



No. 1/1, Seth Narayandas Layout-II, Tatabad,  
Coimbatore - 641 012. Phone : 2495760, 4378813  
E-mail : vetrivelfca@gmail.com

**Independent Auditor's Report**

**Date :** .....

**To the Members of M/S. QUANTUM KNITS PRIVATE LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

I have audited the financial statements of **M/S. QUANTUM KNITS PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2019, statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, of its **Loss**, and cash flows for the year ended on that date.

**Basis for Opinion**

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. My responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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 our audit of the financial statements under the provisions of the Act and the Rules there under, and I have fulfilled my 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 our audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



M/S. QUANTUM KNITS PRIVATE LIMITED  
COIMBATORE

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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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.

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 Act, I am also responsible for expressing my opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.



M/S.QUANTUM KNITS PRIVATE LIMITED  
COIMBATORE

- 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.

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



M/S. QUANTUM KNITS PRIVATE LIMITED  
COIMBATORE

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, I give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 purposes of my audit.
- b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In my opinion, the aforesaid financial statements comply with the Ind. AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on April 1, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to my separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my



M/S.QUANTUM KNITS PRIVATE LIMITED  
COIMBATORE

opinion and to the best of my information and according to the explanations given to me:

- i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its financial statements - Refer Note. 17 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16): No remuneration paid to any of the directors during the year 2018-19. Accordingly Auditor's Report under section 197(16) is not applicable.

Place : Coimbatore  
Date : 16.04.2019



A.VETRIVEL  
M.NO.25028

A.VETRIVEL, B.Sc., F.C.A.  
CHARTERED ACCOUNTANT  
M.No. 25028  
1/1, SETH NARAYANDAS LAY-OUT-II  
TATABAD, COIMBATORE - 641 012  
Phone : 2495760, 4378813

**Annexure A to the Independent Auditors' report on the financial statements of  
M/S.QUANTUM KNITS PRIVATE LIMITED for the year ended March 31, 2019**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In my opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment were verified during the year and according to the information and explanations given to me, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold land or lease hold land and buildings hence reporting under clause (i) (c ) of the order is not applicable.

**2. In respect of inventories:**

There is no opening inventory as on 01.04.2018 and closing inventories of the Company as on 31.03.2019.

3. According to the information and explanations given to me, the Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 during the year.
4. 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 given, investments made and, guarantees and securities given, as applicable.



M/S. QUANTUM KNITS PRIVATE LIMITED  
COIMBATORE

5. In my opinion and according to the information and explanations given to me, the Company has not accepted any deposits covered under section 73 to 76 or any other relevant provisions of the Act. Accordingly, paragraph 3(v) of the Order is not applicable.
6. The Company has not doing business activity during the year 2017-18, hence the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013, is not applicable.
7. (a) According to the information and explanations given to me and on the basis of my examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, and other material statutory dues have generally been deposited on a regular basis by the Company with the appropriate authorities.  
  
(b) According to the information and explanations given to me, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.  
  
(c) According to the information and explanations given to me, there are no dues of income tax, service tax, goods and services tax, duty of customs and excise duty which have not been deposited with the appropriate authorities on account of any disputes other than the following dues:



M/S. QUANTUM KNITS PRIVATE LIMITED  
COIMBATORE

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount Relates	Amount involved (Rs. In lakhs)	Amount unpaid (Rs. In lakhs)
Income Tax Act, 1961	Income Tax	High Court of Madras	2011-12	2430.90	807.48
Income Tax Act, 1961	Income Tax	High Court of Madras	2010-11	713.99	331.05

8. In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any loans or borrowings due to financial institutions, debenture holders or government during the year.
9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. In my opinion and according to the information and explanations given to me, the term loans raised by the Company have been applied for the purpose for which they were raised.
10. According to the information and explanations given to me, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.



M/S.QUANTUM KNITS PRIVATE LIMITED  
COIMBATORE

11. In my opinion and according to the information and explanations given to me, the Company has not paid / provided managerial remuneration during the year and hence provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company.
12. 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.
13. 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 related party transactions have been disclosed in the financial statements, as required by the applicable accounting standards.
14. 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 any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
15. 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 any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

Place : Coimbatore  
Date : 16.04.2019



**CA.A.VETRIVEL**

**M.NO.25028**

**A.VETRIVEL, B.Sc., F.C.A.**  
**CHARTERED ACCOUNTANT**

**M.No. 25028**

**1/1, SETH NARAYANDAS LAY-OUT-II**  
**TATABAD, COIMBATORE - 641 012**  
**Phone : 2495760, 4378813**

**Annexure B to the Independent Auditors' report on the financial statements of QUANTUM KNITS PRIVATE LIMITED for the year ended March 31, 2019**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

**Opinion**

I have audited the internal financial controls with reference to financial statements of **M/S. QUANTUM KNITS PRIVATE LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In my opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").



### **Auditors' Responsibility**

My responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on my audit. I conducted my audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. My audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 judgment, 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 we have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the



assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place : Coimbatore

Date : 16.04.2019



A.VETRIVEL

M.NO.25028

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CHARTERED ACCOUNTANT  
M.No. 25028  
1/1, SETH NARAYANDAS LAY-OUT-II  
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**QUANTUM KNITS PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31.03.2019**

(₹ in Lakhs)


	Note	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Property, plant and equipment	4	43	46
(b) Other non current assets	5	1,985	1,994
<b>Total non - current assets</b>		<b>2,028</b>	<b>2,040</b>
<b>(2) Current assets</b>			
(a) Financial assets			
(i) Cash and cash equivalents	6	10	16
(b) Other current assets	7	24	1
<b>Total current assets</b>		<b>34</b>	<b>17</b>
<b>Total assets</b>		<b>2,062</b>	<b>2,057</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	8	10	10
(b) Other equity	9	2,022	2,039
<b>Total equity</b>		<b>2,032</b>	<b>2,049</b>
<b>(2) Non-current liabilities</b>			
(a) Deferred tax liabilities (Net)	10	9	8
<b>Total non - current liabilities</b>		<b>9</b>	<b>8</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Other financial liabilities	11	21	-
<b>Total current liabilities</b>		<b>21</b>	<b>-</b>
<b>Total equity and liabilities</b>		<b>2,062</b>	<b>2,057</b>

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

"To be read with my report of even date"

  
**K.P. Ramasamy**  
Chairman  
DIN: 00003736

  
**A. Vetrivel**  
Chartered Accountant

  
**KPD Sigamani**  
Director  
DIN: 00003744

  
**P. Nataraj**  
Director  
DIN: 00229137

A. VETRIVEL, B.Sc., F.C.A.  
CHARTERED ACCOUNTANT  
M.No. 25028  
1/1, SETH NARAYANDAS LAY-OUT-II  
TATABAD, COIMBATORE - 641 012  
Phone : 2495760, 4378813

Coimbatore  
16.04.2019

**QUANTUM KNITS PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31.03.2019**

(₹ in Lakhs)

	Note	Year Ended	
		31.03.2019	31.03.2018
<b>I. Revenue from operations</b>		-	-
II. Other income		-	-
<b>III. Total revenue (I+II)</b>		-	-
<b>IV. Expenses</b>			
Purchase of stock-in-trade	12	-	2
Changes in inventories of stock in trade		-	-
Employee benefits expense		-	-
Finance costs	13	-	2
Depreciation and amortisation expenses	4	3	3
Other expenses	14	14	27
<b>V. Total expenses</b>		<b>17</b>	<b>34</b>
<b>VI. Profit before tax (III-V)</b>		<b>(17)</b>	<b>(34)</b>
<b>VII. Tax expenses</b>			
Current tax			
- Pertaining to current year		-	-
Less: MAT Credit		-	-
- Pertaining to prior year		-	(6)
Deferred tax		-	-
<b>Income tax expense</b>		<b>-</b>	<b>(6)</b>
<b>VIII. Profit for the year (VI-VII)</b>		<b>(17)</b>	<b>(28)</b>
<b>Other comprehensive income</b>		-	-
<b>Item that will be reclassified to profit or loss</b>			
<b>Item that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit (liability) / asset		-	-
Income tax relating to item that will not be reclassified to profit or loss		-	-
<b>IX. Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>-</b>	<b>-</b>
<b>X. Total comprehensive income for the year (VIII+IX)</b>		<b>(17)</b>	<b>(28)</b>
<b>Earnings per equity share (EPS)</b>			
Basic and diluted EPS (in ₹)	21	(17)	(28)
See accompanying notes forming part of the financial statements			

For and on behalf of the Board of Directors

"To be read with my report of even date"

**K.P.Ramasamy**

Chairman

DIN: 00003736

**KPD Sigamani**

Director

DIN: 00003744

Coimbatore

16.04.2019

**P.Nataraj**

Director

DIN: 00229137

**A.Vetrivel**

Chartered Accountant

**A.VETRIVEL, B.Sc., F.C.A.**

CHARTERED ACCOUNTANT

M.No. 25028

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TATABAD, COIMBATORE - 641 012

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**QUANTUM KNITS PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019**


(₹ in Lakhs)

PARTICULARS		Year Ended	
		31.03.2019	31.03.2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit for the year		(17)	(28)
Adjustments for:			
Income tax expenses recognised in the statement of profit and loss		-	(6)
Depreciation and amortisation expense		3	3
Finance costs		-	2
<b>Operating profit before Working Capital changes</b>		<b>(14)</b>	<b>(29)</b>
Changes in Working Capital:			
Adjustments For (increase) / decrease in operating assets:			
Trade receivables		-	7
Other current assets		(23)	(1)
Other non current assets		9	27
Adjustments for increase / (decrease) in operating liabilities:			
Other current liabilities		21	(1)
<b>Cash Generated by Operations</b>		<b>(6)</b>	<b>3</b>
Net income tax (paid)		-	6
<b>Net Cash Generated by Operating Activities</b>	<b>(A)</b>	<b>(6)</b>	<b>9</b>
<b>Net Cash flow Used In Investing Activities</b>	<b>(B)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Finance costs paid		-	(2)
<b>Net Cash flow used in Financing Activities</b>	<b>(C)</b>	<b>-</b>	<b>(2)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(6)</b>	<b>7</b>
Add: Opening cash and cash equivalents		16	9
<b>Closing Cash and Cash Equivalents (Refer Note No 6)</b>		<b>10</b>	<b>16</b>
<b>Closing Cash and Cash Equivalents Comprises</b>			
(a) Balance with Banks:			
i) In Current accounts		10	16
		<b>10</b>	<b>16</b>
See accompanying notes forming part of the financial statements			

For and on behalf of the Board of Directors

"To be read with my report of even date"

  
**K.P. Ramasamy**  
Chairman  
DIN: 00003736

  
**A. Vetrivel**  
Chartered Accountant

  
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DIN: 00003744

  
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# QUANTUM KNITS PRIVATE LIMITED

## Statement of changes in Equity for the year ended March 31, 2019

### a. Equity Share Capital

(₹ in Lakhs)

Balance as at April 01, 2017	10
Changes during the year	-
<b>Balance as at March 31, 2018</b>	<b>10</b>
Changes during the year	-
Balance as at March 31, 2019	10

### b. Other Equity

(₹ in Lakhs)

Particulars	Securities Premium Reserve	Capital Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at April 01, 2017	-	-	130	1,937	2,067
Profit for the year	-	-	-	(28)	(28)
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>130</b>	<b>1,909</b>	<b>2,039</b>
Profit for the year	-	-	-	(17)	(17)
<b>Balance as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>130</b>	<b>1,892</b>	<b>2,022</b>

For and on behalf of the Board of Directors

"To be read with my report of even date"

  
**K.P. Ramasamy**

Chairman

DIN: 00003736

  
**KPD Sigamani**

Director

DIN: 00003744

  
**P. Nataraj**

Director

DIN: 00229137

  
**A. Vetrivel**

Chartered Accountant

A. VETRIVEL, B.Sc., F.C.A.  
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Coimbatore

16.04.2019

**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

**1 Company Overview**

Quantum Knits Private Limited ('the Company') is a wholly owned Subsidiary Company of K.P.R. Mill Limited. The Company deals in Readymade Garments. It is incorporated as a Private Limited Company under the Companies Act, 1956.

**2 BASIS OF PREPARATION**

**A STATEMENT OF COMPLIANCE**

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the requirements prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

These financial statements for the year ended March 31, 2019 (including comparatives) are authorised by the Board on April 16, 2019.

Details of the Company's accounting policies are included in note 3.

**B FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information has been rounded-off to the nearest lakhs, unless otherwise indicated.

**C BASIS OF MEASUREMENT**

These financial statements have been prepared on a historical cost basis and on an accrual basis, except for the following items:

- i. Derivative financial instruments measured at fair value through profit and loss;
- ii. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) and
- iii. Net defined (asset) / liability measured at fair value & plan assets less present value of obligations.

**D USE OF ESTIMATES AND JUDGEMENT**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Judgement**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 13 - classification, measurement and recognition of Government grants

Note 18 - recognition and measurement of deferred tax assets

**Assumptions and estimation uncertainties:**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is mentioned below. Actual results may be different from these estimates.

**(i) Recognition of deferred tax assets:**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues. (also refer Note 10)



**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

(ii) Impairment of non-financial assets:

In assessing impairment, management has estimated economic use of assets, the recoverable amount of each asset or cash- generating units based on expected future cash flows and use an interest rate to discount them. Estimation of uncertainty relates to assumptions about future operating cash flows and determination of a suitable discount rate. (also refer Note 3)

(iii) Useful lives of depreciable assets:

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technological obsolescence that may change utility of assets (also refer Note 3).

(iv) Inventories:

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes (also refer Note 3).

(v) Impairment of financial assets - refer Note 3

**E MEASUREMENT OF FAIR VALUES**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The inputs used to measure the fair value of assets or a liability fall into different levels of the fair value hierarchy. Accordingly, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the low level input that is significant to the entire measurement.

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**F CURRENT AND NON-CURRENT CLASSIFICATION**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) INVENTORIES**

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis. The cost of raw materials, components, consumable stores and spare parts are determined using first-in first-out / specific identification method. and includes freight, taxes and duties, net of duty credits wherever applicable, and any other expense incurred in bringing them to their present location and condition. Work-in-progress and finished goods include conversion costs in addition to the landed cost of raw materials. Finished goods, including stock in trade and work-in-progress are valued at lower of cost and net realisable value. Cost includes all direct costs including excise duty and applicable manufacturing overheads incurred in bringing them to their present location and condition. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

**B) CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**C) CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

**D) PROPERTY, PLANT AND EQUIPMENT**

**Recognition and measurement:**

Free hold land is stated at historical cost. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises

a. purchase price, including import duties and non-refundable taxes on purchase (goods and service tax), after deducting trade discounts and rebates.

b. any directly attributable cost of bringing the item to its working condition for its intended use estimated costs of dismantling and removing the item and restoring the site on which it is located.

c. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any gain/ loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**Depreciation:**

Depreciation is recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II. Freehold land is not depreciated.



## QUANTUM KNITS PRIVATE LIMITED

### Notes forming part of the Financial Statements

Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

The estimated useful life of the property, plant and equipment followed by the Company is furnished below:

Factory Building	~ 30 Years
Non Factory Building	~ 60 Years
Plant & Equipments	~ 10-20 Years
Electricals	~ 14 Years
Computers & accessories	~ 3 Years
Furniture's & fixtures	~ 10 Years
Vehicles	~ 8-10 Years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period.

On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset is ready for use.

#### E) REVENUE RECOGNITION

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. Ind AS 115 requires revenue recognition based on a five step model prescribed therein unlike the old standard, where revenue was recognised at a point in time when the significant risk and rewards of ownership has been transferred to the buyer.

The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price, identification of incremental costs of obtaining a contract and appropriateness of the basis used to measure revenue recognized over a period or at a point in time. Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18. Impact of application of Ind AS 115 on the financial statements of the Company is insignificant.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

#### Disaggregation of revenue

The Company disaggregates revenue from contract with customers by the nature and type of goods sold i.e. garment, yarn, fabric, cotton waste, accessories and others. As the Company manufactures and sells these goods based on customer specific terms and conditions, this level of disaggregation best depicts the revenue structure of the Company.



**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

**Contract balances**

The contract assets relate to consideration receivable upon sale of goods and services to its customers. Such contract assets are recognised depending upon the individual delivery and acceptance terms agreed with the customers. Any advance consideration received from customers based on individual delivery and acceptance terms agreed with the customers are classified as contract liabilities.

**Variable Consideration**

The company expects the amount of variable consideration by using the most likely amount which the company expects to better predict the amount of revenue to be recognized. The company estimates the amount of liquidated damages which the company is liable to incur when there is a delay in satisfaction of performance obligation and adjusts the same with the revenue.

**Performance obligation and revenue recognition policies**

**1.1 Sale of products:**

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers.

The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

**1.2 Revenue from services:**

Revenue from sale of services is recognised when related services are rendered.

**F) OTHER INCOME**

Interest income is recognised using effective interest rate method. Interest income on overdue receivables is recognized only when there is a certainty of receipt.

Export incentives are accounted in the year of exports based on eligibility and expected amount on realisation.

**G) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS**

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in other comprehensive income :



**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

- equity investments at fair value through other comprehensive income
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective ; and
- qualifying cash flow hedges to the extent that the hedges are effective.

**H) FINANCIAL INSTRUMENTS**

**(i) Initial Recognition**

Trade receivables are initially recognised when they are originated.

All other financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

**(ii) Classification and subsequent measurement**

**a) Non-derivative financial assets**

***Financial assets at amortised cost***

A financial asset shall be measured at amortised cost if both of the following conditions are met and is not designated as at FVTPL :

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

***Debt instruments at FVTOCI***

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met and is not designated as at FVTPL:

- (a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

***Equity instruments at FVTOCI***

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

***Financial assets at FVTPL***

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**b) Non-derivative financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(iii) Derecognition**

**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.



**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

**(v) Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss.

**I) GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES**

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating income.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

**J) INVESTMENTS**

Long term investments (excluding investment properties) are carried at cost less provision for diminution other than temporary in the value of such investments. Current investments are stated at lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

**K) EMPLOYEE BENEFITS**

**(a) Short Term**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**(b) Long Term Post Employment**

Post Employment Benefits comprise of Provident Fund, Employees State Insurance and Gratuity which are accounted for as follows:

Provident Fund & Employee State Insurance

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**L) BORROWING COSTS**

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

**M) EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

**N) INCOME TAXES**

Income tax expense represents current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax liabilities and current tax assets are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



## **QUANTUM KNITS PRIVATE LIMITED**

### **Notes forming part of the Financial Statements**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by same tax authority on same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or its tax assets and liabilities will be realised simultaneously.

#### **iii) Recognition**

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## **O) IMPAIRMENT**

### **Impairment of Financial Instruments**

The Company recognises loss allowance for expected credit loss on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are credit losses that result from all possible default events over expected life of financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The Company assumes that credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when:

- the recipient is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due.

### **Measurement of expected credit losses**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

### **Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.



## **QUANTUM KNITS PRIVATE LIMITED**

### **Notes forming part of the Financial Statements**

#### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### **Impairment of Non-Financial Assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine recoverable amount. Such a reversal is made only to an extent that asset's carrying amount does not exceed carrying amount that would have been determined, net of depreciation/ amortisation, if no impairment loss was recognised.

### **P) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

#### **Provisions:**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for

**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

**Contingent liabilities:**

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

**Contingent assets:**

The Company does not recognise contingent assets. These are assessed continually to ensure that the developments are appropriately disclosed in these financial statements.

**3A New standard and amendments to the existing standards issued but not yet effective**

**New standard - Ind AS 116, Leases**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. In this regard, the Company is in the process of carrying out assessment of potential impact on adoption of Ind AS 116 on accounting policies followed and accordingly impact on its standalone financial statements on initial application of this standard is not reasonably estimable at present.

**Amendment to the existing standards**

**Ind AS 12 - Income taxes**

The amendment to Ind AS 12 clarifies that the income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognised. The Company does not expect any impact from this pronouncement.

Appendix C has been added to Ind AS 12 which specifies that the Company shall recognise and measure its current or deferred tax asset or liability applying the requirements in Ind AS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Appendix, when there is uncertainty over income tax treatments under Ind AS 12. In this regard, the Company is in process of carrying out assessment of potential impact on adoption, though no significant impact is expected.

**Ind AS 19 – Employee benefits**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any significant impact from this amendment.

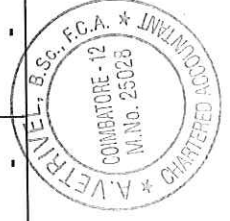


QUANTUM KNITS PRIVATE LIMITED

4. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Property, Plant & Equipment							Total
	Freehold Land	Factory Building	Non-factory Building	Plant and Equipment	Electricals	Furniture and Fixture	Computers and accessories	Vehicles
<b>Gross carrying amount</b>								
As at 01.04.2017	-	-	-	52	-	-	-	52
Additions	-	-	-	-	-	-	-	-
Disposals / adjustments	-	-	-	-	-	-	-	-
<b>As at 31.03.2018</b>	-	-	-	52	-	-	-	52
Additions	-	-	-	-	-	-	-	-
Disposals / adjustments	-	-	-	-	-	-	-	-
<b>As at 31.03.2019</b>	-	-	-	52	-	-	-	52
<b>Accumulated Depreciation</b>								
As at 01.04.2017	-	-	-	3	-	-	-	3
Depreciation Expense	-	-	-	3	-	-	-	3
Disposals / adjustments	-	-	-	-	-	-	-	-
<b>As at 31.03.2018</b>	-	-	-	6	-	-	-	6
Depreciation Expense	-	-	-	3	-	-	-	3
Disposals / adjustments	-	-	-	-	-	-	-	-
<b>As at 31.03.2019</b>	-	-	-	9	-	-	-	9
<b>Net carrying amount</b>								
As at 31.03.2018	-	-	-	46	-	-	-	46
As at 31.03.2019	-	-	-	43	-	-	-	43



**QUANTUM KNITS PRIVATE LIMITED**

**Notes forming part of the Financial Statements**

(₹ in Lakhs)

		As at	
		31.03.2019	31.03.2018
<b>5 OTHERS NON CURRENT ASSETS</b>			
(i)Capital Advances			
Advances other than capital advances			
Security deposit			
Deposit with Central Excise & Service Tax			
Advance for purchases	1967	1976	
Refund due from income tax	18	18	
	<b>1,985</b>	<b>1,994</b>	
<b>6 CASH AND CASH EQUIVALENTS</b>			
Balance with Banks			
i) In Current accounts	10	16	
	<b>10</b>	<b>16</b>	
<b>Note:</b>			
The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2019.			
<b>7 OTHER CURRENT ASSETS</b>			
Advances Other Than Capital Advances			
Advance for purchase	22	-	
<b>Balances with Government Authorities</b>			
GST credit receivable	2	1	
	<b>24</b>	<b>1</b>	



**QUANTUM KNITS PRIVATE LIMITED**  
**Notes forming part of the Financial Statements**

(₹ in Lakhs)

Notes forming part of the Financial Statements

		As at	
		31.03.2019	31.03.2018
8	<b>EQUITY SHARE CAPITAL</b>		
	<b>a) Authorised</b>		
	1,00,000 (Pr.Yr.1,00,000) Equity Shares of ₹ 10 each with voting rights	10	10
		10	10
	<b>b) Issued, Subscribed &amp; Fully Paid up</b>		
	1,00,000 (Pr.Yr.1,00,000) Equity Shares of ₹ 10 each fully paid-up with voting rights	10	10
		10	10
8.1	<b>Terms / Rights to Shares</b>		
	<b>Equity Shares:</b>		
	The Company has issued only one class of equity shares having a face value of ₹ 10 per share. The holder of each equity share is entitled to one vote per share. The company declares and pays dividends in Indian rupees.		
	In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.		
8.2	<b>Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period</b>		
	<b>Equity Shares with voting rights</b>	<b>For the Year Ended 31.03.2019</b>	<b>For the Year Ended 31.03.2018</b>
	<b>Particulars</b>	<b>Number of Shares</b>	<b>(₹ in Lakhs)</b>
	At the beginning of the year	1,00,000	10
	Changes during the year	-	-
		-	-
	Outstanding at the end of the year	1,00,000	10
	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 represents both legal and beneficial ownership of shares as at the balance sheet date.		
8.3	<b>Details of Shareholders holding more than 5% shares in the company</b>		
	<b>Particulars</b>	<b>Number of Shares</b>	<b>%</b>
	M/s K P R Mill Limited	1,00,000	100



**QUANTUM KNITS PRIVATE LIMITED**

**Notes forming part of the Financial Statements**

(₹ in Lakhs)

		As at	
		31.03.2019	31.03.2018
<b>9 OTHER EQUITY</b>			
<b>General Reserve</b>			
Opening balance		130	130
Closing balance (A)		130	130
<p>The General reserve represents an amount transferred from retained earnings from time to time for appropriation purpose which can be utilised for meeting future obligations. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.</p>			
<b>Retained Earnings</b>			
Opening balance		1,909	1,937
Add: Profit for the year		(17)	(28)
Closing balance (B)		1,892	1,909
<p>Retained earnings represents profits generated and retained by the Company post distribution of dividends to the equity shareholders in the respective years. This reserve can be utilized for distribution of dividend by the Company considering the requirements of the Companies Act, 2013.</p>			
<b>Total (A+B)</b>		<b>2,022</b>	<b>2,039</b>
<b>10 DEFERRED TAX LIABILITIES</b>			
Deferred tax liabilities		9	8
Deferred tax assets		-	-
Net deferred tax liabilities		<b>9</b>	<b>8</b>
<b>11 OTHER FINANCIAL LIABILITIES</b>			
Statutory payables		21	-
		<b>21</b>	<b>-</b>



QUANTUM KNITS PRIVATE LIMITED

Notes Forming part of the Financial Statements

(₹ in Lakhs)

		Year Ended	
		31.03.2019	31.03.2018
<b>12 PURCHASE OF STOCK IN TRADE</b>			
a) Opening Stock		-	-
Yarn and Fabric		-	-
b) Add: Purchases and Production Expenses			
Production expenses		-	2
		-	2
c) Less : Closing Stock			
Yarn and Fabric		-	-
		-	-
		-	2
<b>13 FINANCE COSTS</b>			
Interest expense on financial liabilities measured at amortised cost			
Others		-	2
		-	2
<b>14 OTHER EXPENSES</b>			
Administration Expenses			
Legal and professional charges		-	3
Rates and taxes		-	(4)
Payment to auditors (Refer note 16)		-	1
Expenditure on Corporate Social Responsibility (CSR) (Refer note 19)		14	27
		<b>14</b>	<b>27</b>



**QUANTUM KNITS PRIVATE LIMITED**

Notes forming part of the financial statements for the year ended 31.03.2019

**15 INCOME TAX**

(₹ in Lakhs)

Particulars	2018-19	2017-18
<b>Income tax recognised in profit or loss</b>		
<b>Current tax</b>		
Current income tax charge	-	-
Adjustment in respect of current income tax of prior years	-	(6)
Mat Credit entitlement	-	-
	-	(6)
<b>Deferred tax</b>		
In respect of current year	-	-
<b>Total</b>	-	(6)

**15.1 Reconciliation with effective tax rate**

The Income tax expense for the year can be reconciled to the accounting profit as follows

(₹ in Lakhs)

Particulars	Effective Tax Rate		Amount	
	2018-19	2017-18	2018-19	2017-18
Profit before tax			(17)	(34)
Tax using the Company's domestic tax rate	-	-	-	-
Effect of deductions under Chapter VI-A of the Income Tax Act, 1961	-	-	-	-
Effect of non-deductible expenses and others	-	-	-	-
	-	-	-	-
<b>Adjustments recognised in the current year in relation to the current tax of prior years</b>	-	-17.65%	-	(6)
<b>Income tax recognised in profit or loss</b>	-	-17.65%	-	(6)

**16 Payment to Auditor**

(₹ in Lakhs)

Particulars	2018-19	2017-18
Audit Fees	-	1
Expenses (incl. Service Tax)	-	-
<b>Total</b>	-	1



**QUANTUM KNITS PRIVATE LIMITED**

Notes forming part of the financial statements for the year ended 31.03.2019

**17 Contingent Liabilities and Commitments (to the extent not provided for).**

(₹ in Lakhs)

Particulars	As at 31 March, 2019	As at 31 March, 2018
<b>Contingent Liabilities :</b>		
<b>(a) Disputed Liabilities in Appeal:</b>		
(i) Income Tax demands	1,139	807

**18 Disclosure with respect to Micro, Small and Medium Enterprises Development act, 2006**

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED 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 request made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

Particulars	31.03.2019	31.03.2018
1) The Principal amount remaining unpaid to any supplier at the end of each accounting year	-	-
2) Interest due remaining unpaid to any supplier at the end of each accounting year	-	-
3) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
4) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
5) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
6) 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 enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-



**QUANTUM KNITS PRIVATE LIMITED**

Notes forming part of the financial statements for the year ended 31.03.2019

**19 Corporate Social Responsibility Expenditure**

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to ₹ 14 Lakhs (Pr.Yr. ₹ 27 Lakhs). Amount spent during the year on CSR activities (included in note 14 of the Statement of Profit & Loss) as under:

Particulars	(₹ in Lakhs)	
	For the year Ended	
	31.03.2019	31.03.2018
Promotion of Education	14	27
<b>Total</b>	<b>14</b>	<b>27</b>

**20 Related Party disclosures**

Disclosures under "Ind AS" 24- Related Party Disclosure, as identified and disclosed by the management and relied upon by the Auditors:

**20.1 Name of related parties and nature of relationships:**

Holding Company	M/s. K.P.R.Mill Limited
Key Management Personnel	Sri K.P.Ramasamy Sri KPD Sigamani Sri P.Nataraj
Relatives of Key Management Personnel	Sri C.R.Anandakrishnan (Son of Sri K.P.Ramasamy) Sri E.K.Sakthivel (Daughter's Husband of Sri.KPD Sigamani) Smt D.Geetha (Daughter of Sri.KPD Sigamani)
Enterprises owned by key management personnel/Directors or their relatives	M/s K.P.R.Developers Limited M/s K P R Cements Private Limited M/s K P R Holdings Private Limited M/s K P R Agro Farms Private Limited M/s Jahnavi Motors Private Limited M/s Galaxy Knits Limited M/s KPR Exports Plc, Ethiopia M/s K.P.R.Sugar Mill Limited

**20.2 Transactions during the year with related parties / Key Management Personnel are as under :**

(₹ in Lakhs)

Nature of Transaction	Enterprises owned by key management personnel / Directors or their relatives	Holding Company	Total as on 31/03/2019
Amount Receivable	1,967 (1,976)	20 -	1,987 (1,976)

Note: Figures in brackets relates to the previous year



**QUANTUM KNITS PRIVATE LIMITED**

Notes forming part of the financial statements for the year ended 31.03.2019

**20.3 Details of transactions with related parties**

<b>a. Amount Receivable</b> (₹ in Lakhs)		
Name	2018-19	2017-18
M/s.K.P.R. Mill Limited	20	-
M/s.K.P.R. Sugar Mill Limited	1,967	1,976
	1,987	1,976

<b>21 Earnings Per Share (EPS)</b> (₹ in Lakhs)		
Particulars	2018-19	2017-18
Profit for the year attributable to equity shareholders	(17)	(28)
Weighted average number of Shares	1,00,000	1,00,000
Face Value Per Share (₹)	10	10
Earnings Per Share (₹) - Basic and Diluted	(17.00)	(28.00)

The notes from 1 to 21 are an integral part of these financial statements.

For and on behalf of the Board of Directors

"To be read with my report of even date"

  
**K.P.Ramasamy**

Chairman

DIN: 00003736

  
**KPD Sigamani**

Director

DIN: 00003744

Coimbatore

16.04.2019

  
**A.Vetrivel**

Chartered Accountant

  
**P.Nataraj**

Director

DIN: 00229137

**A.VETRIVEL, B.Sc., F.C.A.**  
CHARTERED ACCOUNTANT

M.No. 25028

1/1, SETH NARAYANDAS LAY-OUT-II

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