



Date :

INDEPENDENT AUDITORS' REPORT
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, 2020, and the 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, 2020, 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 my report. I am independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the financial statements under the provisions of the 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 on the financial statements.



**M/S. QUANTUM KNITS PRIVATE LIMITED
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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 and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IndAS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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.



**M/S. QUANTUM KNITS PRIVATE LIMITED
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In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 our independence, and where applicable, related safeguards.



**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.
2. (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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - 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".



**M/S. QUANTUM KNITS PRIVATE LIMITED
COIMBATORE**

(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 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, 2020 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):

In my opinion and according to the information and explanations given to me, no remuneration is paid by the company to its directors during the current year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by me.

UDIN: 20025028AAAAFO6816

Place: Coimbatore

Date: June 24, 2020



CA.A.VETRIVEL

M.NO.25028



**M/S. QUANTUM KNITS PRIVATE LIMITED
COIMBATORE**

**Annexure A to the Independent Auditors' report on the audit of the financial statements of
M/S. QUANTUM KNITS PRIVATE LIMITED for the year ended March 31, 2020**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets 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 fixed assets 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.
- (ii) There is no opening inventory as on 01.04.2019 and closing inventories of the Company as on 31.03.2020.
- (iii) 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.
- (iv) In my opinion and according to the information and explanations given to me, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made and, guarantees and securities given, as applicable.
- (v) 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.



**M/S. QUANTUM KNITS PRIVATE LIMITED
COIMBATORE**

- (vi) The Company has not doing business activity during the year 2018-19, hence the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013, is not applicable.
- (vii) (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, 2020 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, sales 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 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

- (viii) 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.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to me, monies raised by way of term loans have been applied for the purpose for which they were raised.
- (x) 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**

- (xi) 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.
- (xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to me and based on my examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such related party transactions have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to me and based on my examination of the records of the Company, the Company has not made 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.
- (xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

UDIN: 20025028AAAAFO6816
Place: Coimbatore
Date: June 24, 2020


C.A.A. VETRIVEL
M.NO.25028



**M/S. QUANTUM KNITS PRIVATE LIMITED
COIMBATORE**

**Annexure B to the Independent Auditors' report on the audit of the financial statements of
M/S.QUANTUM KNITS PRIVATE LIMITED for the year ended March 31, 2020**

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 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of my 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, 2020 in conjunction with my 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, 2020, 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 and Board of Directors' 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").



**M/S. QUANTUM KNITS PRIVATE LIMITED
COIMBATORE**

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 I 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 judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls 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



**M/S. QUANTUM KNITS PRIVATE LIMITED
COIMBATORE**

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.

UDIN: 20025028AAAAFO6816
Place: Coimbatore
Date: June 24, 2020


CA.A.VETRIVEL
M.NO.25028



QUANTUM KNITS PRIVATE LIMITED
BALANCE SHEET AS AT 31.03.2020

(₹ in Lakhs)

	Note	As at 31.03.2020	As at 31.03.2019
ASSETS			
(1) Non - current assets			
(a) Property, plant and equipment	4	40	43
(b) Other non current assets	5	1,962	1,985
Total non - current assets		2,002	2,028
(2) Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	6	6	10
(b) Other current assets	7	24	24
Total current assets		30	34
Total assets		2,032	2,062
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	8	10	10
(b) Other equity	9	2,007	2,022
Total equity		2,017	2,032
(2) Non-current liabilities			
(a) Deferred tax liabilities (Net)	10	9	9
Total non - current liabilities		9	9
(3) Current liabilities			
(a) Other current liabilities	11	6	21
Total current liabilities		6	21
Total equity and liabilities		2,032	2,062

Significant accounting policies

3

The notes from 1 to 20 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


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. 200 / 25028
1/1, SETH NARAYANDAS LAY-OUT-II
TATABAD, COIMBATORE - 641 012
Ph : 2495760, 4378813

Coimbatore
24.06.2020

QUANTUM KNITS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31.03.2020

(₹ in Lakhs)

	Note	Year Ended	
		31.03.2020	31.03.2019
I. Revenue from operations		-	-
II. Other income		-	-
III. Total Income (I+II)		-	-
IV. Expenses			
Purchase of stock-in-trade		-	-
Changes in inventories of stock in trade		-	-
Employee benefits expense	12	12	-
Finance costs		-	-
Depreciation and amortisation expenses	4	3	3
Other expenses	13	-	14
V. Total expenses		15	17
VI. Profit before tax (III-V)		(15)	(17)
VII. Tax expenses			
Current tax			
- Pertaining to current period		-	-
- Pertaining to prior period		-	-
Deferred tax		-	-
Income tax expense		-	-
VIII. Profit for the year (VI-VII)		(15)	(17)
Other comprehensive income			
Item that will be reclassified to profit or loss		-	-
Item that will not be reclassified to profit or loss		-	-
IX. Net other comprehensive income		-	-
X. Total comprehensive income for the year (VIII+IX)		(15)	(17)
Earnings per equity share (EPS)			
Basic and diluted EPS (in ₹)	20	(15)	(17)

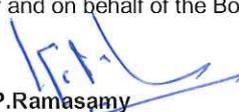
Significant accounting policies

3

The notes from 1 to 20 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

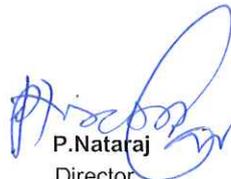

KPD Sigamani

Director

DIN: 00003744

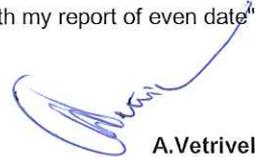
Coimbatore

24.06.2020


P. Nataraj

Director

DIN: 00229137


A. Vetrivel

Chartered Accountant

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

CHARTERED ACCOUNTANT

M.No. 200 / 25028

1/1, SETH NARAYANDAS LAY-OUT-II

TATABAD, COIMBATORE - 641 012

Ph : 2495760, 4378813

QUANTUM KNITS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

(₹ in Lakhs)

PARTICULARS	Year Ended	
	31.03.2020	31.03.2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	(15)	(17)
Adjustments for:		
Depreciation and amortisation expense	3	3
Operating profit before Working Capital changes	(12)	(14)
Changes in Working Capital:		
Adjustments For (increase) / decrease in operating assets:		
Other current assets	-	(23)
Other non current assets	23	9
Adjustments for increase / (decrease) in operating liabilities:		
Other current liabilities	(15)	21
Cash Generated by Operations	(4)	(6)
Net income tax (paid)	-	-
Net Cash Generated by Operating Activities	(A) (4)	(6)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Receipts	-	-
Net Cash flow Used In Investing Activities	(B) -	-
CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs paid	-	-
Net Cash flow used in Financing Activities	(C) -	-
Net increase in cash and cash equivalents	(A+B+C) (4)	(6)
Add: Opening cash and cash equivalents	10	16
Closing Cash and Cash Equivalents (Refer Note No 6)	6	10
Closing Cash and Cash Equivalents Comprises		
(a) Balance with Banks:		
i) In Current accounts	6	10
	6	10

Significant accounting policies

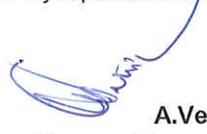
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The notes from 1 to 20 are an integral part of these financial statements

For and on behalf of the Board of Directors

"To be read with my report of even date"


K.P. Ramasamy
Chairman
DIN: 00003736


A. Vetrivel
Chartered Accountant


KPD Sigamani
Director
DIN: 00003744


P. Nataraj
Director
DIN: 00229137



Coimbatore
24.06.2020

QUANTUM KNITS PRIVATE LIMITED

Statement of changes in Equity for the year ended March 31, 2020

a. Equity Share Capital

(₹ in Lakhs)

Balance as at April 01, 2018	10
Changes during the year	-
Balance as at March 31, 2019	10
Changes during the year	-
Balance as at March 31, 2020	10

b. Other Equity

(₹ in Lakhs)

Particulars	Securities Premium Reserve	Capital Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at April 01, 2018	-	-	130	1,909	2,039
Profit for the year	-	-	-	(17)	(17)
Balance as at March 31, 2019	-	-	130	1,892	2,022
Profit for the year	-	-	-	(15)	(15)
Balance as at March 31, 2020	-	-	130	1,877	2,007

Significant accounting policies 3

The notes from 1 to 20 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


P. Nataraj

Director

DIN: 00229137


A. Vetrivel

Chartered Accountant



Coimbatore

24.06.2020

QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements for the year ended 31.03.2020

E CURRENT AND NON-CURRENT CLASSIFICATION

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

F CHANGES IN ACCOUNTING POLICIES.

Except for the changes below, the Company has consistently applied the accounting policies to all the periods present in these financial statements.

The Company applied Ind AS 116, Leases, with effect from 01.04.2019, and has changed its accounting policy for lease contracts as detailed below.

The Company applied Ind AS 116 using the modified retrospective approach. The Company has applied the standard to its leases, on a lease by lease basis, by taking an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (01.04.2019). Accordingly, the comparative information presented for the year ended 31.03.2019 is not restated – i.e. it is presented, as previously reported, under Ind AS 17. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) INVENTORIES

There is no opening and closing stock for the company

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.



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements for the year ended 31.03.2020

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.

Subsequent expenditure

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company.

Component accounting

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation:

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives using the straight-line method and is generally recognised in the Statement of profit and loss. Freehold land is not depreciated.

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 for the current and the comparative period are as follows :

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. Based on technical assessment and consequent advice, the management believes that its estimate of useful life as given above best represent the period over which management expects to use the asset.

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

Capital work-in-progress

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements for the year ended 31.03.2020

E) REVENUE RECOGNITION

There is no sales during this financial year 2019 -2020

F) 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.

G) BORROWING COSTS

Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are considered as adjustment to interest costs) incurred in connection with the borrowings of funds. 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.

H) 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.

I) INCOME TAXES

The applicable provision does not arise, as there is no income earned during the year 2019-2020

J) 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.



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements for the year ended 31.03.2020

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).

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.



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements for the year ended 31.03.2020

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.

K) 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

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

There are no new standard or amendments to the existing standards notified by the Ministry of Corporate Affairs ("MCA") which would become applicable from 01.04.2020.



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements for the year ended 31.03.2020

(₹ in Lakhs)

		As at	
		31.03.2020	31.03.2019
5	OTHERS NON CURRENT ASSETS		
	Advances other than capital advances		
	Advance for purchases	1944	1967
	Refund due from income tax	18	18
		1,962	1,985
6	CASH AND CASH EQUIVALENTS		
	Balance with Banks		
	i) In Current accounts	6	10
		6	10
7	OTHER CURRENT ASSETS		
	Advance for purchase	22	22
	Balances with Government Authorities		
	GST credit receivable	2	2
		24	24



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements for the year ended 31.03.2020

(₹ in Lakhs)

		As at		
		31.03.2020	31.03.2019	
8 EQUITY SHARE CAPITAL				
a) Authorised				
1,00,000 (Pr.Yr.1,00,000) Equity Shares of ₹ 10 each with voting rights		10	10	
		10	10	
b) Issued, Subscribed & Fully Paid up				
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 Terms / Rights to Shares				
Equity Shares:				
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.				
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 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period				
Equity Shares with voting rights	For the Year Ended 31.03.2020		For the Year Ended 31.03.2019	
Particulars	Number of Shares	(₹ in Lakhs)	Number of Shares	(₹ in Lakhs)
At the beginning of the year	1,00,000	10	1,00,000	10
Changes during the year	-	-	-	-
Outstanding at the end of the year	1,00,000	10	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 Details of Shareholders holding more than 5% shares in the company				
Particulars	Number of Shares	%	Number of Shares	%
M/s K P R Mill Limited	1,00,000	100	1,00,000	100



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements for the year ended 31.03.2020

(₹ in Lakhs)

		As at	
		31.03.2020	31.03.2019
9	OTHER EQUITY		
	General Reserve		
	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>		
	Retained Earnings		
	Opening balance	1,892	1,909
	Add: Profit for the year	(15)	(17)
	Closing balance (B)	1,877	1,892
	<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>		
	Total (A+B)	2,007	2,022
10	DEFERRED TAX LIABILITIES		
	Deferred tax liabilities	9	9
	Net deferred tax liabilities	9	9
	CURRENT LIABILITY		
11	OTHER CURRENT LIABILITIES		
	Statutory payables	6	21
		6	21



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the financial statements for the year ended 31.03.2020

14 INCOME TAX

(₹ in Lakhs)

Particulars	2019-20	2018-19
Income tax recognised in profit or loss		
Current tax		
Current income tax charge	-	-
Adjustment in respect of current income tax of prior years	-	-
Mat Credit entitlement	-	-
Deferred tax		
In respect of current year	-	-
Total	-	-

14.1 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	
	2019-20	2018-19	2019-20	2018-19
Profit before tax			(15)	(17)
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	-	-	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	0.00%	-	-
Income tax recognised in profit or loss	-	0.00%	-	-

15 Payment to Auditor

(₹ in Lakhs)

Particulars	2019-20	2018-19
Audit Fees	0.10	0.10
Expenses (incl. Service Tax)	-	-
Total	0.10	0.10



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the financial statements for the year ended 31.03.2020

18 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 ₹ Nil (Pr.Yr. ₹ 14 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	
	31.03.2020	31.03.2019
Promotion of Education	-	14
Total	-	14

19 Related Party disclosures

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

19.1 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.Anandkrishnan (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 Jahnvi Motors Private Limited M/s Galaxy Knits Limited M/s KPR Exports Plc, Ethiopia M/s K.P.R.Sugar Mill Limited M/s KPR Mill Pte Limited, Singapore

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

Nature of Transaction	Enterprises owned by key management personnel / Directors or their relatives	Holding Company	(₹ in Lakhs)
			Total as on 31/03/2019
Advance receivable from customers	1,944 (1,967)	20 (20)	1,964 (1,987)

Note: Figures in brackets relates to the previous year



QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the financial statements for the year ended 31.03.2020

19.3 Details of transactions with related parties

a. Amount Receivable		(₹ in Lakhs)	
Name	2019-20	2018-19	
M/s.K.P.R. Mill Limited	20	20	
M/s.K.P.R. Sugar Mill Limited	1,944	1,967	
	1,964	1,987	

20 Earnings Per Share (EPS)		(₹ in Lakhs)	
Particulars	2019-20	2018-19	
Profit for the year attributable to equity shareholders	(15)	(17)	
Weighted average number of Shares	1,00,000	1,00,000	
Face Value Per Share (₹)	10	10	
Earnings Per Share (₹) - Basic and Diluted	(15.00)	(17.00)	

The notes from 1 to 20 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


A.Vetrivel
Chartered Accountant


KPD Sigamani
Director
DIN: 00003744


P.Nataraj
Director
DIN: 00229137

A. VETRIVEL, B.Sc., F.C.A.
CHARTERED ACCOUNTANT
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Coimbatore
24.06.2020