF	Interest on Unsecured Loan	-	0.48
	Umesh D Nandani - HUF	Royalty	-	4.80
	Dipesh D Nandani - HUF	Royalty	-	4.80
	Remuneration:			
	Umesh D Nandani (Director)	Salary	18.00	15.60
	Deven D Nandani (Director)	Salary	9.60	9.60
	Kamal Shah (CFO)	Salary	5.92	-
	Krishna Lodhiya (CS)	Salary	2.30	-
	Purchase of Goods: (Basic Value)			
	Poonam Furniture	Purchase	20.96	4.88
	Paradise Furniture	Purchase	229.67	0.25
	Prince Furniture	Purchase	-	14.02
	Perfect Industries	Purchase	-	206.93
	Pearl Furniture Pvt. Ltd.	Purchase	2631.71	2354.09
	Deven Impex	Purchase	633.70	569.30
	Unsecured Loan:			
	Umesh D. Nandani	Loan Taken	57.87	226.69
	Deven D. Nandani	Loan Taken	298.87	110.89
	Umesh D. Nandani	Loan Repaid	183.00	111.80
	Deven D. Nandani	Loan Repaid	396.10	510.94

- (h) The company converted from Parin furniture Private Limited (CIN - U36101GJ2006PTC049074) to Parin furniture Limited (CIN - U36101GJ2006PLC049074) vide a fresh Certificate of Incorporation w.e.f. 4th April, 2018
- (i) The details of amount payable to Small Scale Industrial undertakings in excess of Rupees one Lacs and outstanding for a period of more than 30 days are not be possible to be given, as per company's management the suppliers do not disclose their status.
- (k) The foreign Exchange earning and out go during the year under review : NIL (P.Y. - NIL)
The previous year's figures have been regrouped / reclassified, wherever necessary to confirm to the current year presentation

**For, Bhavin Associates.
Chartered Accountants
FRN. 101383W**

Sd/-

**Bhavin P. Bhansali
Partner
M. No.: 043796**

Date : 21.05.2019

Place : Rajkot

**For and on behalf of Board of directors of
PARIN FURNITURE LIMITED**

Sd/-

**Umesh D. Nandani
Managing Director
DIN: 00039757**

Sd/-

**Parin U. Nandani
Director
DIN: 02343309**

Sd/-

**Krishna Lodhiya
Company Secretary**

Sd/-

**Kamal Shah
Chief Financial Officer**