QUANTUM KNITS PVT LIMITED

FINANCIALS FOR THE FY – 2016-17

INDEPENDENT AUDITOR'S REPORT
To the Members of Quantum Kints Private Limited
Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Quantum Knits Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

Sd/-
C.R. Rajagopal
Partner
(Membership No.23418)

Place: Coimbatore
Date: 28 April 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Quantum Knits Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

Sd/-
C.R. Rajagopal
Partner
(Membership No. 23418)

Place: Coimbatore
Date: 28 April 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 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 the fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold land or leasehold land and buildings and hence reporting under clause (i) (c) of the Order is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence compliance with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended with regard to the deposits accepted is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Textile. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie,* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Sales tax, Value added tax, Income-tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Sales tax, Value added tax, Income-tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of value added tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

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)
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	Joint Commissioner (Commercial taxes), Coimbatore	2012-13	4.92	4.92
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	Joint Commissioner (Commercial taxes), Coimbatore	2013-14	1.15	1.15

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has taken any borrowings from financial institutions or government and has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In respect of term loans, in our opinion and according to the information and explanations given to us, these have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private Company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I A of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**

Chartered Accountants
(Firm's Registration No.008072S)

Sd/-
C.R. Rajagopal
Partner
(Membership No.23418)

Place: Coimbatore
Date: 28 April 2017

QUANTUM KNITS PRIVATE LIMITED

BALANCE SHEET AS AT 31.03.2017

	Note	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
		(₹ in Lakhs)		
ASSETS				
(1) **Non - Current Assets**				
(a) Property, Plant & Equipment	5	49	52	55
(b) Other Non Current Assets	6	2,021	1,821	-
Total Non - Current assets		**2,070**	1,873	55
(2) **Current Assets**				
(a) Inventories	7	-	-	355
(b) Financial Assets				
(i) Trade Receivables	8	7	993	1,413
(ii) Cash & Cash Equivalents	9	9	194	615
(iii) Other Financial Assets	10	-	4	236
(c) Other Current Assets	11	-	12	6,512
Total Current Assets		**16**	1,203	9,131
Total Assets		**2,086**	3,076	9,186
EQUITY AND LIABILITIES				
(1) **Equity**				
(a) Equity Share Capital	12	**10**	10	10
(b) Other Equity	13	**2,067**	2,025	1,958
Total Equity		**2,077**	2,035	1,968
(2) **Non-Current Liabilities**				
(a) Deferred Tax Liabilities (Net)	14	**8**	8	-
Total Non - Current Liabilities		**8**	8	-
(3) **Current Liabilities**				
(a) Financial Liabilities				
(i) Borrowings	15	-	879	-
(ii)Trade Payables	16	-	21	70
(iii)Other Financial Liabilities	17	-	3	13
(b) Other Current Liabilities	18	1	4	7,069
(c) Current Tax Liabilities(Net)	19	-	126	66
Total Current Liabilities		**1**	1,033	7,218
Total Equity and Liabilities		**2,086**	3,076	9,186
See accompanying notes forming part of the financial statements				

For and on behalf of the Board of Directors

"In terms of our report attached"
For **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-
K.P.Ramasamy
Chairman

Sd/-
C.R.Rajagopal
Partner

Sd/-
KPD Sigamani
Director

Sd/-
P.Nataraj
Director

Coimbatore
28.04.2017

Coimbatore
28.04.2017

QUANTUM KNITS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31.03.2017

(₹ in Lakhs)

	Note	Year Ended	
		31.03.2017	31.03.2016
I. Revenue from Operations (Gross)	20	**408**	11,263
II. Other Income	21	4	11
III. Total Revenue (I+II)		**412**	11,274
IV. Expenses			
Purchase of Stock-in-Trade	22	196	8,587
Changes in Inventories of Stock in Trade	23	-	355
Employee Benefits Expense	24	53	156
Finance Costs	25	33	49
Depreciation and Amortization Expense	5	3	3
Other Expenses	26	40	148
V. Total Expenses		**325**	9,298
VI. Profit Before Tax (III-V)		**87**	1,976
VII. Tax Expense			
Current Tax			
- Pertaining to current year		42	696
- Pertaining to prior years		3	1
Deferred Tax Expense		-	8
Net Tax Expenses		45	705
VIII. Profit for the year (VI-VII)		**42**	1,271
IX. Other Comprehensive Income			
Item that will be reclassified to profit or loss			
Remeasurement of Actuarial gain / loss on employee defined benefit plans			
X. Total Comprehensive Income for the year (VIII+IX)		**42**	1,271
Earnings per equity share:			
Basic & Diluted (in ₹)	34	42	1,271
See accompanying notes forming part of the financial statements			

For and on behalf of the Board of Directors

"In terms of our report attached"
For **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-
K.P.Ramasamy
Chairman

Sd/-
KPD Sigamani
Director

Sd/-
P.Nataraj
Director

Sd/-
C.R.Rajagopal
Partner

Coimbatore
28.04.2017

Coimbatore
28.04.2017

QUANTUM KNITS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

PARTICULARS		Year Ended 31.03.2017	Year Ended 31.03.2016
		(₹ in Lakhs)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year		**42**	1,271
Adjustments for:			
Income Tax Expenses recognised in the statement of profit and loss		45	705
Depreciation and amortisation expense		3	3
Finance Costs		33	49
Interest Income		-	(2)
Operating profit before Working Capital changes		**123**	2,026
Changes in Working Capital:			
Adjustments For (Increase) / Decrease in Operating Assets:			
Inventories		-	355
Trade Receivables		986	420
Other Current Assets		12	6,500
Other Non Current Assets		(200)	(1,821)
Other Financial Assets		4	232
Adjustments for Increase / (Decrease) in Operating Liabilities:			
Borrowings		(879)	879
Trade Payables		(21)	(49)
Other Current Liabilities		(6)	(7,075)
Cash Generated by Operations		**19**	1,467
Net Income Tax (Paid)		(171)	(637)
Net Cash Generated by Operating Activities	**(A)**	**(152)**	830
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Receipts		-	2
Net Cash flow Used In Investing Activities	**(B)**	-	2
CASH FLOW FROM FINANCING ACTIVITIES			
Finance Costs Paid		(33)	(49)
Dividend Paid		-	(1,000)
Tax on Dividend		-	(204)
Net Cash flow used in Financing Activities	**(C)**	**(33)**	(1,253)
Net Increase in Cash and Cash Equivalents	**(A+B+C)**	(185)	(421)
Add: Opening Cash and Cash Equivalents		194	615
Closing Cash and Cash Equivalents (Refer Note No 9)		**9**	194
Closing Cash and Cash Equivalents Comprises			
(a) Cash on Hand		-	1
(b) Balance with Banks:			
i) In Current Accounts		9	193
		9	194
See accompanying notes forming part of the financial statements			

For and on behalf of the Board of Directors

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-
K.P.Ramasamy
Chairman

Sd/-
C.R.Rajagopal
Partner

Sd/-
KPD Sigamani
Director

Sd/-
P.Nataraj
Director

Coimbatore
28.04.2017

Coimbatore
28.04.2017

QUANTUM KNITS PRIVATE LIMITED

Statement of changes in Equity for the year ended March 31, 2017

a. Equity Share Capital

	(₹ in Lakhs)
Balance as at April 01, 2015	10
Changes during the year	-
Balance as at March 31, 2016	**10**
Changes during the year	-
Balance as at March 31, 2017	10

b.Other Equity

(₹ in Lakhs)

Particulars	Securities Premium Reserve	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at April 01, 2015	-	-	-	3	1,955	1,958
Transfer from Surplus in the Statement of Profit & Loss	-	-	-	127		127
Profit for the year	-	-	-	-	1,271	1,271
Interim Dividend	-	-	-	-	(1,000)	(1,000)
Tax on Dividend	-	-	-	-	(204)	(204)
Transfer to General Reserve	-	-	-	-	(127)	(127)
Balance as at March 31, 2016	-	-	-	**130**	**1,895**	**2,025**
Profit for the year	-	-	-	-	42	42
Balance as at March 31, 2017	-	-	-	**130**	**1,937**	**2,067**

For and on behalf of the Board of Directors

"In terms of our report attached"
For **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-
K.P.Ramasamy
Chairman

Sd/-
KPD Sigamani
Director

Sd/-
P.Nataraj
Director

Sd/-
C.R.Rajagopal
Partner

Coimbatore
28.04.2017

Coimbatore
28.04.2017

1 Company Overview

Quantum Knits Private Limited 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 SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION AND PRESENTATION

STATEMENT OF COMPLIANCE

i)The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) Amendment Rules, 2016.

(ii)For all periods up to and including the year ended 31 March 2016, the Company prepared and presented its financial statements in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP"). These financial statements for the year ended 31 March 2017 are the first financial statements the Company has prepared in accordance with Ind AS. Reconciliation and description of the effect of the transition from Indian GAAP to Ind AS is given in Note 4.

The financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value at the end of the reporting period (refer accounting policy regarding fair value measurement)

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

B) BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) and

iii. Defined benefit and other long-term employee benefits.

C) USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with Ind AS requires management to make 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 a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

A) INVENTORIES

Inventories are valued at the lower of cost (e.g. on FIFO / specific identification method) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

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 flow are reported using indirect method, whereby profit / (loss) before extraordinary items and tax 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.

D) DEPRECIATION

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

E) REVENUE RECOGNITION

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Sale of Service is recognised when services are rendered and related costs are incurred.

F) OTHER INCOME

Dividend Income is recognised when right to receive the income is established. Interest income is recognised on time proportion basis (accrual basis) taking into account the amount outstanding and rate applicable. Export incentives are accounted in the year of exports based on eligibility and expected amount on realisation.

G) PROPERTY PLANT AND EQUIPMENTS

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Machinery Spares including spare parts, stand-by and servicing equipment are capitalised as property, plant and equipment if they meet the definition of property, plant and equipment i.e. if the company intends to use these for more than a period of 12 months. These spare parts capitalized are depreciated as per Ind AS 16.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset

INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Estimated useful lives of the assets are as follows:

Factory Building	~ 30 Years
Non Factory Building	~ 60 Years
Plant & Equipments	~ 21 Years
Electrical	~ 14 Years
Computers	~ 3 Years
Furnitures	~ 10 Years
Vechiles	~ 8-10 Years
Wind Mill	~ 12 Years
Intangible assets	~ 3 Years

Capital work-in-progress

Properties 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. Such properties 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.

H) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within the account caption pertaining to the nature of transaction.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

I) GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

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 in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

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) 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. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(b) Long Term Post Retirement

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

i) 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.

ii) Gratuity Fund

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

iii) Leave encashment

There is no scheme for encashment of unavailed leave.

K) 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.

L) SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

M) EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

N) TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

i) CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

iii) CURRENT AND DEFERRED TAX FOR THE YEAR

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) RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

P) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units, for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss

Q) PROVISIONS

Provision are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

R) INSURANCE CLAIMS

Insurance claims are accounted on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

S) SERVICE TAX INPUT CREDIT

Service tax input credit is accounted in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

T) EXCISE DUTY

The Company has opted to adopt 'Exempted Route' under Central Excise Rules for local sales. Accordingly, CENVAT credit on inputs is not available to the Company and no excise duty is payable on sales of manufactured goods.

U) OPERATING CYCLE

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.

4 EXPLANATION OF TRANSITION TO IND AS

The Company's financial statements for the year ended 31 March, 2017 are the first annual financial statement prepared by the company in order to comply with Ind AS.The adoption of Ind AS was carried out in accordance with Ind AS 101, using 1 April,2015 as the transition date. The transition was carried out from previous GAAP(based on the AS framework) to Ind AS.

Ind AS 101 generally requires full retrospective application of the standards in force at the first reporting date. However, Ind AS 101 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process.

i. Explanation of material adjustments to statement of cash flows for the year ended 31 March, 2016:

The transition from previous GAAP to Ind AS has no material impact on the Statement of cash Flows except bank overdraft which has been considered as part of cash & cash equivalent.

QUANTUM KNITS PRIVATE LIMITED

5. Property, Plant & Equipment

(₹ in Lakhs)

Particulars	Plant & Equipment	Total
Cost		
Gross Block as on April 01, 2015	60	60
Accumulated Depreciation as on April 01, 2015	(5)	(5)
Cost as on April 01, 2015	**55**	**55**
Additions	-	-
Disposals	-	-
Depreciation expense	(3)	(3)
Balance as at March 31, 2016	**52**	**52**
Additions	-	-
Disposals	-	-
Depreciation expense	(3)	(3)
Eliminated on Disposal of Asset	-	-
Balance as at March 31, 2017	**49**	**49**

QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements

		As at		
		31.03.2017	31.03.2016	01.04.2015
		(₹ in Lakhs)		
6	**OTHERS NON CURRENT ASSETS**			
	Advances other than capital advances			
	Advance for Purchases	2020	1821	-
	Advance Tax *	1	-	-
		2,021	**1,821**	-
	* Net of Current Tax ₹ 43 Lakhs (Pr.Yr.Nil)			
7	**INVENTORIES**			
	(At lower of cost & Net realisable value)			
	Stock-in-trade	-	-	355
		-	-	**355**
	The Cost of Inventories recognised during the year Nil(Pr.Yr. Nil)			
	The Mode of Valuation of inventories has been stated in Note 3A.			
	Average age of inventory is less than 90 days only.			
	FINANCIAL ASSETS			
8	**TRADE RECEIVABLES**			
	Unsecured and Considered good			
	Trade Receivables	7	993	1,413
		7	**993**	**1,413**
	(i)The average credit period ranges from 30 days to 90 days.			
	(ii) Since we are having whole turnover insurance policy for our domestic as well as export business, expected credit loss provision does not required.			
9	**CASH AND CASH EQUIVALENTS**			
	Cash on Hand *	-	1	1
	Balance with Banks			
	i) In Current Accounts	9	193	465
	ii) In EEFC Accounts	-	-	122
		9	194	588
	Other Bank Balances			
	i) In Deposit Accounts	-	-	27
	Total as per IND AS 7	**9**	**194**	**615**

Of the above, the balances that meet the definition of cash and cash equivalents as per Ind AS 7 Cash Flow Statements is ₹ 9 Lakhs (Pr.Yr. ₹ 194 Lakhs).

* The details of Specified Bank Notes (SBN) held and transacted during the period November 08, 2016 to December 30, 2016 are:

(in ₹)

Particulars	SBN	Other Notes	Total
Closing cash on hand as on November 08, 2016	1,16,000	265	1,16,265
Add : Permitted receipts	-	2,48,000	2,48,000
Less : Permitted payments	-	-	-
Less : Amount deposited in Banks	1,16,000	-	1,16,000
Closing cash on hand as on December 30, 2016	-	2,48,265	2,48,265

		31.03.2017	31.03.2016	01.04.2015
10	**OTHER FINANCIAL ASSET**			
	Income Receivable	-	4	236
		-	**4**	**236**
11	**OTHER CURRENT ASSETS**			
	Advances Other Than Capital Advances			
	Advance for Purchase	-	1	6,493
	(Unsecured and Considered good unless otherwise stated)	-	11	12
	OTHERS			
	Others (Primarily prepaid expenses)	-	-	2
	Balances with Government Authorities			
	VAT Credit Receivable	-	-	5
		-	**12**	**6,512**

		As at		
		31.03.2017	31.03.2016	01.04.2015
		(₹ in Lakhs)		
12	**EQUITY SHARE CAPITAL**			
	a) Authorised			
	1,00,000 (March 31, 2016: 1,00,000 and April 1, 2015: 1,00,000) Equity Shares of ₹10 each with voting rights	10	10	10
		10	10	10
	b) Issued, Subscribed & Fully Paid up			
	1,00,000 (March 31, 2016:1,00,000 and April 1, 2015:1,00,000) Equity Shares of ₹10 each fully paid-up with voting rights	10	10	10
		10	**10**	**10**

12.1 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. The company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

During the year, the amount of per share interim dividend paid to equity shareholders is Nil (31st March 2016: ₹ 1000) and per share final dividend recommended for distribution to equity shareholders is ₹ Nil (31st March 2016: ₹ Nil).

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.

12.2 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 31.03.2017**		**For the Year Ended 31.03.2016**	
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.

12.3 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

		As at		
		31.03.2017	31.03.2016	01.04.2015
		(₹ in Lakhs)		
13	OTHER EQUITY			
	General Reserve			
	Opening Balance	130	3	3
	Add: Transfer from Surplus in the Statement of Profit and Loss	-	127	-
	Closing Balance	130	130	3
	The General reserve is used from time to time to transfer profits from retained earnings for appropriations purposes.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 be reclassified subsequently to profit or loss.			
	Retained Earnings			
	Opening Balance	1,895	1,955	618
	Add: Profit for the year	42	1,271	1,337
	Less:			
	Interim Dividend	-	1,000	-
	Tax on Dividend			
	Tax on Interim Dividend	-	204	-
		-	204	-
	Transferred to:			
	General Reserve	-	127	-
	Closing Balance	1,937	1,895	1,955
		2,067	**2,025**	**1,958**
14	DEFERRED TAX LIABILITIES (NET)			
	Tax effect of items constituting deferred tax liabilities:			
	Deferred Tax Liabilities			
	i) On difference between book balance and tax balance of fixed assets	8	-	-
	Deferred Tax Assets			
	i) Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	-	8	-
	Closing Balance	**8**	**8**	-
	Opening Balance	-	-	-
	Net Deferred Tax Charge / (Credit)	**8**	**8**	-
	CURRENT LIABILITY			
15	BORROWINGS			
	Loans repayable on demand			
	From Banks (Secured):			
	Packing Credit	-	879	-
		-	**879**	-
15.1	For Working capital loan, the first charge has been given to the respective lenders by way of hypothecation of inventories and book debts. The Holding Company issued a Corporate Guarantee amount Nil (Pr. Yr. ₹ 13,000 Lakhs) towards working capital facility.			
15.2	The Company has not defaulted in its repayments of the loans and interest for the period.			
16	TRADE PAYABLES			
	Total outstanding dues of creditors other than micro and small enterprises:			
	Other than Acceptances (Refer Note 29)	-	21	70
		-	**21**	**70**
	The average credit period on purchase of goods and services are with in 30 days. Trade payable are non -interest bearing.			
17	OTHER FINANCIAL LIABILITIES			
	Statutory payables	-	3	13
		-	**3**	**13**
18	OTHER CURRENT LIABILITIES			
	Liabilities for Expenses			
	Advance from Customers	1	4	7,069
		1	**4**	**7,069**
19	CURRENT TAX LIABILITIES			
	Provision for Tax *	-	126	66
		-	**126**	**66**
	* Net of Advance Tax Paid Nil (Pr Yr ₹ 570 Lakhs)			

QUANTUM KNITS PRIVATE LIMITED
Notes forming part of the Financial Statements

		For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
19.1	INCOME TAX RECOGNISED IN PROFIT & LOSS		
	Current Tax	42	696
	Current Income Tax charge		
	Adjustment in respect of Current Income Tax of Prior years	3	1
		45	697
	Deferred Tax		
	In respect of current year	-	8
		45	705
	The Income tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit before tax	87	1,976
	Income Tax Expense calculated @ 34.608%	30	684
	Effect of expenses that is exempt from taxation	(5)	(4)
	Effect of expenses that are not deductible iun determing taxable profit	17	16
		42	696
	Adjustments recognised in he current year in relation to the current tax of prior years	3	1
	Deferred Tax for current year	-	8
	Total Income Tax recognised	45	705

QUANTUM KNITS PRIVATE LIMITED

Notes Forming part of the Financial Statements (₹ in Lakhs)

		Year Ended	
		31.03.2017	31.03.2016
20	**REVENUE FROM OPERATIONS**		
	Sale of Products (Refer Note 20.1)	301	10,028
	Other Operating Revenues (Refer Note 20.2)	107	1,235
		408	**11,263**
20.1	**Sale of Products**		
	Garment	301	10,028
		301	**10,028**
20.2	**Other Operating Revenues**		
	Export Incentives	107	675
	Others	-	560
		107	**1,235**
21	**OTHER INCOME**		
	Interest from		
	Bank Deposits	-	2
	Miscellaneous Income	4	9
		4	**11**
22	**PURCHASE OF STOCK IN TRADE**		
	a) Opening Stock		
	Yarn & Fabric	-	-
		-	-
	b) Add: Purchases & Production Expenses		
	Yarn, Fabric & Garments	187	7,972
	Production Expenses	9	209
	Trims, Packing & Others (Consumption)	-	406
		196	**8,587**
	c) Less : Closing Stock		
	Yarn & Fabric	-	-
		-	-
		196	**8,587**

QUANTUM KNITS PRIVATE LIMITED

Notes Forming part of the Financial Statements

(₹ in Lakhs)

		Year Ended	
		31.03.2017	31.03.2016
23	**CHANGES IN INVENTORIES OF STOCK IN TRADE**		
	a) Inventories at the beginning of the year		
	Stock in Trade	-	355
		-	355
	b) Inventories at the end of the year		
	Stock In Trade	-	-
		-	-
	Net (Increase) / Decrease	-	**355**
24	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and Wages, including bonus	52	151
	Contribution to Provident & Other Funds	1	5
		53	**156**
25	**FINANCE COSTS**		
	Interest Expense on		
	Working Capital Loans	11	6
	Others	22	43
		33	**49**
26	**OTHER EXPENSES**		
	Professional Fees	3	9
	Payment to Auditors (Refer Note 28)	3	3
	Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013	28	17
	General Expenses	3	14
	Selling Expenses		
	Freight & Forwarding	3	100
	Other Selling Expenses	-	5
		40	**148**

QUANTUM KNITS PRIVATE LIMITED
Notes forming part of the Financial Statements

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

(₹ in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Contingent Liabilities :		
(a) Disputed Liabilities in Appeal:		
(i) Income Tax demands	2,050	2,857
(ii) Sales Tax demands	-	11

28 Payment to Auditor **(₹ in Lakhs)**

Particulars	2016-17	2015-16
Audit Fees	3	3
Expenses (incl. Service Tax)	-	-
Total	3	3

29 Micro, Small and Medium Enterprises

In accordance with the Notification No: G.S.R.679 (E) dated 04.09.2015 issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Development Act, 2006. The Company is in the process of compiling relevant information of its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in these Financial Statements. However, in the considered view of the management and as relied upon by the auditors, impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material.

30 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 ₹ 28 Lakhs (Pr.Yr. ₹ 17 Lakhs). Amount spent during the year on CSR activities (included in note 26 of the Statement of Profit & Loss) as under:

(₹ in Lakhs)

Particulars	For the year Ended 31.03.2017	For the Year Ended 31.03.2016
Promotion of Education	28	17
Total	**28**	**17**

31 Related Party disclosures

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

31.1 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 Managerial 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 Jahnvi Motors Private Limited M/s K.P.R.Charities M/s K.P.R.Sugar Mill Limited

31.2 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 31/03/2017
Purchase of Goods / Assets	187 (7,764)	- -	187 (7,764)
Sales of Goods / Assets	- (560)	- -	- (560)
Amount Receivable	2,020 (1,822)	- -	2,020 (1,822)
Amount Payable	- -	1 -	1 -

Note: Figures in brackets relates to the previous year

31.3 Details of transactions with related parties

a. Purchase of goods / Assets (₹ in Lakhs)

Name	2016-17	2015-16
M/s.K.P.R.Sugar Mill Limited	187	7,764
	187	7,764

b. Sale of goods (₹ in Lakhs)

Name	2016-17	2015-16
M/s.K.P.R.Sugar Mill Limited	-	560
	-	560

c. Amount Receivable (₹ in Lakhs)

Name	2016-17	2015-16
M/s.K.P.R. Sugar Mill Limited	2,020	1,822
	2,020	1,822

d. Amount Payable (₹ in Lakhs)

Name	2016-17	2015-16
M/s.K.P.R. Mill Limited	1	-
	1	-

32 Expenditure in Foreign Currency and CIF Value of Imports

(₹ in Lakhs)

Particulars	2016-17	2015-16
Travel, sales commission charges etc.,	4	2
Value of imports on CIF basis		
Raw Material	-	496
Total	4	498

33 Earnings in Foreign Exchange

(₹ in Lakhs)

Particulars	2016-17	2015-16
Export of Goods at FOB value	-	8,185
Total	-	8,185

34 Earnings Per Share (EPS)

Particulars	2016-17	2015-16
Profit After Tax (Rs.in Lakhs)	42	1271
Weighted average number of Shares	1,00,000	1,00,000
EPS (₹) Basic & Diluted	42.00	1271.00
Face Value Per Share (₹)	10	10

QUANTUM KNITS PRIVATE LIMITED

Notes forming part of the Financial Statements

35 Segment Reporting

The Company is mainly engaged in the business of garments. Considering the nature of business and financial reporting of the Company, the Company has only one business segment viz; textile as reportable segment. The Company operates in Domestic and Export segments geographically. The sales and assets for both is separately given, but due to the nature of business the liabilities and expenses for these activities cannot be bifurcated separately.

(₹ in Lakhs)

35.1

Geographic Segment	Sales		Receivables	
	2016-17	2015-16	2016-17	2015-16
Europe	-	7,953	-	681
Asia	-	232	-	27
Domestic	301	1,843	-	285
Total	301	10,028	-	993

35.2 Information about major Customers

Name of the customer	% of Sales	
	2016-17	2015-16
Marks & Spencers SCM Ltd	-	51.83
Decathlon Sports India Pvt Ltd	65.27	17.40

36 Previous Year's Figures

The previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

Sd/-

P.Nataraj

Director