



Iris Clothings Limited



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annual report 2018-19



Strong Foundation. Promising Future.



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Promising Future.
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please visit:
www.irisclthings.in

Forward-looking Statement

This report contains forward-looking statements, which may be identified by the use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that mention expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to amend or revise any forward-looking statements from time to time based on any subsequent developments, information or events.





Strong Foundation.

This is what we have built. This is what energises us.

From initiating our journey as a humble proprietorship firm engaged in contract manufacturing to emerging into a fast-growing kids apparel brand, we have made a remarkable progress. Our integrated operations, robust infrastructure, manufacturing prowess and unflinching commitment to quality have carved us a solid foundation. Sustained pursuit of design and innovation has made us a preferred fashionable kids' brand.

But this is not all, as we aspire for more. We are striving to build on our strong foundation for a

Promising Future.

We endeavour to map tomorrow's prospects and kickstart the next phase of our journey by leveraging our core competencies. And this is evident in our successful public listing which has provided us with funds along with exposure. With this, we intend to bolster growth and profitability with prudent working capital management.

We are at an inflection point. We are augmenting capabilities, expanding capacities and footprint, strengthening network and driving efficiencies to serve the evolving customer requirements and reach greater heights. Because, we seek to build a promising and stronger future!

Corporate Snapshot

Iris Clothing Limited is a fast-growing readymade garment company. We are engaged in designing, manufacturing, branding and selling garments for kids wear under the brand DoReMe® in India. We deliver a broad range of unique apparels for infants, toddlers and junior boys and girls. Our quality and ability to continuously add new product lines and innovate with new design makes us a preferred brand in the segment.



Our Vision

To provide the latest in kids' fashion in terms of both quality and affordability. We strive to present the best of designs, patterns and fabrics to set the stage for our little stars to shine.

Our Mission

To design garments for all the little knights and princesses and to maximise our privilege of adorning these little wonders by providing them with both style and comfort while adorning them in our wide range of attires.

Our product range

We manufacture casualwear apparels that suit both indoor and outdoor requirements of infants and junior boys and girls.



TOPS



T-SHIRTS



PANTS



SHORTS



FROCKS



DRESSES



TOWELS



What emboldens us

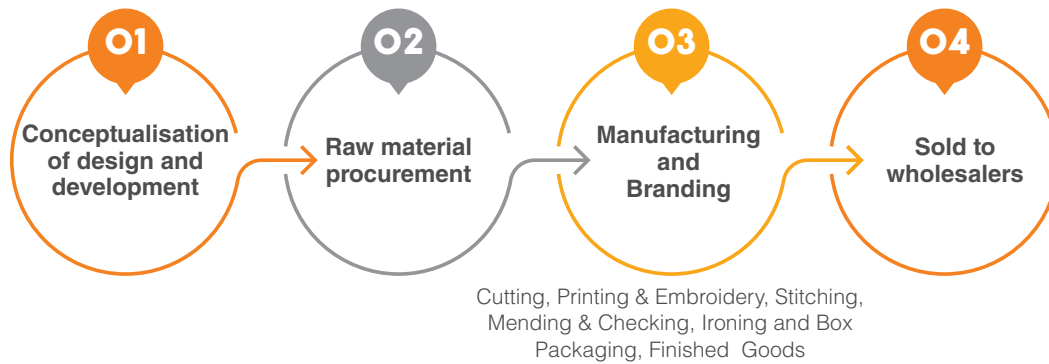
We are driven by a set of unique strengths that underpin our operations. Leveraging these key strengths, we are continuously sharpening our capabilities to meet the rapidly evolving needs of customers.

Integrated Operations

We have a completely in-house integrated infrastructure right from design conceptualisation to manufacturing to branding and selling of finished goods to wholesaler. This enables us to have better control over quality and costs.

Experienced Management

Our promoters have huge experience of nearly 15 years in this industry. Their deep market understanding coupled with collective knowledge of the management team has been instrumental in driving our growth.



Manufacturing Excellence

We have four state-of-the-art facilities in Howrah, West Bengal. All the units are equipped with sophisticated and cutting-edge machinery which enables us to churn out nearly 30,000 products per day. Our infrastructure include fully automated cutting machine from Italy, stitching machines from Japan and China, printing machine from USA and Poland and finishing machine from India. This helps us in delivering superior quality products.

Extensive Network

We have a wide network comprising 60+ distributors supplying our products to several retailers across the country. We are adding more distributors and retailers to our network to strengthen our brand reach and expand to newer markets. We also have an online presence across various fast-growing e-commerce channels like FirstCry, Hopscotch among others.

Healthy Relationships with Suppliers

Strong and trust-based relationships with our suppliers ensures continuous supply of quality raw materials at competitive costs. This is of paramount importance since we source fabrics and other accessories for garment manufacturing from leading domestic suppliers. It facilitates effective inventory management and ensures quality and on-time delivery of our products.

Quality Focussed

In everything we do, we stay true to our commitment of quality and reliability. We ensure adherence to the desired standards of quality and specifications for our products and processes by undertaking adequate and stringent quality checks. Qualitative delivery of products has earned us strong customer trust, enabling us to secure repeat business.



Our Advantage

60+

Distributors

23

States of presence

4

Manufacturing units

30,000 pieces per day

Manufacturing capacity

700+

Employees



Managing Director's Message

I am indeed delighted to present to you the FY2018-19 Annual Report of Iris Clothing Limited. At the onset, I would like to thank all the shareholders for their overwhelming response to the IPO and look forward to their continued support. This, being the maiden report post public listing, our intent is to provide to you a substantial understanding of your Company's business, performance and prospects.

The initial journey

Let me start by taking you back to our inception. Iris Clothings Limited started as a small proprietary firm in 2004. Back then, we were just into contract manufacturing, until we stepped up to design and manufacture kids wear for own marketing under the brand DoReMe®. You would be glad to know that your Company had pioneered the concept of branding and MRP pricing in this segment which then was largely unorganised. Eventually, our products found great acceptance in the market for its quality and design. We were witnessing increasing demand from retailers as well as distributors who were also promoting. From having to



push our products in the initial days, we were now witnessing a strong pull, and DoReMe® solidified its position as a reputed and trusted brand.

The initial euphoria kickstarted the building of a strong enterprise over the next decade. We expanded distribution network and manufacturing infrastructure was strengthened. Backward integration was achieved, capacities were expanded, and better technology adopted.

Dedicating FY 2018-19 to building competencies

Having done all the initial hard work, the big question that struck us was, what next.

With this, started our quest in FY 2018-19 to capitalise on our solid foundation and take the business to the next level. I am happy to state that we are making steady progress in this direction. This year in many ways will be remembered as an inflection point for us.

The very first thing we did was to get the Company publicly listed on the NSE's SME platform. The move provided us enough funds

for better managing working capital and augmenting growth along with providing our brand a massive boost.

Secondly, we focussed on expanding capacity and enhancing operational excellence. For this, a capex of ₹ 14 Crores was committed towards setting up a new integrated state-of-the-art manufacturing facility in the vicinity of our existing plant at Panchla. Spread across 45,000 sq ft, the unit is comprehensively larger than our existing facilities and will contribute to consolidating our manufacturing activities in a single location. The unit will help expand our capacity by 15,000 pieces per day to 45,000 pieces per day and provide definite synergies and supply chain economies in addition to the locational advantage of skilled labour and raw material availability.

Equipment of our Sankrail plant has already been shifted to this new unit and we expect it to begin commercial operations by July 2019. This new unit will facilitate us in exploring new growth avenues and meet the rising demand for our products.

In another strategic move, we launched several kids wear products

We launched several kids wear products including dresses, jumpsuits and pants using woven and denim fabric.



including dresses, jumpsuits and pants using woven and denim fabric. Until now, we only did hosiery-based products and these new fabric lines will facilitate us to diversify product line. Besides, woven fabric provides more scope for design experimentation and will contribute to strengthening and premiumisation of portfolio as they are of superior quality.

Amidst all these, we did not lose sight of our performance. Despite a challenging macroeconomic environment, we grew our revenues by 17% to ₹ 62 Crores in FY 2018-19. Profit after Tax stood at ₹ 5 Crores, growing 52% over the previous year

We have also entered into royalty agreement for using Minions and Jurassic World graphics on our products. These being very famous global franchisees, will ensure strong demand.

Going into FY 2019-20

The future holds immense opportunities for us. We have taken rapid strides towards strengthening our business to drive long-term

growth and profitability. Expansion of manufacturing capacity will bolster our capabilities and open new avenues of growth, and for that stabilising the new unit will be an important agenda.

With more capacity in hand, obviously we will need to step up our marketing activities. We have planned an extensive channel partner loyalty and engagement programme to drive their stickiness and boost morale. In addition to this, we intend to increase our distribution footprint by adding distributors in newer geographies. We expect this to contribute to deeper market penetration and expand our reach to markets with more potential, especially in Southern India where we intend to scale.

Understanding the importance of e-commerce in today's business scenario, we will be focussed on building a right business model for deeper penetration into this channel. We already have listing with FirstCry and Hopscotch where our products have seen good success. We will look forward to more e-commerce listing and making good of this channel.

Having expanded our capacity and entering the woven fabric segment, we will be actively pursuing to build on our market leading brand by intensifying innovation and product development. We also intend to launch another line of kids wear brand Oxegen in India in addition to our existing brand.

In conclusion

Overall, I am confident that a combination of all these factors will take your Company to a higher growth trajectory. Before closing, I would like to extend my gratitude to our employees for their persistent hard work and support. I would also like to warmly thank our distributors, suppliers, partners, bankers, customers and all our shareholders for their sustained trust and confidence reposed in us. I look forward to interacting with you all in the coming year as a much stronger organisation.

Warm Regards,

Santosh Ladha
Managing Director

Our Inspiring Journey

2004

Commenced business as a proprietorship firm M/s. Iris Clothings

2005

Launched DoReMe® brand for Kids Wear

2011

Incorporation of Iris Clothing as a Private Limited Company

2012

Acquired proprietorship firm M/s. Iris Clothings, including DoReMe® brand

2016

Acquired land at Panchla, Howrah, West Bengal as a major step towards increasing manufacturing capabilities

Started sale of products through online e-commerce channels such as 'FirstCry'

2018

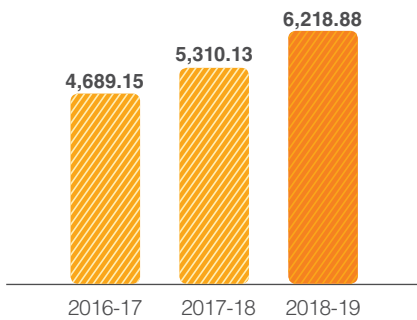
Conversion from a Private Company to a Public Limited Company



Financial Highlights

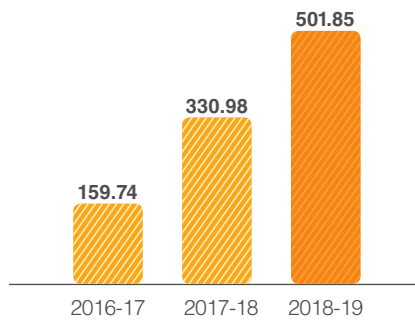
Total Revenue

(₹ in Lakhs)



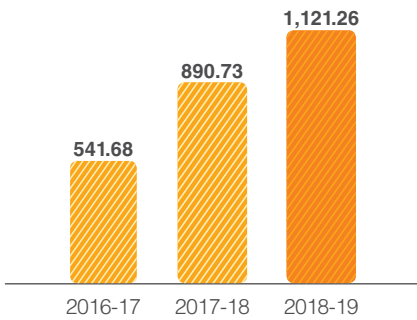
PAT

(₹ in Lakhs)



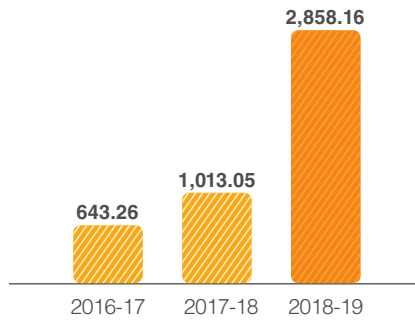
EBITDA

(₹ in Lakhs)



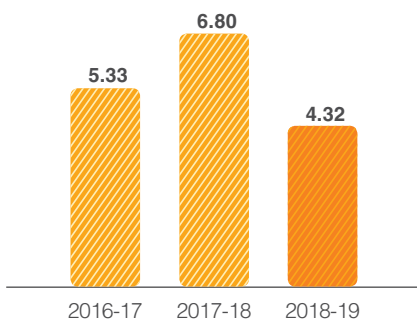
Net Worth

(₹ in Lakhs)



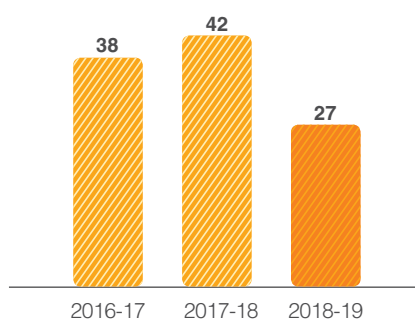
Debt Equity Ratio

(%)



Return on Capital Employed

(%)



Board of Directors



Mr. Santosh Ladha
Managing Director

He holds a Bachelor's degree in Commerce and has 22 years of experience in the textile industry. He is the founder promoter of the Company and has conceptualised and externalised the brand 'DoReMe®'. He has in-depth understanding of the domestic readymade apparels market. Being a dynamic marketing personality, he looks after the entire operations of the Company directly with the support of a strong team.



Mrs. Geeta Ladha
Executive Whole-time Director

She holds a Bachelor's degree in Commerce. She has 14 years of experience along with an unmatched exuberance in providing creative and innovative ideas to update the products. She has been with the Company since its inception.



Mr. Baldev Das Ladha
Non-Executive Director

He has an experience of more than 40 years in the textile industry. His vast experience has been an asset to the Company.



Mr. Rajesh Kumar Rathi
Non-Executive Independent Director

He is a graduate in Commerce and has over 20 years of experience in the textile business. Being an entrepreneur himself, his unmatched experience has made him valuable to the Company.



Mr. Nikhil Saraf
Non-Executive Independent Director

He is a qualified Chartered Accountant, Chartered Financial Analyst as well as a Company Secretary and has over 18 years of experience in finance, taxation and consulting. He has diverse business interests including running his own accountancy firm, recruitment firm and an investment advisory. An avid sports enthusiast, he is also one of the Co-founders and CEO of Neev Credit Private Limited – an education-focussed NBFC having offices in several states of India. This has helped him develop a strong business network across the country.

Corporate Information

Board of Directors:

Mr. Santosh Ladha
Managing Director

Mrs. Geeta Ladha
Whole Time Director

Mr. Baldev Das Ladha
Non-Executive Director

Mr. Rajesh Kumar Rathi
Independent Director

Mr. Nikhil Saraf
Independent Director

Chief Financial Officer:

Mr. Niraj Agarwal

Company Secretary and Compliance Officer:

Mrs. Sweta Agarwal

Bankers:

Axis Bank Limited
Standard Chartered Bank

Registered Office:

103/24/1, Foreshore Road
Shibpur, Howrah - 711 102
Ph: 91 (33) 26373856, 91 (33) 8100074062

Statutory Auditor:

AMK & Associates
Chartered Accountants
Stesalit Tower, Room No. 303, 3rd Floor,
E 2-3, Block EP & GP Sector-V, Salt Lake
Kolkata - 700 091
Ph: 91 (33) 40630462, 91 (33) 40697147

Registrar & Transfer Agent:

Cameo Corporate Services Limited
Subramanian Building No. 1,
Club House Road, Chennai - 600 002
Ph: 91 (44) 2846 0390/1989

Internal Auditors:

Vimal & Seksaria
Chartered Accountants
31, Ganesh Chandra Avenue,
1st Floor, Kolkata - 700 013
Ph: 91 (33) 4004 8654

Committees of the Board:

Audit Committee
Stakeholders' Relationship Committee
Nomination & Remuneration Committee

Management Discussions and Analysis Report

Industry Structure and Development

The world economy remains on the path of revival after recent years of slower activity. Registering an overall growth rate of 6.7% in FY 2017-18, the Indian economy assumed pace on its road to recovery, following a brief interruption in activity caused by significant structural reforms in the previous year. This was further validated when the nation reclaimed its status as the fastest-growing economy in the world, in the fourth quarter.

Iris Clothings limited operates in manufacturing of readymade garments in India. It is an integrated branded fashion company with presence across both design and distribution arms of fashion. A young and growing player in India's flourishing fashion trade, Iris Clothings limited seeks to capture the trend of consumers becoming increasingly attuned to fashion and brands.

The Company's portfolio consists of domestic fashion brands spread across an entire gamut of categories including formal menswear, casual wear, active or sportswear, ethnic wear, denim wear, footwear and accessories for men and women.

Opportunities and Threats

External environmental factors like interest rates, inflation, quick changes in fashion, growth in economic activity, job creation, emerging compliances, consumer sentiments and consumption, changing government policies, information/cyber security, environment and sustainability and competition have been identified as key threats as well as opportunities for the Company. At present, various macroeconomic factors such as interest rates, inflation and GDP growth rate are impacting the Company favourably. Overall, the Goods and Services Tax (GST) and demonetization initiatives implemented by the Government of India had positive impact on the organized retail sector. Deep discounting across online and offline channels continues to disrupt the market. With a number of new entrants and global retailers arriving, the quality of retail space may be an impediment to growth.

Segments

The Company is dealing in only one segment i.e., manufacturing of readymade garments.

Outlook

Our focus remains on a key agenda of localization for some of high cost imports as a key de-risking mechanism against future currency depreciation impact on our business.

Risk and Concerns

The Company is faced with risks of different types, each of which need varying approaches for mitigation. It has identified each of the risks and implemented measures to mitigate such risks with the help of competent senior management and outside specialist consultants. The mitigation measures include:

- Improving supply chain technology, brand management (with partner brands), promotions and customer loyalty programs, and customer service
- Introducing high-definition stores
- Deploying dedicated teams to capture trends/moods/aspirations of customers
- Widening the customer base by way of geographical spread to ensure consumption even in the case of slowdown of economic environment or disruptive events
- Sustaining a multi-format approach to help the Company remain in business even with changes in policies, etc.

Internal Control Systems and their Adequacy

The scope and authority of the Internal Audit function is well defined in the organization. To maintain its objectivity and independence, the internal audit function reports to the Chairperson of the Audit Committee of the Board. The Internal Audit Department monitors and evaluates

the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of the internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The internal financial controls as laid down are adequate and were operating effectively during the year.

Human Resource Development and Industrial Relations

Our people are at the heart of how we do business. It is their talent and skills that will take us to our dream of becoming a \$1 billion brand. We continue to invest in

building best-in-class fashion teams. Recognizing that the workforce will provide critical competitive edge in its growth endeavor, the Company has laid emphasis on recruiting, maintaining and developing its human asset base.

Cautionary Statement

Statements in the Management Discussion and Analysis and Directors Report describing the Company's strengths, strategies, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. The Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

For and on behalf of the Board

Place: Howrah
Date: June 27, 2019

SD/-
Santosh Ladha
Managing Director
(DIN: 03585561)

SD/-
Baldev Das Ladha
Director
(DIN: 03585566)

Directors Report

Dear Members,

Your Directors take pleasure in presenting the 8th Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended March 31, 2019.

Financial Results

The summarized performance of the Company for the Financial Year March 31, 2019 and March 31, 2018 are as under:

(Amount ₹)

	Standalone	
	Year ended March 31, 2019	Year ended March 31, 2018
Total Revenue	62,18,87,608	53,10,12,882
Total expenses	55,14,39,440	48,41,06,428
Profit or Loss before	7,04,48,169	4,69,06,454
Exceptional and Extraordinary items and Tax		
Less: Exceptional Items	0	0
Less: Extraordinary Items	0	0
Profit or Loss before tax	7,04,48,169	4,69,06,454
Less: Current Tax	2,16,04,328	1,30,15,018
Income Tax adjusted for earlier years	0	(60,953)
Deferred Tax	(13,40,872)	8,54,778
Profit or Loss after Tax	5,01,84,713	3,30,97,611

Dividend

The Board has not declared or recommended any dividend for the financial year ended March 31, 2019.

Transfer to Reserves

The Company does not propose to transfer any amount to Reserve.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

Review of Business Operations and Future Prospects

Your Directors are optimistic about company's business and hopeful of better performance with increased revenue in next year. There was no change in the nature of business of company.

Material Changes and Commitment, If Any, Affecting the Financial Position of the Company Occurred Between the end of the Financial Year to which this Financial Statements Relate and the date of the Report

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company.

Statement Concerning Development and Implementation of Risk Management Policy of the Company

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal. The Company is not subject to

any specific risk except risks associated with the general business of the Company as applicable to the whole industry. At present the Company has not identified any element of risk which may threaten the existence of the Company.

Details of Policy Developed and Implemented by the Company on its Corporate Social Responsibility Initiatives

Since the Company has not earned a net profit in excess of ₹ 5,00,00,000/- for the Financial Year ended March 31, 2019 w.r.t. to the calculation as stated under sec. 198 of the Companies Act, 2013, the provisions of Corporate Social Responsibility (CSR) is not applicable to the Company.

Particulars of Loans, Guarantees or Investments Made Under Section 186 of the Companies Act, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provisions are not applicable.

Particulars of Contracts or Arrangements Made with Related Parties

All transactions entered with Related Parties during the financial year were on an arm's length basis and were in ordinary course of business and the provision of Section 188 of the Companies Act, 2013 are not attracted. Thus, disclosure in Form AOC- 2 is not required. Further, there are no materially significant related party transactions during the period under review made by the Company with Promoters, Directors or other designated person which may have a potential conflict with the interest of the Company at large. However, details of all related party transactions are given in Notes to Accounts.

Explanation or Comments on Qualifications, Reservations or Adverse Remarks or Disclaimers Made by the Auditors and the Practicing Company Secretary in their Reports

There are no qualifications, reservations or adverse remarks made by the Statutory and Secretarial Auditors in their reports.

Listing with Stock Exchanges

The Equity Shares of the Company are listed on SME Emerge Platform of NSE Limited w.e.f. 23rd October, 2018. The Company is regular in payment of Annual Listing Fees. The Company has paid Listing fees up to the year 2019-20.

Changes in Share Capital

During the year, the Authorized Share Capital of the Company was increased from ₹ 3,00,00,000/- to

₹ 16,00,00,000/-. Further, the Company has raised ₹ 1107.36 lacs through Initial Public Offer (IPO) by issuance of 12,30,400 equity shares at a face value of ₹ 10/- per share and a premium of ₹ 80 per share.

In addition to the above, the Company also raised the money of ₹ 235.89 lacs by issuance of 6,20,779 equity shares at a face value of ₹ 10/- per share and a premium of ₹ 28 per share.

Directors

In terms of Sections 149 of the Companies Act, 2013, Mr. Rajesh Kumar Rathi and Mr. Nikhil Saraf were appointed as the Independent Directors of the Company. Further, Mrs. Sujata Saha resigned from the Board with effect from 14th December, 2018.

Mr. Baldev Das Ladha retires by rotation and being eligible offers himself for re-appointment, as per the provisions of Section 152 of the Companies Act, 2013.

None of the Directors of the Company are disqualified for appointment or for continuation as Director of the Company in terms of the provisions of Section 164 of the Companies Act, 2013.

Declaration by Independent Directors

Necessary Declarations have been obtained from all the Independent Directors under Section 149 (7) of the Companies Act, 2013.

Familiarisation Programme for Independent Directors

To familiarize the new Independent Directors with the strategy, operations and functions of our Company, the senior managerial personnel make presentation for the inductees about the Company's strategy, operations, product and service offerings, markets, finance, quality etc.

Further, at the time of appointment of an Independent Director, the company issues a formal letter of appointment outlining his/ her role, function, duties and responsibilities as a director.

Key Managerial Personnel

During the year, the Company has appointed Mr. Santosh Ladha as the Managing Director and Mrs. Geeta Ladha as Whole-time Director of the Company in terms of Section 203 of the Companies Act, 2013.

Further, Mr. Niraj Agarwal was appointed as the Chief Financial Officer (CFO) and Ms. Sweta Agarwal was appointed as the Company Secretary of the Company.

Committees of the Board

Audit Committee

During the year under review, the Company has constituted Audit Committee with three directors, majority of which are independent directors. The Audit Committee reviews the Audit Reports submitted by the internal auditors and statutory auditors, financial results and effectiveness of internal audit process, the Company's Risk Management Strategy and vigil mechanism. It reviews the Company's established systems and the Committee is governed by the provisions of the Companies Act, 2013. During the year, 4 Audit Committee meetings were held.

Nomination and Remuneration Committee

During the year under review, the Company has constituted Nomination and Remuneration Committee with three non-executive Directors. This Committee identifies the persons, who are qualified to become Directors of the Company/who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also carries out evaluation of every director's performance.

During the year, the Nomination and Remuneration Committee have met 4 times.

Vigil Mechanism

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013. Employees can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. Any incidents that are reported are investigated and suitable action taken in line with the Whistle Blower Policy.

Remuneration Policy

The Nomination and Remuneration Committee is in process to formulate a remuneration policy which shall be approved by the Board of Directors and shall be uploaded on the website of the Company.

Annual Return

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in "Annexure I" and is attached to this Report.

Board Meetings

During the period under review, the Board met 17 times and the gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Companies Act, 2013.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Subsidiaries, Joint Ventures and Associate Companies

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.

Deposits

The Company has neither accepted nor renewed any deposits during the year under review.

Adequacy of Internal Financial Controls with Reference to Financial Statements

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

Auditors

Statutory Auditor

During the year, the Company has appointed M/s. AMK & Associates, Chartered Accountants at the Extra-Ordinary

General Meeting held on 30th July, 2018, to fill the casual vacancy caused due to resignation of M/s. R. Rathi & Co. Chartered Accountants for conducting audit for the Financial Year 2018-19. The said auditor shall hold office till the conclusion of ensuing Annual General Meeting. Further, the Board recommends the re-appointment of M/s. AMK & Associates, Chartered Accountants, for a further period of five years commencing from Financial Year 2019-20.

Internal auditor

M/s. Vimal & Seksaria, Chartered Accountants were appointed as the Internal Auditor of the Company for the Financial Year 2018-19.

Auditors' Report

The Auditors' Report read together with the Notes on Accounts are self-explanatory and therefore do not call for any further explanation and comments. No frauds were reported by the Auditor se under sub-section 12 of Section 143 of the Companies Act, 2013.

Cost Records and Cost Audit

The provisions of cost records and cost audit as specified by the Central Government under section 148 of the Companies Act, 2013 are not applicable to the Company.

Corporate Governance

Since the Company is listed on SME platform of National Stock Exchange of India Ltd., the provisions of Corporate Governance are not applicable to the Company. However, the Directors are complying with the corporate norms.

Details of Significant and Material Orders Passed by the Regulators, Courts and Tribunals

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition

& Redressal) Act, 2013. Further, the Company has constituted an Internal Complaints Committee for redressing the complaints against sexual harassment. There was no complaint received during the year.

Remuneration Ratio to Directors/KMP/ Employees

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment & Remuneration of managerial Personnel) Rules, 2014 in respect of Directors/employees of the Company is attached as "Annexure-II" to this Report.

Other Disclosure Requirements

- The disclosures and reporting with respect to issue of equity shares with differential rights as to dividend, voting or otherwise is not applicable as the Company has not issued any such shares during the reporting period.
- The disclosures and reporting on issue of shares (including sweat equity shares and Issue of Shares under Employees Stock Option Scheme) to employees of the Company under any scheme are not applicable as the Company has not issued any such shares during the reporting period.
- The company has complied with the applicable provisions of Secretarial Standards SS-1 and SS-2 with respect to convening of Board Meetings and General Meetings during the period under review.

Management Discussion and Analysis Report

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations (LODR), 2015, the Management Discussion and Analysis Report is presented in separate section forming part of the Annual Report.

Acknowledgements

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

For and on behalf of the Board

SD/-
Santosh Ladha
Managing Director
(DIN: 03585561)

SD/-
Baldev Das Ladha
Director
(DIN: 03585566)

Place: Howrah
Date: June 27, 2019

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

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

I. Registration & Other Details:

1. CIN	U18109WB2011PLC166895
2. Registration Date	August 27, 2011
3. Name of the Company	Iris Clothings Limited
4. Category/Sub-category of the Company	Company Limited by Shares/Non- Govt. Company
5. Address of the Registered office & contact details	103/24/1, Foreshore Road, Shibpur, Howrah-711102
6. Whether listed company	Yes
7. Name, Address & contact details of the Registrar and Transfer Agent, if any.	M/s. Cameo Corporate Services Ltd "Subramanian Building", No.1 Club House Road, Chennai - 600 002 Phone: (033) 2248-2248/2243-5029 E-mail Id: cameo@cameoindia.com

II. Principal Business Activities of the Company:

All the business activities contributing 10% or more of the total turnover of the company are given below:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Manufacturing of readymade garments	14101	100%

III. Particulars of Holding, Subsidiary and Associate Companies:

The Company has no holding, subsidiary and associate company.

IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	-	28,10,000	28,10,000	100	31,41,579	-	31,41,579	67.40	-
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt. (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	28,10,000	28,10,000	100	31,41,579	-	31,41,579	67.40	-
(2) Foreign									
(a) NRIs –									
Individuals	-	-	-	-	-	-	-	-	-
(b) Other –									
Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	28,10,000	28,10,000	100	31,41,579	-	31,41,579	67.40	-
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt.(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
(a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	5,50,400	-	5,50,400	11.81	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	-	-	-	-	1,84,300	-	-	3.95	-
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	6,93,900	35,000	7,28,900	15.64	-
(c) Others (HUF)	-	-	-	-	56,000	-	56,000	1.20	-
NRI	-	-	-	-	-	-	-	-	-
Clearing Member	-	-	-	-	-	-	-	-	-
OCB	-	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-	-
Foreign National Investor	-	-	-	-	-	-	-	-	-
Office of the Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	14,84,600	35,000	15,19,600	32.60	-
Total Public Shareholding (B)=(B)(1)+(B) (2)	-	-	-	-	14,84,600	35,000	15,19,600	32.60	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	28,10,000	28,10,000	100	46,26,179	35,000	46,61,179	100	-

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year (as on 01.04.2018)			Shareholding at the end of the Year (as on 31.03.2019)			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Geeta Ladha	21,28,600	75.75	-	22,07,547	47.37	-	-
2.	Santosh Ladha	3,05,600	10.87	-	3,45,074	7.40	-	-
3.	Baldev Das Ladha	30,000	1.07	-	69,474	1.49	-	-
4.	Santosh Ladha (HUF)	1,39,000	4.95	-	1,86,368	4.00	-	-
5.	Kamala Devi Ladha	98,800	3.52	-	1,25,116	2.68	-	-
6.	Baldev Das Ladha (HUF)	1,08,000	3.84	-	2,08,000	4.46	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.	Shareholders Name	Reason	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Geeta Ladha	Purchase	21,28,600	75.75	22,07,547	47.37
2.	Santosh Ladha	Purchase	3,05,600	10.87	3,45,074	7.40
3.	Baldev Das Ladha	Purchase	30,000	1.07	69,474	1.49
4.	Santosh Ladha (HUF)	Purchase	1,39,000	4.95	1,86,368	4.00
5.	Kamala Devi Ladha	Purchase	98,800	3.52	1,25,116	2.68
6.	Baldev Das Ladha (HUF)	Purchase	1,08,000	3.84	2,08,000	4.46

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Sushila Devi Mundhra				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	166900	3.5806	166900	3.5806
	At the End of the year	166900	3.5806	166900	3.5806
2.	Madhu Rathi				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	1,66,400	3.5699	1,66,400	3.5699
	At the End of the year	1,66,400	3.5699	1,66,400	3.5699
3.	Punita Singhania				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	91,600	1.9651	91,600	1.9651
	At the End of the year	91,600	1.9651	91,600	1.9651
4.	Sharmila Gaurang Vasani				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	53,000	1.1370	53,000	1.1370
	At the End of the year	53,000	1.1370	53,000	1.1370
5.	Gaurang Shashikant Vasani				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	46,600	0.9997	46,600	0.9997
	At the End of the year	46,600	0.9997	46,600	0.9997

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
6.	Vikash Patwari				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	41,400	0.8881	41,400	0.8881
	At the End of the year	41,400	0.8881	41,400	0.8881
7.	Laxmi Agarwal				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	38,400	0.8238	38,400	0.8238
	At the End of the year	38,400	0.8238	38,400	0.8238
8.	Choice Equity Broking Private Limited				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	36,800	0.7894	36,800	0.7894
	At the End of the year	36,800	0.7894	36,800	0.7894
9.	Bee Cee Apparels Private Limited				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	30,400	0.6521	30,400	0.6521
	At the End of the year	30,400	0.6521	30,400	0.6521
10.	Vishal Kumar Gupta				
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the Year	25,600	0.5492	25,600	0.5492
	At the End of the year	25,600	0.5492	25,600	0.5492

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholders Name	Reason	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Geeta Ladha	Purchase	21,28,600	75.75	22,07,547	47.37
2.	Santosh Ladha	Purchase	3,05,600	10.87	3,45,074	7.40
3.	Baldev Das Ladha	Purchase	30,000	1.07	69,474	1.49

V. Indebtedness:

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	19,09,44,151	189,00,000	-	20,98,44,151
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	19,09,44,151	189,00,000	-	20,98,44,151
Change in Indebtedness during the financial year				
• Addition	1,02,33,484	-	-	1,02,33,484
• Reduction	-	(189,00,000)	-	(189,00,000)
Net Change	1,02,33,484	(189,00,000)	-	(86,66,516)
Indebtedness at the end of the financial year				
i) Principal Amount	20,11,77,635	0	-	20,11,77,635
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	20,11,77,635	0	-	20,11,77,635

VI. Remuneration of Directors and Key Managerial Personnel:

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Santosh Ladha (MD w.e.f. 27.07.2018)	Mrs. Geeta Ladha (WTD w.e.f. 27.07.2018)	Mr. Baldev Das Ladha (Executive Director)	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	80,00,000	1,04,00,000	24,00,000	2,08,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- Others, specify...				
5.	Others, please specify				
	Total	80,00,000	1,04,00,000	24,00,000	2,08,00,000

B. Remuneration to other directors: Nil

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
	Independent Directors				
	• Fee for attending board /committee meetings				
	• Commission				
	• Others, please specify				
	Total (1)				
	Other Non-Executive Directors				
	• Fee for attending board /committee meetings				
	• Commission				
	• Others, please specify				
	Total (2)				
	Total (B)=(1+2)				
	Total Managerial Remuneration				

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Sweta agarwal (Company Secretary)	Niraj Agarwal (CFO)	
1.	Gross salary			
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,40,000	2,16,000	4,56,000
	Value of perquisites u/s 17(2) Income-tax Act, 1961			
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- Others, specify...			
5.	Others, please specify			
	Total	2,40,000	2,16,000	4,56,000

VII. Penalties / Punishment/ Compounding of Offences: Nil

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS					
IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

SD/-
Santosh Ladha
 Managing Director
 (DIN: 03585561)

SD/-
Baldev Das Ladha
 Director
 (DIN: 03585566)

Place: Howrah
 Date: June 27, 2019

ANNEXURE: II

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year are given hereunder:

Name	Designation	Remuneration Paid FY 2018-19	Remuneration Paid FY 2017-18	% increase in remuneration from previous Year	Ration of remuneration to median remuneration of employees (including whole-time Directors)
1. Geeta Ladha	Whole-time Director	1,04,00,000	72,00,000	32,00,000	1.3
2. Santosh Ladha	Managing Director	80,00,000	84,00,000	-	-
3. Baldev Das Ladha (upto 31.07.2018)	Director	24,00,000	72,00,000	-	-

- ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary of Manager, if any, in the financial year are given hereunder:

Name	Designation	% increase in remuneration in the financial year
Geeta Ladha	Whole-time Director	44.44
Santosh Ladha	Managing Director	-

- iii. The percentage of increase in the median remuneration of employees in the financial year: Not applicable.
 iv. The number of permanent employees on the role of company as on 31st March, 2019 is 637 nos.
 v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentage increase in salaries of employees other than managerial personnel during 2017-2018	Not Applicable
The percentage increase in the Managerial Remuneration	Not Applicable

- vi. Affirmation that the remuneration is as per the remuneration policy of the company: The Board of Directors of the Company affirms that the remuneration is as per the Remuneration Policy of the Company.

For and on behalf of the Board

SD/-
Santosh Ladha
 Managing Director
 (DIN: 03585561)

SD/-
Baldev Das Ladha
 Director
 (DIN: 03585566)

Place: Howrah
 Date: June 27, 2019

Independent Auditor's Report

to the Members of Iris Clothings Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of IRIS Clothings Limited ("the Company") which comprise the balance sheet as at 31st March 2019, the statement of Profit and Loss and statement of cash flows 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 financial statements give the information required by 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, 2019, profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no Key audit matters to communicate in our report.

Management's Responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements — Refer Note 27 (A) (i) to the financial statements.
 - 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 AMK & Associates

Chartered Accountants
FRN: 327817E

Bhupendra Kumar Bhutia

Partner
M.No. :059363

Kolkata
May 24, 2019

Annexure “A” to the Independent Auditors’ Report

Annexure to the Independent Auditors’ Report to the Members of IRIS Clothings Limited referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements in our Report of even date

- (i) In respect of its fixed assets (property, plant and equipment):
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals.

According to the information and explanations given to us no material discrepancies were noticed on such verification;

- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of freehold land, are held in the name of the Company as at the balance sheet date.

- (i) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (ii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the Register maintained under Section 189 of the Companies Act,
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

As informed to us, no order has been passed by the Company law Board and National Company Law Tribunal or Reserve Bank of India or any other tribunal against the company for any violation of deposit rules as referred above.

- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the Opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, , Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable.

- c) Details of dues of Income Tax, Excise Duty and Value Added Tax which have not been deposited as on 31 March 2019 on account of disputes are given below:

Name of the Statute	Nature of Dues Amount (₹) (Net)	Period to which the amount relates dispute is pending	Forum where the of Deposit
Income Tax Act, 1961	Income Tax 1,35,68,260/-	A.Y. 2013-14	C.1.T.(Appeal)

- (viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.
- (ix) The Company has raise money by way of initial public offer (except further public offer or debt instruments) and term loans during the year and utilized the same for the purposes which they are raised.
- (x) No fraud by the company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has paid or provided managerial remuneration during the current financial year, in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) The company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year under review 2013. Accordingly, paragraph 3 (xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, there are no personal expenses which have been charged to the revenue account and the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act,

For AMK & Associates

Chartered Accountants

FRN: 327817E

Bhupendra Kumar Bhutia

Partner

M.No. :059363

Kolkata

May 24, 2019

Annexure “B” to the Independent Auditors’ Report

Annexure to the Independent Auditors’ Report to the Members of IRIS Clothings Limited referred to in paragraph 2 (g) of Report on Other Legal and Regulatory Requirements in our Report of even date.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of IRIS Clothings Limited as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

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

Opinion

In our opinion, 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, 2019, 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 AMK & Associates

Chartered Accountants
FRN: 327817E

Bhupendra Kumar Bhutia

Partner
M.No. :059363

Kolkata
May 24, 2019

Balance Sheet

as at March 31, 2019

(Amount in ₹)

Particulars	Note No.	As at	
		March 31, 2019	March 31, 2018
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	46,611,790	28,100,000
(b) Reserves and surplus	3	239,204,013	73,205,488
		285,815,803	101,305,488
2. Non-current liabilities			
(a) Long-term borrowings	4	39,711,100	62,742,376
(b) Long-term provisions	5	-	1,777,345
		39,711,100	64,519,721
3. Current liabilities			
(a) Short-term borrowings	6	161,466,535	147,101,775
(b) Trade payables	7		
(i) Total Outstanding dues of micro enterprises and small enterprises		4,176,223	-
(ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises		101,449,412	64,198,750
(c) Other current liabilities	8	23,620,314	20,646,214
(d) Short-term provisions	9	36,233,664	14,716,149
		326,946,148	246,662,888
		652,473,051	412,488,097
II ASSETS			
1. Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		138,472,967	148,539,588
(ii) Intangible assets		229,627	246,948
(iii) Capital work-in-progress		104,331,336	140,000
		243,033,931	148,926,536
(c) Deferred Tax Assets (net)	11	1,980,398	639,526
(d) Long-term loans and advances	12	6,725,760	4,748,086
		251,740,089	154,314,148
2. Current assets			
(a) Inventories	13	232,602,675	110,331,731
(b) Trade receivables	14	95,822,425	105,411,657
(c) Cash and cash equivalents	15	453,384	1,319,414
(d) Other Bank Balance	16	20,968,374	17,294,484
(e) Short-term loans and advances	17	50,886,103	23,816,663
		400,732,961	258,173,949
		652,473,051	412,488,097

Significant Accounting Policies

1

As per our report on even date

For AMK & Associates

Chartered Accountants
 FRN: 327817E

Santosh Ladha
 Managing Director

Baldev Das Ladha
 Director

Bhupendra Kumar Bhutia

Partner
 M.No.: 059363

Niraj Agarwal
 CFO

Sweta Agarwal
 Company Secretary

Kolkata
 May 24, 2019

Statement of Profit & Loss

For the year ended on March 31, 2019

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from operations	18	620,468,402	528,668,268
II Other income	19	1,419,206	2,344,613
III Total revenue (I+II)		621,887,608	531,012,882
IV EXPENSES			
Cost of material consumed	20	349,795,027	292,319,882
Purchase of stock-in-trade	21	42,107,362	4,135,675
Changes in inventories of finished goods and work in progress	22	(98,090,577)	(30,617,177)
Employee benefit expenses	23	92,941,618	79,038,370
Finance Costs	24	18,784,159	24,376,781
Depreciation and amortisation expense	25	23,727,633	18,767,966
Other expenses	26	122,174,218	96,084,931
Total expenses		551,439,440	484,106,428
V Profit / (Loss) before tax (III-IV)		70,448,169	46,906,454
VI Tax expense:			
Current Tax		21,604,328	13,015,018
Deferred Tax (Asset)/Liability		(1,340,872)	854,778
Income Tax Adjustment for earlier Years		-	(60,953)
		20,263,456	13,808,843
VII Profit / (Loss) after tax (V-VI)		50,184,713	33,097,611
VIII Earnings per share (of ₹ 10/- each):	30		
Basic		13.05	12.30
Diluted		13.05	12.30

Significant Accounting Policies

1

As per our report on even date

For AMK & Associates

Chartered Accountants
FRN: 327817E

Santosh Ladha
Managing Director

Baldev Das Ladha
Director

Bhupendra Kumar Bhutia

Partner
M.No.: 059363

Niraj Agarwal
CFO

Sweta Agarwal
Company Secretary

Kolkata
May 24, 2019

Cash Flow Statement

for the year ended March 31, 2019

PARTICULARS	(In Rupees)	
	Year ended March 31, 2019	Year ended March 31, 2018
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extra-ordinary Items	70,448,169	46,906,453
Adjustments for:		
- Depreciation	23,727,633	18,767,966
- Sundry Balances Written Off	3,128	
- Finance Cost	18,784,159	24,756,714
- Loss on Sale of Motor Car	-	951,136
- Interest Income	(1,313,956)	(1,617,775)
Operating Profit Before Working Capital Changes	111,649,132	89,764,494
Adjustments for:		
- Trade and Other Payables	44,205,314	(1,063,548)
- Trade and other Receivables	(1,783,081)	(18,723,602)
- Inventories	(122,270,944)	(24,793,214)
Cash Generated from Operations:	31,800,420	45,184,130
- Direct Taxes Paid	(21,351,819)	(11,943,630)
Net Cash generated from Operating Activities	10,448,602	33,240,500
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets(Net)	(117,835,028)	(53,191,254)
Redemption/(Investment) in Fixed Assets	-	(4,734,587)
Interest Received	1,313,956	1,617,775
Net Cash used in Investing Activities	(116,521,072)	(56,308,066)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Share Capital	134,325,602	3,188,700
Proceeds from Short Term Borrowings	14,364,760	30,530,135
Proceeds/(Repayment) of Long Term Borrowings	(24,699,763)	13,457,622
Interest Paid	(18,784,159)	(24,308,574)
Net Cash generated/(used) in Financing Activities	105,206,440	22,867,883
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)	(866,030)	(199,683)
Opening Cash and Cash Equivalents	1,319,414	1,519,098
Closing Cash and Cash Equivalents	453,385	1,319,414

This is the Cash Flow statement referred to in our Report of even date.

For AMK & Associates

Chartered Accountants
 FRN: 327817E

Bhupendra Kumar Bhutia

Partner
 M.No.: 059363

Kolkata
 May 24, 2019

Santosh Ladha
 Managing Director

Niraj Agarwal
 CFO

Baldev Das Ladha
 Director

Sweta Agarwal
 Company Secretary

Notes forming an integral part of the financial statements

Note No. 1

Significant Accounting Policies:

1. Corporate Information:

IRIS CLOTHINGS LIMITED was incorporated on August 27, 2011 as a Private Limited company under the Companies Act, 1956, at Registrar of Companies, Kolkata. The Company was later on converted into a Public Company w.e.f. July 24, 2018. Thereafter Company get it listed on NSE Emerge Platform on October 23, 2019. The Company is engaged in manufacturing of Readymade Garments.

2. Basis of Preparation of Financial Statements:

The Financial Statements of IRIS Clothings Limited (the Company) have been prepared and presented under the historical cost convention and on the accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises Accounting Standards notified by the Central Government of India under section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India.

3. Use of Estimates

The preparation of the financial statements is in conformity with Generally Accepted Accounting principles require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the year. Actual results may differ from those estimates. Difference between the actual results and the estimates are recognised in the year in which the results become known/ materialise.

4. Revenue Recognition

Revenue from operations are recognized when there is certainty as to measurability and ultimate collectability.

- **Sales of goods**

Revenue from the sale of goods are recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- **Export Incentives**

Revenue in respect of the export incentives is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

- **Insurance and Other Claims**

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof

5. Employees benefits

- **Short term Employee Benefits:**

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of profit and loss of the year in which the related service is rendered.

- **Post-Employment Benefits:**

- (a) **Defined Contribution Plans:**

- **Provident Fund**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense when an employee renders the related service.

Notes forming an integral part of the financial statements

(b) Defined Benefit Plans:

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees of the Company. 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 the tenure of employment with the Company.

The liability for gratuity is provided on actuarial basis. The Present Value of the company's obligation is determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method and the fair value of plan assets is reduced from the gross obligations under the gratuity scheme to recognize the obligation on a net basis.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in Statement of Profit & Loss Account.

6. Property, Plant and Equipment

Land is carried at cost. All others items of Property, Plant and Equipment are stated at cost, less accumulated depreciation. Cost comprises non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets. The same is in compliance with AS-10 to the extent applicable.

Depreciation and Amortisation

The management has evaluated the estimates of useful lives of its fixed assets as per the requirements of Schedule II of the Companies Act, 2013 and depreciation has been provided as per WDV basis in accordance therewith.

7. Impairment of Assets

The company reviews the carrying amount of cash generating units / assets at reporting date to determine whether there is any indication of impairment. If such indication exists the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

8. Intangible Assets

Intangible Assets are recognised at consideration paid for acquisition and other direct costs that can be directly attributed or allocated on a reasonable and consistent basis. Intangible assets are stated at cost less accumulated amount of amortization.

9. Inventories

Inventories are valued at lower of cost or net realizable value. The cost includes cost of purchase, duties and taxes (to the extent not recoverable) and other costs incurred in bringing the inventories to their present location and condition. The cost of the various items of inventories are computed as under:

- Raw materials and stores and spares are valued at cost plus direct expenses and method of valuation is first in first out (FIFO).
- Work-in-Progress are valued at raw material cost plus conversion costs depending upon the stage of completion.
- Finished Goods are valued at raw material cost plus conversion costs, packing cost, and other overheads incurred to bring the goods to their present location and condition and method of valuation is first in first out (FIFO).

Notes forming an integral part of the financial statements

10. Government Grants

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are deducted from the cost of asset to which it relates. Government grants related to revenue are recognized in the statement of profit and loss as and when it is realized.

11. Foreign Currency Transaction

• Functional and Presentation currency

The functional currency of the company is Indian rupee. These financial statements are presented in Indian rupee.

• Transaction and balances

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The foreign currency monetary items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise.

12. Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease under which the risks and rewards incidental to ownership are not transferred to lessee is classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the statement of profit and loss over the lease term.

13. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

14. Earnings per Share

- Basic earnings per share is computed 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.
- Diluted earnings per share is computed by taking into account weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

15. Income Taxes

Provision for tax is made for current and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates under the tax laws.

Deferred tax is recognized on timing difference, being the difference between taxable income and accounting income, that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent years are recognised

Notes forming an integral part of the financial statements

using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets other than in respect of carried forward losses or unabsorbed depreciation are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized.

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

16. Provisions, Contingent Liabilities and Contingent Assets

- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- Contingent Assets are neither recognized nor disclosed in the financial statements.

17. Cash and Cash Equivalents

The Cash Flow Statement is prepared by indirect method set in Accounting Standard-3 on cash flow statement and presents the cash flows by Operating, Investing and Finance activities of the company. Cash and cash equivalents presented in cash flow consists of cash in hand, cheques in hand, bank balances. The same is in compliance with AS-3 to the extent applicable.

2. Share Capital

Particulars	As at	As at	As at	As at
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
(a) Authorised				
Ordinary Equity Shares of in ₹ 10/- each	16,000,000	160,000,000	3,000,000	30,000,000
(b) Issued, Subscribed & Paid Up				
Ordinary Equity Shares of in ₹ 10/- each	4,661,179	46,611,790	2,810,000	28,100,000
Total	4,661,179	46,611,790	2,810,000	28,100,000

Note:

a) Reconciliation of number of ordinary shares outstanding

Particulars	As at	As at	As at	As at
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
Shares Outstanding at the beginning of the period	2,810,000	28,100,000	2,691,900	26,919,000
Add : Shares issued during the year	1,851,179	18,511,790	118,100	1,181,000
Shares Outstanding at the end of the year	4,661,179	46,611,790	2,810,000	28,100,000

Notes forming an integral part of the financial statements

b) Terms / rights attached to equity shares :

- The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.
- The final dividend declared, if any, is subject to the approval of the members in the Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

c) Shareholders holding more than 5% of the Ordinary Shares in the Company

Particulars	As at	As at	As at	As at
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
	No of Shares	%	No of Shares	%
Geeta Ladha	2207547	47.36	2128600	75.75
Santosh Ladha	345074	7.40	305600	10.88
Ajinkya Mercantile Pvt. Ltd.	254400	5.46	-	-

3. Reserves & Surplus

Particulars	As at	
	March 31, 2019	March 31, 2018
Securities Premium		
Balance as at the beginning of the year	2,007,700	-
Addition during the year	115,813,812	2,007,700
	-	-
	117,821,512	2,007,700
Surplus		
Balance as at the beginning of the year	71,197,788	38,100,178
Profit for the year	50,184,713	33,097,610
	121,382,501	71,197,788
	239,204,013	73,205,488

a) Securities Premium

Securities premium is used to record premium amount received on issue of securities. The reserve can be used for the purpose as given in provisions of the Companies Act, 2013 (the "Companies Act").

4. Long Term Borrowings

Particulars	As at	
	March 31, 2019	March 31, 2018
Secured Loans		
Rupee Term Loan		
From Banks	36,200,000	57,696,748
From Other Parties	-	-
	36,200,000	57,696,748
Vehicle Loan		
From Banks	341,837	5,045,628
From Other Parties	3,169,263	-
	3,511,100	5,045,628
	39,711,100	62,742,376

Note:

Rupee Term Loan

Primary: Pari-Passu Charge 1st charge over Fixed Assets of the Company both present and future.

Collateral: Pari-Passu Charge 2nd charge over the hypothecation of stocks and book debts both present and future.

Notes forming an integral part of the financial statements

Rupee Term Loan have been guaranteed by the directors.

Repayments of Rupee Term Loan

₹ 3,00,00,000 Rupee Term Loan will be Repaid in 20 quarterly Installments commencing from 30.06.2017.

₹ 2,90,00,000 Rupee Term Loan will be Repaid in 20 quarterly Installments commencing from 30.06.2018.

Vehicle Loan

Vehicle Loan has been secured against the hypothecation of Vehicles against which loan has been paid.

Due	Total Minimum Lease payments	Interest Not Due	Present value of minimum Lease payments
Within one year	1,895,352	360,534	1,534,818
Last year	1,895,352	485,118	1,410,234
Later than one year and not later than five years	3,883,590	372,480	3,511,110
Last year	5,778,942	733,014	5,045,928
Total: Current Year	5,778,942	733,014	5,045,928
Total: Last Year	7,674,294	1,218,132	6,456,162

5. Long - Term Provisions

Particulars	As at	
	March 31, 2019	March 31, 2018
Provision for Employees Benefits		
Gratuity	-	1,777,345
	-	1,777,345

6. Short Term Borrowings

Particulars	As at	
	March 31, 2019	March 31, 2018
Secured		
Loan Repayable on demand		
From Bank-CC Account	161,466,535	128,201,775
Unsecured		
Loan Repayable on Demand		
Other Body Corporates	-	14,500,000
From Directors	-	4,400,000
	161,466,535	147,101,775

Note:

Cash Credit:

Primary: Pari-Passu Charge 1st charge over the hypothecation of stocks and book debts both present and future

Collateral: Pari-Passu Charge 2nd charge over Fixed Assets of the Company both present and future.

Cash Credit facilities has been guaranteed by the directors.

Notes forming an integral part of the financial statements

7. Trade Payables

Particulars	As at	
	March 31, 2019	March 31, 2018
To Micro Enterprises and Small Enterprises	4,176,223	-
Others		
For - Goods	84,694,435	60,511,880
For - Capital goods	9,009,654	-
For- Others	7,745,323	3,686,870
	105,625,635	64,198,750

Note:

The amount due to Micro and Small Enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at March 31, 2019 are as under

Particulars	As at	
	March 31, 2019	March 31, 2018
i) The principal amount remaining unpaid to supplier as at the end of the year	4,176,223	-
ii) The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
iii) The amount of interest paid in terms of section 16 along with the amount of payment made to supplier beyond the appointment day during the year 2010-11	-	-
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
v) The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-

8. Other Current Liabilities

Particulars	As at	
	March 31, 2019	March 31, 2018
Current Maturities of Long Term Debt	10,934,528	12,603,015
Interest Accrued But Not Due	400,504	448,139
Other Payables		
Advances from Customers	156,390	40,000
Security Deposits from Customers	3,087,281	500,000
Gratuity Payable	971,908	-
Liabilities for Expenses	6,208,839	4,934,172
Statutory Dues Payable	1,860,864	2,120,888
	23,620,314	20,646,214

9. Short - Term Provisions

Particulars	As at	
	March 31, 2019	March 31, 2018
Provision for Employees Benefits		
Gratuity	-	86,813
	-	86,813
Provision for taxation (Net of Advance Tax)	36,233,664	14,629,336
	36,233,664	14,716,149

Notes forming an integral part of the financial statements

10. Fixed Assets

Particulars	Gross Block			Depreciation			Net Block	
	Balance as at April 1, 2018 (₹)	Additions (₹)	Disposals (₹)	Balance as at April 1, 2018 (₹)	Depreciation/ Amortisation expense for the period (₹)	Sale/ Adjustment (₹)	Balance as at March 31, 2019 (₹)	As at March 31, 2018 (₹)
Tangible Assets								
Land	1,834,700	-	-	1,834,700	-	-	1,834,700	1,834,700
Buildings	71,223,115	-	-	71,223,115	6,372,854	-	10,513,299	67,082,670
Plant & Machinery	109,379,848	7,345,839	-	116,725,687	11,408,902	-	60,464,710	60,324,040
Electric Installation	6,347,970	438,526	-	6,786,496	606,952	-	3,782,032	3,172,890
Furniture & Fixture	9,474,466	4,802,462	-	14,276,928	2,090,932	-	5,295,784	6,269,614
Office Equipments	3,438,995	932,065	-	4,371,060	898,587	-	3,007,538	1,330,044
Vehicles	11,033,836	-	-	11,033,836	2,207,285	-	4,715,491	8,525,630
	212,732,930	13,518,892	-	226,251,822	23,585,512	-	87,778,854	138,472,968
In-Tangible Assets								
Software	414,200	124,800	-	539,000	142,121	-	309,373	246,948
Total	213,147,130	13,643,692	-	226,790,822	23,727,633	-	88,088,227	148,786,536
Previous Year	155,387,691	65,364,297	7,604,858	213,147,130	18,767,966	2,678,027	64,360,594	148,786,536

Notes forming an integral part of the financial statements

11. Deferred Tax Assets

Particulars	As at	
	March 31, 2019	March 31, 2018
Deferred Tax Assets		
Timing difference depreciation on PPE	(1,980,398)	(639,526)
	(1,980,398)	(639,526)

12. Long-term Loans and Advances

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured - Considered Good		
Capital Advances	-	-
Security deposits	6,725,760	4,748,086
	6,725,760	4,748,086

13. Inventories

Particulars	As at	
	March 31, 2019	March 31, 2018
Raw Materials	34,072,715	7,587,549
Work-in-Progress	98,379,905	46,481,649
Finished Goods	95,966,671	49,774,349
Stores & Spares Parts, etc	4,183,385	6,488,184
	232,602,675	110,331,731

14. Trade Receivables

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured-Considered Good		
More than six months	35,432	79,432
Others	95,786,993	105,332,225
	95,822,425	105,411,657
Less : Provision for doubtful Trade Receivables	-	-
	95,822,425	105,411,657

15. Cash and Cash Equivalents

Particulars	As at	
	March 31, 2019	March 31, 2018
Cash in hand	248,079	127,959
Balance with banks		
in Current Account	205,305	1,191,455
	453,384	1,319,414

16. Other Bank Balances

Particulars	As at	
	March 31, 2019	March 31, 2018
Balances with Banks		
In Term Deposit Account	20,968,374	17,294,484
Note: Under Lien with Banks against the borrowing facilities	20,968,374	17,294,484

Notes forming an integral part of the financial statements

17. Short-term loans and advances

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured, considered good		
Security Deposit	1,132,360	-
Balances with government authorities	6,819,197	2,387,793
Advance Income Tax (Net of Income Tax Provision)	37,550,977	16,199,158
Others		
Prepaid Expenses	589,032	-
Advance given to parties	4,629,537	5,054,320
Other Receivables	-	80,892
Advance to Staff	165,000	94,500
	50,886,103	23,816,663

18. Revenue from operations

Particulars	For the Period Ended On	
	March 31, 2019	March 31, 2018
Gross Sales		
Gross Sales		
- Traded goods	20,432,906	4,135,675
- Raw Material	15,564,345	9,475,771
- Finished Goods	603,409,966	513,838,350
	618,974,311	527,449,796
Other Operating Revenue	1,494,092	1,218,473
	1,494,092	1,218,473
	620,468,402	528,668,269

19. Other income

Particulars	For the Period Ended On	
	March 31, 2019	March 31, 2018
Discount Received	63,616	380,796
Interest Received	1,313,956	1,138,340
Interest Subsidy (TUFS) Received	-	479,435
Insurance Claim Received	41,634	346,043
	1,419,206	2,344,613

20. Cost of materials consumed

Particulars	For the Period Ended On	
	March 31, 2019	March 31, 2018
Inventories at the beginning of the year	7,587,549	14,582,612
Add: Purchases	376,280,193	285,324,818
	383,867,742	299,907,430
Less: Inventories at the end of the year	34,072,715	7,587,549
Cost of Materials Consumed	349,795,027	292,319,882

Notes forming an integral part of the financial statements

21. Purchase of Stock in Trade

Particulars	For the Period Ended On	
	March 31, 2019	March 31, 2018
Readymade Garments	42,107,362	4,135,675
	42,107,362	4,135,675

22. Changes in inventories of finished goods and work-in-progress

Particulars	For the Period Ended On	
	March 31, 2019	March 31, 2018
Change in Finished Goods		
Opening Stock of Finished Goods:	49,774,349	34,932,337
Less : Closing Stock of Finished Goods:	95,966,671	49,774,349
	(46,192,321)	(14,842,013)
Details of Closing Stock of Finished Goods		
Readymade Garments	95,966,671	49,774,349
Changes in Work in Progress		
Openig Stock of WIP:	46,481,649	30,706,485
Less : Closing Stock of WIP:	98,379,905	46,481,649
	(51,898,256)	(15,775,164)
	(98,090,577)	(30,617,177)

23. Employee Benefit Expenses

Particulars	For the Period Ended On	
	March 31, 2019	March 31, 2018
Salaries ,Wages, Exgratia & Bonus	86,565,332	73,447,092
Contribution to Provident and Other Funds	3,527,254	3,149,728
Staff Welfare expenses	2,849,032	2,441,550
	92,941,618	79,038,370

24. Finance Costs

Particulars	For the Period Ended On	
	March 31, 2019	March 31, 2018
Interest Expense	17,950,682	23,398,543
Other Borrowing Cost	833,477	978,238
	18,784,159	24,376,781

25. Depreciation and Amortisation Expenses

Particulars	For the Period Ended On	
	March 31, 2019	March 31, 2018
Depreciation	23,585,512	18,767,966
Amortisation	142,121	-
	23,727,633	18,767,966

Notes forming an integral part of the financial statements

26. Other Expenses

Particulars	As at	
	March 31, 2019	March 31, 2018
Consumption of Stores & Spare parts	40,213,678	18,772,336
Power & Fuel	9,963,962	7,386,965
Rent	8,267,556	8,557,425
Repair & Maintenance		
Building	88,000	296,400
Plant and Machinery	3,855,477	2,315,374
Others	342,390	1,512,961
Insurance	637,786	730,015
Rates, Taxes, excluding taxes on income	953,294	389,703
Stitching, Printing, Embroidery and Other Expenses	15,262,902	24,014,332
Carriage Outward	6,285,173	4,256,492
Royalty	1,563,331	639,672
Sales promotion Expenses	6,451,043	1,593,525
Commission Paid	10,157,369	12,493,729
Donation (inc CSR Expenses)	11,000	12,100
Miscellaneous Expenses	19,069,974	13,088,902
Payment to Auditors		
- For Statutory Audit	150,000	10,000
- For Tax Audit	-	15,000
Sundry Balances Written Off	3,128	-
Net gain/loss on foreign currency transactions	(1,101,847)	-
	122,174,218	96,084,931

27. Contingent liabilities and Commitments

	As at March 31, 2019 (₹)	As at March 31, 2018 (₹)
A) Contingent Liabilities		
Claims against the company not acknowledged as Debts (net of deposits)		
1) Income Tax *	13,568,260	13,568,260
* The company had received a Demand Order dated March 16, 2016 for Assessment year 2013-14, under Section 143(3) of the Income Tax Act, 1961, of ₹ 1,59,62,660/-, against which on April 29, 2016, an Appeal has been filed before the Commissioner of Income Tax Appeal. The company has already paid ₹ 23,94,400/- against the demand order. The matter is still pending before the concerned authorities. (Net off Refunds and Self Assessment Tax)		
b) Commitments		
Outstanding Estimated Capital Commitment (Net of Advances)	-	-
Other commitment:		
i) Export Obligations against import of capital goods under EPCG Scheme	179,631,358	48,498,000

28. Segment Reporting

The company primarily operates in single reportable business segment of manufacturing & trading of readymade garments business and mainly operate in geographical boundaries of India only.

Notes forming an integral part of the financial statements

29. Disclosure under Accounting Standard 18:

Related Party Disclosures:

(i) List of related parties:

(a) Key Management Personnel:

- Mrs. Geeta Ladha	Executive Whole Time Director	(Appointed w.e.f. from 30.07.2018)
- Mr. Santosh Ladha	Managing Director	(Appointed w.e.f. from 27.07.2018)
- Mr. Niraj Agarwal	Chief Financial Officer	(Appointed w.e.f. from 27.07.2018)
- Mrs. Sweta Agarwal	Company Secretary	(Appointed w.e.f. from 20.08.2018)

Sl	Name of the Company/ LLP/Individual	Relationship
1	Iris Fashions Pvt. Ltd.	Group Company
2	Iris Apparels Pvt. Ltd.	Group Company
3	Kamala Devi Ladha	Relative of KMP

(ii) Related Party Transactions:

For the Financial year ended 2018-19

Sl.	Name of the party	Nature of Relation	Nature of Transaction	Amount (₹)	Outstanding Balance as on March 31, 2019
1	Iris Fashions Pvt. Ltd.	Group Company	Machine Hire charges	780,000	-
2	Iris Apparels Pvt. Ltd.	Group Company	Machine Hire charges	540,000	-
3	Mrs. Geeta Ladha (upto 31.07.2018)	Director	Director's Remuneration	2,400,000	-
4	Mrs. Geeta Ladha (w.e.f. 01.08.2018)	Executive Whole Time Director	Director's Remuneration	8,000,000	670,000
5	Mrs. Geeta Ladha	Director	Loan From Director	-	-
6	Mr. Baldev Das Ladha (upto 31.07.2018)	Director	Director's Remuneration	2,400,000	-
7	Mr. Baldev Das Ladha	Director	Loan From Director	200,000	-
8	Mr. Santosh Ladha (upto 31.07.2018)	Share Holder	Salary	2,800,000	-
9	Mr. Santosh Ladha	Managing Director	Director's Remuneration	8,000,000	700,000
10	Mr. Santosh Ladha	Share Holder	Loan From Shareholder	200,000	-
11	Mrs. Kamala Devi Ladha	Relative of KMP	Loan From Shareholder	50,000	-
12	Mrs. Kamala Devi Ladha (upto 31.07.2018)	Relative of KMP	Salary	400,000	-

For the Financial year ended 2017-18

Sl.	Name of the party	Nature of Relation	Nature of Transaction	Amount (₹)	Outstanding Balance as on March 31, 2019
1	Iris Fashions Pvt. Ltd.	Common Director	Machine Hire charges	780,000	-
2	Iris Apparels Pvt. Ltd.	Common Share holding	Machine Hire charges	540,000	-
3	Mrs. Geeta Ladha	Director	Director's Remuneration	7,200,000	450,000
4	Mrs. Geeta Ladha	Director	Loan From Director	-	3,050,000
5	Mr. Baldev Das Ladha	Director	Director's Remuneration	7,200,000	390,000
6	Mr. Baldev Das Ladha	Director	Loan From Director	-	1,350,000
7	Mr. Santosh Ladha	Share Holder	Salary	8,400,000	315,000
8	Mrs. Kamala Devi Ladha	Relative of KMP	Salary	930,000	80,000

Notes forming an integral part of the financial statements

For the Financial year ended 2017-18

Sl.	Name of the party	Nature of Relation	Nature of Transaction	Amount (₹)	Outstanding Balance as on March 31, 2019
1	Iris Fashions Pvt. Ltd.	Common Director	Machine Hire charges	780,000	-
2	Iris Apparels Pvt. Ltd.	Common Share holding	Machine Hire charges	540,000	-
3	Mrs. Geeta Ladha	Director	Director's Remuneration	7,200,000	450,000
4	Mrs. Geeta Ladha	Director	Loan From Director	-	3,050,000
5	Mr. Baldev Das Ladha	Director	Director's Remuneration	7,200,000	390,000
6	Mr. Baldev Das Ladha	Director	Loan From Director	-	1,350,000
7	Mr. Santosh Ladha	Share Holder	Salary	8,400,000	315,000
8	Mrs. Kamala Devi Ladha	Relative of KMP	Salary	930,000	80,000

30. Earnings per share

Particulars	Calculation	As at	As at
		March 31, 2019 (₹)	March 31, 2018 (₹)
a) Basic Earning per share	PAT attributable to Equity Shareholders	50,184,713	33,097,611
	Weighted Average Number of Equity Shares outstanding	3,845,854	2,691,900
	Basic Earnings Per Share of ₹ 10/- each fully paid up	13.05	12.30
b) Diluted Earning per share	PAT attributable to Equity Shareholders	50,184,713	33,097,611
	Weighted Average Number of Equity Shares outstanding	3,845,854	2,691,900
	Diluted Earnings Per Share of ₹ 10/- each fully paid up	13.05	12.30

31. The provision of 135 of the Companies Act, 2013 is not applicable to the Company for the current financial year ended on 31st March, 2019.

32. Disclosure as per AS-15" Employees Benefits"

The following table summarises net benefit expenses recognized in the statement of profit and loss and funded status and amounts recognised in the balance sheet for Gratuity payable on retirement.

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Net employees benefit expenses (recognised in employee cost)		
Current Service cost	1,383,806	871,243
Interest cost on benefit obligation	143,540	58,415
Expected return on plan assets	-2,332	-
Net actuarial loss/(gain) recognised in the year	390,817	180,756
Past Service Cost Liability	-	-
Net benefit Expenses	1,915,831	1,110,414
Balance Sheet		
Defined benefit obligation	3,782,321	1,864,158
Fair value of plan assets	-2,810,413	-
Net Liability recognised in balance sheet	971,908	1,864,158

Notes forming an integral part of the financial statements

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Change in present value of the defined benefit obligation are as follows :		
Statement of Profit and Loss:		
Defined benefit obligation as at April 1, 2018	1,864,158	753,744
Interest Cost	143,540	58,415
Current service Cost	1,383,806	871,243
Benefit paid	-	-
Actuarial loss/(gain) on obligation	390,817	180,756
Defined benefit obligation as at March 31, 2019	3,782,321	1,864,158
Change in present value of the fair value of plan assets are as follows :		
Fair value of plan assets as at April 1, 2018	-	-
Expected return	2,332	-
Contribution by the employer	2,808,081	-
Benefit paid	-	-
Actuarial (loss)/gain	-	-
Fair value of plan assets as at March 31, 2019	2,810,413	-
The major Categories of Plan assets as a percentage of fair value of total plan assets are as follows :		
Fund Managed by the Insurer	100.00%	
	100.00%	
The Principal assumption used in determining gratuity benefit obligation for the Company's plan are below :		
Discount rate	7.70%	7.75%
Expected rate of return on assets	7.70%	0.00%
Increase in compensation cost	6.00%	6.00%

The estimates of future salary increase, considered in actuarial valuation, take into account of inflation, seniority, promotion and relevant factor, such as demand supply in the employment market.

33. Value of imports calculated on C.I.F basis

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
I Raw materials	-	-
II Components and spare parts	-	-
III Capital goods	79,791,252	-

34. Expenditure in foreign currency

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
a Royalty	1,209,627	-
b Know-how	-	-
c Professional and Consultation fees	-	-
d Interest	-	-
a Other matters	-	-

Notes forming an integral part of the financial statements

35. Earnings in foreign exchange Earnings in foreign exchange

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
a Export of goods calculated on F.O.B. basis	-	-
b Royalty, know-how, professional and consultation fees	-	-
c Interest and dividend	-	-
a Other income	-	-
Commission	-	-

36. In the opinion of the Board current assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

37. Figures in bracket represent amount related to previous year.

38. Previous year figures are regrouped/rearranged wherever necessary.

As per our report on even date

For AMK & Associates

Chartered Accountants
 FRN: 327817E

Bhupendra Kumar Bhutia

Partner
 M.No. : 059363

Kolkata

May 24, 2019

Santosh Ladha
 Managing Director

Niraj Agarwal
 CFO

Baldev Das Ladha
 Director

Sweta Agarwal
 Company Secretary

Notice

Notice is hereby given that the 8th Annual General Meeting of the members of Iris Clothings Limited will be held on Saturday, 31st August, 2019 at 11.00 am at the registered office of the Company at 103/24/1, Foreshore Road, Shibpur, Howrah-711102 to transact following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year 2018-19 together with Report of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Mr. Baldev Das Ladha (DIN: 03585566), who retires by rotation and being eligible, offers himself for re-appointment as a Director.
3. To re-appoint auditors of the Company and to fix their remuneration and to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013, M/s. AMK & Associates, Chartered Accountants (Registration No. 327817E), be and are hereby re-appointed as the Auditors of the Company from the conclusion of this Meeting to hold such office for a period of five years till the conclusion of the Annual General Meeting to be held in the year 2024, at a remuneration of Rs. 1,80,000/- (Rupees One Lac Eighty Thousand only) per annum payable in one or more installments plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred.”

Special Business:

4. To appoint Mr. Nikhil Saraf (DIN: 00611163) as an Independent Director of the Company and to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Nikhil Saraf (DIN: 00611163), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, and to hold office for a period of 3 (three) consecutive years with effect from April 22, 2019.”

For Iris Clothings Limited

SD/-

Sweta Agarwal

(Company Secretary)

Date: July 10, 2019

Place: Howrah

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not

more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the meeting.

4. The Register of Directors and Key Management Personnel and their Shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
5. The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays, during business hours up to the date of the meeting.
8. Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI LODR) Regulations, 2015 the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 24th August, 2019 to Saturday, the 31st day of August, 2019 (both days inclusive).
9. The Company has appointed **M/s. CAMEO CORPORATE SERVICES LTD (SEBI Registration No. INR000003753)**, Chennai as its Registrars and Share Transfer Agents for rendering the entire range of services to the Shareholders of the Company. Accordingly, all documents, transfers, demat request, change of address intimation and other communication in relation thereto with respect to shares in electronic and physical form should be addressed to the Registrars directly quoting Folio No., full name and name of the Company as IRIS CLOTHINGS LIMITED.
10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Cameo Corporate Services Ltd.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Cameo Corporate Services Ltd.
12. SEBI has issued a circular dated 8th June, 2018 that securities of listed companies can be transferred only in dematerialized form. In view of the above and to avail various benefits of dematerialization, members are advised to dematerialize the shares held by them in physical form.
13. Notice of the AGM along with attendance slip, proxy form and annual report is being sent to all the members whose name appears in the Register of Members as on 10th July, 2019 at the e-mail IDs registered with the Company/ Depository Participant(s). For members who request for a hard copy and for those who have not registered their email address, physical copies of the same are being sent through the permitted mode.
14. Additional information, pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, in respect of the directors seeking appointment/ reappointment at the AGM is furnished as annexure to the Notice. The directors have furnished consent/ declaration for their appointment/ reappointment as required under the Companies Act, 2013 and the Rules thereunder.
15. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General meeting is annexed hereto and forms part of this Notice.
16. As per Notification issued by Ministry of Corporate Affairs dated 19th of March, 2015 with reference to the Companies (Management and Administration) Rules, 2014, Companies covered under Chapter XB and Chapter XC as per SEBI (ICDR) Regulations, 2009 are be exempted from e-voting provisions.

Also, no such provision is available in SME Equity Listing Agreement. Company is covered under Chapter XB as it is a SME Company and listed on SME platform of NSE of India Limited. Therefore, Company is not providing e-voting facility to its shareholders.
17. The route map showing directions to reach the venue of the Annual General Meeting is annexed.

Statement Pursuant to Section 102(1) of the Companies Act, 2013

As required under section 102 of the Companies Act, 2013 the following explanatory statement sets out all material facts relating to business under Item no. 3 & 4 of the accompanying Notice:

Item No. 3

The Members of the Company at the Extra-Ordinary General Meeting ('EGM') held on 30th July, 2018 had appointed M/s. AMK & Associates, Chartered Accountants, as the Auditors of the Company to conduct audit for the Financial Year 2018-19, as M/s. R. Rathi & Co. Chartered Accountants, resigned from the Company. M/s. AMK & Associates, Chartered Accountants, shall hold office upto the date of the ensuing Annual General Meeting.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the appointment of M/s. AMK & Associates, Chartered Accountants as the Auditors of the Company for a period of five years from the conclusion of this AGM till the conclusion of the AGM to be held in the year 2024. On the recommendation of the Committee, the Board also recommended for the approval of the Members, the remuneration of M/s. AMK & Associates for the financial year 2019-20 as set out in the Resolution relating to their appointment.

The Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s. AMK & Associates to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

M/s. AMK & Associates have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution.

The Board recommends this Resolution for your approval.

Item No. 4

The Board at its meeting held on 22nd April, 2019, on the recommendation of the Nomination and Remuneration Committee has recommended for approval of members, the appointment of Mr. Nikhil Saraf (DIN: 00611163) as an Independent Director of the Company for a term of three

years with effect from 22nd April, 2019 in terms of Section 149 and other applicable provisions read with Schedule IV of the Companies Act, 2013, or any amendments thereto or modification thereof ("the Act") and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Notice under Section 160 of the Act proposing the appointment of Mr. Nikhil Saraf (DIN: 00611163) has been received. Requisite consent pursuant to Section 152 of the Act, has been filed by Mr. Nikhil Saraf.

Mr. Saraf is a Chartered Accountant, Chartered Financial Analyst as well as a Company Secretary. He has 18 years of rich experience into Finance, Taxation and Consulting. He has diverse business interests which includes running his own accountancy firm, a recruitment firm and investment advisory. He is one of the Co- Founder and CEO of Neev Credit Private Limited which is an education focused NBFC having offices in Kolkata, Mumbai, Bengaluru, Hyderabad, Nagpur and Pune that has helped him to develop a strong business network across the country.

In the view of your Board, the association of Mr. Saraf and the rich experience he brings with him, would benefit the Company. Declaration has been received from Mr. Saraf that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and qualification of Directors) Rules, 2014 and SEBI (LODR) Regulations, 2015. In the opinion of your Board, Mr. Saraf fulfills the conditions specified in the Act, the Rules thereunder and the Listing Regulations for appointment as an Independent Director and he is Independent of the Management of the Company. The details of his other Directorship and memberships in other companies/committees are provided in the "Annexure" to the Notice.

Mr. Saraf does not hold any share in the Company in his individual capacity or on a beneficial basis for any other person.

No director, Key managerial personnel or their relatives, except Mr. Nikhil Saraf to whom resolution relates are concerned or interested in the proposed resolution.

The board recommends the Resolution set forth in item no 4 for the approval of the Company.

For Iris Clothings Limited

SD/-

Sweta Agarwal

(Company Secretary)

Date: July 10, 2019

Place: Howrah

ANNEXURE TO THE NOTICE

Name of Director	Nikhil Saraf	Baldev Das Ladha
Date of birth	11/09/1977	08/03/1943
Nationality	Indian	Indian
Date of first appointment on the board	22/04/2019	27/08/2011
Qualification	Chartered Accountant, Chartered Financial Analyst and a Company Secretary.	Commerce Background
Experience in functional area	18 years of rich experience into Finance, Taxation and Consulting.	Rich experience in Finance and Tax
Relationship with other Directors	Nil	Father of Mr. Santosh Ladha, Managing Director
Shareholding in the Company	Nil	2,08,000 Equity Shares
List of directorship held in other listed Companies	Nil	Nil
Committee membership in other listed Companies	Nil	Nil



IRIS CLOTHINGS LTD.

103/24/1, Foreshore Road, Binani Metal Compound, Howrah - 711102

Office: +91 8100074062, 26373856 | Fax: +91 33 26404674

email: info@irisclothings.in | website : www.irisclothings.in | CIN : U18109WB2011PLC166895

Attendance Slip

(Please fill in attendance slip and hand it over at the entrance of the meeting Hall.)

I hereby record my presence at the Annual General Meeting of the Company being held on **Saturday, 31st day of August, 2019 at 11:00 A.M.** at the registered office 103/24/1, Foreshore Road, Shibpur, Howrah-711102 and at any adjournment thereof.

DP-ID*			
No. of shares held		Client ID*	
Member / Proxy Name (Please mention in block letters)		Member / Proxy Signature	

* Applicable for Members holding Shares in electronic form.

THIS SECTION IS INTENTIONALLY LEFT BLANK





IRIS CLOTHINGS LTD.

103/24/1, Foreshore Road, Binani Metal Compound, Howrah - 711102

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FORM NO MGT-11 - PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)			
Registered Address			
E-mail id			
Registered Folio No.			
DP-ID		Client ID	

I/We, being the member(s) holding _____ equity shares of Iris Clothings Limited hereby appoint:

Mr. _____

residing at _____

having email-id _____ as my/our proxy to vote for me/ us on my/our behalf at the Annual General Meeting of the Company to be held on **Saturday, 31st day of August, 2019 at 11:00 A.M.** at the registered office 103/24/1, Foreshore Road, Shibpur, Howrah-711102 and any adjournment thereof, in respect of such resolutions as are indicated below:

Item No.	Resolution
1.	Adoption of Audited Financial Statement of the Company for the Financial Year 2018-19
2.	To appoint a director in place of Mr. Baldev Das Ladha (DIN: 03585566), who retires by rotation and being eligible, offers himself for re-appointment as a Director.
3.	To re-appoint auditors of the Company and to fix their remuneration.
4.	To appoint Mr. Nikhil Saraf (DIN: 00611163) as an Independent Director of the Company

Signature of Shareholder

Revenue
Stamp of
Re. 1/-

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy Holder

Date: _____, 2019



Notes:

- The Proxy form duly completed must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
- This form of proxy will be valid only if it is duly complete in all respects, properly stamped and submitted as per the applicable law. Incomplete form or form which remains unstamped or inadequately stamped or form upon which the stamps have not been cancelled will be treated as invalid.
- Undated proxy form will not be considered valid.
- If Company receives multiple proxies for the same holdings of a member, the proxy which is dated last will be considered valid; if they are not dated or bear the same date without specific mention of time, all such multiple proxies will be treated as invalid.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes. When a member appoints a Proxy and both the member and Proxy attend the Meeting, the Proxy will stand automatically revoked.
- In the case of joint-holders, the signature of any one holder will be sufficient, but names of all the joint-holders should be stated.
- This form of proxy shall be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.
- A proxy need not be a member of the Company and shall prove his identity at the time of attending the Meeting.

Road map to venue



Iris Clothings Limited

103/24/1, Foreshore Road,
Howrah - 711 102, India

Office: +91 33 2637 3856, +91 33 2640 4674

Email : info@irisclothings.in

Website : www.irisclothings.in

CIN : U18109WB2011PLC166895