SHREE BHAVYA FABRICS LTD.

Corporate Office :- 252, New Cloth Market, Ahmedabad-380 002. Ph.: 079-22172949 Telefax:22133383
CIN:L17119GJ1988PLC011120 Web Site : www.shreebhavyafabrics.com

July 30, 2020

To,
Listing Department,
BSE Limited
PhirozeJeejeebhoy Towers, Dalal Street,
Mumbai- 400001, MH
BSE Code: 521131

Dear Sir/ Madam

Re: Outcome of Board Meeting

We would like to inform you that the Board of Directors at their Board meeting held on today 30.07.2020, inter alia, has transacted and approved the following:

1. The standalone audited financial results of the Company for the quarter and year ended March 31, 2020 were approved by the company.
2. Auditors Report (unmodified) as required under regulation 33 of the SEBI(LODR), Regulations, 2015 has been completed by the Statutory Auditors of the company.
3. The appointment of M/s. MUKESH SHAH & CO., Company Secretaries as Secretarial Auditors of the Company for the year 2020-21
4. The appointment of M/s. N.K.Shrishrimal & Co., Chartered Accountants an Internal Auditors of the Company for the year 2020-21.
5. The appointment of M/s. Kiran J Mehta & Co., Cost Accountant as Cost Auditors of the Company for the year 2020-2021
6. General Disclosure of Interest of Directors U/s.184(1) of Companies Act, 2013.

Please note that the said meeting was held at around 12:00 p.m. IST and closed at around 03:00 p.m. IST.

Kindly take note of the same and update on record of the Company accordingly.

Thanking you.

Yours faithfully,
For, **SHREE BHAVYA FABRICS LIMITED**

Jyoti

JYOTI DEVNANI
COMPANY SECRETARY

SHREE BHAVYA FABRICS LTD. * AHMEDABAD *

SHREE BHAVYA FABRICS LTD.

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STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020

Part-I [Rs. In Lacs]

Sr.	Particulars	Quarter ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
	Income					
I	Revenue from operations	4,536.39	5757.602	5796.71	20251.89	23888.42
II	Other income	12.85	11.416	2.28	34.43	38.32
III	**Total Income (I + II)**	**4,549.24**	**5769.018**	**5798.99**	**20286.32**	**23926.74**
	Expenses:					
	Cost of materials consumed	3,281.48	4662.225	3994.91	14042.05	15506.95
	Purchases of stock-in-trade	29.24	62.208	31.89	211.42	446.73
	Changes in inventories of finished goods (including stock in trade) and work-in- progress	(85.33)	-740.931	-450.07	-1067.81	-80.32
	Employee benefits expense	115.72	121.915	108.09	526.61	539.79
	Finance costs	165.58	208.393	243.12	896.79	822.08
	Depreciation and amortisation expense	24.03	53.345	42.03	184.07	213.29
	Other expenses	1,092.20	1291.807	1849.83	5372.77	6276.48
IV	**Total expenses**	**4,622.92**	**5658.963**	**5819.8**	**20165.90**	**23725**
V	Profit before exceptional items and tax (III- IV)	**(73.69)**	**110.055**	**-20.81**	**120.42**	**201.74**
VI	Exceptional items					
V	**Profit before tax (III-IV)**	(73.69)	**110.055**	**-20.81**	**120.42**	201.74
VI	Tax expense:					
	a) Current tax	(29.50)	30.62	45.4	24.50	45.4
	b) Short provision for tax of earlier years	0.00	-	19.96	2.06	19.95
	c) Deferred tax (credit)/charge	5.97	1.56	0.06	6.72	-0.92
VII	**Profit after tax (V-VI)**	**(50.16)**	**77.88**	**-86.23**	**87.14**	**137.3**
	Other Comprehensive Income					
	A (i) Items that will not be reclassified to profit or loss				-	
	B (i) Items that will be reclassified to profit or loss					
VIII	**Total Other Comprehensive Income (A +B)**	**(50.16)**	**77.88**	**-86.23**	**87.14**	**137.3**
IX	**Total Comprehensive Income for the year (VII + VIII)**	**(50.16)**	77.88	-86.23	**87.14**	**137.3**
	Paid- up Equity share capital (Face value Rs.10/- each)	950.00	950.00	950.00	950.00	950
	Other Equity					1863.48
X	Basic and Diluted	-0.53	0.82	-0.91	0.92	1.45

Notes:

1. The above Results have been reviewed by the audit committee and approved by the Board of Directors at their meetings held on 30/07/2020. The statutory auditor of the Company have reviewed the said result.
2. The auditors have carried out audit of the financials for the quarter and for the financial year ended on 31.03,2020 as required under Regulation 33 of the SEBI (LODR) Regulations 2015 and the related unmodified Audit Report on the same forwarded to the Stock.
3. Operations of the Company falls under single reportable Segment i.e. 'TEXTILE'.
4. Figures for standalone financial results for the quarter ended 31 March 2020 as reported in these financial results, are the balancing figures between audited figures in respect of full financial year and published year to date figures upto the end of the third quarter of the financial year.
5. The figures for corresponding previous periods have been regrouped/ rearranged wherever necessary.
6. The novel coronavirus (COVID 19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The Indian government had announced countrywide lockdown .The management has assessed the potential impact of the COVID-19 on the Company and it continues to monitor changes in future economic conditions . Based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material.. However, with the continuance of such lockdown during the first quarter of the financialyear 2021, the Company's operation remained adversely impacted.The Company continues to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results.
7. The Company has decided to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 from the current financial year. Accordingly, the provision for income tax and deferred tax balances have been recorded/re-measured using the new tax rate.

SHREE BHAVYA FABRICS LTD. * AHMEDABAD *

For, SHREE BHAVYA FABRICS LIMITED

Place: Ahmedabad
Date : 30.07.2020

Purshottam R. Agarwal
(Managing Director)
(DIN-00396869)

SHREE BHAVYA FABRICS LTD.

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Standalone Balance Sheet as at March 31, 2020

(Amount in lakhs)

Particulars	As at March 31,2020	As at March 31,2019
ASSETS		
Non-current assets		
Property, Plant and Equipment	810.58	915.43
Capital work-in-progress	-	0.00
Other intangible assets	310.11	352.85
Financial assets	-	0.00
(i) Loans	129.77	125.30
Other non-current assets	-	0.00
Deferred tax Assets (Net)	(6.55)	0.17
Total non-current assets	**1,243.90**	**1393.74**
Current assets		
Inventories	5,026.10	3661.45
Financial assets		
(i) Trade receivables	7,758.85	9256.23
(ii) Cash and cash equivalents	211.05	201.76
Other current assets	308.39	266.91
Current tax Assets (Net)	133.10	95.96
Total current assets	**13,437.48**	**13482.30**
TOTAL ASSETS	**14,681.39**	**14876.04**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	950.00	950.00
Other equity	1,950.62	1863.48
Total equity	**2,900.62**	**2813.48**
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	2,232.81	2248.14
Total non-current liabilities	**2,232.81**	**2248.14**
Current liabilities		
Financial liabilities		
(i) Borrowings	3,476.73	3380.41
(ii) Trade payables		
(ii)(a)Total outstanding dues of micro enterprise and small enterprises	95.09	-
(ii)(b)Total outstanding dues of creditors other than micro enterprises and small enterprises	3,137.76	3564.51
(iii) Other financial liabilities	265.30	402.40
Other current liabilities		
Micro enterprise and small enterprises	231.44	115.64
Other than Micro enterprise and small enterprises	2,282.82	2301.06
Provisions	58.82	50.41
Total current liabilities	**9,547.85**	**9814.43**
Total liabilities	**11,780.65**	**12062.06**
TOTAL EQUITY AND LIABILITIES	**14,681.39**	**14876.04**

SHREE BHAVYA FABRICS LTD. * AHMEDABAD *

For, SHREE BHAVYA FABRICS LIMITED

Place: Ahmedabad
Date: 30.07.2020

Purushottam Agarwal
Managing Director
Din: 00396869

SHREE BHAVYA FABRICS LTD.

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STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31-03-2020

	PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
	NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	120.54	(13.29)
	ADJUSTMENT FOR:		
	DEPRECIATION	184.07	213.28
	INTEREST RECEIVED	17.30	(15.95)
	PROFIT ON SALE OF FIXED ASSETS	1.21	0.00
	DIVIDEND RECEIVED		
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**2.86**	**184.04**
	TRADE AND OTHER RECEIVABLE	1497.37	(975.91)
	INCREASE IN FINANCIAL ASSETS	(4.47)	(3.43)
	OTHER CURRENT ASSETS	(34.76)	(89.61)
	INVENTORIES	(1364.65)	(154.40)
	TRADE PAYABLES	(658.19)	401.99
	OTHER CURRENT LIABILITIES	97.44	183.72
	DECREASE IN SHORT TERM PROVISIONS	8.42	(0.42)
	CASH IN FLOW FROM OPERATIONS	**(179.45)**	**(454.02)**
	CASH IN FLOW BEFORE EXTRAORDINARY ITEMS	**(179.45)**	**(454.02)**
	DIRECT TAX PAID	(63.70)	(51.45)
	NET CASH IN FLOW FROM OPERATING ACTIVITIES	**(243.15)**	**(505.47)**
B.	**CASH OUT FLOW FROM INVESTING ACTIVITIES**		
	SALE OF FIXED ASSETS	1.83	0.00
	INTEREST RECEIVED	17.30	15.95
	PURCHASES OF FIXED ASSETS	(46.10)	(40.19)
	NET CASH OUT FLOW FROM INVESTING ACTIVITIES	**(17.97)**	**(24.24)**
C.	**CASH IN FLOW FROM FINANCING ACTIVITIES:**		
	PROCEEDS FROM LONG TERM BORROWING	152.43	341.07
	INCREASE IN UNSECURED LOANS	0.00	0.00
	INCREASE IN SHORT TERM BORROWING	422.85	(18.42)
	NET CASH IN FLOW FROM FINANCING ACTIVITIES	**270.41**	**322.65**
	NET INCREASE IN CASH AND CASH EQUIVALENT	9.29	(207.06)
	NET CASH AND CASH EQUIVALENT (OPENING CASH BALANCE)	201.75	193.78
	NET CASH AND CASH EQUIVALENT (CLOSING CASH BALANCE)	211.05	(13.28)
	COMPONENT OF CASH AND CASH EQUIVALENT		
	CASH ON HAND	7.31	17.75
	BALANCES WITH BANK		
	CURRENT ACCOUNTS	10.03	1.39
	DEPOSITS ACCOUNTS	193.71	182.61
	TOTAL	211.05	201.75

For, Shree Bhavya Fabrics Limited

Place: Ahmedabad
Date: 30.07.2020

SHREE BHAVYA FABRICS LTD. * AHMEDABAD *

Purushottam Agarwal
Director
Din: 00396869

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July 30, 2020
To,
Listing Department,
BSE Limited
PhirozeJeejeebhoy Towers, Dalal Street,
Mumbai- 400001, MH

BSE Code: 521131

<u>Declaration with respect to the Audit Report with Unmodified Opinion on the Standalone Audited Financial Results for the Year ended on 31st March, 2020.</u>

Pursuant to Regulation 33 (3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016, we do hereby confirm that the Statutory Auditors of the company M/s. Abhishek Kumar & Associates, Chartered Accountants, Ahmedabad, have issued an Audit Report with Unmodified Opinion on the Standalone Audited Financial Results for the year ended on 31st March, 2020.

Yours truly,
FOR, SHREE BHAVYA FABRICS LTD

[PURUSHOTTAM R AGARWAL]
DIRECTOR
DIN: 00396869

SHREE BHAVYA FABRICS LTD. * AHMEDABAD *

(Mills) : 170, Pirana Road, Piplej, Ahmedabad-382 405. Email:shreebhavyafabrics@gmail.com

Independent Auditors' Report

To the Members of
M/S. SHREE BHAVYA FABRICS LIMITED

Report on the Standalone Financial Statements

Opinion

I have audited the accompanying standalone financial statements of **M/S. SHREE BHAVYA FABRICS LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2020, 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.
In our opinion and to the best of our information and according to the explanations given to us, the statement:

I. is presented in accordance with the requirements of the listing Regulations in this regard; and
II. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the quarter ended 31st March, 2020 and for the year ended March 31, 2020.

Basis for Opinion

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Emphasis of Matter

We draw attention to notes to the financial results 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.

ABHISHEK KUMAR & ASSOCIATES
FRN: 130052W
M.No. 132305
CHARTERED ACCOUNTANTS

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 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

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

A further description of the auditor's responsibilities for the audit of the financial statements is included in Annexure A. This description forms part of my 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, I 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, I report that:

    a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

    b) In my opinion proper books of account as required by law have been kept by the Company so far as appears from my 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;

ABHISHEK KUMAR & ASSOCIATES
FRN: 130052W
M.No. 132305
CHARTERED ACCOUNTANTS

d) In my 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act; and

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 my separate Report in "Annexure C". My 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:

   i) The Company does not have any pending litigations for which provision have not been made which would impact its financial position.

   ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.

   iii) The Provisions of transfer of funds to Investor Education and Protection Fund not applicable to the Company.

ABHISHEK KUMAR & ASSOCIATES
FRN: 130052W
M.No. 132305
CHARTERED ACCOUNTANTS

As per my Report of Even Date
For and on Behalf of
For, Abhishek Kumar& Associates
Chartered Accountants
Firm Regn. No. 130052W

Place : Ahmedabad
Date : 30/07/2020

(CA. Abhishek Agarwal)
Proprietor
M. No. 132305

UDIN: 20132305AAAADQ1304

Annexure "A" to the Independent Auditor's Report
Responsibilities for Audit of Financial Statement

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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, I am also responsible for expressing my opinion on whether the company has internal financial controls with reference to Financial Statements 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. my conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

As per my Report of Even Date
For and on Behalf of
For, Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W

ABHISHEK KUMAR & ASSOCIATES
FRN: 130052W
M.No. 132305
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : 30/07/2020

(CA. Abhishek Agarwal)
Proprietor
M. No. 132305

Annexure "B" to the Independent Auditor's Report

The Annexure referred to in my Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, I 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 me, all the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in my 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 me and on the basis of my 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 me, inventories have been physically verified during the year by the management at reasonable intervals. In my opinion, the frequency of verification is reasonable. As informed to me 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) In respect of the loans, secured or unsecured, granted by the company to companies, firms or other parties covered in the register maintained u/s. 189 of the Companies Act, 2013:

(a) During the year under audit, the Company has not granted any loans, secured or unsecured, to the companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 hence clause 3 (iii) (a), (iii) (b) and (iii) (c) of the Companies (Auditor's Report) Order, 2020 are not applicable.

iv) In my opinion and according to the information and explanations given to me, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

v) According to the information and explanation given to me, 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) The central government has prescribed maintenance of cost records under section 148(1)(d) of the companies act 2013 in respect of certain manufacturing activities of the company. Company has obtained cost audit report for the financial year 2018-19 during the year. I have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. I have not, however carried out detailed examination of the same.

ABHISHEK KUMAR & ASSOCIATES
FRN: 130052W
M.No. 132305
CHARTERED ACCOUNTANTS

vii)

(a) The company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Goods & Service Tax, Custom Duty, Excise Duty, Service Tax, Value Added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to me, no undisputed amounts payable in respect of afore mentioned dues were outstanding as at 31^{St} March 2020 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, Wealth Tax, Sales Tax, Goods and Service Tax, Custom Duty, Excise Duty, Service Tax, Value Added Tax, Cess and any other statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In my opinion and according to the information and explanations given to me, 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) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and in my opinion and according to the information and explanations given to me, the Term loans have been applied for the purpose for which they were obtained.

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

(xi) According to the information and explanations give to me and based on my examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In my opinion and according to the information and explanations given to me, 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 me and based on my 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 me and based on my examination of the records of the Company, the Company has not made preferential allotment/private placement of shares during the year.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. 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.

As per my Report of Even Date
For and on Behalf of
For, Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W

ABHISHEK KUMAR & ASSOCIATES
FRN: 130052W
M.No. 132305
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : 30/07/2020

(CA. Abhishek Agarwal)
Proprietor
M. No. 132305

Annexure "C" to the Auditors' Report

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

I have audited the internal financial controls over financial reporting of **M/S. SHREE BHAVYA FABRICS LIMITED** ("the Company"), as of 31 March, 2020, in conjunction with my 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

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my 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 I 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.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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

KUMAR & ASSOCIATES
FRN: 130052W
No. 132305

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 my 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 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

As per my Report of Even Date
For and on Behalf of
For, Abhishek Kumar & Associates
Chartered Accountants
Firm Regn. No. 130052W

ABHISHEK KUMAR & ASSOCIATES
FRN: 130052W
M.No. 132305
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : 30/07/2020

(CA. Abhishek Agarwal)
Proprietor
M. No. 132305