



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF IMA CLOTHING PRIVATE LIMITED

#### Report on the Audit of the Standalone Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **IMA CLOTHING PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit and Loss, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2023, Loss for the year, changes in equity 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.

#### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial







statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management for Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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 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.

Materiality is the magnitude of misstatements in the interim condensed standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.



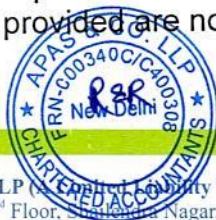




We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

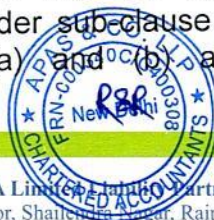
1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent 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 including Other Comprehensive Income and the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - (e) We have not received any written representations from the directors as on 31<sup>st</sup> March, 2023. Hence, we are unable to comment on their qualification as on 31<sup>st</sup> March, 2023 on being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) In view of notification of ministry of corporate affairs dated 13th June 2017, read with notification no. GSR 464E) dated 5th June 2015, clause (i) of section 143(3) of the Companies Act in respect of internal financial controls is not applicable to the Company during the year.
  - (g) Being a private Limited Company, the provisions of Section 197 read with schedule V to the Companies Act, 2013 with regard to managerial remuneration paid and provided are not applicable to the Company.







- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. As per the information and explanations provided to us, the company does not have any pending litigations which would impact its financial position.
  - ii. According to the information and explanations provided to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred during the year, to the Investor Education and Protection Fund by the Company.
  - iv.
    - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.





**APAS & CO LLP**  
CHARTERED ACCOUNTANTS

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- v. The Company has not declared or paid any dividend during the year.

**For APAS & CO LLP  
CHARTERED ACCOUNTANTS  
Firm Regn No. 000340C/C400308**

PLACE : DELHI  
DATED : 26/05/2023



*Rajeev Ranjan*  
**(RAJEEV RANJAN)  
PARTNER  
M No. 535395  
UDIN : 23535395BGTWYB7186**





**ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- a) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - b) The company has maintained proper records showing full particulars of intangible assets.
- b) As explained to us, Property, Plant and Equipment have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us no material discrepancies were noticed on such physical verification.
- c) There are no immovable properties owned / leased by the company.
- d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
- e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii) a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
- b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii) The Company has not made any investments in companies, firms, Limited Liability Partnerships or any other entities during the year.

The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

Hence, reporting under clause (iii) of the Order is not applicable.







- iv) Reporting under clause (iv) is not applicable as the Company has not entered into any transactions of the nature covered in this clause.
- v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi) In respect of business activities of the company, maintenance of cost records has not been specified by the Central Government under sub-section (l) of section 148 read with rules framed thereunder of the Companies Act 2013. Hence, reporting under clause 3(vi) of the Order is not applicable.
- vii) a) As per information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and any other statutory dues with the appropriate authorities. As informed to us there are no outstanding undisputed statutory dues in arrears as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- b) We have been informed that there are no unpaid disputed demands are outstanding in respect of Income Tax, Sales Tax, Service Tax, Goods and services tax, Custom Duty, Excise Duty, VAT or Cess.
- viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix) a) According to the information and explanations given to us, the Company does not have any loans or other borrowings from any bank, financial institution or government. The Company has received interest free unsecured loan from its Holding Company. However, no terms are stipulated regarding repayment of principal amount.
- b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.







- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) The Company does not have any subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x) a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi) a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) As informed to us, no whistle blower complaints have been received by the Company during the year.
- xii) The provisions of clause (xii) of the Order are not applicable as the company is not a Nidhi Company as specified in the clause.
- xiii) According to information and explanations given to us we are of the opinion that all related party transactions are in compliance with Section 188 of Companies Act 2013. Necessary disclosures has been made in the financial statements as required by the applicable accounting Standards. Further, provisions of Section 177 of the Companies Act 2013 are not applicable to the company as the company doesn't meet the criteria for formation of Audit Committee.
- xiv) According to the information and explanations given to us, the Company is not required to have an internal audit system under section 138 of the Act and consequently, does not have an internal audit system. Accordingly, reporting under clause 3(xiv) of the Order is not applicable to the Company.







- xv) According to information and explanations given to us the Company has not entered into any non-cash transaction with the director or any person connected with him during the year.
- xvi) a) In our opinion, in view of its business activities, the company is not required to be registered under section 451A of Reserve Bank of India Act 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- b) As represented by management of the Holding Company, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii) The Company has incurred cash losses of Rs.3.22 Lacs and Rs. 1.09 Lacs during the current financial year and immediately preceding financial year respectively.
- xviii) There has been no resignation of the statutory auditors of the Company during the year.
- xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, we are of the opinion that no material uncertainty existing as on the date of the audit report regarding Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date, except for loan from Holding Company which is repayable on demand. As represented by management of the Holding Company, the said loan shall be demanded for repayment only based on availability of surplus cash flows in the Company.
- xx) According to the information and explanations given to us, The Company does not fulfill the criteria as specified under section 135(1) of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and according, reporting under clause 3(xx) of the Order is not applicable to the Company.







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xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

Place : DELHI  
Dated : 26/05/2023



For APAS & CO LLP  
CHARTERED ACCOUNTANTS  
Firm Regn No. 000340C/C400308

*Rajeev Ranjan*  
(RAJEEV RANJAN)  
PARTNER  
M No. 535395  
UDIN : 23535958GTWYB7186



## IMA Clothing Private Limited

### Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2023

#### 1. Corporate Information

##### Nature of Operation

IMA Clothing Private Limited (the company) is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is primarily engaged in the business of manufacturing of garments, providing designing and related consultancy services under the brand name of Manish Arora

##### General information and statement of compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

#### 2. Summary of significant accounting policies

##### a) Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

##### Basis of preparation

The financial statements have been prepared on going concern basis under the historical cost basis except certain financial assets, which are measured at fair value

##### b) Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Companies Act 2013. Deferred tax assets and liabilities have been classified as non-current assets and non-current liabilities, as the case may be.

##### c) Revenue recognition

Revenue of the company arises mainly from the sale of Apparels & accessories.

To determine whether to recognise revenue, the Company follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as, performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government, which are levied on sales such as goods and services tax (GST).

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.





## IMA Clothing Private Limited

### Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2023

Interest income is recorded on accrual basis using the effective interest rate (EIR) method

#### d) Property, plant and equipment

##### *Recognition and initial measurement*

Properties plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, and any cost attributable to bringing the assets to its working condition and intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under fixed assets.

##### *Subsequent measurement (depreciation and useful lives)*

Depreciation on property, plant and equipment is provided on the Written down value method except Leasehold improvement on which depreciation is provided on straight line method computed on the basis of useful lives (as set out below) prescribed in Schedule II to the Companies Act, 2013:

<b>Asset category</b>	<b>Estimated useful life (in years)</b>
Computers/Data processing equipment	3
Office Equipment	5
Furniture & Fixtures	10
Plant & Machinery	15
Leasehold Improvements	Amortized over useful life of lease that is 5 years as determined by the management

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

##### *De-recognition*

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### e. Intangible assets

##### *Recognition and initial measurement*

Intangible assets (softwares) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

##### *Subsequent measurement (amortisation and useful life)*

Intangible assets are amortised in profit or loss over the useful life of 3 years as estimated by the management using the straight-line method on monthly prorata basis.

#### f. Inventories

Inventories are valued as follows:





## IMA Clothing Private Limited

### Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2023

Raw materials are valued at lower of cost and net realizable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost is determined based on First in First out method.

Work-in-progress and finished goods (including consignment stock) are valued at lower of cost and net realizable value. Cost includes direct materials, labour, and all other costs of purchase incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to make the sale.

#### g. Foreign currency translation

##### *Functional and presentation currency*

The financial statements are presented in Indian Rupee ('INR') which is also the functional and presentation currency of the Company.

##### *Transactions and balances*

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency, which are carried at historical cost, are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

#### h. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

#### i. Financial instruments

##### **Financial assets**

##### *Initial recognition and measurement*

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

##### *Subsequent measurement*

**Financial instruments at amortised cost** – the financial instrument is measured at the amortised cost if both the following conditions are met:





## IMA Clothing Private Limited

### Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2023

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

#### *De-recognition of financial assets*

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### **Financial liabilities**

##### *Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

##### *Subsequent measurement*

These liabilities include are borrowings. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

##### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **j. Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

##### *Trade receivables*

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

##### *Other financial assets*





## IMA Clothing Private Limited

### Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2023

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

#### k. Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act and in the overseas branches/companies as per the respective tax laws. Current income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity.

Deferred income taxes are calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised either in OCI or in equity.

#### l. Employee benefits:

##### (i) Defined contribution plans:

The Company contributes on a defined contribution basis to Employee's Provident Fund and Employee's State Insurance Fund towards post-employment benefits, all of which are administered by the respective Government authorities. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they accrue.

##### (ii) Defined benefit plans:

The Company has a defined benefit plan namely gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined

#### m. Contingent liabilities, provisions and contingent assets

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:





## IMA Clothing Private Limited

### Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2023

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company; or
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- present obligation, where a reliable estimate cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, related asset is disclosed.

#### n. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of dilutive potential equity shares.

#### o. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

#### *Significant management judgements*

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors, which could result in deterioration of recoverable amount of the assets.

**Recoverability of advances/receivables** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Provisions** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgement.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets.





**IMA Clothing Private Limited**  
**Balance Sheet as at 31 March 2023**

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	-	-
Intangible assets	4	-	-
<b>Current assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	5	2.21	2.26
		2.21	2.26
		2.21	2.26
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	6	172.04	172.04
Instruments entirely equity in nature	7	80.00	80.00
Other equity		(835.83)	(832.56)
		(583.79)	(580.52)
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	8	585.71	582.49
Trade Payables	9		
a) Total outstanding dues of creditors other than micro enterprises and small enterprises		0.30	0.30
Other current liabilities	10	-	-
		586.00	582.78
		2.21	2.26
<b>Statement of significant accounting policies</b>	<b>2</b>		

The accompanying notes form an integral part of these financial statements

This is the Standalone Balance Sheet referred to in our report of even date

For APAS & CO LLP

Chartered Accountants

Firm Registration Number: 000340C/C400308

*Rajeev Ranjan*

(RAJEEV RANJAN)

Partner

M.No. 535395

Place: Delhi

Dated: 26th May 2023



For and on behalf of the Board of directors of  
**IMA Clothing Private Limited**

*Radha Gopal Ojha*

Radha Gopal Ojha  
Director

(DIN : 07252105)

*Bhagwan Jee Jha*

Bhagwan Jee Jha  
Director

(DIN : 08516081)





IMA Clothing Private Limited  
Statement of Profit & Loss for the year ended on 31 March 2023  
(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Note	Year ended 31 March 2023	Year ended 31 March 2022
<b>Revenue</b>			
Other income	11	-	-
<b>Expenses</b>			
Other expenses	12	3.27	1.09
		<u>3.27</u>	<u>1.09</u>
<b>Profit before tax</b>		<u>(3.27)</u>	<u>(1.09)</u>
Tax expense	13		
- Current tax		-	-
- Income tax adjustment		-	-
<b>Profit after tax</b>		<u>(3.27)</u>	<u>(1.09)</u>
<b>Other comprehensive income :</b>			
Items that will not be reclassified to profit and loss			
Re-measurement losses on defined benefit plans		-	-
<b>Total comprehensive income for the period</b>		<u>(3.27)</u>	<u>(1.09)</u>
<b>Earnings per equity share (Par value of ₹ 10/- each)</b>			
Basic	14	(0.19)	(0.06)
Diluted	14	(0.18)	(0.06)

**Significant Accounting Policies**

2

The accompanying notes form an integral part of the financial statements.

This is the Standalone Balance Sheet referred to in our report of even date

For APAS & CO LLP  
Chartered Accountants  
Firm Registration Number: 000340C/C400308

For and on behalf of the Board of directors of  
**IMA Clothing Private Limited**

*Rajeev Ranjan*

(RAJEEV RANJAN)  
Partner  
M.No. 535395

Place: Delhi  
Dated: 26th May 2023

*Radha Gopal Ojha*

Radha Gopal Ojha  
Director  
(DIN : 07252105)

*Bhagwan Jee Jha*

Bhagwan Jee Jha  
Director  
(DIN : 08516081)





**IMA Clothing Private Limited**  
**Statement of changes in equity for the year ended 31 March 2023**  
*(All amounts in ₹ lakhs unless otherwise stated)*

**A Equity share capital**

Particulars	Balance at 01 April 2021	Change in equity share capital during the year	Balance at 31 March 2022	Change in equity share capital during the year	Balance at 31 March 2023
Equity share capital	172.04	-	172.04	-	172.04

**B Other Equity**

Particulars	Securities premium reserve	Retained earning	Total
Balance as at 01 April 2021	18.96	(850.43)	(831.47)
Profit for the year	-	(1.09)	(1.09)
Balance as at 31 March 2022	18.96	(851.52)	(832.56)
Profit for the year	-	(3.27)	(3.27)
Balance as at 31 March 2023	18.96	(854.79)	(835.83)

The accompanying notes are an integral part of these financial statements.  
This is the balance sheet referred to in our report of even date.

**For APAS & CO LLP**  
Chartered Accountants  
Firm Registration Number: 000340C/C400308

For and on behalf of the Board of directors of  
**IMA Clothing Private Limited**

*Rajeev Ranjan*

(RAJEEV RANJAN)  
Partner  
M.No. 535395  
Place: Delhi  
Dated: 26th May 2023

*Radha Gopal Ojha*

Radha Gopal Ojha  
Director  
(DIN : 07252105)

*Bhagwan Deo Jha*

Bhagwan Deo Jha  
Director  
(DIN : 08516081)





**IMA Clothing Private Limited**  
**Cash Flow Statement for the period ended 31 March 2023**  
*(All amounts in ₹ lakhs unless otherwise stated)*

PARTICULARS	Year ended 31 March 2023	Year ended 31 March 2022
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	(3.27)	(1.09)
<b>Adjustments for:</b>		
Depreciation	-	-
<b>Operating profit before working capital changes</b>	<u>(3.27)</u>	<u>(1.09)</u>
<b>Movement in working capital</b>		
Increase/(decrease) in other liabilities	-	0.06
Increase/(decrease) in trade payables	-	0.09
<b>Cash flow from operating activities post working capital changes</b>	<u>(3.27)</u>	<u>(0.94)</u>
Income tax paid (net)	-	-
<b>Net cash flow from operating activities (A)</b>	<u><u>(3.27)</u></u>	<u><u>(0.94)</u></u>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	-
<b>Net cash flows from investing activities (B)</b>	<u>-</u>	<u>-</u>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from short term borrowings (net)	3.22	-
Finance cost	-	-
<b>Net cash used in financing activities (C)</b>	<u>3.22</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents (A+B+C)	(0.05)	(0.94)
Cash and cash equivalents at the beginning of the year	2.26	2.26
<b>Cash and cash equivalents at the end of the year</b>	<u><u>2.21</u></u>	<u><u>1.32</u></u>

This is the cash flow statement referred to in our report of even date.

Significant accounting policies 2

The accompanying notes form an integral part of these financial statements

For APAS & CO LLP  
Chartered Accountants  
Firm Registration Number: 000340C/C400308

For and on behalf of the Board of directors of  
**IMA Clothing Private Limited**

*Rajeev Ranjan*

(RAJEEV RANJAN)  
Partner  
M.No. 535395  
Place: Delhi  
Dated: 26th May 2023

*Radha Gopal Ojha*

Radha Gopal Ojha  
Director  
(DIN : 07252105)

*Bhagwan Jee Jha*

Bhagwan Jee Jha  
Director  
(DIN : 08516081)





**IMA Clothing Private Limited**

**Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2023**

*(All amounts in ₹ lakhs unless otherwise stated)*

**3 Property, plant and equipment**

Changes in the carrying amounts of property, plant and equipment for the year ended 31 March 2023 are as follows :

Particulars	Computers and data processing units	Total
<b>Gross carrying amount</b>		
As at 1 April 2021	7.94	7.94
Additions	-	-
Disposals	-	-
<b>At 31 March 2022</b>	<b>7.94</b>	<b>7.94</b>
Additions	-	-
Disposals	-	-
<b>At 30 September 2022</b>	<b>7.94</b>	<b>7.94</b>
<b>Accumulated Depreciation</b>		
As at 1 April 2021	7.94	7.94
Depreciation charge for the year	-	-
Disposals	-	-
<b>At 31 March 2022</b>	<b>7.94</b>	<b>7.94</b>
Depreciation charge for the year	-	-
Disposals	-	-
<b>At 30 September 2022</b>	<b>7.94</b>	<b>7.94</b>
<b>Net carrying amount</b>		
At 30 September 2022	-	-
At 31 March 2022	-	-



**IMA Clothing Private Limited**

**Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2023**

(All amounts in ₹ lakhs unless otherwise stated)

5 Cash & cash equivalents	31 March 2023	31 March 2022
Cash on hand	-	-
Balance with scheduled banks:		
- with scheduled banks in current accounts	2.21	2.26
	<u>2.21</u>	<u>2.26</u>

6 Equity share capital	31 March 2023	31 March 2022
<b>Authorized share capital</b>		
<b>Equity</b>		
<b>Class-A</b>	21.50	21.50
2,15,000 (31 March 2021: 2,15,000) Equity shares of ₹10 each		
<b>Class -B</b>	279.50	279.50
27,95,000 (31 March 2021: 27,95,000) Equity shares of ₹10 each		
	<u>301.00</u>	<u>301.00</u>
<b>Issued, subscribed &amp; paid up:</b>		
<b>Equity</b>		
<b>Class-A</b>	2.04	2.04
20,408 (31 March 2021: 20,408) Equity shares of ₹10 each		
<b>Class -B</b>	170.00	170.00
17,00,000 (31 March 2021: 17,00,000) Equity shares of ₹10 each		
	<u>172.04</u>	<u>172.04</u>

**a) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

	31-Mar-23	
	No of shares	(in ₹)
Equity shares at the beginning of the year	17.20	172.04
Add : Shares issued during the year	-	-
<b>Equity shares at the end of the year</b>	<u>17.20</u>	<u>172.04</u>
	31-Mar-22	
	No of shares	(in ₹)
Equity shares at the beginning of the year	17.20	172.04
Add : Shares issued during the year	-	-
<b>Equity shares at the end of the year</b>	<u>17.20</u>	<u>172.04</u>

**b) Share holders holding more than 5% of the shares**

<b>Equity</b>		
	31-Mar-23	31-Mar-22
<b>Class A Shares</b>	<b>No. of Shares &amp; %Holding</b>	<b>No. of Shares &amp; %Holding</b>
BIBA Fashion Limited (Promoter)	10408, (51.00%)	10408, (51.00%)
Mr Manish Arora (Promoter)	4898, (24.00%)	4898, (24.00%)
Mr Deepak Bhagwani (Promoter)	4898, (24.00%)	4898, (24.00%)
<b>Class B Shares</b>		
<b>Class A Shares</b>	<b>No. of Shares &amp; %Holding</b>	<b>No. of Shares &amp; %Holding</b>
BIBA Fashion Limited (Promoter)	17,00,000 (100%)	17,00,000 (100%)





**IMA Clothing Private Limited****Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2023***(All amounts in ₹ lakhs unless otherwise stated)***6 Equity share capital (Cont.)****c) Terms and rights attached to equity shares**

a. The company has two class of Equity shares having a par value of ₹ 10 each. Class A holder of equity share is entitled to one vote per share. In the Event of liquidation of the company, holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders. Class B shares do not carry any voting or dividend rights.

b. The company has neither issued any bonus shares nor has there been buy back of shares in the current year.

	31 March 2023	31 March 2022
<b>7 Instruments entirely equity in nature</b>		
<b>a) Authorised preference share capital</b>		
8,00,000 (previous year 8,00,000) 0% non cumulative compulsorily convertible preference shares of ₹ 10/- each	80.00	80.00
<b>Issued, subscribed and fully paid up</b>		
8,00,000 (previous year 8,00,000) 0% non cumulative compulsorily convertible preference shares of ₹ 10/- each	80.00	80.00
	<u>80.00</u>	<u>80.00</u>
<b>b) Reconciliation of numbers of shares outstanding at the beginning and at the end of the reporting year</b>		
<b>Preference shares</b>		
Number of shares outstanding as at the beginning and end	8.00	8.00
<b>Shares held by holding/ultimate holding company</b>		
<b>Preference shares</b>		
<b>BIBA Fashion Limited</b>		
8,00,000 (previous year 8,00,000) 0% non cumulative compulsorily convertible preference shares of ₹ 10/- each	8.00	8.00
	<u>8.00</u>	<u>8.00</u>
<b>c) Details of shareholders holding more than 5% shares in the Company</b>		
<b>Preference shares</b>		
8,00,000 (previous year 8,00,000) 0% non cumulative compulsorily convertible preference shares of ₹ 10/- each		
BIBA Fashion Limited	100%	100%
<b>d) Terms and rights attached to preference shares</b>		

The Company has one class of preference shares i.e. Non Cumulative Compulsorily Convertible 'Preference Shares (NCCCPS) of ₹10 per share. No Dividend has to be paid against such shares. 'NCCCPS will be converted into equity share as accordance with the Joint Venture and Shareholding 'agreement or any supplementary agreement thereof, so far as there will be no dilution of the existing 'equity shares after conversion. The conversion of NCCCPS will be based on the face value.



**IMA Clothing Private Limited****Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2023***(All amounts in ₹ lakhs unless otherwise stated)*

<b>8 Borrowings</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Unsecured</b>		
From related party	585.71	582.49
	<u>585.71</u>	<u>582.49</u>

<b>9 Trade Payables</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	0.30	0.30
	<u>0.30</u>	<u>0.30</u>

**Trade payable ageing schedules**

<b>Particular</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>(i) Other than Micro Enterprises and Small Enterprises</b>		
<b>Outstanding for the following periods from the due date of payments</b>		
Unbilled	0.30	0.30
Less than 1 Year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
<b>Total</b>	<u>0.30</u>	<u>0.30</u>

<b>10 Other current liabilities</b>		
Statutory Dues	-	-
	<u>-</u>	<u>-</u>





**IMA Clothing Private Limited**

**Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2023**

(All amounts in ₹ lakhs unless otherwise stated)

11 Other income	31 March 2023	31 March 2022
Miscellaneous income	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>12 Other expenses</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Bank charges	0.05	
Auditor's remuneration		
- As audit fees	0.30	0.30
- Taxation Matters	-	-
Rates & Taxes	2.93	0.79
	<u>3.27</u>	<u>1.09</u>

**13 Income Tax**

**Reconciliation of tax expense and the accounting profit**

Particulars	For year ended 31 March 2023	For year ended 31 March 2022
Profit before income tax expense	(3.27)	(1.09)
Statutory income tax rate	0.31	0.31
Amount of tax at statutory income tax rate	-	-
<b>Adjustments:</b>		
Brought Forward Losses Adjusted	-	-
<b>Amount of tax at statutory income tax rate post adjustments</b>	<b>-</b>	<b>-</b>

14 Earning per share	31 March 2023	31 March 2022
<b>Net profit attributable to equity shareholders</b>		
Profit after tax	(3.27)	(1.09)
Nominal value of equity share ( ₹ )	10.00	10.00
Weighted average number of equity shares (nos.)	17.20	17.20
Weighted average number of potential equity shares (nos.)	0.80	0.80
Total number of equity shares for diluted earnings per share	18.00	18.00
<b>Basic earnings per share ( ₹ )</b>	<b>(0.19)</b>	<b>(0.06)</b>
<b>Diluted earnings per share ( ₹ )</b>	<b>(0.18)</b>	<b>(0.06)</b>



**IMA Clothing Private Limited****Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2023***(All amounts in ₹ lakhs unless otherwise stated)***15 Related Party Disclosure**

In accordance with the Accounting Standards (IND AS -24) on Related Party Disclosures, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, along with description of relationship as identified, are given below:-

**I. Relationships****a. Holding Company**

BIBA Fashion Limited

**b. Key Management Personnel**

Name	Designation
Mr. Deepak Bhagwani	Director
Mr. Manish Arora	Director
Mr. Radha Gopal Ojha	Additional Director (w.e.f. 03-12-2021)
Mr. Bhagwan Jee Jha	Additional Director (w.e.f. 03-12-2021)
Mr. Rajesh Jain	Director (till 03-12-2021)

**II. The following transactions were carried out with related parties in the ordinary course of business:**

Nature of Transactions	Related Parties	
	Year ended 31 March 2023	Year ended 31 March 2022
Reimbursement of Expenses done on our behalf		
BIBA Fashion Limited	3.22	2.09
Outstanding balances Debit / (Credit)		
Short Term Borrowings		
BIBA Fashion Limited	(585.71)	(582.49)





**IMA Clothing Private Limited****Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 30 September 2022***(All amounts in ₹ lakhs unless otherwise stated)***16 Fair value hierarchy**

Particulars	Level	31 March 2023		31 March 2022	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>					
Loans	Level 3	-	-	-	-
<b>Total financial assets</b>		-	-	-	-

For cash and cash equivalents, trade receivables, other receivables, short term borrowing, trade payables and other current financial liabilities the management assessed that their fair value is approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's long-term interest free security deposits are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the borrowing rate as at the end of the reporting period. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

**17 Financial risk management****(i) Financial instruments by category**

Particulars	31 March 2023		31 March 2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial assets</b>				
Trade receivables	-	-	-	-
Cash and cash equivalents	-	2.21	-	2.26
Security deposits	-	-	-	-
<b>Total financial assets</b>	-	2.21	-	2.26
<b>Financial liabilities</b>				
Trade payables	-	-	-	-
Borrowings	-	585.71	-	582.49
Other financial liabilities	-	-	-	-
<b>Total financial liabilities</b>	-	585.71	-	582.49

**ii) Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Company's risk management is carried out as per the policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

**A) Credit risk**

'Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- cash and cash equivalents,
- trade receivables,
- loans carried at amortised cost, and
- other bank balances



**IMA Clothing Private Limited****Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 30 September 2022***(All amounts in ₹ lakhs unless otherwise stated)***Credit risk management**

- (i) Credit risk rating  
The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.  
A: Low credit risk  
B: Moderate credit risk  
C: High credit risk

The Company provides for expected credit loss based on the following:

Asset group	Categorisation of items	Provision for expenses credit loss
Low credit risk	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Loans and other financial assets	12 month expected credit loss/life time expected credit loss
High credit risk	Trade receivables	Life time expected credit loss fully provided for

Assets under credit risk –

Credit rating	Particulars	31 March 2023	31 March 2022
A: Low credit risk	Cash and cash equivalents	2.21	2.26
	Security deposits	-	-
	Trade receivable	-	-
B: High credit risk	Trade receivable	-	-

Cash &amp; cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country

**Trade receivables**

To mitigate the credit risk related to trade receivables the Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due by 1 year

**Other financial assets measured at amortised cost**

Other financial assets measured at amortized cost includes security deposits . Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

- ii) Concentration of trade receivables

The Company's exposure to credit risk for trade receivables is presented as below. Loans and other financial assets majorly represents loans given and deposits given for business purposes.

Particulars	31 March 2023	31 March 2022
Retail	-	-
Wholesale	-	-
<b>Total</b>	-	-





**IMA Clothing Private Limited****Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 30 September 2022***(All amounts in ₹ lakhs unless otherwise stated)***b) Credit risk exposure**

## Trade receivables

In respect of trade receivables, the Company considers provision for lifetime expected credit loss. Given the nature of business operations, the Company's trade receivables has low credit risk as there is a prompt collection from debtors within a period ranging from three to six months. The history of trade receivables shows a negligible allowance for bad and doubtful debts.

## Other financial assets measured at amortised cost

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the company can draw to apply consistently to entire population. For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature.

**Reconciliation of loss**

Reconciliation of loss allowance	Trade receivables
<b>Loss allowance on 1 April 2021</b>	-
Impairment loss recognised/reversed during the year	-
<b>Loss allowance on 31 March 2022</b>	-
Impairment loss recognised/reversed during the year	-
<b>Loss allowance on 31 March 2023</b>	-

**(B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

**Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

31 March 2023	Less than 1 year	1 - 2 years	2 - 3 years	Total
<b>Non-derivatives</b>				
Borrowings	585.71	-	-	585.71
Trade payable	-	-	-	-
Other financial liabilities	-	-	-	-
<b>Total</b>	<b>585.71</b>	<b>-</b>	<b>-</b>	<b>585.71</b>

31 March 2022	Less than 1 year	1 - 2 years	2 - 3 years	Total
<b>Non-derivatives</b>				
Borrowings	582.49	-	-	582.49
Trade payable	-	-	-	-
Other financial liabilities	-	-	-	-
<b>Total</b>	<b>582.49</b>	<b>-</b>	<b>-</b>	<b>582.49</b>

**C Market Risk****a) Interest rate risk****i) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2022, the Company is not exposed to changes in market interest rates.



**IMA Clothing Private Limited****Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 30 September 2022***(All amounts in ₹ lakhs unless otherwise stated)***Interest rate risk exposure**

Below is the overall exposure of the Company to interest rate risk:

Particulars	31 March 2023	31 March 2022
Variable rate borrowing	-	-
Fixed rate borrowing	585.71	582.49
<b>Total borrowings</b>	<b>585.71</b>	<b>582.49</b>
<b>Amount disclosed under other current financial liabilities</b>	<b>-</b>	<b>-</b>
<b>Amount disclosed under borrowings</b>	<b>585.71</b>	<b>582.49</b>

**ii) Assets**

The company does not have any fixed deposits. Therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**18 Capital management****Risk management**

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Particulars	31 March 2023	31 March 2022
<b>Total borrowings</b>	585.71	582.49
Less cash and cash equivalent	2.21	2.26
<b>Net debt</b>	<b>583.50</b>	<b>580.22</b>
<b>Total equity</b>	<b>(583.79)</b>	<b>(580.52)</b>
<b>Net debt to equity ratio</b>	<b>(1.00)</b>	<b>(1.00)</b>

**19 Contingent Liabilities**

Particulars	31 March 2023	31 March 2022
Pending before Commissioner of Uttar Pradesh VAT	175.00	Nil

**20 Commitments**

Particulars	31 March 2023	31 March 2022
Estimated amounts of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	Nil	Nil

21 Balances of debtors, creditors and loans & advances are subject to confirmation.

22 In the opinion of the Management current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except where indicated otherwise.

**23 Segmental Reporting:**

The business activity of the company falls within one broad segment viz garments manufacturing. Hence the disclosure requirement of IND AS 108 is not considered applicable.





**IMA Clothing Private Limited**

**Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 30 September 2022**

*(All amounts in ₹ lakhs unless otherwise stated)*

- 24 The company has reclassified previous year figures to conform to this year's classification.
- 25 The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- 26 The Company does not have any transactions with struck-off companies.
- 27 The Company has not traded or invested in Crypto currency or Virtual Currency.
- 28 The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:  
a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or  
b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 29 The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:  
a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;  
b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 30 The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- 31 Company does not have any borrowings from banks or financial institutions on the basis of security of current assets.

**For APAS & CO LLP**

Chartered Accountants

Firm Registration Number: 000340C/C400308

*Rajeev Ranjan*

**(RAJEEV RANJAN)**

Partner

M.No.535395

Place: Delhi

Dated: 26th May 2023



For and on behalf of the Board of directors of  
**IMA Clothing Private Limited**

*Radha Gopal Ojha*

Radha Gopal Ojha

Director

(DIN : 07252105)

*Bhagwan Jee Jha*

Bhagwan Jee Jha

Director

(DIN : 08516081)

