

SEPTEMBER 06, 2021

To,
The Department of Corporate Services
BSE Limited
P. J. Towers,
Dalal Street,
Mumbai -400001.

SUB: - ANNUAL REPORT OF 38TH ANNUAL GENERAL MEETING
SCRIPT CODE: 539562
SECURITY ID: AARNAV

Dear Sir/Madam,

As per Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find the enclosed Annual Report for your reference and record.

Thanking You

Yours faithfully,

FOR AARNAV FASHIONS LIMITED



NIDHI AGGRAWAL
COMPANY SECRETARY & COMPLIANCE OFFICER
ACS-51021



AARNAV FASHIONS LIMITED

Regd. Off.: -1, New Cloth Market, O/s. Raipur Gate,
Raipur, Ahmedabad-380002 (India).

t: 079-29702983-84 e : aarnavfashions@gmail.com

CIN: L17100GJ1983PLC028990



Aarnav

inspiring textiles



ANNUAL REPORT
2020 - 2021

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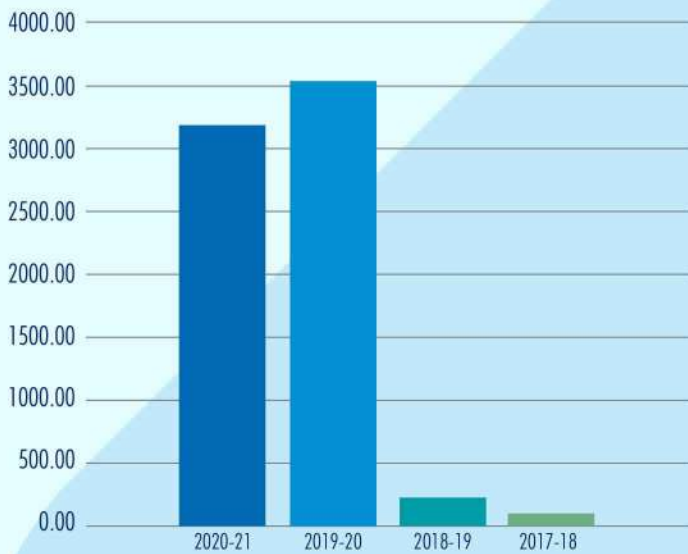
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COMPANY INFORMATION

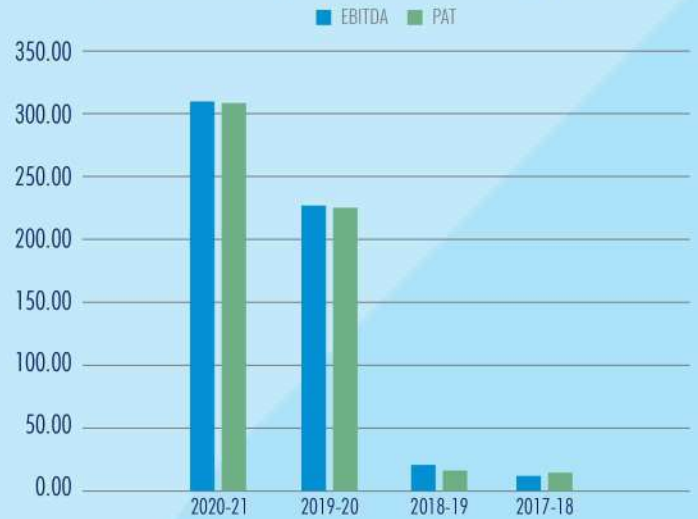
BOARD OF DIRECTORS	MR. CHAMPALAL GOPIRAM AGARWAL MR. SUMIT CHAMPALAL AGARWAL MR. MADHURMURARI TODI MR. SOURABH VIJAY PATAWARI MR. KULDEEP ASHOKBHAJ SHAH MS. NIDHI AGRAWAL	DIRECTOR & CHAIRMAN MANAGING DIRECTOR INDEPENDENT DIRECTOR INDEPENDENT DIRECTOR INDEPENDENT DIRECTOR NON EXECUTIVE DIRECTOR
COMPANY SECRETARY & COMPLIANCE OFFICER	MS.NIDHI AGRAWAL	ACS-51021
CHIEF FINANCIAL OFFICER	MR. RADHAKISHAN LEKHARAM SHARMA	PAN: ACOPS3496G
SECRETARIAL AUDITOR	RAVI KAPOOR & ASSOCIATES COMPANY SECRETARY IN PRACTICE	FCS NO: 2587 C P NO: 2407
AUDITORS	M/S. NAHTA JAIN & ASSOCIATES CHARTERED ACCOUNTANTS	FRN: 106801W
SHARE REGISTRARS	MCS SHARE TRANSFER AGENT LIMITED 12/1/5, MANOHARPUKAR ROAD, GROUND FLOOR,KOLKATA-700026	
REGISTERED OFFICE	1,NEW CLOTH MARKET, O/S RAIPUR GATE, RAIPUR, AHMEDABAD380002, GUJARAT EMAIL: aarnavfashions@gmail.com	
BANKERS	PUNJAB NATIONAL BANK VANIJYA BHAWAN BRANCH, AHMEDABAD.	
WEBSITE	www.aarnavgroup.com	
CIN	L17100GJ1983PLC028990	

Financial Snapshot

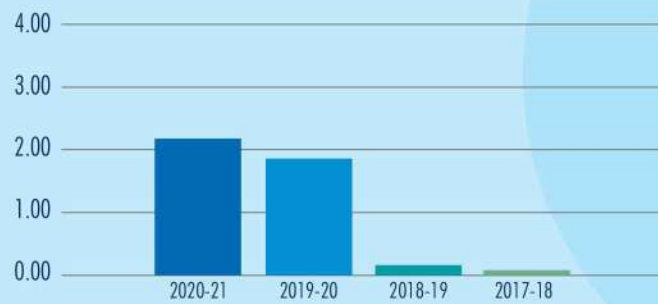
Revenue (₹ Lakhs)



Profitability Parameters (₹ Lakhs)



EPS (₹)



Share Price





OUR

PRODUCT



OVERVIEW

OUR



PRODUCT

OVERVIEW



NOTICE

Notice is hereby given that the 38th Annual General Meeting of **AARNAV FASHIONS LIMITED** will be held on Thursday, 30th day of September, 2021 at Survey No. 302, Isanpur, Gopi Compound, Narol - Vatva Road, Narol, Ahmedabad-382405 at 03.00 P.M.

ORDINARY BUSINESS:

ITEM NO.: 1 - ADOPTION OF FINANCIAL STATEMENTS

To receive, consider, approve and adopt the Audited Balance Sheet and Statement of profit & Loss of the Company for the year ended on 31st March, 2021 together with the Cash Flow Statements & Notes to the Accounts and Reports of the Board of Directors and the Auditors thereon.

ITEM NO.: 2 – DECLARATION OF DIVIDEND

To declare a final dividend of Rs. 0.50 per equity share for the financial year ended on 31st March, 2021.

ITEM NO.: 3 - TO APPOINT A DIRECTOR IN PLACE OF MR. SUMIT CHAMPALAL AGARWAL, MANAGING DIRECTOR (DIN: 00356863), WHO RETIRES BY ROTATION AND BEING ELIGIBLE OFFERS HIMSELF FOR RE-APPOINTMENT.

SPECIAL BUSINESS:

ITEM NO.: 4

TO APPOINT MR. CHAMPALAL GOPIRAM AGARWAL (DIN: 01716421) AS WHOLE-TIME DIRECTOR OF THE COMPANY ON ATTAINING THE AGE OF 70 YEARS

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013("Act") read with Schedule V of the Act and rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and subject to such approvals, permission and sanctions, as may be required, and such other approvals as may be necessary, approval of the Company be and is hereby accorded for reappointment and terms and conditions of payment of remuneration to Mr. Champalal Gopiram Agarwal (DIN: 01716421) as Whole-time Director designated as Chairman of the Company who attained the age of 70 Years for a period of 5 years from 30th September, 2021 to 29th September, 2026 on the terms and conditions set out in the Statement annexed to the Notice convening this meeting, with the authority to Directors to alter and vary or alter such terms of appointment and remuneration so as not to exceed the limits specified in Schedule V of the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Champalal Gopiram Agarwal."

"RESOLVED FURTHER THAT where in any Financial Year during the tenure of the Whole Time Director, if the Company has no profits or its profits are inadequate, the Company may pay to the Whole Time Director the above remuneration as the minimum remuneration, and also subject to the provision of Section 196, 197, and subject to the conditions and limits specified in Schedule V and all other applicable provisions of Companies Act, 2013."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company and Company Secretary be and are hereby severally authorized to do all such acts, deeds and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulty or doubt that may arise in this regard"

**Ahmedabad
September 04, 2021**

**Registered Office
1, New Cloth Market,
O/s Raipur Gate,
Raipur, Ahmedabad,
Gujarat-380002**

By order of board

**Nidhi Aggrawal
Company Secretary & Compliance Officer
aarnavfashions@gmail.com
Tel:-079--29702983
Website: www.aarnavgroup.com**

NOTES :

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013 and extant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with respect to the special business set out in the notice is annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting (“AGM”) 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.
3. Proxies, if any, in order to be effective, must be received at the Company’s Registered Office not later than 48 (Forty-Eight) hours before the time fixed for holding the meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days of advance notice in writing is given to the Company.

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.

4. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment, Rules, 2015, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all members to exercise their right to vote at 38th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited. The complete instructions on remote e-voting facility provided by the Company are annexed to this Notice, explaining the process of remote e-voting with necessary user id and password along with procedure for such remote e-voting. Such remote e-voting facility is in addition to the voting that may take place at the Meeting on September 30, 2021.
5. Corporate Members intending to send their authorized representative to attend the meeting are requested to send to the Company a duly certified true copy of the Board Resolutions/authority, authorizing their representative(s) to attend and vote on their behalf at the Meeting.
6. Any member proposing to seek any clarification on the accounts is requested to send the queries to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the meeting.
7. The Register of Directors’ and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and Register of contracts and arrangements in which Directors are interested maintained under section 189 of the Act will be available for inspection by the members at the Annual General Meeting.
8. Members are requested to bring their copies of Annual Report to the Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting, members are requested to please bring their folio number/demat account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.

9. 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.
10. 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 Saturday and Sunday) during business hours up to the date of the Meeting.
11. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number(s) in the attendance slip for attending the Meeting to facilitate identification of membership at the meeting.

Members who would like to receive notices, letters, annual reports, documents and any other correspondence by electronic mode are requested to register their email addresses and changes therein, from time to time, with Company's Registrar and Transfer Agent, M/s MCS Share Transfer Agent Limited, in respect of shares held in physical form.

12. The Members are requested to:

- (a) Intimate change in their registered address, if any, to the Company's Registrar and Share Transfer Agents, M/s MCS Share Transfer Agent Limited in respect of their holdings in physical form.
- (b) Notify immediately any change in their registered address to their Depository Participants in respect of their holdings in electronic form.
- (c) Non-Resident Indian Members are requested to inform Share Transfer Agents, M/s MCS Share Transfer Agent Limited immediately of the change in residential status on return to India for permanent settlement.
- (d) Register their email address and changes therein from time to time with Share Transfer Agents, M/s MCS Share Transfer Agent Limited for shares held in physical form and with their respective Depository Participants for shares held in demat form.
- (e) Quote their DPID & Client ID or Folio details respectively in all correspondences, including dividend matters to the Registrar and Share Transfer Agents, M/s MCS Share Transfer Agent Limited, 12/1/5, Manoharpukar Road, Ground Floor, Kolkata- 700026 (mcssta@rediffmail.com)
- (f) Any person, who acquires shares of the Company and become a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e., Thursday, September 23, 2021 may obtain the login id and password by sending a request at helpdesk.evoting@cdslindia.com

Members may also note that the Notice of the 38th Annual General Meeting and the Annual Report for 2020-2021 will also be available on the Company's website www.aarnavgroup.com for download.

13. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to specify nominations in respect of the Equity Shares held by them, in physical form. Members desirous of specifying nominations may procure the prescribed form from the Registrar & Share Transfer Agents, M/s MCS Share Transfer Agent Limited and have it duly filled and send back to them.
14. In support of the Green initiative by Ministry of Corporate Affairs and pursuant to section 101 of the Companies Act 2013 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, electronic copy of the Annual Report is being sent to all Members whose email ID's are registered with the Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members, who have

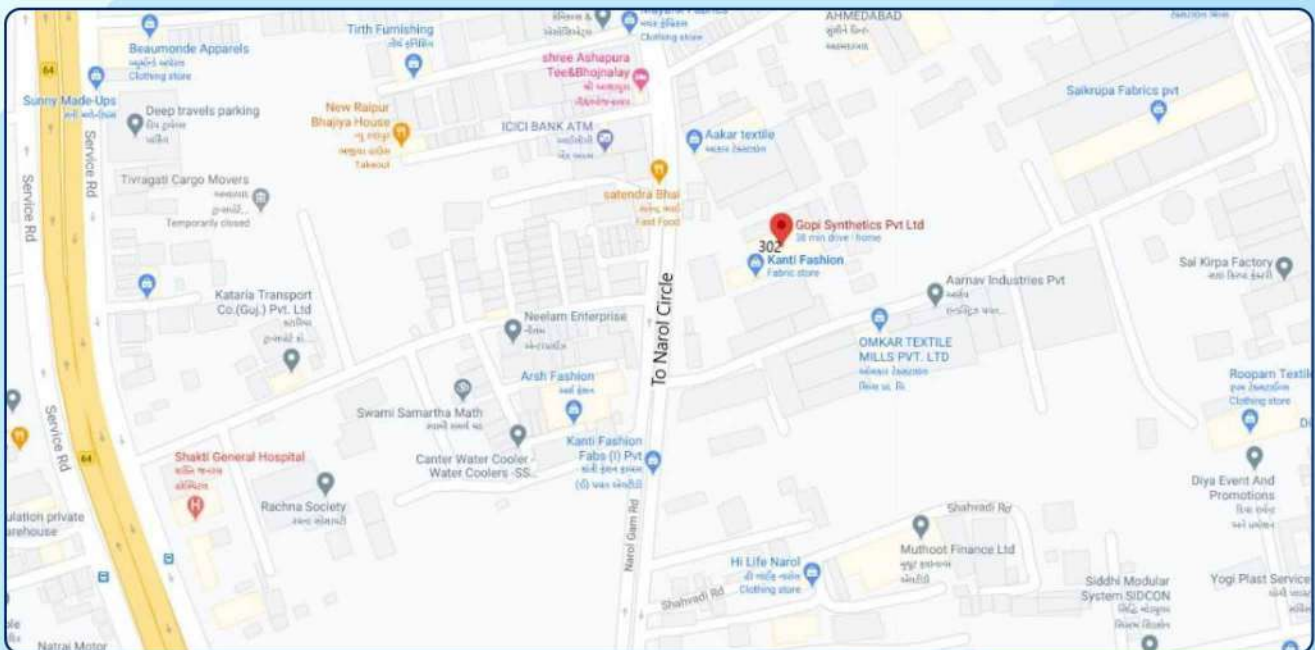
not registered their email address, physical copies of the Annual Report are being sent to them in the permitted / requisitioned mode.

- 15 Members are requested to note that as per Section 124(5) of the Companies Act, 2013, the dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account, is liable to be transferred by the Company to the “Investor Education Protection Fund” (IEPF) established by the Central Government under the provisions of Section 125 of the Companies Act, 2013.
16. If the final dividend, as recommended by the Board of Directors, if approved at the AGM, payment of such dividend subject to Deduction of Tax at Source (“TDS”) will be made within the statutory time limit of 30 days, as under:
- To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Limited (“CDSL”), collectively “Depositories”, as of the close of business hours on Thursday, September 23, 2021; and
- To all the members in respect of shares held in physical form after giving effect to valid transfer, transmission or transposition requests lodged with the RTA as of the close of business hours on Thursday, September 23, 2021.
- Payment of such dividend shall be made through electronic mode to the members who have updated their bank account details. In the event the Company is unable to pay dividend to any member through electronic mode, due to non-registration of the electronic bank mandate, the Company shall dispatch the dividend warrant/bankers’ cheque/demand draft to such member, at the earliest once normalcy is restored.
17. Information required under Regulation 36 of SEBI Listing Regulations in respect of Directors seeking Appointment/Reappointment at the AGM is furnished as annexure to this Notice. The Directors have furnished consent/declarations for their appointment/re-appointment as required under Act and rules made there under.
18. 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 maintain their Demat accounts. Members holding shares in physical form can submit their PAN to the Company or the Share Transfer Agents, M/s MCS Share Transfer Agent Limited.
19. The Board of Directors of the Company has appointed M/s Ravi Kapoor & Associates, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process and poll at the Annual General Meeting in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.
20. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member /beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. Thursday, September 23, 2021.
21. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Thursday, September 23, 2021 only shall be entitled to avail the facility of remote e-voting or poll at the Annual General Meeting.
22. Any person who is not a member on the cut-off date should treat this notice for information purposes only
23. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, September 24, 2021 to Thursday September 30, 2021(both days inclusive) for the purpose of the ensuing Annual General Meeting of the Company.
24. The remote e-voting facility will be available during the following period:
- Commencement of remote e-voting: From 9.00 a.m. (IST) on Monday, 27th September, 2021.

End of remote e-voting: At 5.00 p.m. (IST) on Wednesday, 29th September, 2021.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled upon expiry of the aforesaid period.

25. The Scrutinizer, after scrutinizing the votes cast at the meeting (Insta-Poll) and through remote e-voting, will, not later than 48 hours of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.aarnavgroup.com and on the website of CDSL <https://evotingindia.com>. The results shall simultaneously be communicated to the Stock Exchanges.
26. Route map and prominent land mark for easy location of the venue of the Meeting are attached herewith in terms of Secretarial Standards 2 (SS-2).



VOTING THROUGH ELECTRONIC MEANS

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER

- (i) The voting period begins on Monday, September 27, 2021 at 9:00 a.m. and ends on Wednesday, 29th September, 2021 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday September 23, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode** is given below

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your

	User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e Voting and joining virtual meeting for **holding in Demat form & physical shareholders.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p>
OR Date of Birth (DOB)	<ul style="list-style-type: none"> If both the details are not recorded with the depository or company, please enter the member id /folio number in the Dividend Bank details field as mentioned in instruction (v).

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <AARNAV FASHIONS LIMITED> on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) **Facility for Non – Individual Shareholders and Custodians –Remote Voting**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; aarnavfashions@gmail.com (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Ahmedabad
September 04, 2021

Registered Office
1, New Cloth Market,
O/s Raipur Gate,
Raipur, Ahmedabad,
Gujarat-380002

By order of board

Nidhi Aggrawal
Company Secretary & Compliance Officer
aarnavfashions@gmail.com
Tel:-079--29702983
Website: www.aarnavgroup.com

EXPLANATORY STATEMENT

PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 AND SECRETARY STANDARD 2 ON GENERAL MEETINGS

Item No. 4

The Board in its meeting held on September 04, 2021 based on the recommendations received from Nomination and Remuneration Committee of the Company and pursuant to Section 196, 197, 198 and 203 of the Companies Act, 2013 read with the rules framed there under inducted Mr. Champalal Gopiram Agarwal, Director designated as Whole-time Director of the Company who attain the age of 70 Years on July 15, 2021.

The Board of the Directors of the Company had appointed Mr. Champalal Gopiram Agarwal as the Whole-time Director of the Company for the period from September 04, 2021 to September 29, 2026, subject to the approval of the members.

Mr. Champalal Gopiram Agarwal, aged 70 years is presently designated as Director and Chairman of the Company. He is a Bachelor's in Commerce. He has been affiliated with the Company as a member of the Board of Directors from January 08, 2019. He is having experience of around 47 years and shouldered higher assignments. In view of his enriched experience, appreciable contribution and enlarged leadership the company will see new heights soon. As on date he holds 20,41,373 shares (13.60%) equity shares in the Company.

Basic Salary: Any amount per month with authority to Chairperson (hereinafter referred to as "the Authority") to revise the Basic Salary from time to time, subject however to a ceiling of Rs.4,00,000/- per month.

Bonus: 1 Month's Salary

Other allowances, benefits, perquisites and variable pay Aggregate of – (i) any other allowances, benefits & perquisites admissible to senior officers of the Company as per Rules of the Company from time to time;

The Board of Directors of the Company in its meeting held on September 04, 2021 approved the payment of remuneration to Champalal Gopiram Agarwal, Director for the period of 5 (Five) years w.e.f. October 01, 2020 as recommended by the Nomination and Remuneration Committee in its meeting held on September 04, 2021 in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013, at the terms and conditions as set out below:

Therefore, the Board of Directors of your Company recommends the passing of Special Resolution as set out at Item No. 4 of the Notice. Except Mr. Champalal Gopiram Agarwal, himself and his son Mr. Sumit Champalal Agarwal, Managing Director of the Company, no other Director or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the passing of the above resolution as set out in Item No. 4 of the notice.

IN TERMS OF SCHEDULE V TO THE COMPANIES ACT, 2013, THE RELEVANT DETAILS ARE AS UNDER:

(A) General Information:

1. Nature of Industry: Finance, Textile
2. Date or expected date of commencement of commercial production: The Company was incorporated on February 26, 1983 and its operating activities commenced thereafter.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.

4. Financial Performance based on given indicators:

PARTICULARS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018	RS. IN LAKHS
Net Sales and Other Income	3248.69
Operating Profit (Before Interest, Depreciation and Tax) (PBIDT)	430.48
Profit Before Depreciation & Tax (PBDT)	430.48
Profit Before Tax (PBT)	430.48
Profit After Tax (PAT)	309.19

5. Foreign investments or collaborations, if any: Not Applicable

(B) Information about the Appointees:

(1) Background details:

Mr. Champalal Gopiram Agarwal is having experience of around 47 years and shouldered higher assignments. In view of his enriched experience, appreciable contribution and enlarged leadership the company will see new heights soon.

(2) Past Remuneration: NIL.

(3) Recognition or awards: Not Applicable.

(4) Job Profile and their suitability:

Mr. Champalal Gopiram Agarwal, Director and Chairman of the Company is entrusted with substantial powers of management of the affairs of the Company under the superintendence, control and direction of the Board of Directors. He has a very good and rich experience of managing textile business and looks after planning, coordination and control of production, sales & developmental activities and overall operations of the Company. He has been instrumental in shaping the culture of the Company

(5) Remuneration proposed: Salary, other perquisites and other terms as fully set out in the explanatory statement of Item No 4.

(6) Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person: The executive remuneration in the Industry has increased manifold. The Nomination and Remuneration Committee of Directors of the Company constituted by the Board in terms of the Act and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, perused remuneration of managerial persons prevalent in the industry and other companies comparable with the size of the Company, industry benchmarks in general, profile and responsibilities of aforesaid Managerial Personnel and other relevant factors while determining their remuneration.

(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Mr. Champalal Gopiram Agarwal is father of Mr. Sumit Champalal Agarwal except this there is no other pecuniary relationship directly or indirectly with the company or relationship with managerial personnel.

(C) Other Information:

(1) Reasons of loss or inadequate profits: Due to adverse market conditions there is inadequate profit.

(2) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms: The Company is continuously making efforts to increase productivity which will result in improvement of profit. The Company has not made any default in repayment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor.

Particulars of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further, the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India requires certain additional disclosures.

Name of Director	MR. SUMIT CHAMPALAL AGARWAL
DIN	00356863
Date of Birth	10/06/1974
Age	48
Experience	23 years
Date of Appointment/Re-appointment	January 08, 2019
Terms and conditions of appointment	Appointed as Managing Director, liable to retire by rotation.
Remuneration paid	-
Qualification	B.Com, M.Com. M.B.A
Designation	Managing Director
Expertise in Specific Functional Areas	Marketing, Finance and Planning
Disclosure of relationships between directors inter-se with Manager and KMP of the Company	Mr. Champalal Gopiram Agarwal is father of Mr. Sumit Champalal Agarwal.
Names of listed entities in which person holds Directorship and the membership of the committees of the Board	-
Chairman/ Director of other Company	10
Chairman/Member of committees of Board of Company of which he/she is a Director	-
Number of shares held in the Company	2041372
No. of Meetings of the Board attended during the Year	7
Name of Companies along with listed entities in which person has resigned in the past three years	One World Texofab Private Limited

Ahmedabad
September 04, 2021

Registered Office
1, New Cloth Market,
O/s Raipur Gate,
Raipur, Ahmedabad,
Gujarat-380002

By order of board

Nidhi Aggrawal
Company Secretary & Compliance Officer
aarnavfashions@gmail.com
Tel:-079--29702983
Website: www.aarnavgroup.com

DIRECTOR'S REPORT

To
The Members,
AARNAV FASHIONS LIMITED

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company'), along with the audited financial statements, for the financial year ended March 31, 2021.

1. FINANCIAL RESULTS:

(Amount in Rs.)

PARTICULARS	2020-2021	2019-2020
Revenue from Operations	321,040,796	354,237,389
Other Income	3,828,625	-
Total Income	324,869,421	354,237,389
Profit/(Loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense	43,093,000	30,583,316
Less: Depreciation /Amortization/Impairment	45,564	45,566
Profit/(Loss) before Finance Costs, Exceptional items and Tax Expense	43,048,120	30,537,750
Less: Finance Costs	-	-
Profit/(Loss) Exceptional items and Tax Expense	43,048,120	30,537,750
Add/(Less): Exceptional items	-	-
Profit/(Loss) before Tax	43,048,120	30,537,750
Provision for Taxation - Current Tax	12,051,781	7,563,998
Deferred Tax	77,248	(227,093)
Excess provision for Tax expense for earlier years	-	-
Profit for the year	30,919,091	23,200,845
Total Comprehensive Income/Loss (2)	30,919,091	23,200,845

2. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

The Company has posted highest ever profits during the year under review. This is during a year in which humankind has passed through challenges which are not within living memory. The impact of Covid-19 was felt across the economy and businesses.

During the year under review, Company has earned total income of Rs. 3248.69 Lakh as against the total income of Rs. 3542.37 Lakh of previous year. The total income of the company was up by 33% over previous year. Further, Profit before Tax in the financial year 2020-2021 stood at Rs. 430.48 Lakh as compared to Rs 305.38 Lakh of last year and Net Profit after Tax stood at Rs. 309.19 Lakh compared to profit of Rs. 232.01 Lakhs for previous year. The Profit before tax and Net profit After Tax was increased by 41% and 33% respectively over previous year.

3. CHANGE IN NATURE OF BUSINESS:

There is no change in business during the year under review.

4. AMOUNT TRANSFERRED TO RESERVES:

Your Company has not transferred any amount to reserves during the year under review.

5. DIVIDEND:

Your Directors recommend payment of final dividend of Rs. 0.50 per equity share (5%) for the year ended 31st March 2021. The dividend will be paid after approval of the members at the ensuing Annual general Meeting (AGM) of the Company.

The dividend if approved will result in a cash outflow of Rs. 75 lakhs.

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the Final Dividend after deduction of tax at source

6. BOARD MEETING

During the year under review, Board of Directors of the Company met 7 (Seven) times. The dates of the meetings of the Board and attendance of Directors are mentioned in the Corporate Governance Report as enclosed with this report.

7. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

None of the directors of the company is disqualified under the provisions of the company Act, 2013 or under the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015..

There was no change in the Directors or KMP during the year under review.

8. DECLARATION FROM INDEPENDENT DIRECTORS

The Company has obtained necessary declaration from each independent director under Section 149 (7) of the Act that they meet the criteria of independence laid down in Section 149 (6) of the act and there has been no change in the circumstances which may affect their status as independent director during the year.

9. FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

Independent Directors are familiarized about the Company's operation and business. Interaction with the Business heads and key executives of the Company is also facilitated. Detailed presentations on important policies of the Company are also made to the directors. Direct meetings with the Chairman is further facilitated to familiarize the incumbent Director about the Company its businesses and the group practices.

Weblink for the same is <https://aarnavgroup.com/wp-content/uploads/2020/12/Click-here-to-download-26.pdf>.

10. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND CRITERIA FOR INDEPENDENT DIRECTORS

In adherence to the provisions of Section 134(3) and 178(1) and (3) of the companies Act, 2013, the board of Directors upon recommendation of the Nomination and Remuneration Committee approved a policy on Director's appointment and remuneration, including, criteria for determining qualifications, positive attributes, independence of a Director and other matters. Weblink for the same is <https://aarnavgroup.com/wp-content/uploads/2020/12/Click-here-to-download-25.pdf>.

11. VIGIL MECHANISM:

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the

Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company. The weblink for the same is <https://aarnavgroup.com/wp-content/uploads/2020/12/Click-here-to-download-17.pdf>.

12. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm and state that

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. 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 of the company for that period;
- iii. 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;
- iv. the Directors had prepared the annual accounts on a 'going concern' basis;
- v. 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
- vi. 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.

13. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

In terms of Section 134(5)(e) of the Act, the term Internal Financial Control means the policies and procedures adopted by a company for ensuring orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

Internal Control over Financial Reporting (ICFR) remains an important component to foster confidence in a company's financial reporting, and ultimately, streamlining the process to adopt best practices. Your Company through Internal Audit Program is regularly conducting test of effectiveness of various controls. The ineffective and unsatisfactory controls are reviewed and remedial actions are taken immediately. The internal audit plan is also aligned to the business objectives of the Company which is reviewed and approved by the Audit Committee. Further, the Audit Committee monitors the adequacy and effectiveness of your Company's internal control framework. Adequate internal financial controls are in place which ensures the reliability of financial and operational information. The regulatory and statutory compliances are also ensured.

14. ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the Annual Return as at March 31, 2021 on its website at www.aarnavgroup.com. By virtue of amendment to Section 92(3) of the Companies Act, 2013, the Company is not required to provide extract of Annual Return (Form MGT-9) as part of the Board's report. The weblink of Annual Return is <https://aarnavgroup.com/wp-content/uploads/2021/09/Click-here-to-download.pdf>

15. SUBSIDIARY COMPANIES / ASSOCIATE COMPANIES / JOINT VENTURE:

Since the company does not have any Subsidiary / Joint Ventures / Associate Concerns, no financial position of such concern(s) are required to be included in the financial statement.

16. AUDITORS:

As per the provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s. Nahta Jain & Associates, Chartered Accountants, Ahmedabad (ICAI Registration No. 106801W) were appointed as Statutory Auditors of the Company for a period of five years from the conclusion of the 36thAGM to the conclusion of the 41stAGM to be held in 2024. However in terms of the Notification issued by the Ministry of Corporate Affairs dated May 7, 2018, the proviso requiring ratification of the Auditors appointment by the shareholders at each AGM has been omitted. Accordingly, the ratification of appointment of Statutory Auditors would not be required at the AGM and M/s. Nahta Jain & Associates, Chartered Accountants, Ahmedabad (ICAI Registration No. 106801W) would continue to act as the statutory auditors of the Company for five years upto the conclusion of the 41stAGM to be held in 2024.

The Auditors Report does not contain any qualification, observation or adverse remarks.

17. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/S Ravi Kapoor & Associates, a firm of Company Secretaries in practice, to conduct the Secretarial Audit of the Company for the financial year 2020-2021.

The Secretarial Audit Report for the financial year ended 31st March 2021, pursuant to Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Regulation 24A of the SEBI (LODR) Regulations, 2015 is annexed herewith as “Annexure - A”. The Secretarial Audit Report does not contain any qualifications, reservation or adverse remarks.

18. INTERNAL AUDITOR

Pursuant to provision of Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014 and section 179 read with Rule 8(4) of the Companies (Meeting of Board and its Power) rules, 2014 the Company has appointed M/s Sejal Agrawal & Associates (Membership No: 141498) Chartered Accountants as Internal auditor of the Company for the Financial Year 2020-2021.

19. COST AUDITORS

The provisions of section 148 (2) for appointment of Cost Auditors are not applicable to the Company. The Company has maintained the cost records as specified by the Central Government under sub-section (1) of section 148 of The Companies Act, 2013.

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

Your Company has not undertaken any research and development activity for any manufacturing activity nor was any specific technology obtained from any external sources which needs to be absorbed or adapted.

C. The particulars of foreign exchange earnings and outgoes:

Foreign Exchange Earnings: NIL
Foreign Exchange Outgoes: NIL

21. PUBLIC DEPOSIT

The company has not accepted any deposits from the public. Hence, the directives issued by the Reserve Bank of India & the Provision of Section 73 to 76 of the Company Act, 2013 or any other relevant provisions of the Act and the Rules there under are not applicable

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The particulars of loans, Guarantees and investments in terms of Section 186 of the Companies Act, 2013 for the financial year under review have been provided in the Notes to Financial Statement which forms part of this Annual Report

23. SCHEME OF AMALGAMATION:

Arrangement providing for amalgamation of Gopi Synthetics Private Limited ("Transferor Company No. 1"), Aarnav Synthetics Private Limited ("Transferor Company No. 2"), Aarnav Textile Mills Private Limited ("Transferor Company No. 3"), Symbolic Finance and Investment Private Limited ("Transferor Company No. 4") and Ankush Motor and General Finance Company Private Limited ("Transferor Company No. 5") (collectively referred as "Transferor Companies") with the Company, i.e., Aarnav Fashions Limited ("AFL" / "Transferee Company") (hereinafter referred to as "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended and rules framed thereunder and in compliance with the provisions of the Income Tax Act, 1961 with effect from the Appointed Date i.e. October 1, 2020.

The Scheme is subject to approval of shareholders, creditors, Hon'ble National Company Law Tribunal and other appropriate authority.

The company has received an observation letter regarding draft Scheme of Arrangement on July 14, 2021. Additionally the company has also made an application with the Hon'ble NCLT for the same and the order regarding it is under process.

24. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE ENDS OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

The Board of Directors of the Company has, at its meeting held on January 23, 2021, approved a draft scheme of In terms of Section 134(3)(i) the Companies Act, 2013 it is reported except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of financial year of the Company and date of this report.

25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no material orders passed by the Regulators, Courts and tribunals impacting going concern status Company's operation in future

26. SHARE CAPITAL:

During the year under review, the Company has not altered/modified the authorized share capital of the Company.

27. RISK MANAGEMENT:

The Management has evaluated various risks like market risk, credit risk liquidity risk etc. The management is however, of the view that none of the above risks may threaten the existence of the Company as robust Risk mitigation mechanism is put in place to ensure that there is nil or minimum impact on the Company in case any of these risks materialize.

28. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the provisions of section 135 of Companies Act, 2013 are not applicable.

29. RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. During the financial year 2020-2021, there was no materiality significant related party transaction made by the company with the Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large.

In line with the provisions of section 177 of the act read with the Companies (Meeting of the Board and its Power) Rules 2014, omnibus approval for the estimated value of the transactions with the related parties for the financial year is obtained from the Audit Committee. The transaction with the related parties are routine and repetitive in nature.

The form AOC-2 pursuant to section 134 (3)(h) of the Companies Act, 2013 read with the Rule 8(2) of the Companies (Accounts) Rules 2014 is annexed to this Report as **"Annexure – D"**

30. FORMAL ANNUAL EVALUATION:

Pursuant to the provisions of 134(3)(p) the Companies Act, 2013 and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually including Independent Directors as well as the evaluation of the working of its Committees. The evaluation was carried on the basis of structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, level of engagement and participation, Board culture, execution and performance of specific duties, obligations and governance. The Board has expressed their satisfaction with the evaluation process.

In pursuant to Regulation 17(10) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the evaluation of Independent Directors were done by the entire board of directors which includes –

- (a) Performance of the directors; and
- (b) Fulfillment of the independence criteria as specified in the regulations and their independence from the management.

Criteria adopted for evaluation:

The Board shall evaluate the roles, functions, duties of Independent Directors (ID's) of the Company. Each ID shall be evaluated by all other directors' not by the Director being evaluated. The board shall also review the manner in which ID's follow guidelines of professional conduct. Further, in a separate meeting of Independent Directors, performance of non-independent directors, the Board as whole and the Chairman of the Company was evaluated.

- (i) Performance review of all the Non-Independent Directors of the company on the basis of the activities undertaken by them, expectation of board and level of participation;
- (ii) Performance review of the Chairman of the Company in terms of level of competence of chairman in steering the company;
- (iii) The review and assessment of the flow of information by the Company to the board and manner in which the deliberations take place, the manner of placing the agenda and the contents therein;

- (iv) The review of the performance of the directors individually, its own performance as well as evaluation of working of its committees shall be carried out by the board;
- (v) On the basis of performance evaluation, it shall be determined by the Nomination and Remuneration Committee and the Board whether to extend or continue the term of appointment of ID subject to all other applicable compliances.

31. PARTICULARS OF EMPLOYEES

Pursuant to Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the particulars of employees are annexed as **Annexure- B** to this Report

32. DISCLOSURE AS PER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place a policy on prevention, prohibition and redressal of Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee has been setup to redress the complaints received on the sexual harassment. All employees of the Company are covered under this policy.

The details of complaints received and disposed of during the financial year 2020-21 is as follows:

S. No	Particulars	Remarks
A	Number of complaints of sexual harassment received in the year	NIL
B	Number of complaints disposed of during the year	NIL
C	Number of cases pending for more than ninety days	NIL
D	Number of workshops or awareness programme against sexual harassment carried out	NIL
E	Nature of action taken by the employer or District Officer	NIL

33. LISTING WITH STOCK EXCHANGE:

The Company confirms that it has paid the Annual Listing Fees for the year 2020-2021 to BSE where the Company's Shares are listed.

34. INSIDER TRADING REGULATIONS AND CODE OF DISCLOSURE

In terms of the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (PIT Regulations), the Company has adopted the "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" ("the Code"). The Code is applicable to Promoters, all Directors, Designated persons and connected Persons and their immediate relatives, who are expected to have access to unpublished price sensitive information relating to the Company. The Company has also formulated a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. The aforesaid Codes are posted on the Company's website and can be accessed by using web link at and is available on our website

35. DETAILS OF COMPOSITION OF AUDIT COMMITTEE AND NOMINATION AND REMUNERATION COMMITTEE:

Details of Composition of various Committees including Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee and attendance of members are mentioned in Corporate Governance Report and the same is attached with this report:

36. CORPORATE GOVERNANCE:

Your Company has taken adequate steps to ensure compliance with the provisions of corporate governance as prescribed under the Listing Regulations. A separate section on Corporate Governance, forming a part of this Report and the requisite certificate from the practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance as **Annexure-E**

37. MANAGEMENT DISCUSSION ANALYSIS

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2018, the Management's discussion and analysis is set out in this Annual Report as **Annexure F**.

38. SECRETARIAL STANDARDS

Pursuant to the provisions of Section 118 of the Companies Act, 2013, the Company has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

39. APPRECIATION:

Your Directors wish to place on record their sincere appreciation for significant contributions made by the employees at all levels through their dedication, hard work and commitment, enabling the Company to achieve good performance during the year under review.

Your Directors also take this opportunity to place on record the valuable co-operation and support extended by the banks, government, business associates and the shareholders for their continued confidence reposed in the Company and look forward to having the same support in all future endeavours.

PLACE: AHMEDABAD
DATE: 04/09/2021

AND ON BEHALF OF THE BOARD OF DIRECTORS OF
AARNAV FASHIONS LIMITED

MR. CHAMPALAL GOPIRAM AGARWAL
CHAIRMAN & DIRECTOR
DIN: 01716421

MR. SUMIT CHAMPALALAGARWAL
MANAGING DIRECTOR
DIN: 00356863

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
AARNAV FASHIONS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AARNAV FASHIONS LIMITED** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Due to current COVID pandemic situation, we have verified the soft copies of records maintained by the Company. Based on our online verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 and verified the provisions of the following acts and regulations and also their applicability as far as the Company is concerned during the period under audit:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent of their applicability to the Company;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

We have also examined compliance with applicable clauses of the following

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. Provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- i) The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes took place in the composition of the Board of Directors during the period under review were carried out in compliance with the provisions of the Act.
- ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii) All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place: Ahmedabad
Date: 04th September, 2021

For, Ravi Kapoor & Associates

Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407
UDIN: F002587C000896392

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

ANNEXURE-A

To,
The Members

AARNAV FASHIONS LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 04th September, 2021

For, Ravi Kapoor & Associates

Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407
UDIN: F002587C000896392

PARTICULARS OF EMPLOYEES

(Pursuant to Section 197(12) read with Rules made thereunder)

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules made there under.

A. Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

a) The ratio of remuneration of each director to the median remuneration of employees for the financial year 2020-21:

Sr. No.	Name	Designation	Ratio against median Employee' Remuneration
1.	CHAMPALAL GOPIRAM AGARWAL	Chairman	-
2.	SUMIT CHAMPALAL AGARWAL	Managing Director	-
3.	NIDHI SANJAYKUMAR AGRAWAL	Non-Executive Director	-
4.	SOURABH VIJAY PATAWARI	Independent Director	-
5.	KULDEEP ASHOKBHAI SHAH	Independent Director	-
6.	MADHUR MURARI TODI	Independent Director	-

b) The Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2020-21:

Sr. No.	Name	Designation	Percentage Increase as compared to Previous Year
1.	CHAMPALAL GOPIRAM AGARWAL	Chairman	N.A
2.	SUMIT CHAMPALAL AGARWAL	Managing Director	N.A.
3.	NIDHI SANJAYKUMAR AGRAWAL	Non-Executive Director	N.A.
4.	SOURABH VIJAY PATAWARI	Independent Director	N.A.
5.	KULDEEP ASHOKBHAI SHAH	Independent Director	N.A.
6.	MADHUR MURARI TODI	Independent Director	N.A.
7.	MS. NIDHI AGRAWAL	Company Secretary and Compliance Officer	16%
8.	RADHAKISHAN LEKHARAM SHARMA	Chief financial officer	N.A.

c) The percentage increase in the median remuneration of employees in the financial year:

Median remuneration of Employees increased in F.Y 2020-2021 is NIL as compared from F.Y. 2019-2020.

d) The number of permanent employees during the year on the rolls of the Company: 3 Employees

Employees at end of the financial year: 2 employees

e) 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:

There was no increase or decrease in salaries of employees during the year, so the average percentile is not applicable.

- f) **The Board of Directors of the Company affirmed that remuneration of all the Key Managerial Personnel of the Company are as per the Remuneration Policy of the Company.**

It is affirmed that the remuneration paid is as per the Nomination, Remuneration and Board Diversity Policy of the Company.

- B. **Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- a) **List of top ten employees in terms of remuneration drawn:**

SR. NO.	EMPLOYEE NAME	DESIGNATION	DATE OF JOINING	REMUNERATION RECEIVED (IN Rs.)	AGE
1	Ms. Nidhi Aggrawal	Company Secretary	January 25, 2019	3,84,677	28
2	Manoj Patel	Office Clerk	April 01, 2019	1,44,000	36

All above employees are on roll of the Company on permanent basis.

Note:

1. The details of remuneration drawn is on accrual basis.
2. Company has only two employees drawing remuneration and hence details are given to that extent.

- b) **Employees employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees:**

There was no such employees employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees.

- c) **Employees employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month:**

There was no such employees employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.

- d) **Employees employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company:**

There was no such employees employed throughout the financial year or part thereof who was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by herself or along with her spouse and dependent children, not less than two percent of the equity shares of the company.

The Board of Directors of the Company affirmed that remuneration of all the Key Managerial Personnel of the Company are as per the Remuneration Policy of the Company.

PLACE: AHMEDABAD
DATE: 04/09/2021

AND ON BEHALF OF THE BOARD OF DIRECTORS OF
AARNAV FASHIONS LIMITED

MR. CHAMPALAL GOPIRAM AGARWAL
CHAIRMAN & DIRECTOR
DIN: 01716421

MR. SUMIT CHAMPALALAGARWAL
MANAGING DIRECTOR
DIN: 00356863

CORPORATE GOVERNANCE REPORT

Pursuant to Schedule V (C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance for the financial year ended on March 31, 2021 is given below:

(1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Corporate Governance Philosophy is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values and recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue high standards of Corporate Governance in the overall interest of all stakeholders. The Company has a legacy of fair, transparent and ethical governance practices.

(2) BOARD OF DIRECTORS

In terms of Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of Company as trustees of the shareholders.

a. COMPOSITION:

As on March 31, 2021, the Board of Directors consist of 2 (two) Executive Directors and 3 (three) Non-executive Independent Directors and 1 (one) Woman Director. All the Directors take active part at the Board and Committee meetings, which adds value in the decision making process.

The following is the Composition of the Board as on 31st March, 2021.

SR. NO	NAME OF DIRECTOR	DESIGNATION	CATEGORY
1	CHAMPALAL GOPIRAM AGARWAL	Chairman and Director	Promoter and Executive Director
2	SUMIT CHAMPALAL AGARWAL	Managing Director	Promoter and Executive Director
3	NIDHI AGRAWAL	Director	Professional and Non-Executive
4	SOURABH VIJAY PATAWARI	Director	Independent, Non-Executive
5	KULDEEP ASHOKBHAI SHAH	Director	Independent, Non-Executive
6	MADHUR MURARI TODI	Director	Independent, Non-Executive

b. NUMBER OF BOARD MEETINGS HELD, DATES ON WHICH HELD ARE GIVEN BELOW:

During the Financial Year 2020-21, 7 (Seven) Board meetings were held on the following dates:

SR. NO.	DATE OF MEETING	BOARD STRENGTH	NO. OF DIRECTORS PRESENT
1	30-06-2020	6	6
2	13 08 2020	6	6
3	07-11-2020	6	6
4	05-12-2020	6	6
5	20-01-2021	6	6
6	23-01-2021	6	6
7	25-01-2021	6	6

- c. THE NAMES AND CATEGORIES OF THE DIRECTORS ON THE BOARD, THEIR ATTENDANCE AT BOARD MEETINGS HELD DURING THE YEAR UNDER REVIEW AND AT THE LAST ANNUAL GENERAL MEETING ("AGM") ARE GIVEN HEREIN BELOW:

NAME OF THE DIRECTOR	BOARD MEETINGS							AGM
	30.06.2020	13.08.2020	07.11.2020	05.12.2020	20.01.2021	23.01.2021	25.01.2021	29.12.2020
CHAMPALAL GOPIRAM - AGARWAL	Y	Y	Y	Y	Y	Y	Y	Y
SUMIT CHAMPALAL AGARWAL	Y	Y	Y	Y	Y	Y	Y	Y
NIDHI AGGRAWAL	Y	Y	Y	Y	Y	Y	Y	Y
SOURABH VIJAY PATAWARI	Y	Y	Y	Y	Y	Y	Y	Y
KULDEEP ASHOKBHAI SHAH	Y	Y	Y	Y	Y	Y	Y	Y
MADHUR MURARI TODI	Y	Y	Y	Y	Y	Y	Y	Y

Y- Attended

- d. NAME OF OTHER LISTED ENTITIES IN WHICH THE DIRECTOR IS A DIRECTOR AND THE NUMBER OF DIRECTORSHIPS AND COMMITTEE CHAIRMANSHIPS/MEMBERSHIPS HELD BY THEM IN OTHER PUBLIC LIMITED COMPANIES AS ON 31ST MARCH, 2021 ARE GIVEN HEREIN BELOW:

NAME OF THE DIRECTORS	NUMBER OF DIRECTORSHIPS IN OTHER PUBLIC COMPANIES*	NUMBER OF COMMITTEES POSITIONS HELD IN OTHER PUBLIC COMPANIES**		DIRECTORSHIP IN OTHER LISTED ENTITY (CATEGORY OF DIRECTORSHIP)
		MEMBER	CHAIRMAN	
CHAMPALAL GOPIRAM -AGARWAL	-	-	-	-
SUMIT CHAMPALAL AGARWAL	-	-	-	-
NIDHI AGGRAWAL	-	-	-	-
SOURABH VIJAY PATAWARI	-	3	1	Anjani Synthetics Limited (Independent Director)
KULDEEP ASHOKBHAI SHAH	-	1	1	-
MADHUR MURARI TODI	-	2	-	-

*Number of Directorships do not include Directorships of private limited companies, foreign companies, companies registered under Section 8 of the Companies Act, 2013.

**Only Audit Committee & Stakeholders' Relationship Committee have been considered.

- e. DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE:

Mr. Champalal Agarwal, Director and Chairman is the father of Mr. Sumit Champalal Agarwal. Except for this, none of the other Directors of the Company are inter-se related to each other.

f. SHARES HELD BY NON- EXECUTIVE DIRECTORS:

Details of Share held by Non-Executive Directors in the Company as on 31st March, 2021:

NAME	CATEGORY	NUMBER OF EQUITY SHARES
NIDHI AGGRAWAL	Professional and Non-Executive Director	NIL
SOURABH VIJAY PATAWARI	Independent, Non-Executive	NIL
KULDEEP ASHOKBHAI SHAH	Independent, Non-Executive	NIL
MADHUR MURARI TODI	Independent, Non-Executive	19999

The company has not issued any convertible instruments.

g. THE BOARD HAS IDENTIFIED THE FOLLOWING SKILLS/EXPERTISE/COMPETENCIES FUNDAMENTAL FOR THE EFFECTIVE FUNCTIONING OF THE COMPANY WHICH ARE CURRENTLY AVAILABLE WITH THE BOARD:

SR. NO.	NAME OF DIRECTORS	SKILLS / EXPERTISE IDENTIFIED BY THE BOARD	SPECIALISATION
1	CHAMPALAL GOPIRAM AGARWAL	Communication, Sales, Marketing, Finance	Marketing and sales
2	SUMIT CHAMPALAL AGARWAL	Communication, Sales, Marketing, Finance	Marketing and sales
3	NIDHI SANJAYKUMAR AGGRAWAL	Compliances and communication	Legal Compliance
4	SOURABH VIJAY PATAWARI	Compliances and communication	Legal Compliance
5	KULDEEP ASHOKBHAI SHAH	Finance	Finance
6	MADHUR MURARI TODI	Financial Planning, Project implementation	Finance

h. BOARD PROCEDURE:

The agenda is circulated well in advance to the Board members, along with comprehensive back-ground information on the items in the agenda to enable the Board members to take informed decisions.

The Company Secretary tracks and monitors Board and Committee proceedings to ensure that the Terms of Reference/Charters are adhered to, decisions are properly recorded in the minutes and actions on the decisions are tracked. The Terms of Reference/Charters are amended and updated from time to time in order to keep the functions and role of the Board and Committees at par with the changing statutes.

The Board plays a critical role in strategy development of the Company. The Chairman & Managing Director apprises the Board on the overall performance of the Company every quarter.

The Board periodically reviews the strategy, annual business plan, and business performance of the Company. The Board also reviews the compliance reports of the laws applicable to the Company, Internal Financial Controls and Financial Reporting Systems, Minutes of the Meeting.

The Board also reviews the declarations made by the Chairman & Managing Director regarding compliance with all applicable laws and reviews the related compliance reports on a quarterly basis.

The information as required under Part A of Schedule II to the Listing Regulations is also made available to the Board, wherever applicable, for their consideration.

i. CODE OF CONDUCT:

The Board of Directors of the Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. The Board Members and the Senior Management personnel have affirmed compliance with the code for the year 2020-21. The said Code of Conduct has been posted on the website of the Company. A declaration to this effect is annexed and forms part of this report.

Apart from receiving remuneration that they are entitled to under the Act as Non-Executive Directors and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors has any other material pecuniary relationship or transactions with the Company, its Promoters or Directors, its Senior Management or its Subsidiaries. The Senior Management of the Company has made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large.

j. CONDUCT FOR PREVENTION OF INSIDER TRADING & CODE OF CORPORATE DISCLOSURE PRACTICES:

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board of Directors of the Company has adopted the Code of Conduct for prevention of Insider Trading and the Code of Corporate Disclosure Practices (Insider Trading Code). All our Directors, Employees of the Company and their immediate relatives and other connected persons who could have access to the Unpublished Price Sensitive Information of the Company are governed under this Insider Trading Code.

k. INDEPENDENT DIRECTORS:

The Independent Directors of the Company have been appointed in terms of the requirements of the Companies Act, 2013 and the Listing Regulations.

The Company has received declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1) (b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

No Independent Director has resigned before the expiry of their tenure during the year; therefore there is no requirement to make any disclosure in the said matter.

i. Separate meeting of the independent directors:

During the year under review, the Independent Directors met on January 25, 2021, without the attendance of Non-Independent Directors and members of the Management for:

- i) Reviewing the performance of Non-Independent Directors and the Board as a whole;
- ii) Reviewing the performance of Chairperson of the Company, taking into account the views of the Executive Directors and Non-Executive Directors;
- iii) Assessing the quality, quantity and timeliness of flow of information between the Company Management and the board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors expressed satisfaction on the performance of Non-Independent Directors and the Board as a whole. The Independent Directors were also satisfied with the quality, quantity and timeliness of flow of information between the Company management and the Board.

ii. Familiarization Programme for Independent Directors

The Company familiarizes its Independent Directors with their roles, rights, responsibilities in the Company, nature of the Industry in which the Company operates etc., through various programmes. These include orientation programme upon induction of new Director as well as other initiatives to update the Directors on an ongoing basis.

Further, the Company also makes periodic presentations at the Board and Committee meetings on various aspects of the Company's operations including on Health and Safety, Sustainability, Performance updates of the Company, Industry scenario, Business Strategy, Internal Control and risks involved and Mitigation Plan.

The details of the Familiarization Programme for Independent Directors is disclosed on the Company's website at the web link: <https://aarnavgroup.com/wp-content/uploads/2021/09/Details-of-Familiarization-Programme.pdf>.

(3) COMMITTEES OF THE BOARD:

The committees constituted by the Board play an important role on the governance structure of the Company. The committees are in line with the Listing Regulations and Companies Act, 2013.

COMPOSITION OF COMMITTEES OF DIRECTORS AND THEIR ATTENDANCE AT THE MEETINGS:

Company has the following Committees:

- A) Audit Committee
- B) Remuneration and Nomination Committee
- C) Stakeholder Relationship Committee

A. AUDIT COMMITTEE

The composition of the Audit Committee along with the details of the meetings held and attended during the financial year as on 31st March, 2021, are given below.

Meetings, Members and Attendance

The details of attendance of Members are as under:

NAME OF MEMBER	CATEGORY	STATUS	NO OF MEETINGS	
			HELD	ATTENDED
Kuldeep Ashokbhai Shah	Non-Executive - Independent Director	Chairman	6	6
Madhur Murari Todi	Non-Executive - Independent Director	Member	6	6
Sourabh Patawari Vijay	Non-Executive - Independent Director	Member	6	6

During the Financial Year 2020-21 the Committee held 7 (Seven) meeting as follows:

Sr. No	Date of Meeting
1	June 30, 2020
2	August 13, 2020
3	November 07, 2020
4	December 05, 2020
5	January 20, 2021
6	January 23, 2021
7	January 25, 2021

The Board has designated Ms. Nidhi Aggrawal, Company Secretary to act as Secretary to the Committee.

The Statutory Auditors, Internal Auditors, Company Secretary and C.F.O. are invitees to the Audit Committee Meetings. The Company Secretary is in attendance at these Meetings. All members are financially literate. Members of the Audit Committee have accounting and financial management expertise.

The Chairman of the Committee attended the AGM held on 29th December 2020 to answer the shareholders queries.

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Audit Committee of the Company performs the following functions:

- Overseeing the Company’s financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing and recommending for approval of the Board. Business plan, corporate annual budget and revised estimates.
- Recommending to the Board, the appointment, re-appointment, replacement, remuneration, terms of appointment of the statutory auditor and the fixation of the audit fee.
- Reviewing with the management, the quarterly, half-yearly, annual financial statements and auditor’s reports thereon, before submission to the Board for approval.
- Laying down the criteria for granting omnibus approval in line with the Company’s policy on related party transactions.
- Approval or any subsequent modification of transactions of Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances.
- Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority, of the official heading the department, reporting structure coverage and frequency of internal audit.
- Approval of appointment of the chief financial officer after assessing the qualifications, experience, background etc.
- To have full access to the information contained in the records of the Company.
- Carrying out any other function as provided under the Act, Listing Regulations and other applicable laws.
- To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.
- Review Management discussion and analysis of financial condition and result of operations. Review statement of significant related party transactions.
- Review all material transactions with related parties to be disclosed every quarter along with the compliance report on corporate governance.
- Review on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each omnibus approval given.
- Review internal audit reports relating to internal control weaknesses.
- Appointment, removal and terms of remuneration of the chief internal auditor.

B. NOMINATION AND REMUNERATION COMMITTEE:

As on 31st March, 2021 the Nomination & Remuneration Committee comprises of Members as stated below. The composition of the Committee is in conformity with the Listing Regulations.

Meetings, Members and Attendance

During the Financial Year 2020-2021 the Committee held 3 (Three) meeting on June 30, 2020, December 05, 2020 and January 25, 2021.

The details of attendance of Members are as under:

NAME OF MEMBER	CATEGORY	STATUS	NO OF MEETINGS	
			HELD	ATTENDED
Madhur Murari Todi	Non-Executive - Independent Director	Chairman	3	3
Kuldeep Ashokbhai Shah	Non-Executive - Independent Director	Member	3	3
Sourabh Patawari Vijay	Non-Executive - Independent Director	Member	3	3

The Board has designated Ms. Nidhi Aggrawal, Company Secretary to act as Secretary to the Committee.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors. Specify the manner for effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by the Board, by the Human Resources, Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal.
- Consider extension or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors.
- Recommend / review the remuneration of Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
- Review information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

POLICY FOR REMUNERATION TO DIRECTOR/ KEY MANAGERIAL PERSONNEL

The Remuneration Policy for directors and senior management are placed on the website of the Company website. The weblink for the policy is <http://aarnavgroup.com/company-policies>.

Details of remuneration for the year ended on 31st March, 2021

1. Executive Director

The Executive Directors have received no remuneration or incentive during the year under review.

Service Contract, Notice Period and Severance Period:

The appointment of the Executive Director is contractual in nature.

2. Non-Executive / Independent Directors:

During the year ended 31st March 2021, the Company has not paid remuneration to Non-Executive Directors by way of sitting fees for attending meetings of Board.

3. Performance Evaluation

The performance evaluation criteria for Independent Directors along with the evaluation framework is determined by the Nomination and Remuneration Committee, basis which the performance of the Independent Directors is evaluated.

C. STAKEHOLDER RELATIONSHIP COMMITTEE:

Meetings, Members and Attendance

During the Financial Year 2020- 2021 the Committee held 4 (Four) meeting.

Sr. No	Date of Meeting
1	June 30, 2020
2	August 13, 2020
3	December 05, 2020
4	January 25, 2021

The details of attendance of Members are as under:

NAME OF MEMBER	CATEGORY	STATUS	NO OF MEETINGS	
			HELD	ATTENDED
Sourabh Patawari Vijay	Non-Executive - Independent Director	Chairman	4	4
Kuldeep Ashokbhai Shah	Non-Executive - Independent Director	Member	4	4
Madhur Murari Todi	Non-Executive - Independent Director	Member	4	4

The Board has designated Ms. Nidhi Aggrawal, Company Secretary to act as Secretary to the Committee.

TERMS OF REFERENCE OF STAKEHOLDERS' RELATIONSHIP COMMITTEE

- Approve issue of duplicate shares / debentures certificates.
- Oversee the performance of the Company's Registrar and Share Transfer Agent.
- Consider, resolve and monitor various aspects of interest of shareholders, including the redressal of investors' / shareholders' / security holders' grievances related to transmission of securities, non-receipt of annual reports, non-receipt of declared dividend, issue new / duplicate certificates, general meetings and so on.
- Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent and recommend methods to upgrade the service standards adopted by the Company.
- Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

REMUNERATION OF DIRECTORS

- ✓ None of the directors have drawn any remuneration by way of salary, sitting fees or as stock option.

COMPLIANCE OFFICER / COMPANY SECRETARY

MS. NIDHI AGRAWAL

Company Secretary

Address: 1, New Cloth Market, O/s Raipur Gate, Raipur, Ahmedabad- 380008

E-mail: cs@aarnavgroup.com

Complaints received and redressed by the Company during the financial year 2020-2021.

NO OF SHAREHOLDERS COMPLAINTS RECEIVED	NO. OF COMPLAINTS NOT SOLVED TO SATISFACTION OF SHAREHOLDERS	NO. COMPLAINTS SOLVED TO THE SATISFACTION OF SHAREHOLDERS	NO. OF COMPLAINTS PENDING
0	0	0	0

D. GENERAL BODY MEETINGS:

DETAILS OF THE ANNUAL GENERAL MEETING HELD DURING THE PRECEDING 3 YEARS AND SPECIAL RESOLUTIONS PASSED THERE AT GIVEN BELOW

FINANCIAL YEAR	PLACE OF MEETING	DATE OF MEETING	DETAILS OF SPECIAL RESOLUTION PASSED
2019-2020	Survey No. 302, Isanpur, Gopi Compound, Narol - Vatva Road, Narol, Ahmedabad-382405	29 th day of December, 2020 at 01:00 P.M.	NIL
2018-19	1, New Cloth Market, O/S Raipur Gate, Raipur, Ahmedabad-380002	30 th September, 2019 at 01:00 P.M	<ul style="list-style-type: none"> To create security on the properties of the company, both present and future, in favor of lenders To increase the borrowing powers of the company To provide unsecured loan under section 185: Increase in the limits applicable for making investments / extending loans and giving guarantees or providing securities in connection with loans to persons / bodies corporate To approve remuneration of Mr. Sumit Champalal Agarwal, managing director of the company
2017-18	Shop No. 29, New Cloth Market, O/s Raipur Gate, Ahmedabad-380002	25 th September, 2018 at 01:00 P.M.	NIL

During the year 2019-20, following special resolutions were passed through postal ballot:

1. Change in name of the Company
2. Alteration of object clause of Memorandum of Association of the Company
3. To issue equity shares on preferential basis to promoter and non-promoters

Mr. Ravi Kapoor, Practicing Company Secretary and proprietor of M/s. Ravi Kapoor & Associates was appointed as Scrutinizer to conduct postal ballot in fair and transparent manner.

Voting pattern of the special resolutions passed through postal ballot is mentioned below:

Particulars	No. of Voted in favour	No. of shares in favour	% of shares in favour	No. of voted against	No. of shares against	% of shares against
RESOLUTION 1 (Ordinary Resolution) To regularize Ms. Nidhi Sanjaykumar Aggrawal as Director of the Company	4	329300	100	Nil	Nil	Nil
RESOLUTION 2 (Ordinary Resolution) To regularize Mr. Sourabh Vijay Patawari as an Independent Director of the Company	4	329300	100	Nil	Nil	Nil
RESOLUTION 3 (Ordinary Resolution) To regularize Mr. Kuldeep Ashokbhai Shah as an Independent Director of the Company	4	329300	100	Nil	Nil	Nil
RESOLUTION 4 (Ordinary Resolution) To regularize Mr. Madhur Murari Todi as an Independent Director of the Company	4	329300	100	Nil	Nil	Nil
RESOLUTION 5 (Ordinary Resolution) To appoint Mr. Sumit Champalal Agarwal as Managing Director of the Company	4	329300	100	Nil	Nil	Nil
RESOLUTION 6 (Ordinary Resolution) To regularize Mr. Champalal Gopiram Agarwal as Director of the Company	4	329300	100	Nil	Nil	Nil
RESOLUTION 7 (Special Resolution) Change in the name of the Company	4	329300	100	Nil	Nil	Nil
RESOLUTION 8 (Special Resolution) Alteration of objects clause in the Memorandum of Association of the Company	4	329300	100	Nil	Nil	Nil
RESOLUTION 9 (Ordinary Resolution) To increase the Authorized Share Capital of the Company	4	329300	100	Nil	Nil	Nil
RESOLUTION 10 (Ordinary Resolution) To alter the Capital Clause (Clause V) of the Memorandum of Association	4	329300	100	Nil	Nil	Nil
RESOLUTION 11 (Ordinary Resolution) To approve the Related Party Transaction	4	329300	100	Nil	Nil	Nil
RESOLUTION 12 (Special Resolution) To issue equity shares on preferential basis to promoter and non-promoters	4	329300	100	Nil	Nil	Nil

Procedure of postal ballot:

The procedures prescribed under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 were duly followed for conducting the postal ballot process for approving the resolutions mentioned above.

All of the aforesaid resolution were passed by the shareholders with requisite majority.

E. MEANS OF COMMUNICATION

FINANCIAL RESULTS: The Quarterly, Half Yearly and Annual Results are regularly submitted to the BSE Limited (BSE) as well as uploaded on the Company’s website and are published in newspapers, namely the Western Times (English and Gujarati). Additionally, the results and other important information are also periodically updated on the Company’s website (www.aarnavgroup.com) in the “Investors” section.

WEBSITE: The Company’s website is a comprehensive reference on its leadership, management, vision, policies, corporate governance, sustainability and investor relations. The Members can access the details of the Board, the Committees, Policies, Board committee Charters, financial information, statutory filings, Shareholding information etc.

ANNUAL REPORT: The information regarding the performance of the Company is shared with the shareholders vide the Annual Report. The Annual Reports for FY 2020-21 are being sent to all members who had registered their email-ids for the purpose of receiving documents / communication in electronic mode with the Company and / or Depository Participants. The Annual Reports are also available in the “Investors” section on the Company’s website www.aarnavgroup.com

CORPORATE FILING: Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company with BSE Ltd. and are also available on the website of the Company.

ELECTRONIC COMMUNICATION: The Company had during FY 2020-21 sent various communications including Annual Reports, by email to those shareholders whose email addresses were registered with the Company / Depositories. In support of the ‘Green Initiative’ the Company encourages Members to register their email address with their Depository Participant or the Company, to receive soft copies of the Annual Report, Notices and other information disseminated by the Company, on a real-time basis without any delay

INVESTORS / ANALYST MEETS: The Company hosted its first investor conference call on January 29, 2021. Such meets provides a platform for the Management to answer questions and provide clarifications to investors and analysts. The Company will continues to interact with all types of funds and investors in order to have a diversified shareholder base both in terms of geographical location and investment horizon.

F. GENERAL SHAREHOLDER INFORMATION:

A.	ANNUAL GENERAL MEETING (AGM) FOR FY 2020-21	
	Date	September 30, 2021
	Time	03:00 P.M.
	Venue	Survey No. 302, Isanpur Gopi Compound, Narol - Vatva Road, Narol, Ahmedabad-382405 at 01.00 P.M.
B.	FINANCIAL CALENDAR FOR 2021-22 (TENTATIVE)	
	Financial year ending	31st March.
	First Quarter Results (June, 2021)	On or before 14th August, 2021.
	Second Quarter Results (September, 2021)	On or before 14th November, 2021.
	Third Quarter Results (December, 2021)	On or before 14th February, 2022.
	Approval of Annual Account (2021-22)	On or before 30th May, 2022.

C.	DATE OF BOOK CLOSURE	Friday Sept. 24, 2021 to Thursday Sept. 30, 2021 (Both days inclusive)																																							
D.	DIVIDEND PAYMENT DATE	Within 30 days of AGM if approved by shareholders																																							
E.	LISTING ON STOCK EXCHANGE:	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001																																							
	(ii) Stock Code/Scrp Code	539562																																							
	(iii) ISIN Number	INE750R01016																																							
F.	MARKET PRICE DATA : HIGH, LOW, DURING EACH MONTH IN LAST FINANCIAL YEAR	<p>The high/Low market price of the shares during 2020-21 at the BSE were as under:</p> <p>From April 01, 2020 till March 31, 2021</p> <table border="1"> <thead> <tr> <th>MONTH & YEAR</th> <th>HIGH RS.</th> <th>LOW RS.</th> </tr> </thead> <tbody> <tr> <td>Apr-20</td> <td>54.15</td> <td>46.55</td> </tr> <tr> <td>May-20</td> <td>51.35</td> <td>39.15</td> </tr> <tr> <td>Jun-20</td> <td>42</td> <td>38</td> </tr> <tr> <td>Jul-20</td> <td>46.3</td> <td>42</td> </tr> <tr> <td>Aug-20</td> <td>48</td> <td>41.55</td> </tr> <tr> <td>Sep-20</td> <td>49.15</td> <td>41.8</td> </tr> <tr> <td>Oct-20</td> <td>53.05</td> <td>42.25</td> </tr> <tr> <td>Nov-20</td> <td>55.3</td> <td>46</td> </tr> <tr> <td>Dec-20</td> <td>66</td> <td>41</td> </tr> <tr> <td>Jan-21</td> <td>88.35</td> <td>47</td> </tr> <tr> <td>Feb-21</td> <td>95.25</td> <td>78.2</td> </tr> <tr> <td>Mar-21</td> <td>96.25</td> <td>85.05</td> </tr> </tbody> </table> <p>The Company's equity shares are listed on the BSE Limited (BSE). The Company enjoyed a market capitalization of Rs. 133.54 crores as on March 31, 2021 and was one of the Top 2000 Listed companies by market capitalization.</p>	MONTH & YEAR	HIGH RS.	LOW RS.	Apr-20	54.15	46.55	May-20	51.35	39.15	Jun-20	42	38	Jul-20	46.3	42	Aug-20	48	41.55	Sep-20	49.15	41.8	Oct-20	53.05	42.25	Nov-20	55.3	46	Dec-20	66	41	Jan-21	88.35	47	Feb-21	95.25	78.2	Mar-21	96.25	85.05
MONTH & YEAR	HIGH RS.	LOW RS.																																							
Apr-20	54.15	46.55																																							
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Jan-21	88.35	47																																							
Feb-21	95.25	78.2																																							
Mar-21	96.25	85.05																																							
G.	REGISTRAR AND TRANSFER AGENTS FOR SHARES	MCS SHARE TRANSFER AGENT LIMITED Address: 12/1/5 Mahanaharpukur Road, Ground Floor, Kolkata- 700026 Tel. No.: 033-40724051 Fax: 033-40724050 E-mail: mcssta@rediffmail.com Website: www.mcsregistrars.com																																							
H.	PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX	Not Applicable																																							

The Annual Listing Fees for the year 2020-21 has been paid to BSE.

I. SHARE TRANSFER SYSTEM:

Regulation 40 of the Listing Regulations was amended vide Gazette notification dated June 08, 2018 mandating transfer of securities in dematerialized form only on and after December 05, 2018. Further, SEBI has extended the date for transfer of securities in physical form to March 31, 2019, vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018

According to the said Notification dated November 30, 2018 requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with the depository with effect from April 01, 2019. Therefore, trading in equity shares of the Company is permitted only in dematerialised form. However, this restriction

shall not be applicable to the request received for effecting transmission or transposition of physical shares. Accordingly, with effect from April 01, 2020, the Company / its Registrar and Share Transfer Agent has stopped accepting any fresh lodgment of transfer of shares in physical form.

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest to avoid any inconvenience while transferring the shares. Shareholders are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or alternatively, contact the nearest branch of Registrar and Share Transfer Agent to seek guidance in the demat procedure. The shareholders may also visit the website of depositories viz. National Securities Depository Limited ('NSDL') or Central Depository Services (India) Limited ('CDSL') for further understanding of the demat procedure.

J. RECONCILIATION OF SHARE CAPITAL AUDIT:

M/S Ravi Kapoor and Associates, Company Secretary-in-Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

K. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2021:

Range Start	Range End	Total shares	Percentage to capital	Total No of shareholders	% of Total Security holders
1	500	60044	0.40	643	85.39
501	1000	20903	0.14	30	3.98
1001	2000	21403	0.14	14	1.86
2001	3000	24019	0.16	9	1.2
3001	4000	34695	0.23	10	1.33
4001	5000	21908	0.15	5	0.66
5001	10000	97512	0.65	13	1.73
10001	50000	153971	1.03	7	0.93
50001	100000	100000	0.67	1	0.13
And above		14470545	96.43	21	2.79

L. CATEGORY OF SHAREHOLDING AS ON 31ST MARCH, 2021:

SR. NO	PARTICULARS	NO OF ACCOUNTS	HOLDING	% TO CAPITAL
1	Companies Acting in Concert -Promoter Companies	2	4082745	27.2
2	Body Corporates	17	111491	0.74
3	Individuals	704	8174196	54.965
4	HUF	29	2635768	17.57
	NRIs WITHOUT REPATRIATION BENEFITS	1	800	0.0
TOTAL		753	15005000	100

M. DEMATERIALISATION OF SHARES:

The Company's Equity Shares are held in dematerialized form by National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) under ISIN No. **INE750R01016**. As on 31st March, 2021, 99.74% of the total shares of the Company have been dematerialized. The shareholders holding shares in physical form are requested to dematerialize their shares as the Company's shares are required to be compulsorily traded at the stock exchanges in dematerialized form only. The shares of the Company are regularly traded at the BSE Limited.

N. OUTSTANDING GDRS / ADRS / WARRANTS AND OTHER CONVERTIBLE INSTRUMENTS, CONVERSION DATES AND LIKELY IMPACT ON EQUITY

The Company has not issued any GDRs / ADRs / Warrants and other Convertible instruments.

O. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES: Not Applicable

P. ADDRESS FOR CORRESPONDENCE

Registered Office	1, New Cloth Market, O/s Raipur Gate, Raipur, Ahmedabad 380002
Tel No.	079-29702983
Email	aarnavfashions@gmail.com

Q. UNCLAIMED SUSPENSE ACCOUNT:

The Company does not have any Demat Suspense Account or unclaimed Suspense Account

R. LIST OF ALL CREDIT RATINGS OBTAINED BY THE ENTITY: Not Applicable

(4) DISCLOSURES:

I. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during last three Financial Years

The Company has complied with all the requirements of the Stock Exchanges as well as the regulations and guidelines of SEBI and other regulatory authorities. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges.

II. Compliance with Accounting Standards:

In preparation of the Financial Statements, the Company has followed the Accounting standards applicable to the Company.

III. CEO/ CFO Certification:

The Chief Financial Officer of the Company have furnished the requisite Certificates to the Board of Directors as per Listing Regulations as **Annexure – C**.

IV. Internal Control System and their adequacy:

The Company has adequate internal control procedures commensurate with its size and nature of business. The Company has appointed Internal Auditors who audit the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements. The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports and adequacy of internal controls and risk management.

V. Related Party Transactions:

The Company did not enter into any materially significant related party transactions, which had potential conflict with the interest of the Company at large. The related party transactions entered into with the related parties as defined under the Companies Act, 2013 and as per Listing Regulations during the financial year were in the ordinary course of business and the same have been approved by the Audit Committee/ Board of Directors. The Board of Directors has approved a policy of related party transactions which has been uploaded

on the website of the Company. The weblink for the same is <https://aarnavgroup.com/wp-content/uploads/2020/12/Click-here-to-download-21.pdf>.

VI. Risk Management:

The Company recognizes that risk is an integral part of any business activity. The Company is aware of the risks associated with the business and has well defined process in place to ensure appropriate identification and treatment of risk. This will facilitate not only risk assessment and timely rectification but also help in minimization of risk associated with any strategic, operational, and financial and compliance risk across all business operations. There are no risks which in the opinion of the board threatens the existence of the company. However some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms part of this Annual Report.

VII. Vigil Mechanism (Whistle Blower Policy):

The Company has a vigil mechanism called “Whistle Blower Policy” with a view to provide a mechanism for Directors and employees of the Company to raise concerns of any violations of any legal or regulatory requirement, incorrect or misrepresentation of any financial statement and reports etc. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. All employees have been provided direct access to the Audit committee. Further, the details of the policy are also posted on the website of the Company. The weblink for the same is <https://aarnavgroup.com/wp-content/uploads/2020/12/Click-here-to-download-17.pdf>.

- VIII.** The Company is not having commodity price risk or foreign exchange risk and not involved in hedging activities.
- IX.** The Company has no material subsidiary. The Company has fully complied with the mandatory requirements of SEBI (LODR) Regulations, 2015.
- X.** There were no circumstances where board had not accepted any recommendation of any committee of the Board during the year.
- XI.** There is no non compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of Schedule V read with Regulation 34(3) of SEBI LODR Regulations.
- XII.** The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- XIII.** A certificate from M/s Ravi Kapoor & Associates, Practicing Company Secretaries has been received stating that none of the directors on the board of the company are debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.
- XIV.** Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). : Not Applicable
- XV. Auditor's Fees:**

Total fees for all services paid by the listed entity, on a consolidated basis, to the statutory auditor is a part is follows:

Particulars	For the year ended on March 31, 2021	For the year ended on March 31, 2020
Payment to the Auditors comprise		
(a) To Statutory auditors	50,000	50,000
(b) Tax Audit Fees	50,000	50,000
Other Matter	17,500	29,000
Total	1,17,500	1,29,000

XVI. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and Redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under.

Details of Complaints under the act during the financial year 2020-21.

- a. number of complaints filed during the financial year -Nil
- b. number of complaints disposed of during the financial year -Nil
- c. number of complaints pending as on end of the financial year –Nil

The Company has not received any complaints on sexual harassment.

The Company has complied with all the mandatory requirements specified in regulation 17 to 27 regulation 46 of Listing Regulations.

The Corporate Governance Report of the Company for the year ended 31st March, 2021 are in compliance with the requirements of Corporate Governance under Listing Regulations.

XVII. CERTIFICATE ON CORPORATE GOVERNANCE

A Compliance certificate from Mr. Ravi Kapoor, Proprietor of M/s. Ravi Kapoor & Associates, Practicing Company Secretary, Ahmedabad pursuant to Schedule V of the Listing Regulations regarding compliance of conditions of Corporate Governance is attached as Annexure –A in this report.

(5) THE STATUS OF ADOPTION OF THE DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II IS AS UNDER:-

SHAREHOLDERS RIGHTS:

Extract of the Quarterly, Half Yearly and Annual Financial Results of the Company are published in the Newspaper and are also posted on Company's website www.aarnavgroup.com. The complete Annual Report is sent to each and every Shareholder of the Company.

MODIFIED OPINION IN AUDITORS REPORT

The Company's financial statement for the year ended 31st March, 2021 does not contain any modified Audit opinion.

REPORTING OF INTERNAL AUDITOR:

The Internal Auditor of the Company reports to the Audit Committee

CODE OF CONDUCT DECLARATION

I hereby declare that all Board members of the Company and senior management personnel have affirmed compliance with the Code of Conduct of the Company as per Regulation 26(3) of SEBI (LODR) Regulations, 2015.

**ON BEHALF OF THE BOARD OF DIRECTORS
FOR, AARNAV FASHIONS LIMITED**

**Date: 04/09/2021
Place: Ahmedabad**

**MR. CHAMPALAL GOPIRAM AGARWAL
CHAIRMAN & DIRECTOR
DIN: 01716421**

ANNEXURE-C

CEO/ CFO CERTIFICATION (AS PER REGULATION 17(8) OF THE LISTING REGULATIONS)

We, Managing Director and Chief Financial Officer, certify to the Board of Directors of AARNAV FASHIONS LIMITED (the "Company") that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2021 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. that there are no significant changes in internal control during the year;
 - ii. that there are no significant changes in accounting policies during the year other than those which have been disclosed in the notes to the financial statements; and
- iii. that there are no instances of significant fraud of which we became aware or the involvement therein, of any member of management or an employee having a significant role in the Company's internal control system over financial reporting.

FOR, AARNAV FASHIONS LIMITED

**MR. CHAMPALAL GOPIRAM AGARWAL
CHAIRMAN & DIRECTOR**

FOR, AARNAV FASHIONS LIMITED

**MR. RADHAKISHAN LEKHARAM
SHARMA
CFO**

Form No. AOC-2

Particulars of contracts/arrangements entered into by the company with related parties referred to in section 188(1) of the Companies Act, 2013

Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered in to by the Company during the financial year ended on March 31, 2021, which were not at arm's length basis.

A. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Particulars	RPT – 1	RPT – 2	RPT – 3	RPT – 4	RTP-5
1.	Name(s) of the related party and nature of relationship	Champalal Gopiram Agarwal	Sumit Champalal Agarwal	Gopi synthetics Private Limited	Gopi synthetics Private Limited	Symbolic Finance And Investment Private Limited
2.	Nature of contracts/ arrangements/ transactions	Rent Given	Rent Given	Loan Given	Interest Received on unsecured Loan	Loan taken
3.	Duration of the contracts /	F.Y. 2020-	F.Y. 2020-	F.Y. 2020-2021	F.Y. 2020-2021	F.Y. 2020-2021
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	All transactions entered by the Company are at Market rate and on arms' length basis				
5.	Date(s) of approval by the Board	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
6.	Amount of Transactions entered	Rs. 30,000	Rs. 30,000	Rs. 2,03,876,876	Rs. 19,142,188	Rs. 6,00,000
7.	Amount paid as advances, if any	N.A.	N.A.	N.A.	N.A.	N.A.

* The Lease agreement was entered on February 02, 2019 which is valid for 5 years w.e.f. date of agreement.

PLACE: AHMEDABAD
DATE: 04/09/2021

AND ON BEHALF OF THE BOARD OF DIRECTORS OF
AARNAV FASHIONS LIMITED

MR. CHAMPALAL GOPIRAM AGARWAL
CHAIRMAN & DIRECTOR
DIN: 01716421

MR. SUMIT CHAMPALALAGARWAL
MANAGING DIRECTOR
DIN: 00356863

Certificate on Corporate Governance

To,
The Members of
AARNAV FASHIONS LIMITED

We have examined the Compliance Conditions of Corporate Governance by **AARNAV FASHIONS LIMITED** for the year ended on 31stMarch, 2021 as per Para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 01stApril, 2020 to 31stMarch, 2021. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The Compliance of Conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has materially complied with the conditions of Corporate Governance as stipulated in Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 04th September, 2021

For, Ravi Kapoor & Associates

Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407
UDIN: F002587C000896414

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY

The global textile market is expected to grow from \$594.61 billion in 2020 to \$654.57 billion in 2021 at a compound annual growth rate (CAGR) of 10.1%.

The growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges.

The market is expected to reach \$821.87 billion in 2025 at a CAGR of 6%.

INDIAN ECONOMY

These are unprecedented and uncertain times. Globally, the COVID-19 pandemic has caused massive disruptions across every sphere of human and business activity. There has been an adverse economic impact on people, communities and countries. Global economy contracted by 3.3% in 2020 as estimated by the IMF. As the world tries to vaccinate itself out of this pandemic, the mutations and pathways of the disease evolution are very much unknown, and will continue to cast shadow of uncertainty on the outlook. The Indian economy contracted by 7% during the financial year ending March 2021 both demand and supply improved subsequently.

India is among the top five economy in the world, which will be among top 3 in coming decade. The pandemic has undoubtedly affected India, but with the right economic stimulus and the gradual opening up of the lockdown the situation can be expected to improve.

- The size of India's textile market as of 2018 was around US\$ 102.2 billion. It is expected to touch US\$ 223 billion market by 2021. It will be growing at a CAGR of 10.14 per cent between 2009-2021.
- The new textile policy aims to achieve US\$ 300 billion worth of textile exports by 2024-25. It is expected to create an additional 35 million jobs. By 2022, the Indian textile sector will require additional 17 million workforce.
- During FY20, production of fibre in India stood at 1.443 million tonnes. In fact, it reached 0.629 million tonnes during April–August 2019.
- The technical textile industry is expected to expand at a CAGR of 12.20 per cent during FY18–23 to US\$ 32 billion in FY23. In FY18 it reached US\$ 18 billion.
- US\$ 100.15 million have been allocated for the Amended Technology Upgradation Fund Scheme (ATUFS).

GLOBAL AND INDIAN INDUSTRY

The COVID-19 pandemic has challenged the textile industry drastically in 2020. Asia, which is major markets for the textile industry in the world, has suffered from the prolonged lockdowns and restrictions in the majority of Asian countries along with the sudden drop in international demand for their products. The loss was particularly high in countries where the textile industry accounted for a larger share of the exports. According to the study by the International Labour Organization (ILO) the global textile trade collapsed during the first half of 2020. Also, exports to the major buying regions in the European Union, the United States, and Japan fell by around 70%. The industry also suffered several supply chain disruptions due to the shortages of cotton and other raw materials.

The textile industry is an ever-growing market, with key competitors being China, the European Union, the United States, and India. China is the world's leading producer and exporter of both raw textiles and garments. The United States is the leading producer and exporter of raw cotton, while also being the top importer of raw textiles and garments. The textile industry of the European Union comprises Germany, Spain, France, Italy, and Portugal at the forefront with a value of more than 1/5th of the global textile industry. India is the third-largest textile manufacturing industry and is responsible for more than 6% of the total textile production, globally. The rapid industrialization in the developed and developing countries and the evolving technology are helping the textile industry to have modern installations which are capable of high-efficient fabric production. These factors are helping the textile industry to record more revenues during the study period and are expected to help the industry further in the forecast period.

IMPACT OF COVID ON INDIAN T&A INDUSTRY

Due to the pandemic, all economic activities except for the essential goods and services came to a standstill. The textile and apparel industry was no exception to this

The industry faced a complete shutdown for around 2-3 months, while a few manufacturers who dedicated their production systems for PPE manufacturing were permitted to function. However, most of the units operated at suboptimal utilization levels for next several months.

Disrupted logistics and frozen external trade caused due to the pandemic affected the entire value chain alike. India's April and May 2020 net trade were around 50% lower month-on-month compared to that of the previous year

Due to the uncertainty across the market, international and domestic buyers cancelled or suspended their orders, adding to the woes of the industry.

Lockdown restrictions across the country resulted in a slump in the retail sales of apparel for at least 4-5 months. Moreover, the festive and wedding season sales were deeply impacted.

India's e-commerce sale of goods and apparel saw a steep rise in 2020, thanks to an increased market. Work-From-Home drove the demand for casual wear apparel over formals.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

FINANCE BUSINESS:

India's financial services sector is poised to grow on the back of rising incomes, significant government attention and the increasing pace of digital adoption. The long term fundamentals of the sector are sound. The segment typifies the progress and opportunity of its economy. The sector will grow rapidly out to 2035, driven by rising incomes, heightened government focus on financial inclusion and digital adoption – India's digital payments could pass \$1 trillion by 2030.

This is reflected on the fact that the share of financial services in India's market capitalization has increased from ~6 per cent in FY01 to ~24 per cent in FY21. Partnership opportunities will be niche, targeting the economically advanced parts of India and in segments not dominated by state-owned enterprises. Government of India has made financial inclusion a top priority by launching and expanding multiple programs, creating and strengthening transparency and digital systems, and enforcing regulatory measures to increase competition

TEXTILE BUSINESS:

The textile industry is one of the leading segments of the Indian economy and the largest source of foreign exchange earnings for India. This industry accounts for 4 percent of the gross domestic product (GDP), 20 percent of industrial output, and slightly more than 30 percent of export earnings. The textile and apparel industry employs about 38 million people, making it the largest source of industrial employment in India.

It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing; it is a major contribution to the country's economy. Our company foresees very bright future in trading business in India. The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market.

PERFORMANCE DURING THE YEAR:

During the year under review, Company has earned total income of Rs. 3248.69 Lakh as against the total income of Rs. 3542.37 Lakh of previous year. The total income of the company was up by 33% over previous year. Further, Profit before Tax in the financial year 2020-2021 stood at Rs. 430.48 Lakh as compared to Rs 305.38 Lakh of last year and Net Profit after Tax stood at Rs. 309.19 Lakh compared to profit of Rs. 232.01 Lakhs for previous year. The Profit before tax and Net profit After Tax was increased by 41% and 33% respectively over previous year.

OPPORTUNITIES AND THREATS



OUTLOOK

The Indian textile and apparel industry has been adversely impacted in the short to mid-term due to lockdown and lower consumer spends. The sector is reeling under liquidity and cost pressure as well due to the unprecedented damage caused by COVID-19. Taking into account India's position as a preferred destination for sourcing textile and apparel products by leading brands worldwide, Indian garmenting sector is getting impacted with deferment and cancellation of orders.

The Company has taken steps to ensure the health and safety of its employees and customers. COVID-19 pandemic in the year 2020-2021 impacted the textile industry globally with production stagnation, supply chain disruptions and market closures. The resultant effect led to subdued exports and consumption numbers. Since the global textile and apparel industry supply chain is highly integrated in nature, the Covid-19 impact will be seen in the near-term. However,

with rising demand, raw material availability and lower labor cost in the developing countries, the industry is expected to display a CAGR of 4.3% from 2020 to 2027

RISKS AND CONCERNS

Every business has both Risk and Return and they are inseparable. As a responsible management, the Company's principal endeavor is to maximize returns. The Company continues to take all steps necessary to minimize its expenses through detailed studies and interaction with experts. Our senior management identifies and monitors the risk on regular basis and evolves process and system to control and minimize it. With regular check and evaluation business risk can be forecasted to the maximum extent and thus corrective measures can be taken in time.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate internal control system commensurate with its size and the nature of its business in order to achieve efficiency in operation and optimum utilization of resources. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information. Internal audits are conducted in the Company on regular basis

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

(Amount in Rs)

PARTICULARS	2020-2021	2019-2020
Revenue from Operations	321,040,796	354,237,389
Other Income	3,828,625	-
Total Income	324,869,421	354,237,389
Profit/(Loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense	43,093,000	30,583,316
Less: Depreciation /Amortization/Impairment	45,564	45,566
Profit/(Loss) before Finance Costs, Exceptional items and Tax Expense	43,048,120	30,537,750
Less: Finance Costs	-	-
Profit/(Loss) Exceptional items and Tax Expense	43,048,120	30,537,750
Add/(Less): Exceptional items	-	-
Profit/(Loss) before Tax	43,048,120	30,537,750
Provision for Taxation - Current Tax	12,051,781	7,563,998
Deferred Tax	77,248	(227,093)
Excess provision for Tax expense for earlier years	-	-
Profit for the year	30,919,091	23,200,845
Total Comprehensive Income/Loss (2)	30,919,091	23,200,845

The Company has posted highest ever profits during the year under review. This is during a year in which humankind has passed through challenges which are not within living memory. The impact of Covid-19 was felt across the economy and businesses.

During the year under review, Company has earned total income of Rs. 3248.69 Lakh as against the total income of Rs. 3542.37 Lakh of previous year. The total income of the company was up by 33% over previous year. Further, Profit before Tax in the financial year 2020-2021 stood at Rs. 430.48 Lakh as compared to Rs 305.38 Lakh of last year and Net Profit after Tax stood at Rs. 309.19 Lakh compared to profit of Rs. 232.01 Lakhs for previous year. The Profit before tax and Net profit After Tax was increased by 41% and 33% respectively over previous year.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company has been continuously working to improve human resources skills, competencies and capabilities in the Company, which is critical to achieve desired results in line with our strategic business ambitions. As the number of employees are limited the company has not carried large program for them.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS ALONGWITH EXPLANATION

In compliance with the requirement of the Listing Regulations, the key financial ratios of the Company along with explanation for significant changes (i.e., for change of 25% or more as compared to the immediately previous financial year will be termed as 'significant changes'), has been provided hereunder:

SL NO.	PARTICULARS	2020-2021	2019-2020
1	DEBTORS T.O. RATIO (in Days)	334	130
2	INVENTORY T.O. RATIO (in Days)	0	2.25
3	INTEREST COVERAGE RATIO (%)	NA	NA
4	CURRENT RATIO	1.93	2.74
5	DEBT EQUITY RATIO	NA	NA
6	OPERATING PROFIT MARGIN RATIO (%)	12.22	8.62
7	NET PROFIT MARGIN RATIO (%)	9.63	6.55

DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF:

The increase in the Net income from Rs. 23,200,845 in FY 2020 to 30,919,091 in FY 2021 has resulted in improvement of Return on Net worth.

CAUTIONARY STATEMENT

Statements in the Management Discussion Analysis describing the Company's objectives, projections, estimates and expectations may be considered as "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The factors that might influence the operations of the Company are economic conditions, government regulations and natural calamities over which the Company has no control.

The Company assumes no responsibility in respect of the forward-looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

CONCLUSION

To conclude, the performance of the company during the year 2020-2021 was improved in all parameters as compared to previous years. In spite of lots of challenges, the performance of the company was satisfactory. By implementing cost effective measures and aggressive marketing strategies the company will achieve further improvement in its performance and serve the stakeholder's in a way ahead.

Independent Auditors' Report

To the Members of
M/s. AARNAV FASHIONS LIMITED
(Formerly known as Kayel Securities Limited)

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **M/s. AARNAV FASHIONS LIMITED (Formerly known as Kayel Securities Limited)** ("the Company"), which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021 and its profit & total Comprehensive Income, Changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone financial statements 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 Standalone 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone 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 ICAI'S Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note No. 2.33 of the standalone financial statements, which describes the uncertainties and the impact of COVID-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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 and presentation of these standalone 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgements and estimates that are responsible 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statement

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

A further description of the auditor's responsibilities for the audit of the standalone financial statements is included in "**Annexure-A**". This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure – B**", 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, based on our audit, 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 purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c) The balance sheet, the statement of profit and loss including Other Comprehensive Income, statement of changes in equity and the cash flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone 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 written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 - C**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the auditor’s report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations for which provision have not been made which would impact its financial position.
 - ii) There are no long term contracts including derivative contracts and accordingly no provision is required to be made for any loss from the same;
 - iii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.
 - iv) There is no fund which is pending to be transferred to the Investor Education and Protection Fund by the Company.

Place : Ahmedabad
Date : 12/06/2021
UDIN – 21116735AAAAHD9202

As per our Report of Even Date
For and on Behalf of
Nahta Jain & Associates
Chartered Accountants
Firm Regn. No. 106801W

(CA. Gaurav Nahta)
Partner
Mem. No. 116735

Annexure “A” to the Independent Auditor’s Report Responsibilities for Audit of Financial Statement

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 standalone 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 systems 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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.

Place : Ahmedabad
Date : 12/06/2021
UDIN - 21116735AAAAHD9202

**As per our Report of Even Date For
and on Behalf of
Nahta Jain & Associates
Chartered Accountants
Firm Regn. No. 106801W**

(CA. Gaurav Nahta)
Partner
Mem. No. 116735

Annexure “B” to the Independent Auditor’s Report

The Annexure referred to in our Independent Auditor’s Report to the members of the Company on the financial statements for the year ended 31 March 2021, we report that;

(i) In respect of Fixed Assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As per the information and explanations given to us, all the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of Inventory:

- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable. As informed to us there were no material discrepancies noticed on verification between the physical stocks and the book records and any discrepancies found has been properly dealt within the books of accounts.

(iii) The company has granted loan, unsecured loan to parties covered in the register maintained u/s. 189 of the Companies Act:

- (1) The loan given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company’s interest;
- (2) The schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular.
- (3) In respect of the said loans and interest thereon, there are no overdue amounts.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v) According to the information and explanation given to us, the company has not accepted any deposit from the public during the year. Therefore the provisions of clause (v) of paragraph 3 of the order are not applicable to the company.

vi) According to the information and explanation given to us, the company is not required to maintain the Cost Records under section 148 (I) of the Companies Act, 2013.

vii)

(a) The company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods & Service Tax, Custom Duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of afore mentioned dues were outstanding as at 31st March, 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of Income Tax, Goods and Service Tax, Custom Duty, Cess and any other statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks. As there are no debentures, the question of repayment does not arise.

(ix) During the year under consideration, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or any Term Loan.

(x) According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, we report that the managerial remuneration has been paid and provided in accordance with the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and on overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirement under clause 3(xiv) of the Order are not applicable to the Company.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions, of the nature as described in section 192(1) of the Act, with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place : Ahmedabad
Date : 12/06/2021
UDIN - 21116735AAAAHD9202

**As per our Report of Even Date For
and on Behalf of
Nahta Jain & Associates
Chartered Accountants
Firm Regn. No. 106801W**

(CA. Gaurav Nahta)
Partner
Mem. No. 116735

Annexure “C” to the Auditor’s Report

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 **M/s. AARNAV FASHIONS LIMITED** (Formerly known as Kayel Securities Limited) (“the Company”), as of 31ST March, 2021, in conjunction with our audit of the standalone financial statements of the Company for the year ended 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 controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibility 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 the 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.

Auditor’s 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 of Accounting, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 were 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 or 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 the 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 31 March 2021, 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.

**Place : Ahmedabad
Date : 12/06/2021
UDIN- 21116735AAAAHD9202**

**As per our Report of Even Date
For and on Behalf of
Nahta Jain & Associates
Chartered Accountants
Firm Regn. No. 106801W**

**(CA. Gaurav Nahta)
Partner
Mem. No. 116735**

AARNAV FASHIONS LIMITED
(Formerly Known as Kayel Securities Limited)
(CIN - L17100GJ1983PLC028990)

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2021

(Amount in Rupees)

Particulars	Notes	As on 31st March, 2021	As on 31st March, 2020
I. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipments		-	-
(b) Right to Use of Assets	2.00	125,305	170,869
(b) Financial Assets			
(i) Investments	2.01	1,000	1,882,875
(ii) Bank Balances other		-	-
(c) Deferred tax assets (net)	2.02	232,462	309,710
(2) Current Assets			
(a) Inventories	2.03	-	-
(b) Financial Assets			
(i) Trade receivables	2.04	276,600,291	121,733,258
(ii) Cash and cash equivalents	2.05	329,461	402,221
(iii) Loans	2.06	203,876,876	201,816,829
(c) Other Current Assets	2.07	33,220	-
Total		481,198,615	326,315,762
I. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	2.08	150,050,000	150,050,000
(b) Other Equity	2.09	81,482,374	58,065,783
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	2.10	-	-
- Total outstanding dues of Micro, Small and Medium enterprises		-	-
- Total outstanding dues of other than Micro, Small and Medium enterprises		239,859,177	111,484,399
(ii) Borrowings	2.11	600,000	-
(b) Other Current Liabilities	2.12	680,996	511,441
(c) Provisions	2.13	-	-
(d) Current Tax Liabilities (net)	2.14	8,526,068	6,204,139
Total		481,198,615	326,315,762

Summary of significant accounting policies

1

The Accompanying notes are an integral part of the standalone financial statements

As per our report of even date
For, Nahta Jain & Associates
Chartered Accountants
(Firm Regn. No. 106801W)

(CA. Gaurav Nahta)
Partner
M. No. 116735

Place: Ahmedabad
Date: 12th June, 2021

For & on behalf of the Board of Directors
of AARNAV FASHIONS LIMITED
(Formerly known as Kayel Securities Limited)

Champalal Agarwal (DIN:01716421)
Director & Chairman

Sumit Agarwal (DIN: 00356863)
Managing Director

Nidhi Aggrawal (DIN: 08364168) Non-Executive Director,
Company Secretary & Compliance Officer

Radhakishan Sharma
Chief Finance Officer

AARNAV FASHIONS LIMITED
(Formerly Known as Kayel Securities Limited)
(CIN - L17100GJ1983PLC028990)

STATEMENT OF STANDALONE PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in Rupees)

Sr. No	Particulars	Notes	For the year Ended on 31st March, 2021	For the year Ended on 31st March, 2020
I	Revenue from operations	2.15	321,040,796	354,237,389
II	Other Income	2.16	3,828,625	-
III	III. Total Revenue (I +II)		324,869,421	354,237,389
IV	Expenses:			
	Purchase of Stock in Trade		278,640,898	317,451,369
	Changes in inventories Stock-in-Trade	2.17	-	4,206,823
	Employee Benefit Expense	2.18	521,594	641,786
	Depreciation and Amortization Expense		45,564	45,566
	Other Expenses	2.19	2,613,245	1,354,095
	Total Expenses (IV)		281,821,301	323,699,639
V	Profit before exceptional and extraordinary items and tax	(III - IV)	43,048,120	30,537,750
VI	Exceptional Items		-	-
VII	Profit before tax (VII - VIII)		43,048,120	30,537,750
VIII	Less:-Tax expense:	2.02		
	Provision for current tax		10,600,000	7,515,000
	Tax in respect of earlier years		1,451,781	48,998
	Deferred Tax		77,248	-227,093
IX	Profit(Loss) for the period from continuing operations	(VII-VIII)	30,919,091	23,200,845
X	Other Comprehensive Income		-	-
	Total Comprehensive Income		30,919,091	23,200,845
XI	Earning per equity share of face value of Rs.10/- Basic & Diluted (From Continuing Operations)	2.21	2.06	1.87
	Summary of significant accounting policies	1		
	The Accompanying notes are an integral part of the standalone financial statements			

As per our report of even date
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AARNAV FASHIONS LIMITED

(Formerly Known as Kayel Securities Limited)

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STATEMENT FOR CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A) Equity Share Capital

(Amount in Rupees)

Equity Shares of Rs 10 Each issued, subscribed and fully paid	No of Shares	Rs
As at 1st April, 2019	3,005,000	30,050,000
Changes during the year	12,000,000	120,000,000
As at 31st March, 2020	15,005,000	150,050,000
Changes during the year	-	-
As at 31st March, 2021	15,005,000	150,050,000

B) Other Equity

(Amount in Rupees)

Particulars	Securities Premium	Retained Earnings	Total
Opening Balance as at 1st April, 2019	2,760,000	3,590,438	6,350,438
Profit for the year	NA	23,200,845	23,200,845
Security Premium received during year	30,000,000	NA	30,000,000
Less: Share Issue Expenses	(1,485,500)	NA	(1,485,500)
Other Comprehensive income for the year (Net of Tax)	NA	-	-
Dividend including DDT	NA	-	-
Total Comprehensive income for the year	NA	23,200,845	23,200,845
Balance as at 31st March, 2020	31,274,500	26,791,283	58,065,783
Profit for the year	NA	30,919,091	30,919,091
Security Premium received during year	-	NA	-
Less: Share Issue Expenses	-	NA	-
Other Comprehensive income for the year (Net of Tax)	NA	-	-
Dividend including DDT	NA	7,502,500	7,502,500
Total Comprehensive income for the year	NA	23,416,591	23,416,591
Balance as at 31st March, 2021	31,274,500	50,207,874	81,482,374

As per our report of even date
For, Nahta Jain & Associates
Chartered Accountants
(Firm Regn. No. 106801W)

(CA. Gaurav Nahta)
Partner
M. No. 116735

Place: Ahmedabad
Date: 12th June, 2021

For & on behalf of the Board of Directors
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AARNAV FASHIONS LIMITED
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CASH FLOW STATEMENT FOR THE YEAR ENDING ON 31st MARCH, 2021

Particulars		2020-21	2019-20
A	Cash Flow From Operating Activity		
	Profit before Taxes	43048120	30537750
	Adjustments For:		
	Depreciation & Amortisation Exp	45564	45566
	Income Tax in respect of earlier year	(1451781)	(48998)
	Profit on sale of Investments	(3828625)	0
	Operation profit before Working Capital Changes	37813278	30534318
	Adjustments for changes in working capital		
	Adjustment for:		
	Short Term Borrowings	0	0
	Increase/ (Decrease) Trade Payable	128374778	107255331
	Increase/ (Decrease) Other Current Liabilities	169555	463278
	Increase/ (Decrease) Provision	2321929	5828587
	(Increase)/ Decrease Loans & Advances	(2060047)	0
	(Increase)/ Decrease Trade Receivables	(154867033)	(107697433)
	(Increase)/ Decrease Other Current Assets	(33220)	(181585243)
	(Increase)/ Decrease Inventory	0	4206823
	Cash Generated from / (used in) operations	11719240	(140994339)
	Direct Taxes (paid)/Refund	(10600000)	(7515000)
	Net Cash from/(used in) Operating activity	1119240	(148509339)
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Investment in Bank deposits (having original maturity of more than 3 months)	0	0
	(Purchase) / sale of Investments	5710500	0
	(Addition)/Deduction of Fixed Assets	0	(216435)
	Net cash used in Investing activities	5710500	(216435)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	(Repayment) / Addition in Borrowings	600000	0
	Proceeds from Issue of New Shares including Premium	0	148514500
	Distribution of Dividend to Eq. Shareholders	(7502500)	0
	Net cash used in Financing activities	(6902500)	148514500
	Net increase/(Decrease) in cash and cash equivalent	(72760)	(211274)
	Opening balance of cash and cash equivalent	402221	613495
	Closing balance of cash and cash equivalent	329461	402221

Statement of Cash Flow for the Year Ended March 31, 2021 (Cont..)

Notes:

i) Components of Cash & Cash Equivalents

Particulars	2020-21	2019-20
Cash On Hand	52,954	133,103
Balance with Bank	276,507	269,118
Fixed Deposit with Bank	-	-
	329,461	402,221

ii) Reconciliation of liabilities arising from financing activities

As at March 31, 2021	Op. Balance	Cash Flows	Closing balance
Non-current Borrowings (Incl. Current maturity)	-	-	-
Current Borrowings	-	600,000	600,000
Total liabilities from financing activities	-	600,000	600,000
As at March 31, 2020	Op. Balance	Cash Flows	Closing balance
Non-current Borrowings (Incl. Current maturity)	-	-	-
Current Borrowings	-	-	-
Total liabilities from financing activities	-	-	-

Notes to Cash Flow Statement

1. The above cash flow statement has been prepared in accordance with format prescribed under Ind AS 7.
2. Previous year's figures have been reclassified /regrouped wherever considered necessary.
3. Figures in bracket indicate cash outflow

**As per our report of even date
For, Nahta Jain & Associates
Chartered Accountants
(Firm Regn. No. 106801W)**

**(CA. Gaurav Nahta)
Partner
M. No. 116735**

**Place: Ahmedabad
Date: 12th June, 2021**

**For & on behalf of the Board of Directors
of AARNAV FASHIONS LIMITED
(Formerly known as Kayel Securities Limited)**

**Champalal Agarwal (DIN:01716421)
Director & Chairman**

**Sumit Agarwal (DIN: 00356863)
Managing Director**

**Nidhi Aggrawal
(DIN: 08364168)
Non-Executive Director,
Company Secretary & Compliance Officer**

**Radhakishan Sharma
Chief Finance Officer**

NOTES TO STANDALONE FINANCIAL STATEMENT OF AARNAV FASHIONS LIMITED

(Formerly Known as Kayel Securities Limited)
(CIN - L17100GJ1983PLC028990)

1. (A) CORPORATE INFORMATION:

AARNAV FASHIONS LIMITED (Formerly known as Kayel Securities Limited) (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange of India. The registered office of the Company is located at Shop No. 1, New Cloth Market, O/s Raipur gate, Ahmedabad-380002. The Company is mainly engaged in the business of Trading of Textiles and financial services.

The financial statements were authorized for issue in accordance with a resolution passed in Board Meeting held on 12th June, 2021.

(B) BASIS OF PREPARATION:

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.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value. Refer accounting policy regarding financial instruments.

The financial statements are presented in Rupees.

1.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. CURRENT VERSUS NON-CURRENT CLASSIFICATION:

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions.

b. FAIR VALUE MEASUREMENT:

The Company measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management after discussion with the Board of Directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant accounting judgements, estimates and assumptions, Quantitative disclosures of fair value measurement hierarchy and Financial instruments (including those carried at amortised cost) are stated by way of the note at the appropriate place of the accounts.

c. FINANCIAL INSTRUMENTS:

A Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments - measured at amortised cost
- Debt instruments, derivatives and equity instruments - measured at fair value through Profit or Loss (FVTPL)
- Equity instruments - measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) 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.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade, loans and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

Investments in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements. All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) 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 or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also

recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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 on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial guarantee contracts which are not measured at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. Under the simplified approach the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

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 entity expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Statement of Profit and Loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including cash credit facilities from banks.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Statement of Profit and Loss.

Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through Profit or Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through statement of Profit and Loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability at FVTPL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value through Statement of Profit and Loss (FVTPL), adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised 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 derecognition 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 and Loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and

financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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.

d. INVENTORIES:

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, wherever considered necessary. Cost is determined on a FIFO (First in First Out).

Cost includes purchase cost and other direct cost incurred in bringing them in their respective present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

e. Revenue recognition

Revenue from sale of goods and services is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes discounts, incentives, volume rebates, goods & services tax and amounts collected on behalf of third parties. In determining the transaction price, the Company considers below, if any:

Variable consideration:

This includes discounts, incentives, volume rebates, etc. It is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.

Significant financing component:

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good to the customer and when the customer pays for that good or service will be one year or less.

Consideration payable to a customer:

Such amounts are accounted as reduction of transaction price and therefore, of revenue unless the payment to the customer is in exchange for a distinct good that the customer transfers to the

Company. Further, in accordance with Ind AS 37, the Company recognizes a provision for onerous contract when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contract balances:

Trade receivables: A receivable represents the Company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the Company performs under the contract.

Sale of services

Income from service rendered is recognized on accrual basis based on the terms of agreements and when services are rendered.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

f. TAXES:

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable Profit or Loss.

► In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

► When the deferred tax asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

► In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. 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 the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

g. PROVISIONS:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

h. EARNINGS PER SHARE

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

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

i. CASH AND CASH EQUIVALENT:

Cash and cash equivalents in the Balance Sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of charges in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

j. CASH DIVIDEND

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

k. BORROWING COSTS:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l. LEASING: Ind AS 116 – Leases:

Ind AS 116 Leases replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases, except short-term leases and leases for low-value items, under a single on-balance sheet lease accounting model. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting largely unchanged from the existing standard – i.e. lessors continue to classify leases as finance or operating leases.

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition.

Lessee Accounting

1. Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.
2. Right of use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred by the lessee.
3. The lease liability is measured in subsequent periods using the effective interest rate method. The right-of-use asset is depreciated in accordance with the requirements in Ind AS 16, Property, Plant and equipment.
4. Recognition and measurement exemption is available for low-value assets and short term leases. Assets of low value include IT equipment or office furniture. No monetary threshold has been defined for low-value assets. Short-term leases are defined as leases with a lease term of 12 months or less.

5. If an entity chooses to apply any one of the exemptions, payments are recognised on a straight-line basis or another systematic basis that is more representative of the pattern of the lessee's benefit.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

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 accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Fair value measurement for financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

1.3 **New Accounting Standards** not yet adopted by the Company MCA notifies new standard or amendments to the existing standards.

New Amendments not yet adopted by the Company and are applicable from 01.04.2021:

On March 24, 2021, the MCA through a notification, amended Schedule III of the Companies Act, 2013. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Current maturities of long-term borrowings should be disclosed separately within borrowings instead of earlier disclosure requirement under Other Financial Liabilities.
- Certain additional disclosures in the statement of changes in equity due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work- in progress and intangible asset under development.

- Additional disclosures relating to Corporate Social Responsibility, undisclosed income and crypto or virtual currency.
- Disclosure of specified ratios along with explanation for items included in numerator and denominator and explanation for change in any ratio is excess of 25% compared to preceding year.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel and related parties and details of benami property held.

These amendments are applicable from April 1, 2021. The Company is currently evaluating the impact of these amendments on the standalone financial statements.

AARNAV FASHIONS LIMITED

(Formerly Known as Kayel Securities Limited)
(CIN - L17100GJ1983PLC028990)

CASH FLOW STATEMENT FOR THE YEAR ENDING ON 31st MARCH, 2021

2.00 Right to use of Assets

Particulars	(Amount in Rs.)	
	ROU	TOTAL
Cost / Deemed cost		
As at April 1, 2019	-	-
Additions	216,435	216,435
Deductions	-	-
As at March 31, 2020	216,435	216,435
Additions	-	-
Deductions	-	-
As at March 31, 2021	216,435	216,435
Accumulated depreciation		
As at April 1, 2019	-	-
Depreciation for the year	45,566	45,566
Deductions	-	-
As at March 31, 2020	45,566	45,566
Depreciation for the year	45,564	45,564
Deductions	-	-
As at March 31, 2021	91,130	91,130
Net Block		
As at March 31, 2021	125,305	125,305
As at March 31, 2020	170,869	170,869
As at April 1, 2019	-	-

Property, plant and equipment comprises leased assets that do not meet the definition of investment property.

Particulars	As at March 2021	As at March 2020
Right-of-use assets, except for investment property	125305	170869

Maturity analysis of lease liabilities

Maturity analysis -	As at March 2021	As at March 2020
contractual undiscounted cash flows		
Less than one year	45665	40525
One to five years	94281	139946
More than five years		
Total undiscounted lease liabilities at 31 March 2021	139946	180471

Notes on Financial Statements for the year ended 31st March 2021

Note : 2.01 Investments

(Amount in Rupees)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investments in Equity Instruments		
Unquoted Investment		
100 (31st March, 2019: 100) Equity shares of Nikesh Silk Private Limited of Rs 10/- Each.	1,000	1,000
2,11,500 (31st March, 2019: 2,11,500) Equity Shares of Kayel Syntex Limited of face Value of Rs.10/- Each.	-	1,881,875
Total	1,000	1,882,875
Current	-	-
Non-Current	1,000	1,882,875
Aggregate book value of unquoted Investments	1,000	1,882,875

Note : 2.02 Deferred Tax Assets

(Amount in Rupees)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Assets:	232,462	309,710
Total	232,462	309,710

INCOME TAX

(Amount in Rupees)

- (a) **The major component of income tax expenses for the years ended 31st March 2021 and 31st March 2020 are:**

Particular	As at 31st March, 2021	As at 31st March, 2020
Statement of Profit and Loss		
Current Tax		
Current Income Tax	10,600,000	7,515,000
Deferred Tax		
Deferred tax	77,248	(227,093)
Tax in respect of earlier years	1,451,781	48,998
Income tax expense reported in the Statement of Profit and Loss	12,129,029	7,336,905
Other comprehensive Income (OCI)		
Deferred Tax related to items recognised in OCI during the Year	-	-
Tax Credited to OCI	-	-

Notes on Financial Statements for the year ended 31st March 2021

(b) Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate for the year ended 31st March 2021 and 31st March 2020

Particular	As at 31st March, 2021	As at 31st March, 2020
Accounting Profit before tax	43,048,120	30,537,750
Enacted income tax rate in India applicable to the Company	25.168	25.168
Tax using the Company's domestic tax rate	10,834,351	7,685,741
Tax Effects of:		
Income Tax Allowances	(234,351)	(170,741)
Excess Provision for Current tax of earlier years	1,451,781	48,998
Other	77,248	(227,093)
Tax Expense at the effective income tax rate of 31st March, 2021: 25.168% (31st March, 2020: 25.168%)	12,129,029	7,336,905

(c) Deferred Tax

(Amount in Rupees)

Particulars	Statement of Profit and Loss	
	As at 31st March, 2021	As at 31st March, 2020
Other Adjustments	77,248	(227,093)
Total	77,248	(227,093)

Particulars	Balance Sheet	
	As at 31st March, 2021	As at 31st March, 2020
Defferd Tax Assets	232,462	309,710
Total	232,462	309,710

Note : 2.03 Inventories

(Amount in Rupees)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trading Goods-At cost or Market value whichever is lower	-	-
Total	-	-

Notes on Financial Statements for the year ended 31st March 2021

Note : 2.04 Trade Receivables

(Amount in Rupees)

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :		
From related parties	-	-
From others	276,600,291	121,733,258
	276,600,291	121,733,258
Less: Allowance for Credit Losses	-	-
Total	276,600,291	121,733,258

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note : 2.05 Cash & Cash Equivalent

(Amount in Rupees)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash-in-Hand		
Cash Balance	52,954	133,103
Sub Total (A)	52,954	133,103
Balance with Scheduled Bank		
-In Current account	276,507	269,118
Sub Total (B)	276,507	269,118
Total [A + B]	329,461	402,221

The Current Account Balance included Rs.Nil (as on 31.03.2020 Rs.Nil) towards unclaimed dividend which have been kept in separate earmarked accounts and no transactions except for the state purpose are done through such account.

Note : 2.06 Loans

(Amount in Rupees)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, Considered Good)		
- Loan to Related Parties	203,876,876	201,816,829
- Loan to Others	-	-
- Loan to Employees Staff	-	-
Total	203,876,876	201,816,829
Current	203,876,876	201,816,829
Non Current	-	-
Total	203,876,876	201,816,829

Notes on Financial Statements for the year ended 31st March 2021

Disclosures required by Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186(4) of the Companies Act, 2013

(Amount in Rupees)

Particulars	Amount outstanding as at 31st March, 2021	Maximum balance during the year 31st March, 2021
M/s. Aarnav Industries Pvt. Ltd.	-	2,933,364
M/s. Gopi Synthetics Pvt. Ltd.	203,876,876	203,876,876
Total	203,876,876	206,810,240

Particulars	Amount outstanding as at 31st March, 2020	Maximum balance during the year 31st March, 2020
M/s. Aarnav Industries Pvt. Ltd.	2,933,364	83,560,655
M/s. Gopi Synthetics Pvt. Ltd.	198,883,465	198,883,465
Total	201,816,829	282,444,120

Note : 2.07 Other Current Assets

(Amount in Rupees)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance with Revenue Authority (GST)	18,220	-
Advance to Creditor for Expense	15,000	-
Total	33,220	-

Note : 2.08 Share Capital

(Amount in Rupees)

Particulars	As on 31st March, 2021		As on 31st March, 2020	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
a AUTHORIZED CAPITAL				
Equity Shares of Rs 10 each	15,100,000	151,000,000	15,100,000	151,000,000
	15,100,000	151,000,000	15,100,000	151,000,000
ISSUED , SUBSCRIBED & PAID UP CAPITAL				
Equity Shares of Rs 10 each	15,005,000	150,050,000	15,005,000	150,050,000
	15,005,000	150,050,000	15,005,000	150,050,000
	-	-	-	-
Total	15,005,000	150,050,000	15,005,000	150,050,000

Notes on Financial Statements for the year ended 31st March 2021

b RECONCILIATION OF NUMBER OF SHARES OUTSTANDING

Particulars	As on 31st March, 2021		As on 31st March, 2020	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Shares outstanding at the beginning of the Year	15,005,000	150,050,000	3,005,000	30,050,000
Shares Issued during the Year	-	-	12,000,000	120,000,000
Shares bought back during the Year	-	-	-	-
Shares outstanding at the end of the Year	15,005,000	150,050,000	15,005,000	150,050,000

c Rights, preference and restriction attached to Equity Shares

The company has only one class of equity shares having a face value of Rs 10/- per share. Each member is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the members in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity members are eligible to receive the remaining assets of the Company, after distribution of all preferential amount, in proportion to their shareholding.

d There were no shares reserved at the year-end for issue under options and contracts / commitments for the sale of shares / disinvestment.

e Shareholders holding more than 5% of the Shares

Name	Current Year		Previous Year	
	No. of Shares	%	No. of Shares	%
Champalal Gopiram Agarwal	2,041,373	13.60	2,041,373	13.60
Sumit Champalal Agarwal	2,041,372	13.60	2,041,372	13.60
Piyushkumar Balar	1,167,216	7.78	1,200,000	8.00
Abhishekkumar Balar	1,165,805	7.77	1,200,000	8.00
Nirmaladevi S. Jain	800,000	5.33	800,000	5.33
Sudeepkumar Sampatmal HUF	794,666	5.30	800,000	5.33

As per the records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding legal ownerships of shares.

f Aggregate number of Bonus Shares issued, shares issued for consideration other than Cash and Shares Bought back during the Period of five Years immediately preceding the reporting date. - Nil

g Unpaid Call Money - Nil

Notes on Financial Statements for the year ended 31st March 2021

Note : 2.09 Other Equity

(Amount in Rupees)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Securities Premium		
- Balance as per last financial statement	31,274,500	2,760,000
Addition during the year		28,514,500
- Closing Securities Premium (A)	31,274,500	31,274,500
Securities Premium is used to record the premium on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act, 2013		
Retained Earnings		
Balance brought forward from previous year	26,791,283	3,590,438
Add: Profit for the year	30,919,091	23,200,845
Less: Final Dividend Paid	-7,502,500	-
Less: Tax on Final Dividend	-	-
- Closing Retained Earnings (B)	50,207,874	26,791,283
Total Other Equity (A+B)	81,482,374	58,065,783

Cash dividends on equity shares declared and paid:

Final dividend for the year ended on 31 March 2020: Rs. 0.50 per share has been paid during the year.

No Interim dividend has been paid during the year.

Final dividend for the year ended on 3 March 2021: Rs. 0.50 per share has been proposed.

Note : 2.10 Trades Payable

(Amount in Rupees)

Particulars	As on 31st March, 2021	As on 31st March, 2020
Sundry Creditors for Goods		
- For Micro and Small Enterprises	-	-
- Other than Micro and Small Enterprises	238,913,612	111,043,518
Sundry Creditors for Expenses		
- For Micro and Small Enterprises	-	-
- Other than Micro and Small Enterprises	945,565	440,881
Total	239,859,177	111,484,399

As per information given to us there were no amount overdue and remaining outstanding to small scale and /or ancillary Industrial suppliers on account of principal and /or interest as at the close of the year. Based on the information available with company, there are no dues outstanding to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 for more than 45 days as at March 31, 2021.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management. This has been relied upon by the Auditors. The disclosure in respect of the MSMED Act, 2006 has been provided at note 2.32.

Notes on Financial Statements for the year ended 31st March 2021

Note : 2.11 Borrowings

(Amount in Rupees)

Particulars	As on 31st March, 2021	As on 31st March, 2020
Unsecured Loan From Corporates	600,000	-
Total	600,000	-

Note :2.12 Other Current Liabilities

(Amount in Rupees)

Particulars	As on 31st March, 2021	As on 31st March, 2020
Statutory Liabilities	680,996	
Total	680,996	511,441

Note :2.13 Provisions

(Amount in Rupees)

Particulars	As on 31st March, 2021	As on 31st March, 2020
Provision for Expenses	-	-
Total	-	-

Note :2.14 Current Tax Liabilities (Net)

(Amount in Rupees)

Particulars	As on 31st March, 2021	As on 31st March, 2020
Provision for Taxes (Net of Advance Tax /TDS/TCS)	10,600,000	7,515,000
Less Advances Tax/TDS/ TCS	(2,073,932)	(1,310,861)
Total	8,526,068	6,204,139

Notes on Financial Statements for the year ended 31st March 2021

Note : 2.15 Revenue from Operations

(Amount in Rupees)

Particulars	For the year Ended on 31st March, 2021	For the year Ended on 31st March, 2020
Disaggregated Revenue Information		
Set out below is the disaggregation of the Company's revenue from contracts with customers:		
Type of Goods or service		
Sale of Goods	301,898,608	341,075,768
Financial Services	19,142,188	13,161,621
Total Revenue from Operations	321,040,796	354,237,389
Sales of Goods		
In India	301,898,608	341,075,768
Outside India	-	-
	301,898,608	341,075,768
Financial Services		
In India	19,142,188	13,161,621
Outside India	-	-
	19,142,188	13,161,621
Total Revenue from contracts with Customers	321,040,796	354,237,389
Timing of Revenue Recognition		
Goods and services transferred at a point in time	321,040,796	354,237,389
Total Revenue from contracts with Customers	321,040,796	354,237,389
Goods and Service Tax ("GST") has been implemented from July 1, 2017 which replaces excise duty and other input taxes. As per Ind AS 115, the revenue for the year ended March 31, 2021 and the revenue for the year ended March 31, 2020 both are reported net of GST.		
Outstanding Balances:		
Particulars	As on 31st March, 2021	As on 31st March, 2020
Contract Balances		
Trade Receivables	276,600,291	121,733,258
Provision to be recognised for any expected credit losses on trade receivables for the position as on 31st, March 2021 Rs Nil (31st, March 2020 - Rs. Nil)		
Particulars	As at 31.03.2021	As at 31.03.2020
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price (net of taxes)	321,040,796	354,237,389
Adjustments:		
Provision for sales return, late deliveries, etc	-	-
Revenue from contract with customers	321,040,796	354,237,389
Performance Obligation		
The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31st March 2021 is Rs Nil (31st March 2020 is Rs Nil)		

Note : 2.16 Other Income

(Amount in Rupees)

Particulars	For the year Ended on 31st March, 2021	For the year Ended on 31st March, 2020
Profit on sale of Investment	3,828,625	-
Total	3,828,625	-

Notes on Financial Statements for the year ended 31st March 2021

Note : 2.17 Changes in inventories of Stock-in-Trade

(Amount in Rupees)

Particulars	For the year Ended on 31st March, 2021	For the year Ended on 31st March, 2020
Closing Stock		
Stock in Trade	-	-
Opening Stock		
Stock in Trade	-	4,206,823
(Increase)/Decrease in Inventory	-	4,206,823

Note : 2.18 Employment Benefit Expenses

(Amount in Rupees)

Particulars	For the year Ended on 31st March, 2021	For the year Ended on 31st March, 2020
Salary, Wages and Bonus	521,594	641,786
Total	521,594	641,786

Note : 2.19 Other Expenses

(Amount in Rupees)

Particulars	For the year Ended on 31st March, 2021	For the year Ended on 31st March, 2020
Auditor's Remuneration		
- Audit Fees	50,000	50,000
- Tax Audit	50,000	50,000
- In other Capacity	17,500	29,000
Advertisement expenses	36,080	61,078
Miscellaneous Expenses	27,014	93,762
Conveyance Expenses	38,950	90,950
Postage and Telegram	10,944	34,079
Telephone Expenses	10,208	8,075
Listing Fees	300,000	300,000
Filing Fees	2,400	13,000
Printing & Stationery Expenses	59,831	34,589
Office Expenses	38,372	87,978
Legal and Professional Charges	1,695,640	386,601
Membership & Subscription	-	5,411
Leased Property Charges	19,475	24,036
Packing Material Expenses	-	80,250
Bank Charges / Commission & Postage	7,439	1,760
Sundry Balance W/off & Rebate & Discount Exp	249,392	3,526
Total	2,613,245	1,354,095

Notes on Financial Statements for the year ended 31st March 2021

Note : 2.20 Other Disclosures

Related Party Disclosures:

Name of the Related Parties and Description of Relationship		Nature of Relationship
Particulars of Associates		
Symbolic Finance & Investment Private Limited		Associate
Aarnav Industries Private Limited		Associate
Gopi Synthetics Private Limited		Associate
Director/KMP For the year 2020-2021		Designation
- Sumit Agarwal		Managing Director
- Champalal Agarwal		Director & Chairman
- Nidhi Aggarwal		Company Secretary & Compliance Officer
- Radhakishan Sharma		Chief Executive Officer

Related Party Transactions:

Particulars	F.Y. 2020-21	F.Y. 2019-20
Outstanding Receivable as at year end		
Gopi Synthetics Private Limited	203,876,876	198,883,465
Aarnav Industries Private Limited	-	2,933,364
Symbolic Finance & Invest. Private Limited	1,079,420	-
Loan Given		
Gopi Synthetics Private Limited	15,500,000	191,600,000
Aarnav Industries Private Limited	-	80,000,000
Loan Given repaid		
Gopi Synthetics Private Limited	27,100,000	-
Aarnav Industries Private Limited	-	80,000,000
Loan Taken		
Symbolic Finance & Invest. Private Limited	600,000	-
Loan Taken and repaid		
Symbolic Finance & Invest. Private Limited	-	-
Sale of Shares/Investments		
Champalal Agarwal	5,710,500	-
Remuneration Paid		
Nidhi Aggarwal	347,527	388,915
Rent Paid		
Champalal Agarwal	30,000	30,000
Sumit Agarwal	30,000	30,000
Interest Earned/Received		
Gopi Synthetics Private Limited	19,142,188	8,092,739
Aarnav Industries Private Limited	-	4,925,961

Terms and conditions of transactions with related parties

Outstanding balances as at year end are unsecured and settlement not occurs other than cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2021 the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March 2020: Rs. Nil). This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

Note : 2.21 Earning Per Share

Particulars	F.Y. 2020-21	F.Y. 2019-20
Net Profit as per Profit & Loss	30,919,091	23,200,845
Amount available for Equity Shareholders	30,919,091	23,200,845
Weighted average number of Equity shares	15,005,000	12,382,049
Face Value per Share (in Rs.)	10.00	10.00
Basic & Diluted Earnings per share (in Rs.)	2.06	1.87

Notes on Financial Statements for the year ended 31st March 2021

2.22 Employee Benefits - No Benefit other than Salary and Bonus are payable by the company to its employees.

2.23 COMMITMENTS AND CONTINGENCIES - Rs Nil

2.24 SEGMENT REPORTING

Operating Segments:

The Company is engaged in the business of trading of Textiles and financial Services. In accordance with the requirements of Ind AS 108 "Operating Segments" Company has identified these two segments as reportable segments.

Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

Segment revenue and results

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of allocable income).

Segment Assets and Liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of trade receivables, inventory and other operating assets. Segment liabilities primarily includes trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as unallocable assets / liabilities.

Particular	For the Year ended	
	31st March 2021	31st March 2020
Segment Revenue		
a) Financial Services	22,970,813	13,161,621
b) Trading	301,898,608	341,075,768
Total	324,869,421	354,237,389
Net Sales/Income from Operation	324,869,421	354,237,389
Segment Results		
a) Financial Services	22,970,813	13,161,621
b) Trading	23,257,710	19,417,576
Total	46,228,523	32,579,197
Less: i) Interest	-	-
ii) Other unallocable Expenses	3,180,403	2,041,447
Total Profit Before Tax	43,048,120	30,537,750
Segment Assets		
a) Financial Services	203,877,876	203,699,704
b) Trading	276,600,291	121,733,258
c) Unallocated	595,143	882,800
Total Segment Assets	481,073,310	326,315,762
Segment Liabilities		
a) Financial Services	-	-
b) Trading	240,500,173	111,484,399
c) Unallocated	9,166,068	6,715,580
Total Segment Liabilities	249,666,241	118,199,979

Notes on Financial Statements for the year ended 31st March 2021

2.25 Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management

Category-wise Classification of Financial Instruments

Particular	Refer Note	As At 31st March 2021		
		Fair Value Through O.C.I.	Amortised Cost	Carrying Cost
Financial assets				
Investments in unquoted equity shares	2.01	1,000	-	1,000
Trade Receivables	2.04	-	276,600,291	276,600,291
Cash and cash equivalents	2.05	-	329,461	329,461
Loans & Other current Assets	2.06	-	203,910,096	203,910,096
Total		1,000	480,839,848	480,840,848
Financial liabilities				
Trade Payables	2.10	-	239,859,177	239,859,177
Short Term Borrowings	2.11	-	600,000	600,000
Total		-	240,459,177	240,459,177
As At 31st March 2020				
Particular	Refer Note	Fair Value Through O.C.I.	Amortised Cost	Carrying Cost
Financial assets				
Investments in unquoted equity shares	2.01	1,882,875	-	1,882,875
Trade Receivables	2.04	-	121,733,258	121,733,258
Cash and cash equivalents	2.05	-	402,221	402,221
Loans	2.06	-	201,816,829	201,816,829
Total		1,882,875	323,952,308	325,835,183
Financial liabilities				
Trade Payables	2.10	-	111,484,399	111,484,399
Short Term Borrowings	2.11	-	-	-
Total		-	111,484,399	111,484,399

Category-wise Classification of Financial Instruments:

Quantitative disclosures fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities

Particular	As at 31-03-2021	As at 31-03-2020
	Significant observable input (Level 3)	Significant observable input (Level 3)
Financial Assets		
Investments in unquoted equity shares (refer note -2.01)	1,000	1,882,875

Financial Instruments measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at fair value plus in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

2.26 Figures have been rounded off to nearest rupee.

2.27 Balance of Sundry Debtors, Creditors, Loans and advances, unsecured loans are subject to confirmation.

2.28	C.I.F. value of Imports - Raw Materils/Cloth	<u>31.03.2021</u>	<u>31.03.2020</u>
		-	-

2.29	Expenditure in Foreign Currency :- - Foreign Travelling Exp.	-	-
	Earnings in Foreign Currency :- - FOB VALUE OF EXPORTS	-	-

Notes on Financial Statements for the year ended 31st March 2021

2.30 Break up of expenditure incurred on employees who were in receipt of remuneration aggregating Rs.1,02,00,000/- or more for year or Rs.8,50,000/- or more per month, where employed for a part of the year Rs.Nil (Previous Year Rs.Nil).

2.31 The Profit and Loss Account includes:	31 March 2021	31 March 2020
Auditors Remuneration includes: (Excl.GST/Ser.Tax)		
- For Audit Fees	50,000	50,000
- For Tax Audit	50,000	50,000
- For Certification & Other Compliance Fees	17,500	29,000

2.32 Dues to Micro & Small Enterprise

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 02.10.2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. On the basis of the information and records available with management, outstanding dues to the Micro and Small enterprise as defined in the MSMED Act, 2006 are as below:

Particulars	As at 31-03-2021	As at 31-03-2020
a) The Principal amount remaining unpaid to MSME supplier as at the year end	Nil	Nil
b) Interest due thereon	Nil	Nil
c) Amount of Interest paid by the Company in terms of section 16 of MSMED Act	Nil	Nil
d) 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 the MSMED Act, 2006	Nil	Nil
e) Amount of Interest accrued and remaining unpaid at the end of accounting year	Nil	Nil
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23	Nil	Nil

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company and the same has been relied by the Auditor.

2.33 Notes on COVID-19

As a result of lockdown policies, restriction on business activities and business shutdowns, the volumes of the current financial year is impacted. Revenue from operation in absolute term have decreased due to COVID-19 related market volatility. Therefore, financial results for the year ended 31st March, 2021 are not comparable to previous corresponding period results. Further the management believes that the impact of this outbreak on the business and financial position of the Company will not be significant. The management does not see any risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Notes on Financial Statements for the year ended 31st March 2021

2.34 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, comprise of trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include investments, trade receivable and cash and cash equivalent that derive directly from its operations.

The Company's risk management is carried out by the corporate finance. The corporate finance identifies and evaluates financial risks in close co-operation with the Company's Business Heads.

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, deposits, investments, trade and other receivables, trade and other payables and derivative financial instruments.

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of Profit and Loss may differ materially from these estimates due to actual developments in the global financial markets.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have interest bearing borrowings as on 31st March, 2021.

(ii) Foreign currency risk

The Company's activities are not exposed to any foreign exchange risk.

(iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments. The Company is exposed to price risk arising mainly from investments in equity shares recognised at FVTOCI. As at 31st March 2021, the carrying value of such instruments recognised at FVTOCI amounts to Rs 1000. (31st March 2020 Rs 1,882,875).

The management expects that the exposure to risk of changes in market rates of these investment in equity shares is minimal.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

Notes on Financial Statements for the year ended 31st March 2021

Concentrations of Credit risk form part of Credit risk

Customer credit risk is managed by each business unit subject to the Company's established policy and procedures. Trade receivables are non-interest bearing and generally have a credit period not exceeding 120 days. Concentrations of credit risk with respect to trade receivables are limited, due to the customer base being large and diverse. All trade receivables are reviewed and assessed for default on a quarterly basis. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

Reconciliation of loss allowance provision – Trade receivables

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Loss allowance as at beginning of the year	0	0
Changes in Loss allowance	0	0
Loss allowances as at end of the year	0	0

(c) Liquidity risk

Company doesn't have any Bank Borrowings. Company generally has enough liquid assets in the form of Cash, Bank Deposits & Loan/Advances to pay outstanding liabilities. Moreover, the trade payables have maturity on demand/ Less than 1 year of Rs.23,98,59,177/- (P.Y. Rs.11,14,84,399/-)

2.35 Capital Management

For the purpose of Company's capital management, capital includes issued capital and all other equity reserves attributable to equity shareholders of the company. The primary objective of the company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

As at 31st March 2021, the Company meets its capital requirement through equity and has low debts. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the company re-invests its profit into business, based on its long term financial plans. The management of the company reviews the capital structure of the Company on regular basis. As part of this review, the board considers the cost of capital and the risks associated with the movement in the working capital.

The capital structure of the company is as follows:

(Amt. in Rupees)

Particulars	As at 31-03-2021	As at 31-03-2020
Borrowings	600000	0
Less Cash and Cash Equivalents	329461	402221
Net Debt (a)	270539	-402221
Equity	150050000	150050000
Other equity	81482374	58065783
Total Equity (b)	231532374	208115783
Net Debt to Equity Ratio (a/b)	0.0012	-0.0019

Notes on Financial Statements for the year ended 31st March 2021

2.36 Events occurred after the Balance Sheet Date

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 12th June, 2021, there were no subsequent events to be recognized or reported that are not already disclosed elsewhere in these financial statements

2.37 Contribution to Political Parties during the year 2020-21 is Rs.Nil (Previous Year Rs.Nil)

2.38 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31st March, 2021.

2.39 In the opinion of the Management, any of the assets other items of property, plant and equipment, intangible assets and Non-current Investments have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated, unless otherwise stated.

2.40 On Periodical basis and as and when required, the Company reviews the carrying amounts of its assets and found that there is no indication that those assets have suffered any impairment loss. Hence, no such impairment loss have been provided in the Financial year 2020-21 (Previous Year Rs.Nil)

2.41 The financial statement are approved for issue by the Audit Committee as at its meeting on 12th June, 2021 and by the Board of Directors on 12th June, 2021.

2.42 Figures of previous year have been regrouped/reclassified, wherever considered necessary to make comparable to current year's figures.

**As per our report of even date
For, Nahta Jain & Associates
Chartered Accountants
(Firm Regn. No. 106801W)**

**(CA. Gaurav Nahta)
Partner
M. No. 116735**

**Place: Ahmedabad
Date: 12th June, 2021**

**of AARNAV FASHIONS LIMITED
(Formerly known as Kayel Securities Limited)**

**Champalal Agarwal (DIN:01716421)
Director & Chairman**

**Sumit Agarwal (DIN: 00356863)
Managing Director**

**Nidhi Aggrawal
(DIN: 08364168)**

**Non-Executive Director,
Company Secretary & Compliance Officer**

**Radhakishan Sharma
Chief Finance Officer**

Registered Office: 1, New Cloth Market, O/s Raipur Gate, Ahmedabad - 380002
Ph: 079-29702983, e-mail: aarnavfashions@gmail.com website: www.aarnavgroup.com

PROXY FORM

(Form No. MGT-11 - Pursuant to section 105(6) of the Companies Act, 2013 Rules made thereunder)

Name of the member(s)	
Registered Address	
E-mail Id	
Folio No/Client Id	

I/We, being the member (s) of.....shares of the above named company, hereby appoint

- Name: _____
 Address: _____
 E mail Id: _____ Signature: _____ or
 failing him
- Name: _____
 Address: _____
 E-mail Id: _____ Signature: _____ or
 failing him
- Name: _____
 Address: _____
 E-mail Id: _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting and/or any adjournment thereof of Aarnav Fashions Limited held on Thursday, September 30, 2021 at 03:00 P.M. Survey No. 302, Isanpur, Gopi Compound, Narol - Vatva Road, Narol, Ahmedabad-382405, Gujarat, India. and/or any adjournment thereof in respect of such resolutions as are indicated below:

RESOLUTION NO.	RESOLUTION
ORDINARY BUSINESSES	
1	To receive, consider, approve and adopt the Audited Balance Sheet and Statement of Profit & Loss of the company for the year ended on 31 st March, 2021 together with the Cash Flow Statements & Notes to the accounts and reports of the Board of Directors and the Auditors thereon.
2	To declare dividend on equity shares for the financial year ended 31 st March, 2021.
3	To appoint a director in place of Mr. Sumit Champalal Agarwal, Managing Director (DIN: 00356863), who retires by rotation and being eligible offers himself for re-appointment.
SPECIAL BUSINESSES	
4	To appoint Mr. Champalal Gopiram Agarwal (DIN: 01716421) as whole-time director of the company on attaining the age of 70 years.

Signed this.....day of.....2021

Signature of shareholder

Signature of Proxy holder(s)

Affix
 Revenue
 Stamp of not
 less than
 Rs. 1

Note:

- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting on or before September 28, 2021 at 03:00 P.M.)
- It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate

**ATTENDANCE SLIP
AARNAV FASHIONS LIMITED
CIN: L17100GJ1983PLC028990**

**Registered Office: 1, New Cloth Market, O/s Raipur Gate, Ahmedabad - 380002
Ph: 079-29702983, e-mail: aarnavfashions@gmail.com website: www.aarnavgroup.com**

Regd. Folio No./DP Id No.*/Client Id No.* (*Applicable for investor holding shares in electronic form.)	
No. of Shares held	
Name and Address of the First Shareholder (IN BLOCK LETTERS)	
Name of the Joint holder (if any)	

I/we hereby record my/our presence at the 38th Annual General Meeting of Aarnav Fashions Limited held on Thursday, September 30, 2021 at 03:00 P.M. Survey No. 302, Isanpur, Gopi Compound, Narol - Vatva Road, Narol, Ahmedabad-382405.

Member's/Proxy's Name in Block Letters

Member's/Proxy's Signature

Notes: Please fill up this attendance slip and hand it over at the entrance of the venue of meeting. Members are requested to bring their copies of the Annual Report to the AGM.



AARNAV FASHIONS LIMITED
CIN: L17100GJ1983PLC028990
REGISTERED OFFICE: 1, NEW CLOTH MARKET
O/S RAIPUR GATE, RAIPUR, AHMEDABAD - 380002