



INDEPENDENT AUDITORS' REPORT

To the Members of
Sukartik Clothing Private Limited,

Report on the Financial Statements

1. We have audited the accompanying financial statements of Sukartik Clothing Private Limited (the 'Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements


7. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the accompanying financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies



(Accounts) Rules, 2014; except Accounting Standard 15 "Employees' Benefits" as referred to in Note 32 of financial statements.

- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements if any.
- (ii) The Company didn't have any long-term contracts or derivative contracts as at March 31, 2018 for which there were no material foreseeable losses; and
- (iii) There has not been an occasion in case of the Company during the year under report to transfer any Sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For MVK Associates
Chartered Accountants
Firm Registration Number : 120222W


CA. Mittal Vora
Partner
Membership No. : 140786



Place : Mumbai
Date : 30th May, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of
SUKARTIK CLOTHING PRIVATE LIMITED on the standalone financial statements as of
and for the year ended March 31, 2018.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As informed, the fixed assets are physically verified by the Management at regular intervals. No material discrepancies have been noticed on such verification.
(c) The title deeds of immovable properties are held in the name of the company.
- ii. The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The company has not granted any unsecured loans to any entity covered in the register maintained under section 189 of the Companies Act during the year.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loan, guarantee or security in respect of loans or made investments, as per the provisions of section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi. Cost records under sub-section (1) of section 148 of the Companies Act is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, goods & service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities in India.



According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at March 31, 2018 for a period of more than six months from the date they became payable, except the following :

Name of Statute	Amount	Period to which amount related
Punjab Labour Welfare Fund	111,299/-	2014-15 to 2016-17

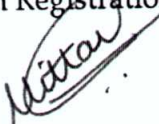
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Goods & Service Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
- viii. According to the records of the Company, the company has not borrowed from financial institutions or banks or Government or has not issued any debentures till March 31, 2018. Accordingly, provisions of Clause 3(viii) of the Order are not applicable to the company.
- ix. According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer and term loans during the year. Accordingly, provisions of Clause 3(ix) of the Order are not applicable to the company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. According to the information and explanation given to us and based on 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 Sec. 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. In our opinion and as per information and explanations provided to us by management all the transactions with the related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 where



applicable and the details have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of Clause 3(xiv) of the Order are not applicable to the company.
- xv. According to the records of the Company examined by us and the information and explanation given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For MVK Associates
Chartered Accountants
Firm Registration Number: 120222W


CA. Mittal Vora
Partner
Mem. No. : 140786



Place : Mumbai
Date : 30th May, 2018

Annexure B to Independent Auditors' Report

Referred to in paragraph 8(f) of the Independent Auditors' Report of even date to the members of Sukartik Clothing Private Limited on the standalone financial statements as of and for the year ended March 31, 2018.

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

1. We have audited the internal financial controls over financial reporting of Sukartik Clothing Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group'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") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing 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 and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included operating and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exist, 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 judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial controls 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 the Generally



Accepted Accounting Principles. A company's internal financial controls over financial reporting includes those policies and procedures that :

- i. pertains to the maintenance of records that, in reasonable details, accurately and fairly reflect the transaction and dispositions of the assets of the company;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispositions of the company's assets that could have a material effect on the financial statements.

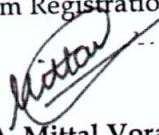
Inherent Limitations of Internal Financial Controls over Financial Reporting

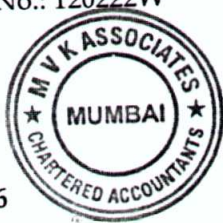
7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

8. In our opinion, the company, in all material respect, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For MVK Associates
Chartered Accountants
Firm Registration No.: 120222W


CA. Mittal Vora
Partner
Mem. No. : 140786



Place : Mumbai
Date : 30th May, 2018

SUKARTIK CLOTHING PRIVATE LIMITED
Balance Sheet as at 31st March 2018

(Amount in Rs.)

Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2	3,010,000	3,010,000
Reserves and Surplus	3	85,857,510	89,194,942
		88,867,510	92,204,942
Non-current liabilities			
Long Term Borrowing	4	36,749,132	1,837,919
Deferred Tax Liabilities (net)	5	5,269,540	4,173,970
		42,018,672	6,011,889
Current liabilities			
Trade Payables	6	44,413,413	35,934,949
Other Current Liabilities	7	3,720,345	5,434,098
Short Term Provisions	8	-	2,213,509
		48,133,758	43,582,556
TOTAL		179,019,940	141,799,387
ASSETS			
Non current assets			
Fixed Assets			
Tangible Assets	9	105,290,553	87,497,602
Intangible Assets	9	-	-
		105,290,553	87,497,602
Long Term Loans and Advances	10	903,183	903,183
Other Non Current Assets	11	1,130,000	1,130,000
		107,323,736	89,530,785
Current assets			
Inventories	12	16,311,673	8,673,128
Trade Receivables	13	45,800,803	36,214,170
Cash and Bank Balances	14	3,623,315	4,416,356
Short Term Loans and Advances	15	5,953,736	2,952,564
Other Current Assets	16	6,677	12,384
		71,696,204	52,268,602
TOTAL		179,019,940	141,799,387
Contingent Liabilities and Commitments (To the extent not provided for)	26		
Significant accounting policies See accompanying notes to financial statements	1 2-33		

As per our attached report of even date

For MVK Associates
Chartered Accountants
Firm registration No. 1202224

CA. Mittal Vora
Partner
Membership No. 140786

Place : Mumbai
Dated : 30.05.2018



For and on behalf of the Board of Directors
SUKARTIK CLOTHING PRIVATE LIMITED.

Navrajan Gaggar
Director
DIN : 01655621

Ramakant Gaggar
Director
DIN : 01019838

SUKARTIK CLOTHING PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st March 2018

(Amount in Rs.)

Particulars	Note No.	For the year ended 31st March 2018	For the year ended 31st March 2017
Revenue from operations (gross)	17	113,323,903	142,821,613
Less: Excise duty		-	-
Revenue from operations (net)		113,323,903	142,821,613
Other income	18	74,086	656,564
Total Revenue		113,397,989	143,478,177
Expenses:			
Cost of materials consumed	19	39,934,779	54,375,494
Purchases of stock-in-Trade	20	5,676,456	8,205,174
Changes in inventories	21	(1,627,926)	132,291
Employee benefit expenses	22	5,944,364	7,348,142
Finance cost	23	1,540,299	416,525
Depreciation and amortisation expenses	9	7,577,628	5,418,356
Other expenses	24	56,594,251	53,989,067
Total Expenses		115,639,851	129,885,049
Profit before Tax		-2,241,862	13,593,128
Tax expenses			
Current tax		-	3,165,777
Deferred tax		1,095,570	1,189,860
MAT credit entitlement		-	-
Tax adjustment for earlier years		-	619,844
		1,095,570	4,975,481
Profit for the period		-3,337,432	8,617,647
Earning per equity share Basic and Diluted	25	(11.09)	28.63
Significant accounting policies See accompanying notes to financial statements	1 2-33		

As per our attached report of even date

For **MVK Associates**
Chartered Accountants
Firm registration No. 120222W

Mittal
CA. Mittal Vora
Partner
Membership No. 140786



For and on behalf of the board of Directors
SUKARTIK CLOTHING PRIVATE LIMITED

Nayratan Gaggar
Nayratan Gaggar
Director
DIN : 01655621

Ramakant Gaggar
Ramakant Gaggar
Director
DIN : 01019838

Place : Mumbai
Dated : 30.05.2018

SUKARTIK CLOTHING PRIVATE LIMITED
Cash Flow Statement For The Year Ended 31st March, 2018

(Amt. in Rs.)

(A) CASH FLOW FROM OPERATING ACTIVITIES	For the year ended 31.03.2018	For the year ended 31.03.2017
Net Profit before Tax and Extraordinary Items	(2,241,862)	13,593,128
Adjustment for		
Depreciation	7,577,628	5,418,356
Investment Income / Expenses		
Interest Received	(74,079)	(656,564)
Interest Expenses	1,540,299	416,525
Operating Profit before Working Capital changes	6,801,986	18,771,445
Adjustment for		
Trade and other Receivables	(9,580,926)	(4,627,260)
Short Term Loans & Advances (Given) / Recovered	(3,001,172)	(4,325,645)
Inventories	(7,638,545)	12,662,061
Trade Payables	6,764,711	22,480,601
Cash generated from operations	(6,653,946)	(4,456,911)
Tax Paid	(2,213,509)	18,023,690
Cash flow before Extraordinary Items	(8,867,455)	-
Extraordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES	(8,867,455)	18,023,690
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(25,370,579)	(29,033,756)
Sale of Fixed Assets	-	-
Interest / Other income	74,079	656,564
NET CASH USED IN INVESTING ACTIVITIES	(25,296,500)	(28,377,192)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Premium on Share Capital	-	-
Repayment of Long Term Borrowings	34,911,213	(527,676)
Increase (decrease) in unsecured loans given	-	1,528
Repayment of Short Term Borrowings	-	-
Interest Paid	(1,540,299)	(416,525)
NET CASH FROM FINANCING ACTIVITIES	33,370,914	(942,672)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(793,041)	(11,296,174)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	4,416,356	15,712,530
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	3,623,315	4,416,356

Notes to cash flow statement:

1. All figures in brackets are outflow.
2. Previous year's figures have been regrouped wherever necessary.

As per our attached report of even date

For MVK Associates
Chartered Accountants
Firm registration No. 1202221W

CA. Mittal Vora
Partner
Membership No. 140786



For and on behalf of the Board of Directors
SUKARTIK CLOTHING PRIVATE LIMITED

Navratan Gaggar
Navratan Gaggar
Director
DIN : 01655621

Ramakant Gaggar
Ramakant Gaggar
Director
DIN : 01019838

Place : Mumbai
Dated : 30.05.2018

SUKARTIK CLOTHING PRIVATE LIMITED

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1. SYSTEM OF ACCOUNTING

- i) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 2013 following the mercantile system of accounting and recognising income and expenditure on accrual basis.
- ii) The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

2. PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

- i) The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified as per the Companies Act, 2013 and the relevant provisions thereof.
- ii) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule III to the Companies Act, 2013.
- iii) Based on the nature of activity and the time between acquisition of assets and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

3. TANGIBLE AND INTANGIBLE ASSET

- i) Tangible fixed assets are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.
- ii) Intangible fixed asset comprising software licenses are stated at cost of acquisition including any cost attributable bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support and maintenance payable annually are charged to the Statement of Profit and Loss.

4. INVESTMENTS

- i) Investments are classified into Non Current and Current Investments.
- ii) Non Current investments are being valued at cost of acquisition. Provision is made to recognize a decline, other than temporary, in the carrying amount of long term investments.
- iii) Current investments are being valued at cost or market value whichever is lower.

5. DEPRECIATION

- i) No depreciation is provided for leasehold land and freehold land.
- ii) Depreciation on fixed assets is being provided on "Straight line method" basis at the rates specified in Scheduled II to the Companies Act, 2013.
- iii) Depreciation in respect of addition to fixed assets is provided on pro-rata basis from the month in which such assets are acquired/ installed.
- iv) Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates up to the month in which such assets are sold, discarded or demolished.



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6. VALUATION OF INVENTORIES

- i) Valuation of inventories is exclusive of taxes or duties incurred and on FIFO basis except otherwise stated.
- ii) Raw materials and Work in progress are being valued at cost or net realisable value whichever is lower.
- iii) Stores, spares and tools are being valued at weighted average cost.
- iv) Goods in transit, if any, are stated at actual cost up to the date of the Balance Sheet.
- v) Finished stocks are being valued at direct cost or net realisable values whichever is lower.

7. REVENUE RECOGNITION

- i) Sale of Goods is recognized on transfer of significant risks and rewards of ownership which is on the dispatch of goods.
- ii) Sales are stated net of discount, claims, and shortage. Commission, brokerage and incentives on sales, wherever applicable, have been separately recognized as an expense.
- iii) Incomes from job charges are recognized as and when the services are rendered.
- iv) Interest income is accounted on accrual basis.
- v) Incomes from investments; where appropriate, are taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

8. MISCELLANEOUS EXPENDITURE

Miscellaneous expenditure, such as preliminary expenditure and share issue expenditure is amortized over a period of 5 years, as the case may be, from the financial year in which it is incurred.

9. PRIOR PERIOD EXPENSES/INCOME

The company follows the practice of making adjustments through "prior period items" in respect of all material transaction pertaining to the period prior to current accounting period/year.

10. TAXES ON INCOME:

Income tax expense comprises of Current Tax and Deferred Tax charge or credit. Provision for current tax is made on the assessable income at the rate applicable for the relevant assessment year.

Deferred tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and capable of reversal in one or more subsequent years. Deferred tax, arising mainly on account of unabsorbed depreciation and losses under tax laws, is recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax on account of other timing differences is recognized, only to the extent there is a reasonable certainty of its realization. At each balance sheet the carrying amount of deferred tax assets are reviewed to reassure realization.

11. CAPITAL WORK IN PROGRESS

The cost incurred for fixed assets, the construction of which is not completed, are included under "capital work-in-progress" and the same are classified and added to the respective assets on the completion.

12. BORROWING COSTS

The company capitalizes interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the group uses the interest rates applicable to that specific borrowing as the capitalization rate. Capitalization of borrowing costs



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ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete. Other borrowing costs are charged to Profit and Loss Account.

13. CONTINGENT LIABILITIES

Contingent liabilities are disclosed by way of notes to accounts. Disputed demand in respect of central excise, customs, income tax and other proceeding etc. are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as advance till the final disposal of the matters.

14. EXCISE DUTY

- i) CENVAT credit available as per the provisions of the Excise Rules on raw material, packing material, etc purchased, is accounted for by reducing the cost of the respective items.
- ii) Excise duty payable on finished goods lying at the factory premises at the close of the year is provided in the books as per the Excise Rules.
- iii) CENVAT credit available as per the provisions of the Excise Rules on capital goods is accounted for by reducing the cost of capital goods.

15. TRANSACTION IN FOREIGN CURRENCIES

- i) Initial Reorganisation: Transactions denominated in foreign currencies are recorded by applying the exchange rates prevailing at the date of the transactions.
- ii) Conversion: Monetary items denominated in foreign currencies remaining unsettled at the end of the year, are restated using the closing rates.
- iii) Exchange Difference: The exchange difference arising on the settlement of monetary items or on reporting unsettled monetary items at the rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.

In case the monetary items are covered by the forward exchange contracts, the difference between the yearend exchange rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.

16. IMPAIRMENT LOSS

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties, less the cost of disposal.



SUKARTIK CLOTHING PRIVATE LIMITED
Notes on Financial Statements for the Year ended 31st March 2018

(Amount in Rs.)

Particulars	As at 31st March 2018		As at 31st March 2017	
Note 2: Share Capital				
	Numbers	Amount (Rs.)	Numbers	Amount (Rs.)
Authorised:				
Equity Shares of Rs. 10/- each	310,000	3,100,000	310,000	3,100,000
Total		<u>3,100,000</u>		<u>3,100,000</u>
Issued, subscribed and paid-up :				
Equity Shares of Rs. 10/- each fully paid	301,000	3,010,000	301,000	3,010,000
Total		<u>3,010,000</u>		<u>3,010,000</u>
2.a Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period :-				
Particulars	Numbers	Amount (Rs.)	Numbers	Amount (Rs.)
Outstanding at the beginning of the reporting period	301,000	3,010,000	301,000	3,010,000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	<u>301,000</u>	<u>3,010,000</u>	<u>301,000</u>	<u>3,010,000</u>
2.b				
The equity shares of the Company have rights and restrictions as prescribed under law, in particular the Companies Act, 2013.				
2.c Share held by holding company:				
Name of the company	Numbers	% of Holding	Numbers	% of Holding
Garnet International Limited	211,000	70.10	211,000	70.10
2.d Shareholders holding more than 5% of the share capital at the end of the year:				
Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
Garnet International Limited	211,000	70.10	211,000	70.10
Ramakant Gaggar	30,000	9.97	30,000	9.97
Suresh Gaggar	30,000	9.97	30,000	9.97
Navratan Gaggar	30,000	9.97	30,000	9.97
Note 3: Reserves and surplus				
Securities premium				
At the beginning of the year and at the end of year	52,090,000		52,090,000	
Add: Received during the year	-		-	
Closing Balance		<u>52,090,000</u>		<u>52,090,000</u>
Surplus in Statement of Profit and loss :				
Balance at the beginning of the year	37,104,942		28,487,295	
Add / (Less): Profit / (Loss) after tax for the year	<u>(3,337,432)</u>		<u>8,617,647</u>	
Closing Balance		<u>33,767,510</u>		<u>37,104,942</u>
Total		<u>85,857,510</u>		<u>89,194,942</u>
Note 4: Long - Term Borrowings				
Secured Loan				
Vehicle loan from SBP bank		1,275,963		1,837,919
Unsecured loan from Holding Company (Refer note 31)		35,473,169		-
Total		<u>36,749,132</u>		<u>1,837,919</u>
(a) Nature of security : Hypothecation of the vehicle financed by the bank.				
(b) Terms of Repayment : 60 EMIs commencing from October 2014 of Rs. 13,250/- each.				
(c) Current maturities of EMIs has been grouped under "Other Current Liabilities" refer note 7.				
Note 5: Deferred tax liabilities (Net)				
Deferred Tax Liabilities on account of:				
Depreciation		5,269,540		4,173,970
Total		<u>5,269,540</u>		<u>4,173,970</u>



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SUKARTIK CLOTHING PRIVATE LIMITED
Notes on Financial Statements for the Year ended 31st March 2018

(Amount in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Note 6 : Trade Payables		
Micro and small enterprises	-	-
Others	44,413,413	35,934,949
Total	<u>44,413,413</u>	<u>35,934,949</u>
As per the information available with the Company in response to the enquiries from all existing suppliers with whom Company deals, none of the suppliers are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March 2018		
Note 7 : Other Current Liabilities		
Current maturities of a long-term debt	567,271	549,361
Statutory liabilities	448,638	399,510
Payables to Employees	1,196,588	2,950,869
Salary Payable to related party	359,990	71,345
Advance from Customers	43,330	291,871
Accrued expenses	749,156	859,142
Other Payables	355,371	312,000
Total	<u>3,720,345</u>	<u>5,434,098</u>
Note 8 : Short Term Provisions		
Provision for taxation (net of taxes paid)	-	2,213,509
Total	<u>-</u>	<u>2,213,509</u>
Note 10 : Long Term Loans and Advances		
Unsecured, considered good	-	-
- Security deposits	903,183	903,183
Total	<u>903,183</u>	<u>903,183</u>
Note 11 : Other Non-current Assets		
Deposits / Investment in CETP Project	1,130,000	1,130,000
Total	<u>1,130,000</u>	<u>1,130,000</u>
Note 12 : Inventories		
Raw materials	12,120,128	6,369,952
Finished goods	2,792,722	376,792
Stock in trade	828,803	1,616,807
Consumables	570,020	309,577
Total	<u>16,311,673</u>	<u>8,673,128</u>
Details of Raw Materials:		
Yarn	7,084,084	3,422,943
Dyes & Chemicals	5,036,044	2,947,009
Total	<u>12,120,128</u>	<u>6,369,952</u>
Details of Finished goods:		
Garments	2,792,722	376,792
Details of Stock in trade:		
Fabric	828,803	1,616,807



SUKARTIK CLOTHING PRIVATE LIMITED
Notes on Financial Statements for the Year ended 31st March 2018

(Amount in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Note 13 : Trade receivables		
Unsecured, considered good		
Debts outstanding for a period exceeding six months from the date they are due for payments	1,980,332	5,256,199
Other debts	43,820,470	30,957,971
Total	<u>45,800,803</u>	<u>36,214,170</u>
Note 14 : Cash and Bank Balances		
Cash and cash equivalents:		
- Balances with banks		
In a Current account	2,840,144	2,960,653
Cash in hand	91,330	76,816
Other bank balances:		
Fixed deposits with banks with maturity period more than 3 months but upto 12 months.	691,841	1,378,887
(FDR of Rs.6,00,000 under Lien for Bank Guarantees)		
Total	<u>3,623,315</u>	<u>4,416,356</u>
Note 15 : Short Term Loans and Advances		
Unsecured , considered good		
Prepaid expenses	282,912	369,579
Advance to suppliers	284,250	700,307
Advance to employees	105,936	63,440
Other Receivables	1,109	15,056
Balance with Statutory Authorities	5,279,028	1,804,182
Loans to Others		
- To Related Party	-	-
- To Others	501	-
Total	<u>5,953,736</u>	<u>2,952,564</u>
Note 16 : Other Current Assets		
Interest Accrued on Fixed Deposits	3,604	12,384
Interest Receivable	3,073	-
	<u>6,677</u>	<u>12,384</u>



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SUKARTIK CLOTHING PRIVATE LIMITED
Notes on Financial Statements for the Year ended 31st March 2018

Note No. : 9

(Amt. in Rs.)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 01.04.2017	Addition during the year	Sold / Transfer during the year	As at 31.03.2018	Total up to 01.04.2017	Provided for the year	Written back during the year	Total up to 31.03.2018	Total as at 31.03.2018	Total as at 31.03.2017
Tangible assets										
Land	4,350,600	12,904,580	-	17,255,180	-	-	-	-	17,255,180	4,350,600
Office Premises	1,042,601	-	-	1,042,601	260,953	35,529	-	296,482	746,119	781,648
Factory Building	17,291,202	2,212,230	-	19,503,432	2,087,387	588,849	-	2,676,236	16,827,196	15,203,815
Plant And Machinery	80,029,041	7,670,563	-	87,699,604	19,501,316	5,221,058	-	24,722,374	62,977,230	60,527,725
Furniture And Fixture	2,161,870	909,411	-	3,071,281	584,115	243,098	-	827,213	2,244,068	1,577,755
Computers	534,353	82,589	-	616,942	391,290	94,697	-	485,987	130,955	143,063
Vehicles	5,391,292	-	-	5,391,292	1,934,266	735,729	-	2,669,995	2,721,297	3,457,026
Office Equipments	2,764,021	1,591,206	-	4,355,227	1,308,051	658,668	-	1,966,719	2,388,508	1,455,970
Intangible assets										
Computer Software	50,000	-	-	50,000	50,000	-	-	50,000	-	-
Total as at 31.03.2018	113,614,980	25,370,579	-	138,985,559	26,117,378	7,577,628	-	33,695,006	105,290,553	87,497,602



SUKARTIK CLOTHING PRIVATE LIMITED
Notes on Financial Statements for the Year ended 31st March 2018

(Amount in Rs.)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Note 17 : Revenue from Operations		
Sale of Products		
Garments		
Local	103,633,603	95,935,499
Export	103,633,603	96,831,371
Dyes & Chemicals	-	895,872
Sale of services-Job work charges	9,690,300	45,990,242
Total	<u>113,323,903</u>	<u>142,821,613</u>
Note 18 : Other Income		
Interest		
on Fixed Deposits	27,683	609,565
on Security Deposits	46,396	46,999
Miscellaneous income	7	-
Total	<u>74,086</u>	<u>656,564</u>
Note 19 : Cost of Materials Consumed		
Opening stocks :		
Raw Material		
Yarn	3,422,943	1,074,951
Dves & Cemicsals	2,947,009	842,725
	6,369,952	1,917,676
Add : Cost of purchases		
Raw Materials		
Yarn	17,960,622	24,472,001
Dves & Cemicsals	27,724,333	34,355,769
	45,684,955	58,827,770
Less : Closing stock		
Raw Material		
Yarn	7,084,084	3,422,943
Dves & Cemicsals	5,036,044	2,947,009
	12,120,128	6,369,952
Total	<u>39,934,779</u>	<u>54,375,494</u>
Note 20 : Purchases of Stock-in-Trade		
Fabrics	5,676,456	8,205,174
	<u>5,676,456</u>	<u>8,205,174</u>
Note 21 : Changes in Inventories		
Opening stocks:		
Finished goods	376,792	329,040
Stock in trade	1,616,807	1,796,850
Work in progress	-	-
Closing stocks:		
Finished goods	2,792,722	376,792
Stock in trade	828,803	1,616,807
Work in progress	-	-
Total	<u>(1,627,926)</u>	<u>132,291</u>
Note 22 : Employee benefit expenses		
Salaries and Wages		
To Directors Relatives	-	495,770
To others	4,609,309	5,390,316
Contribution to Provident Fund and other funds	971,642	924,889
Staff Welfare Expenses	363,413	537,167
Total	<u>5,944,364</u>	<u>7,348,142</u>



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SUKARTIK CLOTHING PRIVATE LIMITED
Notes on Financial Statements for the Year ended 31st March 2018

(Amount in Rs.)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017	
Note 23 : Finance cost			
Interest on loan	1,527,871	265,518	
Bill Discounting Interest	11,057	150,557	
Interest (Others)	1,371	450	
Total	1,540,299	416,525	
Note 24 : Other expenses			
Manufacturing Expenses			
Job Charges	22,392,012	19,181,750	
Power and Fuel	11,784,542	11,700,315	
Freight & Carriage Inwards	352,180	250,778	
Dyeing Charges	48,413	47,107	
Packing Expenses	9,345	19,000	
Duties & Taxes (VAT)	-	128,290	
Fabrication Charges	89,236	975,036	
Husk and Ash Lifting Charges	95,760	266,245	
Stores and Spares Consumed*	14,404,812	12,565,593	
Insurance	360,753	237,377	
Repairs & Maintenance (Machinery)	2,382,589	3,120,765	
	51,919,642	48,492,256	
Administration and other expenses			
Brokerage and Commission	26,688	14,268	
Communication Expenses	434,894	306,401	
Compliance Expenses	43,500	194,923	
ITC Expenses	134,029	-	
Legal and Professional Charges	58,496	169,500	
Auditor's remuneration (refer note 27)	85,000	115,000	
Bank Commission / Charges	15,722	40,010	
Membership and Subscription	111,091	98,831	
Miscellaneous Expenses	664,064	1,114,893	
Festival Expenses	209,775	129,400	
Printing and Stationery	188,825	144,544	
Rates & Taxes	-	-	
Repairs & Maintenance	296,197	557,751	
Directors Remuneration	840,000	820,000	
Selling and Distribution Expenses			
Travelling and Conveyance	1,514,984	1,687,396	
Advertisement	50,760	89,559	
	4,674,025	5,482,476	
Net foreign exchange loss(gain)	584	14,335	
Total	56,594,251	53,989,067	
* Stores and spares consumed includes Imported Material of Rs.1,44,930/-			
Note 25 : Earning per equity share			
Particulars	Unit	2017-2018	2016-2017
Net profit / (Loss) after tax	Rs.	(3,337,432)	8,617,647
Weighted average number of shares used in computing basic & diluted earnings per share	Numbers	301,000	301,000
Face value of equity shares	Rs.	10	10
Basic & diluted earnings per share	Rs.	(11.09)	28.63
Note 26 : Contingent liabilities (to the extent not provided for)			Amount (Rs.)
		As at 31.03.2018	As at 31.03.2017
Undertakings given by the company under EPCG Scheme, pending fulfillment of export obligation		1,143,839	1,143,839



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SUKARTIK CLOTHING PRIVATE LIMITED
Notes on Financial Statements for the Year ended 31st March 2018

(Amount in Rs.)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017		
Note 27 : Payment to Auditors				
	Amount (Rs.)			
	For the year ended			
	2017-2018	2016-2017		
Statutory audit under the Companies Act, 2013	50,000	57,500		
Tax Audit under the Income Tax Act, 1961	30,000	34,500		
Taxation matters	20,000	23,000		
Last Year Difference	(15,000)	-		
	85,000	115,000		
Note 28 : The company operates in a single segment i.e. textile (seamless garment manufacturing) having the same risk and return. Hence reporting as per Accounting Standard 17 'Segment Reporting' is not applicable.				
Note 29 : C. I. F. Value of Imports:				
	Amount (Rs.)			
	For the year ended			
	2017-2018	2016-2017		
Laptop	-	121,220		
Plant & Machinery	-	-		
Repairs & Maintenance	-	265,081		
Note 30 : Earnings in Foreign Exchange:				
	Amount (Rs.)			
	For the year ended			
	2017-2018	2016-2017		
FOB value of Exports	-	895,872		
Tour Expense	-	16,605		
Note 31 : Related party disclosures				
Related party disclosures as required by Accounting Standard (AS) -18 "Related Party Disclosures", notified by Companies (Accounting Standards) Rules, 2006(as amended) are given below:				
I) Names of related parties and description of relationships				
a) <u>Holding Company</u>				
Garnet International Limited				
b) <u>Directors</u>				
Ramakant Gaggar				
Navratan Gaggar				
Rathi Premprakesh Sharad				
c) <u>Company in which directors have significant influence/control</u>				
Alaukik Mines & Power Pvt. Ltd.				
Garnet Valorem Capital Venture Pvt. Ltd.				
Bhutta Investment Private Ltd.				
d) <u>Relatives of KMP</u>				
Sangeeta Gaggar				
II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:				
Particulars	Volume of Transactions		Balances as on	
	2017-2018	2016-2017	31.03.2018	31.03.2017
Non-Current Liabilities				
<u>Long Term Borrowings</u>				
Intercorporate loans				
Garnet International Limited	35,603,521	-	35,473,169	-
Current assets				
<u>Short term loans and advances</u>				
Intercorporate loans				
Alaukik Mines & Power Pvt. Ltd.	-	24,500,000	-	-
Bhutta Investment Private Ltd.	-	-	-	(2,500,000)
Indirect Expenses				
Salary	-	495,770	-	N.A.
Directors Remuneration	-	820,000	-	N.A.
Sub note: Related party relationship is identified by the Company and relied upon by the auditors.				



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SUKARTIK CLOTHING PRIVATE LIMITED
Notes on Financial Statements for the Year ended 31st March 2018

(Amount in Rs.)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
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Note 32 : No provision has been made for accrued liability in respect of gratuity payable to employees, as the Company is in the process of taking actuarial valuation certificate for present value of future liabilities.

Note 33 : Figures for the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our attached report of even date

For MVK Associates
Chartered Accountants
Firm registration No. 128222W

Mittal
CA. Mittal Vora
Partner
Membership No. 140786



For and on behalf of the Board of Directors
SUKARTIK CLOTHING PRIVATE LIMITED

Navratan Gagar
Navratan Gagar
Director
DIN : 01655621

Ramakanth Gagar
Ramakanth Gagar
Director
DIN : 01019838

Place : Mumbai
Dated : 30.05.2018