

**SUREKA ASSOCIATES**  
CHARTERED ACCOUNTANTS

45 C, MANDHANA MANOR, MOGAL LANE,  
MATUNGA ROAD (W), MUMBAI 400 016.  
TEL.: 2430 6150, 2432 7608  
EMAIL: suresh@surekas.com

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **WELSPUN ZUCCHI TEXTILES LIMITED**

**Report on the Audit of the Standalone Ind AS Financial Statements**

**Opinion**

We have audited the accompanying standalone Ind AS financial statements of **WELSPUN ZUCCHI TEXTILES LIMITED** ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Responsibility of Management for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS 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 Ind AS 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 Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

#### **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 of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;
  - (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, as amended in our opinion and to the best of our information and according to the explanations given to us:





- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SUREKA ASSOCIATES  
Chartered Accountants  
Firm's Registration No. 110640W

  
Suresh Sureka  
Partner  
Membership No. 34132



UDIN : 20034132AAAABP8592

Place : Mumbai  
Date : 23<sup>rd</sup> June 2020

**SUREKA ASSOCIATES**  
CHARTERED ACCOUNTANTS

45 C, MANDHANA MANOR, MOGAL LANE,  
MATUNGA ROAD (W), MUMBAI 400 016.  
TEL.: 2430 6150, 2432 7608  
EMAIL: [suresh@surekas.com](mailto:suresh@surekas.com)

**ANNEXURE 1 TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of **WELSPUN ZUCCHI TEXTILES LIMITED** on the financial statements as of and for the year ended March 31, 2020

- 1 i. The Company is maintaining proper records showing full particulars, including quantitative detail & situation of fixed assets.
- ii. The Company has a program for physical verification of fixed assets at period intervals. In our opinion, the period of verification is reasonable having regard to the size of the company and nature of its assets. Discrepancies reported on such verification have been properly dealt in the accounts.
- iii. The title deed of immovable properties, as disclosed in note 2 on Property, plant and equipment to the financial statements, are held in the name of the Company.
2. The company does not have any inventory during the year & at year end. Accordingly provisions of clause 3(ii) of the said order are not applicable to the company.
3. The Company has granted an unsecured loan to company covered in the register maintained under Section 189 of the Act.
  - a. The terms and conditions of the loans is not prejudicial to the company's interest.
  - b. Loan is interest free and receivable on demand.
4. In our opinion, and according to the information and explanations given to us, the company has complied with the provision of Section 185 and 186 of the Companies Act, 2013 in respect of the loans made.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
6. Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act in respect of its business.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and service tax, and is regular in depositing undisputed statutory dues, including Income tax, sales tax, Service tax, value added tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise or value added tax which have not been deposited on account of any dispute other than disputed income tax demand as under :

Sr No	Assessment year	Nature of Dues	Amount Rs.	Forum where case is pending
1	2010-11	Income Tax	50,46,588	CIT Appeals

8. According to the records of the Company examined by us and the information and explanation given to us, the Company does not have any borrowings from banks or financial institutions or has not issued any debentures. Hence the question of any default does not arise.



- 9 In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of term loans nor by way of initial public offer.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- 11 The Company has not paid nor provided for any managerial remuneration during the year.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standards (Ind As) 24 Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For SUREKA ASSOCIATES**  
**Chartered Accountants**  
**Firm's Registration No. 110640W**

**Suresh Sureka**  
**Partner**  
**Membership No. 34132**

**UDIN : 20034132AAAABP8592**

Place : Mumbai  
Date : 23<sup>rd</sup> June 2020





**SUREKA ASSOCIATES**  
CHARTERED ACCOUNTANTS

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**ANNEXURE 2 TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 2(f) of the Independent Auditors' Report of even date to the members of **WELSPUN ZUCCHI TEXTILES LIMITED** on the financial statements as of and for the year ended March 31, 2020

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of **WELSPUN ZUCCHI TEXTILES LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. 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 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 Act.

**Auditors' Responsibility**

3. 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable, detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SUREKA ASSOCIATES**  
Chartered Accountants  
Firm's Registration No. 110640W

Suresh Sureka  
Partner  
Membership No. 34132

UDIN : 20034132AAAABP8592

Place : Mumbai  
Date : 23<sup>rd</sup> June 2020





WELSPUN ZUCCHI TEXTILE LIMITED

Balance Sheet as at March 31, 2020

Particulars	Note No.	As At March 31, 2020 Rs.	As At March 31, 2019 Rs.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipments	2	18,488,837	19,103,656
<b>Other Non Current Tax assets</b>	3	17,318,358	17,291,905
<b>Total non-current assets</b>		<b>35,807,195</b>	<b>36,395,561</b>
<b>Current assets</b>			
<b>Financial Assets</b>			
Trade receivables	4	15,302,405	15,302,405
Cash & cash equivalents	5 (a)	11,957,592	9,854,118
Bank balances other than 5 (a) above	5 (b)	34,221,178	34,221,178
Other financial assets	6 (a)	13,854,966	11,877,611
Other Current Assets	6 (b)	5,491	3,171
<b>Total current assets</b>		<b>75,341,632</b>	<b>71,258,483</b>
<b>Total assets</b>		<b>111,148,827</b>	<b>107,654,044</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	7	55,000,000	55,000,000
<b>Other equity</b>			
Reserves and surplus	8	54,955,807	51,461,024
<b>Total equity</b>		<b>109,955,807</b>	<b>106,461,024</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other current liabilities	9	1,193,020	1,193,020
<b>Total current liabilities</b>		<b>1,193,020</b>	<b>1,193,020</b>
<b>Total equity and liabilities</b>		<b>111,148,827</b>	<b>107,654,044</b>

Notes Forming Part of Financial Statements

1-14

As per our attached Report of even date

For Sureka Associates  
Firm Registration No 110640W  
Chartered Accountants

For and on behalf of the Board Directors

Suresh Sureka  
Partner  
Membership No 34132  
Place : Mumbai  
Date : June 23, 2020



Altaf Jiwani  
Director  
DIN:05166241

Milind Hardikar  
Director  
DIN:03539100

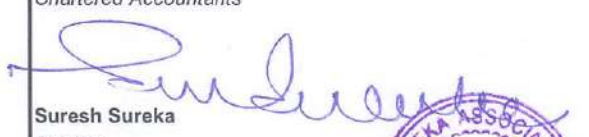



Shashikant Thorat  
Company Secretary





**WELSPUN ZUCCHI TEXTILE LIMITED**

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

Particulars	Note No.	Year Ended March 31, 2020 Rs.	Year Ended March 31, 2019 Rs.
Revenue From operations		-	-
Other income	10	5,582,364	5,296,491
<b>Total income</b>		<b>5,582,364</b>	<b>5,296,491</b>
<b>Expenses</b>			
Depreciation and amortisation Expense	2	983,838	981,149
Finance costs	11	1,062	83,052
Other expenses	12	456,726	577,448
<b>Total expenses</b>		<b>1,441,626</b>	<b>1,621,649</b>
<b>Profit before tax</b>		<b>4,140,738</b>	<b>3,674,842</b>
<b>Income tax expense</b>			
- Current Tax		645,955	718,704
<b>Profit / (loss) for the year</b>		<b>3,494,783</b>	<b>2,956,138</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>3,494,783</b>	<b>2,956,138</b>
Earnings Per Share Basic & Diluted	13	0.64	0.54
<b>Notes Forming Part of Financial Statements</b>	1-14		
As per our attached Report of even date			
For Sureka Associates		For and on behalf of the Board Directors	
Firm Registration No 110640W			
Chartered Accountants			
			
			
<b>Suresh Sureka</b>		<b>Altaf Jiwani</b>	
Partner		Director	
Membership No 34132		Milind Hardikar	
Place : Mumbai		Director	
Date : June 23, 2020		DIN:03539100	
		Shashikant Thorat	
		Company Secretary	



WELSPUN ZUCCHI TEXTILE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

a. Equity Share Capital

Particulars	Amount
Balance as at March 31, 2018	55,000,000
Changes in equity share capital during the year	-
Balance as at March 31, 2019	55,000,000
Changes in equity share capital during the year	-
Balance as at Mar 31, 2020	55,000,000

b. Other Equity

Retained earnings

Particulars	Amount
Balance as at March 31, 2018	48,504,886
Profit for the year	2,956,138
Balance as at March 31, 2019	51,461,024
Profit for the year	3,464,783
Balance as at March 31, 2020	54,955,807





WELSPUN ZUCCHI TEXTILE LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	March 31, 2020		March 31, 2019	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT/(LOSS) BEFORE TAX		4,140,738		3,674,842
ADJUSTMENT FOR:				
OTHER INCOME	(2,222,364)		(5,296,491)	
PROFIT ON SALE OF SHARE	-		-	
DEPRECIATION	983,838		981,149	
FINANCE EXPENSES	1,062		63,052	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(1,237,464)		(4,252,290)
ADJUSTMENT FOR:		2,903,274		(577,448)
OTHER CURRENT FINANCIAL ASSETS	90,010		141,880	
TRADE RECEIVABLE	-		(302,400)	
TRADE PAYABLES	-		(721,454)	
CASH GENERATED FROM OPERATIONS		90,010		(881,974)
LESS: DIRECT TAXES PAID		2,993,284		(1,459,422)
		(672,408)		(375,000)
		2,320,876		(1,834,422)
EXTRA ORDINARY ITEMS:				
NET CASH FLOW FROM OPERATING INCOME		2,320,876		(1,834,422)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
OTHER NON CURRENT ASSETS	-		177,124	
PURCHASE OF FIXED ASSETS	(369,018)		-	
INTEREST RECEIVED	152,678		5,515,878	
NET CASH FLOW FROM INVESTING ACTIVITIES		(216,340)		5,693,002
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
FINANCE EXPENSES PAID	(1,062)		(63,052)	
NET CASH USED IN FINANCING ACTIVITIES		(1,062)		(63,052)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,103,474		3,795,528
CASH AND CASH EQUIVALENTS OPENING BALANCE		44,075,296		40,279,768
CASH AND CASH EQUIVALENTS CLOSING BALANCE		46,178,770		44,075,296
NET INCREASE/(DECREASE ) IN CASH AND CASH EQUIVALENTS		2,103,474		3,795,528

AUDITORS CERTIFICATE

We have verified the above Statement of Cash Flow of WELSPUN ZUCCHI TEXTILE LIMITED derived from the audited annual financial statement and the books and records maintained by the company for the years ended March 31, 2020 and March 31, 2019 and found the same in agreement there with.

For Sureka Associates  
Firm Registration No 110640W  
Chartered Accountants

Suresh Sureka  
Partner  
Membership No 34132  
Place : Mumbai  
Date : June 23, 2020



For and on behalf of the Board Directors

Atul Jiwani  
Director  
DIN:05166241

Milind Hardikar  
Director  
DIN:03539100

Shashikant Thorat  
Company Secretary



**WELSPUN ZUCHHI TEXTILE LIMITED**  
**Significant Accounting Policies and Notes Forming Part of Financial Statements**

**General Information**

Welspun Zuchhi Textile Limited (hereinafter referred as "the Company") is a public company incorporated and domiciled in India. The address of its registered office is Welspun House, 6th Floor, Kamala Mills Compound, S.B. Marg, Lower Parel, Mumbai : 400 013, Maharashtra, India. The Company is engaged in the business of Home Textile.

The financial statements were authorised for issue by the board of directors on June 23, 2020.

**Note 1: Significant Accounting Policies**

**a) 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 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

**b) Historical cost convention**

The financial statements have been prepared on the accrual and going concern basis. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that is measured at fair value.

**c) Income Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent period are recognized as deferred tax assets or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred assets can be realized. Deferred tax assets are recognized on carried forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

Minimum Alternative 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. However, in view of the uncertainty, the Company has not recognised MAT credit as an assets during the year.

**d) Investments**

Investments intended to be held for more than a year, from the date of acquisition, are classified as long term and are carried at cost. Provision for diminution in value of investments is made to recognize a decline other than temporary. Current Investments are stated at cost or fair value whichever is lower.

The cost includes acquisition charges such as brokerage, fee, duties, and reduced by pre-acquisition dividends.

**e) Revenue Recognition**

Sales of products are recognized with transfer of risk and rewards. Sales are exclusive of sales tax and net of sales return and trade discounts.

Export benefits claims like duty draw back and paybacks, insurance, etc. are recognized on reasonable certainty of recovery of such claims. Premium on sale of duty entitlement is recognized on sale of such entitlements

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend Income is recognised when the right to receive dividend is established.

**f) Contingent Liabilities**

Provisions are recognized in the accounts in respect of present probable obligation, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

**g) Lease**

**As a lessor**

The Company has leased certain tangible assets and such leases where the company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the statement of Profit and Loss on a straight line basis over the lease term which is representative of the pattern in which benefit derived from the use of the leases asset is diminished. Initial direct costs are recognised as an expense in the statement of Profit and loss in the period in which they are incurred.

**h) Cash and cash equivalents**

For the purpose or presentation in the statement of cash flow, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdraft.

**i) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**j) Property, plant and equipment**

Free hold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation.

**Depreciation**

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.





## WELSPUN ZUCCHI TEXTILE LIMITED

## Notes Forming Part of Financial Statements

## Note 2 - Property, plant and equipment

	Free hold Land	Free hold buildings	Electric Installation	(Amt in INR) Total
<b>Year ended 31 March 2019</b>				
Gross carrying amount	3,489,608	14,427,945	5,255,327	23,172,880
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Closing gross carrying amount</b>	<b>3,489,608</b>	<b>14,427,945</b>	<b>5,255,327</b>	<b>23,172,880</b>
<b>Accumulated Depreciation</b>				
Depreciation charge during the year	-	1,927,573	1,160,502	3,088,075
Disposals	-	481,893	499,258	981,149
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>2,409,466</b>	<b>1,659,758</b>	<b>4,069,224</b>
<b>Net Carrying amount</b>	<b>3,489,608</b>	<b>12,018,479</b>	<b>3,595,569</b>	<b>19,103,656</b>
<b>Year ended 31 March 2020</b>				
Gross carrying amount				
Opening gross carrying amount	3,489,608	14,427,945	5,255,327	23,172,880
Additions	369,018	-	-	369,018
Disposals	-	-	-	-
<b>Closing gross carrying amount</b>	<b>3,858,626</b>	<b>14,427,945</b>	<b>5,255,327</b>	<b>23,541,898</b>
<b>Accumulated depreciation and impairment</b>				
Opening accumulated depreciation	-	2,409,466	1,659,758	4,069,224
Depreciation charge during the year	-	483,214	500,824	983,838
Disposals	-	-	-	-
<b>Closing accumulated depreciation and impairment</b>	<b>-</b>	<b>2,892,680</b>	<b>2,160,382</b>	<b>5,053,062</b>
<b>Net carrying amount</b>	<b>3,858,626</b>	<b>11,535,266</b>	<b>3,094,945</b>	<b>18,488,837</b>



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	As At March 31, 2020 Rs.	As At March 31, 2019 Rs.
<b>Note 3 : Other Non Current Tax Assets</b>		
Advance Tax & TDS Net of Provision	17,318,358	17,291,905
<b>Total Other Non Current Tax Assets</b>	<b>17,318,358</b>	<b>17,291,905</b>
<b>Note 4 : Trade receivables</b>		
Trade receivables	909,418	909,418
Receivable from related party	15,302,405	15,302,405
Less : Allowance for doubtful debts	(909,418)	(909,418)
<b>Total Trade receivable</b>	<b>15,302,405</b>	<b>15,302,405</b>
Break-up of security details		
Unsecured Considered good	15,302,405	15,302,405
Doubtful	909,418	909,418
<b>Total</b>	<b>16,211,823</b>	<b>16,211,823</b>
Allowance for doubtful debts	(909,418)	(909,418)
<b>Total trade receivables</b>	<b>15,302,405</b>	<b>15,302,405</b>
<b>Note 5 (a) : Cash and cash equivalents</b>		
Balances with Scheduled Banks		
- In Current Accounts	11,947,692	9,844,118
Cash on Hand	9,900	10,000
<b>Total cash and cash equivalents</b>	<b>11,957,592</b>	<b>9,854,118</b>
<b>Note 5 (b) : Other bank balances</b>		
Balances with Scheduled Banks		
In deposit accounts with Original maturity more than 12 months	34,221,178	34,221,178
<b>Total Other bank balances</b>	<b>34,221,178</b>	<b>34,221,178</b>
<b>Note 6 (a) : Other financial assets</b>		
Unsecured, considered good		
Interest Receivable	3,854,966	1,785,281
Security Deposit	-	92,330
Other Receivables from Related parties	10,000,000	10,000,000
<b>Total other financial assets</b>	<b>13,854,966</b>	<b>11,877,611</b>
<b>Note 6 (b) : Other Current Assets</b>		
Prepaid Expenses	5,491	3,171
<b>Total other assets</b>	<b>5,491</b>	<b>3,171</b>

**Note 7 : Equity Share Capital**

(a) **Equity Share Capital**

Particulars	As at March 31, 2020 Rs.	As at March 31, 2019 Rs.
<b>Authorised</b>		
56,00,000 Equity Shares of Rs. 10 each (Previous Year 56,00,000)	56,000,000	56,000,000
	<b>56,000,000</b>	<b>56,000,000</b>
<b>Issued, Subscribed and Paid Up</b>		
55,00,000 Equity Shares of Rs. 10 each, fully paid up (Previous Year 55,00,000)	55,000,000	55,000,000
	<b>55,000,000</b>	<b>55,000,000</b>

(b) **Reconciliation of 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	
	Number of shares	Amount in Rupees	Number of shares	Amount in Rupees
Shares outstanding as at the opening of the year	5,500,000	55,000,000	5,500,000	55,000,000
Add: Shares Issued during the year	-	-	-	-
Shares outstanding as at closing of the year	5,500,000	55,000,000	5,500,000	55,000,000

(c) **Details in respect of each class in the company held by the holding company and its associates**

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% of holding	No. of shares held	% of holding
<b>Holding Company</b>				
Welspun India Ltd	5,499,940	100	5,499,940	100
<b>Total</b>	<b>5,499,940</b>	<b>100</b>	<b>5,499,940</b>	<b>100</b>

(d) **Details of Shareholders holding more than 5% shares of the aggregate shares in the Company**

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Welspun India Ltd	5,499,940	100	5,499,940	100
<b>TOTAL</b>	<b>5,499,940</b>	<b>100</b>	<b>5,499,940</b>	<b>100</b>





**WELSPUN ZUCCHI TEXTILE LIMITED**  
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**(e) Terms/right attached to Equity shares**

The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in the ensuring Annual General Meeting. In the event of Liquidation of the company, the holder of the equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	As At March 31, 2020 Rs.	As At March 31, 2019 Rs.
<b>Note 8 : Reserves and surplus</b>		
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	51,461,024	48,504,886
Add : Profit for the year	3,494,783	2,956,138
<b>Balance as at the end of the year</b>	<b>54,955,807</b>	<b>51,461,024</b>
<b>Note 9 : Other Current liabilities</b>		
Statutory tax payables	50,400	50,400
Insurance Claim Payable	282,620	282,620
Outstanding Liabilities	20,000	20,000
Deposit Received From Welspun India Ltd	840,000	840,000
<b>Total other current liabilities</b>	<b>1,193,020</b>	<b>1,193,020</b>
<b>Note 10 : Other Income</b>		
Rental Income	3,360,000	3,360,000
Interest income from Deposits with Banks	2,222,364	1,936,491
<b>Total other income</b>	<b>5,582,364</b>	<b>5,296,491</b>
<b>Note 11 : Finance Costs</b>		
<b>Other borrowing costs</b>		
Interest and finance Charges	1,062	63,052
<b>Total finance cost expenses</b>	<b>1,062</b>	<b>63,052</b>
<b>Note 12 : Other expenses</b>		
Legal and professional fees	17,500	11,614
Drainage Charges	60,164	48,759
Insurance	23,387	15,473
Power & Fuel	-	152,823
Rates & taxes	334,860	328,779
Auditors Remuneration	20,000	20,000
Miscellaneous Expenses	815	-
<b>Total other expenses</b>	<b>456,726</b>	<b>577,448</b>
<b>Note 13 : Earning Per Share</b>		
Net profit/(loss) after tax available for equity shareholders	3,494,783	2,956,138
Weighted average number of equity shares of Rs. 10 each outstanding during the year used for calculating basic EPS (Number of shares)	5,500,000	5,500,000
Weighted average number of equity shares of Rs. 10 each outstanding during the year used for calculating diluted EPS (Number of shares)	5,500,000	5,500,000
<b>Basic earnings per share</b>	<b>0.64</b>	<b>0.54</b>
<b>Diluted earnings per share</b>	<b>0.64</b>	<b>0.54</b>



**WELSPUN ZUCHHI TEXTILE LIMITED**  
Significant Accounting Policies and Notes Forming Part of Financial Statements

**Note 14 : Other Significant Notes**

**a. Related Party Disclosure:-**

As per Ind As 24, the disclosure for related parties as defined in the accounting standard is given below.

**i) Key Management Personnel**

Dipali Goenka	Director
Altat Jiwani	Director
Milind Hardikar	Director

**ii) Related parties with whom transaction have taken place during the year and balance outstanding as on the last**

Welspun India Ltd.(Holding Company)	Amount in Rs
PARTICULARS	March 31, 2020
Transactions during the year	
Reimbursement of Expenses	28,072,178
	(35,966,806)
Rent Income	3,360,000
	(3,360,000)
Closing Balance	
Debtors	15,302,405
	(15,302,405)
Other Receivables	10,000,000
	(10,000,000)
Deposit Received	840,000
	(840,000)

Previous year figures are given in brackets

**Note:** Related Parties are as disclosed by the Management and relied upon by the auditors.

**b. Audit Fees :**

Particulars	(Amount in Rs.)	
	2019-20	2018-19
Audit Fee	20,000	20,000

**c. Contingent Liabilities**

Income tax demands pursuant to orders received for AY 2010-11 Rs. 5,046,588. The company has filed appeals against the orders which is pending before appellate authorities.

**d. In the opinion of the board the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business and Provision for all the known liabilities have been made in the accounts.**

**e. Previous year figures have been regrouped/ rearranged/ recast wherever considered necessary to confirm to this year's classification.**

**f. The company does not have dues payable to any Micro, Small and Medium Enterprises for the year ended March 31, 2020. The identification of Micro, Small and Medium Enterprises is based on management's knowledge of their status.**

**g. Other additional information pursuant to provisions of the Companies Act, 2013, has not been furnished as the same is either nil or not applicable.**

**h. The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.**

For Sureka Associates  
Firm Registration No 110640W  
Chartered Accountants

Suresh Sureka  
Partner  
Membership No 34132  
Place : Mumbai  
Date : June 23, 2020



For and on behalf of the Board Directors

Altat Jiwani  
Director  
DIN:05166241

Milind Hardikar  
Director  
DIN:03539100

Shashikant Thorat  
Company Secretary

