

**JUNCTION FABRICS AND APPARELS LIMITED**  
**(CIN: L18101TZ2011PLC017586)**

**REGISTERED OFFICE: NO.18 (1)24, WORKSHOP  
STREET KHADERPET TIRUPUR TN 641601**



**ANNUAL REPORT 2016-17**

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## **CORPORATE INFORMATION**

BOARD OF DIRECTORS	Prem Dinanath Aggarwal, Managing Director Shikha Aggarwal, Whole time Director Ashmita Aggarwal, Director R Senthil Rajagopal, Independent Director S Muthuramakrishnan, Independent Director S Thirumurugan, Independent Director
COMPANY SECRETARY	Mrs Lakshmi Priya. K
CHIEF FINANCIAL OFFICER	Mr Periasamy. R
REGISTERED OFFICE	18(1)24, Workshop Street, Khaderpet, Tirupur – 641601, Tamil Nadu, India
FACTORY LOCATION	Shed No.40, Nethaji Apparel Park, Eettiveerampalayam, New Tirupur – 641 666 Tamil Nadu, India.
PRINCIPAL BANKERS	(1) Axis Bank, Tirupur (2) Bank of Baroda, Tirupur
STATUTORY AUDITORS	M/s. Balaji and Thulasiraman Chartered Accountants, No.14, Anna Nagar Extension, KPN Colony 3 <sup>rd</sup> Street, Tirupur – 641601 Tamil Nadu, India
INTERNAL AUDITOR	Mr. Paulraj. M, Tirupur
SECRETARIAL AUDITOR	M/s. GV and Associates Company Secretary in Practice Coimbatore

## **DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting the 6<sup>th</sup> Annual Report of your Company together with the Audited Financial Statement for the Financial Year ended 31<sup>st</sup> March, 2017.

### **1. FINANCIAL RESULTS:**

<b>Particulars</b>	<b>(Amount in Rupees)</b>	
	<b>Current Year 2016-2017</b>	<b>Previous Year 2015-2016</b>
Income from Operations	63,94,47,781	51,56,69,183
Gross Receipts (including other Income)	63,95,19,253	51,58,43,358
Total Expenditure before Interest and Depreciation	61,81,00,966	49,56,13,111
Less: Interest and Financial Charges	1,06,27,235	1,08,24,766
Less: Depreciation and Amortization	14,97,682	10,74,528
Profit/(Loss) before taxation for the year	92,93,370	83,30,953
Less: Current tax Expenses	31,26,767	23,51,916
Less: Deferred Tax Liability/Asset	1,28,506	2,19,656
Excess/(Shortfall) Prov. For Tax in P.Y.	(4,59,164)	-
Profit/(Loss) after taxation for the year	55,78,933	5,759,381

### **2. PERFORMANCE OF THE COMPANY:**

During the year under review, the Company has earned sales income of Rs. 63,94,47,781/- (Previous year Rs. 51,56,69,183/-) and other income Rs. 71,472/- (Previous year Rs. 1,74,175/-). After providing depreciation, finance charges and tax the Company has earned Net profit Rs. 55,78,933/- (Previous year company earned Net profit Rs. 5,759,381/-).

### **3. DIVIDEND:**

In order to conserve the reserves for further expansion of business the directors do not recommend any dividend.

**4. TRANSFER TO RESERVES:**

The Company has not transferred any amount to reserves during the year under review.

**5. BUSINESS REVIEW:**

The company is making efforts to improve the business and your Directors are optimistic of better performance during the year.

**6. SHARE CAPITAL:**

The Company has not altered the share capital during the year.

**7. DIRECTORS:**

Mrs. Ashmita Agarwal (DIN: 07332067) was appointed as a Director in the Annual General Meeting held on 30<sup>th</sup> July, 2016.

As per the provision of the Companies Act, 2013, Mrs. Ashmita Agarwal (DIN: 07332067), retires by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board recommends the appointment of Ashmita Agarwal as Director of the Company.

**8. STATUTORY AUDITORS:**

In terms of Proviso to Section 139 (1) of the Companies Act 2013, M/s. Balaji & Thulasiraman, Chartered Accountants (Firm Registration Number: 007262S), Tirupur has been appointed as a Statutory Auditors of the Company for a term of five years from 2014-19, subject to ratification by the shareholders at every general meeting in terms of ordinary resolution passed by the Members at their 3<sup>rd</sup> Annual General Meeting held on 29<sup>th</sup> September 2014.

In pursuance of above term, necessary resolution, ratifying appointment of M/s. Balaji & Thulasiraman, Chartered Accountants (Firm Registration Number: 007262S), Tirupur as the Statutory Auditors for the financial year 2017 – 2018 is being placed before members for their consideration in this Annual General Meeting.

**9. DEPOSIT:**

Your directors have provided loan/advance to the company to the tune of Rs.2,29,50,000/- within the meaning of the Rule 2(1)(viii) of the Companies Act, 2013. Your directors have provided a declaration that the amount being funded is not out of funds borrowed or by accepting loans or deposits from others.

**10. EXTRACT OF THE ANNUAL RETURN:**

An extract of the Annual Return as of 31<sup>st</sup> March, 2017 pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 in Form MGT 9 is furnished as **Annexure A** to this report.

**11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

Six (6) Meetings of the board were held during the year.

**12. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTOR:**

All independent Directors have given declarations that they meet the criteria of Independence as laid down under the provisions of the Companies Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

**13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY:**

During the year under review, the Company has not made any Loans, Guarantees or Investments within the meaning of the provisions of Section 186 of the Companies Act, 2013.

**14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**A) Conservation of energy:**

- |  |     |
|--|-----|
| (i) The steps taken or impact on conservation of energy:                       | Nil |
| (ii) The steps taken by the company for utilising alternate sources of energy: | Nil |
| (iii) The capital investment on energy conservation equipments:                | Nil |

**B) Technology absorption:**

- |  |     |
|--|-----|
| (i) The efforts made towards technology absorption:  | Nil |
| (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:                | Nil |
| (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): | Nil |
| (iv) The expenditure incurred on Research and Development:   | Nil |

**C) Foreign exchange earnings and Outgo:**

Foreign exchange earnings : Rs. 8,91,44,842  
Foreign exchange outgo : Rs. 8,27,700

**15. PERFORMANCE EVALUATION:**

SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, mandated that the Board shall monitor and review the Board evaluation framework.

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board on its own performance and that of its committees and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation shall be done by the entire Board of Directors, excluding the Director being evaluated.

The evaluation of all the Directors and the Board as whole was conducted based in the criteria and framework adopted by the Board. The evaluation process has explained in the Corporate Governance Report.

**16. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:**

The company has formulated vigil mechanism for employees including directors of the company to report genuine concerns.

**17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The particulars of contract or arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 in Form No. AOC -2 is furnished as *Annexure B* to this report.

**18. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

The Company's policy on Director's appointment and remuneration and other matters provided in section 178 of the Companies Act, 2013 has been disclosed in the Corporate Governance Report.

**19. COST AUDITOR:**

Not applicable to the Company as per the provisions of the Companies Act, 2013. However the company has maintained cost records as required under the Companies (Cost Records and Audit) Rules, 2014

**20. RISK MANAGEMENT POLICY:**

The Management has devised Risk Management Policy considering the nature of industry and associated risks pertaining to the industry. The Management is overseeing the implementation of the Policy on regular basis.

**21. SECRETARIAL AUDIT REPORT:**

As per the provisions of the Companies Act, 2013, the Secretarial Audit for the year 2016-17 have also been carried out by Mr. Vasudevan, Practicing Company Secretary and accordingly his report is appended to Directors' Report.

**22. CORPORATE SOCIAL RESPONSIBILITY:**

Not applicable to the Company as per the provisions of the Companies Act, 2013.

**23. PREVENTION OF SEXUAL HARASSMENT AT THE WORK PLACE:**

As per the requirements specified in the “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013”, the Company has constituted an Internal Complaints Committee and is committed to provide a work environment that is free from sexual harassment.

**24. MATERIAL CHANGES:**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year as on 31.03.2017 and the date of this Report.

**25. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL:**

There were no significant and material orders passed by the regulators or courts or tribunal which would impact the going concern status and the Company’s operations in future.

**26. CLARIFICATION ON AUDITOR’S REMARK IN THEIR REPORT:**

There were no remarks in the Auditor’s report and hence no clarification is required

**27. DIRECTORS’ RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of profit of the company for that period;
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the directors had prepared the annual accounts on a going concern basis; and
5. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



**28. PARTICULARS OF EMPLOYEES:**

There were no employees drawing remuneration in excess of limit specified under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The ratio of remuneration of each director to the median of employees remuneration as per Section 197(12) of Companies Act, 2013 read with Rule 5(1) of Companies Appointment and Remuneration of Managerial Personnel ) Rules, 2014 forms part of the Board report (Annexure C)

Your company hereby disclose the details regarding Specified Bank Notes held and transacted during the period 08/11/2016 to 30/12/2016 in the table provided below:

**29. PARTIULARS ON SPECIFIED BANK NOTES:**

Your company hereby disclose the details regarding Specified Bank Notes held and transacted during the period 08/11/2016 to 30/12/2016 in the table provided below:

	<b>SBNs</b>	<b>Other Denomination Notes</b>	<b>Total</b>
Closing cash in hand as on 08.11.2016	Rs.10,12,000/-	Rs. 3,97,678/-	Rs.14,09,678/-
(+)Permitted Receipts	NIL	Rs.18,53,064/-	Rs.18,53,064/-
(-) Permitted Payments	NIL	Rs.15,87,984/-	Rs.15,87,984/-
(-) Amount deposited in Banks	Rs.10,12,000/-	NIL	Rs.10,12,000/-
Closing cash in hand as on 30.12.2016	NIL	Rs.6,62,758/-	Rs.6,62,758/-

**30. ACKNOWLEDGEMENT:**

Your Directors wish to place on record their deep gratitude and appreciation towards the Company's suppliers, customers, investors, bankers, Government of India, State Government and other regulatory authorities for their continued support during the year. Your Directors also acknowledge the commitment and the dedication of the employees at all levels who have contributed to the growth of the Company.

**For and on behalf of the Board**

**Place: Tirupur**  
**Date: 25.05.2017**

-Sd-

**Prem Dinanath Aggarwal**  
**(DIN: 02050297)**  
**Managing Director**

-Sd-

**Shikha Aggarwal Prem**  
**(DIN: 0337396)**  
**Wholtime Director**

**Annexure A**

**Form No. MGT-9**

**Extract of Annual Return as on the Financial Year ended on 31<sup>st</sup> March 2017**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS**

I	CIN	L18101TZ2011PLC017586
li	Registration Date	15/11/2011
lii	Name of the Company	Junction Fabrics And Apparels Limited
iv	Category / Sub Category of the Company	
	Category	Company limited by Shares
	Sub-Category	Non-govt company
v	Address of the registered office and contact details	NO.18(1)24, Workshop Street, Khaderpet, Tirupur – 641601
vi	Whether listed company	Yes
vii	Name, address and contact details of registrar and transfer agent, if any	M/s Big Share Services Private Limited, E-2 Ansa Industrial Estate-Sakhivihar Road, Sakinaka, Andheri (East), Mumbai- 400 072

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

**All the business activities contributing 10% or more of the total turnover of the company shall be stated:-**

S.No	Name and description of main products/ services	NIC code of the product/service	% to total turnover of the company
1	Manufacture of all types of textile garments and clothing accessories	14101	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-**

S.No	Name and address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
NIL					

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Shareholding**

S. No	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A)</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ HUF	1692250	-	1692250	62.86	1692250	-	1692250	62.86	-
(b)	Central/State Govt.	-	-	-	-	-	-	-	-	-
(c)	Bodies corporate	-	-	-	-	-	-	-	-	-
(d)	FI/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(1)</b>	<b>1692250</b>	<b>-</b>	<b>1692250</b>	<b>62.86</b>	<b>1692250</b>	<b>-</b>	<b>1692250</b>	<b>62.86</b>	<b>-</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs –Individuals	-	-	-	-	-	-	-	-	-
(b)	Other Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies corporate	-	-	-	-	-	-	-	-	-
(d)	Banks /Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any other (Specify)	-	-	-	-	-	-	-	-	-

**JUNCTION FABRICS AND APPARELS LIMITED**  
(Formerly known as Junction Fabrics and Apparels Private Limited)  
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	<b>Sub-total (A)(2)</b>	-	-	-	-	-	-	-	-	-
	<b>Total shareholding of Promoter</b>	<b>1692250</b>	-	<b>1692250</b>	<b>62.86</b>	<b>1692250</b>	-	<b>1692250</b>	<b>62.86</b>	-
	<b>(A) = (A)(1) + (A)(2)</b>									
<b>(B)</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual funds	-	-	-	-	-	-	-	-	-
(b)	FI/Banks	-	-	-	-	-	-	-	-	-
(c)	Central/ State Govt.	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	FIs	-	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h)	Others (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>(2)</b>	<b>Non-institutions</b>	-	-	-	-	-	-	-	-	-
<b>(a)</b>	<b>Bodies corporate</b>									
(i)	Indian	56000	-	56000	2.08	56000	-	56000	2.08	-
(ii)	Overseas	-	-	-	-	-	-	-	-	-
<b>S. No</b>	<b>Category of shareholders</b>	<b>No. of shares held at the beginning of the year</b>				<b>No. of shares held at the end of the year</b>				<b>% of change during the year</b>
		<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of total shares</b>	<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of total shares</b>	
<b>(b)</b>	<b>Individual</b>									
(i)	Holding nominal share capital of Rs. 1 Lakh	304020	-	304020	11.29	304020	-	304020	11.29	
(ii)	Holding nominal share	608000	-	608000	22.58	608000	-	608000	22.58	-

**JUNCTION FABRICS AND APPARELS LIMITED**  
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	capital in excess of Rs. 1 Lakh									
(c)	Others (Clearing Member)	32000	-	32000	1.19	32000	-	32000	1.19	-
	<b>Sub-total (B)(2)</b>	944020	-	944020	35.06	944020	-	944020	35.06	-
	<b>Total Public Shareholding (B) = (B)(1)+ (B)(2)</b>	<b>1000020</b>	<b>-</b>	<b>1000020</b>	<b>37.14</b>	<b>1000020</b>	<b>-</b>	<b>1000020</b>	<b>37.14</b>	<b>-</b>
(c)	Shares held by Custodian for GDRs & ADRs									
	<b>Sub-total (C)</b>	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A)+(B)+(C)</b>	<b>2692270</b>	<b>-</b>	<b>2692270</b>	<b>100</b>	<b>2692270</b>	<b>-</b>	<b>2692270</b>	<b>100</b>	<b>-</b>

**ii) Shareholding of Promoters**

S. No	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total share	No. of Shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	
1.	Prem Dinanath Aggarwal	1287220	47.81	-	1287220	47.81	-	-
2.	Shikha Aggarwal Prem	405000	15.04	-	405000	15.04	-	-
3.	Tanvi Aggarwal	10	0.00	-	10	0.00	-	-
4.	Ashmita Aggarwal	10	0.00	-	10	0.00	-	-
5.	Aditya Aggarwal	10	0.00	-	10	0.00	-	-

**iii) Change in Promoters' Shareholding**

<b>1. Name of the Promoter : Prem Dinanath Aggarwal</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	1287220	47.81	1287220	47.81
Increase / Decrease during the year	NIL			
At the end of the year			<b>1287220</b>	<b>47.81</b>

<b>2. Name of the Promoter: Shikha Aggarwal Prem</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	405000	15.04	405000	15.04
Increase / Decrease during the year	NIL			
At the end of the year			<b>405000</b>	<b>15.04</b>

<b>3. Name of the Promoter : Tanvi Aggarwal</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	10	0.00	10	0.00
Increase / Decrease during the year	NIL			
At the end of the year			<b>10</b>	<b>0.00</b>

<b>4. Name of the Promoter : Ashmita Aggarwal</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	10	0.00	10	0.00
Increase / Decrease during the year	NIL			
At the end of the year			<b>10</b>	<b>0.00</b>

<b>5. Name of the Promoter : Aditya Aggarwal</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	10	0.00	10	0.00
Increase / Decrease during the year	NIL			
At the end of the year			<b>10</b>	<b>0.00</b>

iv) **Shareholding Pattern of top ten shareholders (other than directors, promoters, and holders of GDRs and ADRs):**

<b>1. SHEFALI TREHAN</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	184000	6.83	184000	6.83
Increase / Decrease during the year the year specifying the reasons for change	48000	1.78	136000	5.05
At the end of the year			<b>136000</b>	<b>5.05</b>

<b>2. TANVI JIGNESH MEHTA</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	NIL			
Increase / Decrease during the year the year specifying the reasons for change	-	-	104000	3.86
At the end of the year			<b>104000</b>	<b>3.86</b>

<b>3. H V GUPTA</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	104000	3.86	104000	3.86
Increase / Decrease during the year the year specifying the reasons for change	24000	0.89	80000	2.97
At the end of the year			<b>80000</b>	<b>2.97</b>

<b>4. HEM SECURITIES LIMITED</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	272000	10.10	272000	10.10



Increase / Decrease during the year the year specifying the reasons for change	232000	8.61	40000	1.49
At the end of the year			<b>40000</b>	<b>1.49</b>

<b>5. HARSH VARADHAN GUPTA</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	48000	1.78	48000	1.78
Increase / Decrease during the year the year specifying the reasons for change	8000	0.29	40000	1.49
At the end of the year			<b>40000</b>	<b>1.49</b>

<b>6. ROMI LODHA</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	NIL			
Increase / Decrease during the year the year specifying the reasons for change	-	-	32000	1.19
At the end of the year			<b>32000</b>	<b>1.19</b>

<b>7. SAHIL GUPTA</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	NIL			
Increase / Decrease during the year the year specifying the reasons for change	-	-	32000	1.19
At the end of the year			<b>32000</b>	<b>1.19</b>

<b>8. PAWAN KUMAR GUPTA</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	NIL			
Increase / Decrease during the year the year specifying the reasons for change	-	-	32000	1.19
At the end of the year			<b>32000</b>	<b>1.19</b>

<b>9. ARVIND MULJI CHHEDA</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	NIL			
Increase / Decrease during the year the year specifying the reasons for change	-	-	24000	0.89
At the end of the year			<b>24000</b>	<b>0.89</b>

10. NILESH VINODRAI PAREKH	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	NIL			
Increase / Decrease during the year the year specifying the reasons for change	-	-	16000	0.59
At the end of the year			<b>16000</b>	<b>0.59</b>

**v) Shareholding of Directors and Key Managerial Personnel**

1. Name of the Director : Prem Dinanath Aggarwal (DIN: 02050297)				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	1287220	47.81	1287220	47.81
Increase / Decrease during the year	NIL			
At the end of the year			<b>1287220</b>	<b>47.81</b>

2. Name of the Director : Shikha Aggarwal Prem (DIN: 03373965)				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	405000	15.04	405000	15.04
Increase / Decrease during the year	NIL			
At the end of the year			<b>405000</b>	<b>15.04</b>

<b>3. Name of the Director : Ashmitha Aggarwal (DIN: 07332067)</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	10	0.00	10	0.00
Increase / Decrease during the year	NIL			
At the end of the year			<b>10</b>	<b>0.00</b>

<b>4. Name of the Director : Ramasubramaniam Senthilrajagopal (DIN No: 06520260)</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the</b>	<b>No. of shares</b>	<b>% of total shares of the</b>
At the beginning of the year	NIL			
Increase / Decrease during the year	NIL			
At the end of the year	<b>NIL</b>			

<b>5. Name of the Director : Sankaranarayanan Muthuramakrishnan (DIN No: 07137404)</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	NIL			
Increase / Decrease during the year	NIL			
At the end of the year	<b>NIL</b>			

<b>6. Name of the Director : Subramanian Thirumurugan (DIN No:03107366)</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	NIL			
Increase / Decrease during the year	NIL			
At the end of the year	<b>NIL</b>			

<b>7. Name of the Key Managerial Personnel : Periyasamy, Chief Financial Officer</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	NIL			
Increase / Decrease during the year	NIL			
At the end of the year	<b>NIL</b>			

<b>8. Name of the Key Managerial Personnel: Lakshmi Priya. K, Company Secretary</b>				
<b>Particulars</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	NIL			
Increase / Decrease during the year	NIL			
At the end of the year	<b>NIL</b>			

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/ accrued but not due for payment:**

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3459977	9000000	--	12459977
ii) Interest due but not paid				
iii) Interest accrued but not due	634884	--	--	634884
<b>Total (i + ii + iii)</b>	<b>4094861</b>	<b>9000000</b>	<b>--</b>	<b>13094861</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	2214048	13950000	--	16164048
• Reduction	3155663	-		3155663
<b>Net Change</b>	<b>(-)941615</b>	<b>13950000</b>	<b>--</b>	<b>13008385</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2667418	22950000	--	25617418
ii) Interest due but not paid	-	-		--
iii) Interest accrued but not due	485828	-		485828
<b>Total (i + ii + iii)</b>	<b>3153246</b>	<b>22950000</b>	<b>--</b>	<b>26103246</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Director and/or Manager:**

S.No	Particulars of Remuneration	Mr. Prem Dinanath Aggarwal – DIN No. 02050297	Mrs. Shikha Aggarwal – DIN No. 03373965	Total Amount
1.	Gross salary: (a) Salary as per provisions contained in section 17(1) of (b) Value of perquisites u/s	12,00,000	9,00,000	21,00,000

	17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - Others, specify			
5.	Others, (specify)			
	<b>Total (A)</b>	<b>12,00,000</b>	<b>9,00,000</b>	<b>21,00,000</b>
	Ceiling as per the Act	60,00,000		

**B. Remuneration to other directors:**

Particulars of Remuneration	Ashmita Aggarwal (DIN No. 07332067)	Name with Designation & DIN	Total Amount
<b>1. Independent Directors</b>		None of the independent directors were paid sitting fees nor commission	
<ul style="list-style-type: none"> <li>• Fee for attending board/ committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	<b>0</b>		
<b>Total (1)</b>	-		
<b>2. Other Non-Executive Directors</b>			
<ul style="list-style-type: none"> <li>• Fee for attending board/ committee meetings</li> <li>• Commission</li> <li>• Others, Salary</li> </ul>	9,00,000		9,00,000
<b>Total (2)</b>	<b>9,00,000</b>	<b>9,00,000</b>	
<b>Total (B) + (1 + 2)</b>	<b>9,00,000</b>	<b>9,00,000</b>	
Total Managerial Remuneration			
Overall Ceiling as per the Act			

**C. Remuneration to key managerial personnel other than MD/Manager/WTD :**

S. No	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	

1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary	-	4,20,000	3,60,000	7,80,000
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - Others, specify				
5.	Others, (specify)				
	<b>Total</b>	-	<b>4,20,000</b>	<b>3,60,000</b>	<b>7,80,000</b>

**VII. PENALTIES/ PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>	<b>NIL</b>				
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>	<b>NIL</b>				
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>	<b>NIL</b>				
Penalty					
Punishment					
Compounding					

Date: 25.05.2017

For and on behalf of the Board

Place: Tirupur

-Sd-

-Sd-

Prem Dinanath Aggarwal  
Managing Director  
DIN No: 02050297

Shikha Aggarwal  
Whole time Director  
DIN No: 0337396



**Annexure B**

**PARTICULARS OF CONTRACTS /ARRANGEMENTS MADE WITH RELATED PARTY**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This form pertains to the disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section(1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso

**1. Details of contracts or arrangements or transactions not at arm's length basis**

There were no contracts or arrangements or transactions entered during the year ended 31<sup>st</sup> March, 2017, which were not at arm's length basis

**2. Details of material contracts or arrangement or transactions at arm's length basis**

S.No	Name(s) of the Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any		Other Services (including Rent)	Office or Place of profit	Date(s) of approval by the Board, if any	Amount paid as advances, if any:
					Sales	Purchases				
1	Jannat Fabrics and Apparels Private Limited	Common Key Managerial Personnel	Rent, Sales, CMT Charges	For the Year	74,295,016	-	11,270,040	-	-	-
2	Swaad Mantra Hotels and Restaurants Private Limited	Common Key Managerial Personnel	Boarding & Lodging Expenses	For the Year	-	-	91,804	-	-	-
3	Global Mantra Enterprise,	Relative of the Director is	CMT Charges	For the Year	-	-	4,631,191	-	-	-

**JUNCTION FABRICS AND APPARELS LIMITED**  
 (Formerly known as Junction Fabrics and Apparels Private Limited)  
 (CIN NO: L18101TZ2011PLC017586)

Annual Report

2016-17

	Prop: Mr.Sanath Kumar	a Partner								
4	Mr. Prem Dinanath Aggarwal	Managing Director	Unsecured Loan	For the Year	-	-	89,62,728			
5	Mrs. Shikha Aggarwal	Whole Time Director	Unsecured Loan	For the year	-	-	78,50,000			

**Date: 25.05.2017**

**Place: Tirupur**

**For and on behalf of the Board**

-Sd-

**Prem Dinanath Aggarwal**  
**Managing Director**  
**DIN No: 02050297**

-Sd-

**Shikha Aggarwal**  
**Whole time Director**  
**DIN No: 0337396**

**Annexure C**

**Particulars of employees:**

**Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

The Nomination and Remuneration committee continuously reviews the compensation of our directors.  
 Remuneration paid to Directors:

<b>Name of the Director</b>	<b>Director Identification No</b>	<b>Title</b>	<b>Remuneration for the year 2016-17 (in Lakhs)</b>	<b>Ration of Remuneration to MRE(Excluding WTD)</b>	<b>Ration of Remuneration to MRE(Including WTD)</b>
Prem Dinanath Aggarwal	02050297	Managing Director	12	7.21	1.13
Shikha Aggarwal	03373965	Whole Time Director	9	5.41	0.84
Ashmita Aggarwal	07332067	Director	9	5.41	0.84

MRE – Median remuneration of employees

- . Based on annualized salary of employees employed during the year.
- . No payment of sitting fees was given to Independent directors during the year
- . During fiscal 2017, no employee received remuneration in excess of the highest-paid director.

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,  
Junction Fabrics and Apparels Limited,  
No. 18(1) 24, Workshop Street,  
Khaderpet, Tirupur – 641601

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Junction Fabrics and Apparels Limited** (CIN: L18101TZ2011PLC017586), a listed entity having its registered office at No.18(1) 24, Workshop Street, Khaderpet, Tirupur - 641601 (herein after called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place (with respect to statutory provisions listed hereunder) to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - *Not Applicable*;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

*Not applicable as the Company has not issued or allotted shares during the financial year under review.*

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

*Not applicable as the Company has not issued or allotted shares to its employees during the financial year under review.*

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

*Not applicable as the Company has not issued Debt Securities during the financial year under review.*

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

*Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review.*

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

*Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review*

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

*Not applicable as the Company has not bought back any of its securities during the financial year under review.*

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulation, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with laws, rules, regulations and guidelines mentioned herein above.

**For G.V and Associates**

-Sd-

G.Vasudevan  
CS No.: 6699  
C P No.: 6522

Place : Coimbatore  
Date : 25.05.2017

## CORPORATE GOVERNANCE REPORT

### Company's Corporate Governance Philosophy:

Corporate governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process and it is imperative that our Company affairs are managed in a fair and transparent manner.

We, Junction Fabrics and Apparels Limited, ensure that we adopt and follow the corporate governance guidelines and best practices. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as the leadership and governance of the Company.

### Board Of Directors:

#### Composition of Board of Director as at the close of 31<sup>st</sup> March 2017:

Category of Directors	No. of Directors
Executive Directors	2
Non-Executive Independent Directors	3
Other Non-Executive Directors	1
Total	6

During the Financial Year under review 6 Board Meeting were held on dates mentioned herein below:

Sl.No	Date of Board meeting
1	23/04/2016
2	30/05/2016
3	30/07/2016
4	05/11/2016
5	30/01/2017
6	01/02/2017

Particulars of Directors, their attendance at the Annual General Meeting and the Board Meeting detailed above held during the Financial Year 2016-17 and also their other Directorship held in Indian Public Companies and Membership/Chairmanship of various Board Committees of other Indian Public Companies as at 31<sup>st</sup> March 2017 are as under:

Name of the Director (DIN)	Attendance at		No of Directorship in other public companies	No of Committee positions held in other public companies as	
	Board Meeting (Total 6 Meetings)	AGM held on 30.07.2016		Chairman	Member
<b>Executive Director:</b>					
Mr. Prem Dinanath Aggarwal	5	1	NIL	NIL	NIL

(DIN: 02050297)					
Mrs. Shikha Aggarwal Prem (DIN: 03373965)	6	1	NIL	NIL	NIL
<b>Non-Executive Independent Director:</b>					
Mr. Subramanian Thirumurugan (DIN: 03107366)	4	1	NIL	NIL	NIL
Mr. Ramasubramaniam Senthilrajagopal (DIN: 06520260)	5	1	NIL	NIL	NIL
Mr. Sankaranarayanan Muthuramakrishnan (DIN: 07137404)	4	1	NIL	NIL	NIL
<b>Other Non-Executive Directors</b>					
Mrs. Ashmita Agarwal (DIN: 07332067)	4	1	NIL	NIL	NIL

**INTER-SE RELATIONSHIPS BETWEEN DIRECTORS OF THE COMPANY:**

S.No	Name of the Director	Designation	Inter-se Relationships
1	Mr. Prem Dinanath Aggarwal	Managing Director	Husband of Ms. Shikha Aggarwal Prem and Father Mrs. Ashmita Agarwal
2	Mrs. Shikha Aggarwal Prem	Whole time Director	Wife of Mr. Prem Dinanath Aggarwal and Mother of Mrs. Ashmita Agarwal
3	Mrs. Ashmita Agarwal	Director	Daughter of Mr. Prem Dinanath Aggarwal and Mrs. Shikha Aggarwal Prem

**BOARD COMMITTEES:**

**A. AUDIT COMMITTEE**

Audit Committee comprises of Mr. Ramasubramaniam SenthilRajagopal, Chairman of the Committee, Mr. Sankaranarayanan Muthuramakrishnan, Independent Director and Mrs. Shikha Aggarwal Prem, Whole Time Director of the Company as a members of the committee.

Particulars of Meetings of Audit Committee held during the year along with details of member's attendance of audit Committee Meetings are detailed herein:

Name of the members	Attendance of the Audit Committee meeting dated				
	23/04/2016	30/05/2016	30/07/2016	05/11/2016	30/01/2017
Mr. Ramasubramaniam Senthilrajagopal	✓	✓	✓	✓	✓



Mr. Sankaranarayanan Muthuramakrishnan	✓	✓	✓	✓	✓
Mrs. Shikha Aggarwal Prem	✓	✓	✓	✓	✓

**Terms of reference:**

The Terms of reference and role of the Audit Committee are as per guidelines set out in Part C of Schedule II of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Section 178 of Companies Act, 2013. The Committee meets periodically and mandatorily reviews the following:

The Role of Audit Committee together with its powers shall be as under:

1. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approving payment to statutory auditors for any other services rendered by the statutory auditors;
4. Approving initial or any subsequent modification of transactions of the company with related parties;
5. Scrutinizing inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Monitoring the end use of funds raised through public offers and related matters;
8. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to;
  - matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 134 of the Companies Act, 2013 ;
  - changes, if any, in accounting policies and practices along with reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions; and
  - Qualifications in the audit report.

9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ Draft prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Discussing with the internal auditors any significant findings and follow up there on;
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
15. Discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
16. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
17. Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;
18. Approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the equity listing agreements as and when amended from time to time.

**Further, the Audit Committee shall mandatorily review the following:**

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and

5. The appointment, removal and terms of remuneration of the chief internal auditor.

**B. NOMINATION AND REMUNERATION COMMITTEE:**

Nomination and Remuneration Committee comprises of Mr. Subramanian Thirumurugan, Chairman of the Committee, Mr. Ramasubramaniam Senthilrajagopal, Independent Director and Mr. Sankaranarayanan Muthuramakrishnan, Independent Director of the Company as a members of the committee.

Particulars of Meetings of Nomination and Remuneration Committee held during the year along with details of member's attendance of audit Committee Meetings are detailed herein:

<b>Name of the members</b>	<b>Attendance of the Nomination and Remuneration meeting held on 01.02.2017</b>
Mr. Subramanian Thirumurugan	✓
Mr. Sankaranarayanan Muthuramakrishnan	✓
Mr. Senthil Rajagopal	✓

**Terms of reference:**

The terms of reference of the Nomination and Remuneration Committee include:

1. Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the Criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the board a policy relating to the remuneration for directors, KMPs and other employees.
3. Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights.
4. Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.
5. Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
6. Decide the amount of Commission payable to the Whole time Directors.

7. Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.
8. To formulate and administer the Employee Stock Option Scheme.

**Performance Evaluation Criteria for Independent Directors:**

The performance evaluation of the Independent Directors are based on the Companies Act, 2013, SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 and as per the policy adopted by the Company. The Committee carried out the evaluation of performance of every Director, KMP and Senior Management Personnel and continued efforts on evaluation at regular intervals is embarked by the Company.

**Remuneration:**

The Executive Directors shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors in accordance with the provisions of the Companies Act, 2013. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

**Remuneration payable to Executive Directors:**

The details of the remuneration paid to Executive Directors of the Company during the year ended March 31, 2017 is as under:

Name of the Director & Designation	Salary	Perquisites	Others	Total
Mr. Prem Dinanath Aggarwal Managing Director	12,00,000	NIL	NIL	12,00,000
Mrs. Shikha Aggarwal Prem Whole time Director	9,00,000	NIL	NIL	9,00,000
Ms. Ashmita Agarwal Director	9,00,000	NIL	NIL	9,00,000

**Remuneration payable to Non-Executive Directors:**

During financial year 2016-17 Non-Executive Director was not paid sitting fee for attending each meeting(s) of the Board and Committees thereof.

The details of the remuneration paid to Non - Executive Director of the Company during the year ended March 31, 2017 is as under:

Name of the Director & Designation	Salary	Perquisites	Others	Total
Ms. Ashmita Agarwal Director	9,00,000	NIL	NIL	9,00,000

**Remuneration payable to Independent Directors:**

During financial year 2016-17 Independent Directors were not paid sitting fee for attending each meeting(s) of the Board and Committees thereof.

Name of the Director & Designation	Sitting Fees	Commission	Others	Total
Mr. Subramanian Thirumurugan Independent Director	NIL	NIL	NIL	NIL
Mr. Ramasubramaniam Senthilrajagopal Independent Director	NIL	NIL	NIL	NIL
Mr. Sankaranarayanan Muthuramakrishnan Independent Director	NIL	NIL	NIL	NIL

**C. STAKEHOLDERS GRIEVANCE COMMITTEE:**

Stakeholders Grievance Committee comprises of Mr. Sankaranarayanan Muthuramakrishnan, Chairman of the Committee, Mr. Ramasubramaniam Senthilrajagopal, Independent Director and Mr. Prem Dinanath Aggarwal, Managing Director of the Company as a members of the committee.

Particulars of Meetings of Stakeholders Grievance (SG) Committee held during the year along with details of member's attendance of SG Committee Meetings are detailed herein:

Since there were no grievances from any stakeholders, the Stakeholders Grievances Committee was not held during the period under review.

- a. Name and Designation of Compliance Officer:** K. Lakshmi Priya, Company Secretary
- b. E-mail ID of Grievance Redressal Service Department:** companysecretary@junctionfabrics.in
- c. Number of shareholders' Complaints received so far:** NIL
- d. Number not solved to the Satisfaction of Shareholders:** NIL
- e. Number of pending Complaints:** NIL

**ANNUAL GENERALMEETING:**

The particulars of Annual General Meeting held during the last three years are detailed herein:

Year	Date	Time	Venue	Special Resolution
2013-14	29.09.2014	3.00 p.m.	No. 18(1)24, Workshop Street, Khaderpet, Tirupur - 641 601	NIL
2014-15	30.09.2015	11.00 a.m.	No. 18(1)24, Workshop Street, Khaderpet, Tirupur - 641 601	NIL
2015-16	30.07.2016	11.00 a.m.	Hotel Swaad Mantra, Tirupur – 641601.	Appointment (Change in designation of Ashmita Agarwal)

**MEANS OF COMMUNICATION:**

The Company has promptly reported all material information including declaration of half yearly financial results and other quarterly and half yearly compliances the Stock Exchange where the securities of the Company are listed. The financial and other information are filed by the Company on Corporate Filing platforms of BSE respectively.

The Company has displayed the policies, financial results, Shareholding pattern and others items in the website of the Company, [www.junctionfabrics.in](http://www.junctionfabrics.in).

**GENERAL SHAREHOLDERS INFORMATION:**

**ANNUAL GENERAL MEETING:**

The 6<sup>th</sup> Annual General Meeting of the Company for the financial year ended 2016-2017 will be on Saturday, the 29<sup>th</sup> day of July, 2017 at 11:30 hrs at Hotel Swaad Mantra at No.8, College Road, Tirupur – 641 602.

**LISTING:**

At present your Company's securities are listed on the SME Platform of BSE Limited.

**STOCK CODE:**

The Trading Scrip Code at the Bombay Stock Exchange Limited: 539216.

**REGISTRAR AND SHARE TRANSFER AGENT:**

M/s Big Share Services Private Limited, E-2 Ansa Industrial Estate-Sakhivihar Road, Sakinaka, Andheri (East), Mumbai- 400 072.

**DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2017:**

Category	No. of Shares held	Percentage of Share Holding
A) Promoter & Promoter Group	16,92,250	62.86
B) Public	10,00,020	37.14
C) Non Promoter-Non Public		
C1) Shares underlying DRs	0	0.00
C2) Shares held by Employee Trust	0	0.00
<b>Grand Total</b>	<b>26,92,270</b>	<b>100.00</b>

**DEMAT INFORMATION:**

All the Equity Shares of the Company are held in dematerialized form.

**PLANT LOCATION:**

Our factory is located at Shed No. 40 Netaji Apparel Park, Eettiveerampalayam, New Tirupur – 641 666.

**ADDRESS FOR CORRESPONDENCE:**

Correspondence Address	The Managing Director/Company Secretary, Junction Fabrics and Apparels Limited, CIN:U18101TZ2011PLC017586 No.18(1)24, Workshop Street, Khaderpet, Tirupur - 641601
CIN	L18101TZ2011PLC017586
Website	<a href="http://www.junctionfabrics.in">www.junctionfabrics.in</a> .
Compliance Officer E-mail ID	companysecretary@junctionfabrics.in
Phone	+91-0421-2200359, 4336896

**DISCLOSURES:**

**i) VIGIL MECHANISM:**

Junction Fabrics And Apparels Limited has formulated a Code of Conduct (the Code), that lays down the principles and standards that should govern the actions of the Company and their employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. Section 177(9) of the Companies act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 provides for mandatory establishment of vigil mechanism for the Directors and employees of the Company to report their genuine concerns in the prescribed manner. Further, requirement under Regulation 22 of SEBI (LODR) the Company and BSE Limited provides for the establishment of a mechanism called Whistle Blower Policy for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. In line with the above and in order to comply with the mandatory requirement of the above provisions, a specific vigil mechanism/whistle blower policy has formulated for the Company for use by its Directors, Officers and Employees.

**Declaration:**

As provided under the Listing Agreement with the Stock Exchanges, the Board Members and the members of Senior Management have confirmed compliance with the Code of Conduct.

Place: Tirupur

Date: 25.05.2017

By order of the Board

-Sd-

(Prem Dinanath Aggarwal)

Managing Director

(DIN: 02050297)

## **INDEPENDENT AUDITORS REPORT**

**To the Members of Junction Fabrics and Apparels Limited, Tirupur**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Junction Fabrics and Apparels Limited** (“the Company”), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management’s Responsibility for the Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating



the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

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

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of 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 II" and

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

- i. There has been no pending litigations against the Company having any impact on its financial position in its financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in **Specified Bank Notes** during the period from 8<sup>th</sup> November,2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company

**Place: Tirupur**  
**Date: 25.05.2017**

**For Balaji and Thulasiraman**  
**Chartered Accountants**

**-Sd-**

**(CA.S.Balaji FCA DISA)**  
**Partner M.No.202992 FRN.007262S**

**Annexure I to the Independent Auditors' Report**

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion and according to information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with the third parties at the year end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

iii. According to the information and explanations given to us, the Company has not granted any loans secured or unsecured loans to any Companies, Firms, Limited Liability Partnerships and Other parties covered in Register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of loans, investments, guarantees and security.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) rules 2015 with regard to the deposits accepted from the public are not applicable. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made maintained.

vii. (a) According to the information and explanations given to us and on the basis of our 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, Sales Tax/Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax/Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and any other material statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its financial institutions, bankers and government. The Company did not have any outstanding debentures during the year.

ix. a. The Company has not raised any initial public offer further public offer including debt instruments during the year.

b. The Company during the year has availed three term loans totaling Rs.24,03,000/- from HDFC Bank Ltd., and such loans have been utilized for the purposes for which they were sanctioned by the bank.

c. The Company during the year has not raised money by way of debt instruments.

x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our 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 and hence, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, during the year, the Company has not entered into non-cash transactions with directors or persons connected with him.

xvi. According to information and explanations given to us, the Company is not required to be registered under Section 451A of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company

**Place: Tirupur**  
**Date :25.05.2017**

**For Balaji and Thulasiraman**  
**Chartered Accountants**

**-Sd-**

**(CA.S.Balaji FCA DISA)**  
**Partner M.No.202992 FRN 007262S**

## **Annexure II to the Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of Junction Fabrics and Apparels Limited ("the Company") as at 31st March, 2017 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

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

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 ("ICAI"). 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 Act.

#### **Auditors' 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") and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with 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 judgment, 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 liability 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:

(a) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and

(c) 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 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, 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 31st March, 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.

**Place: Tirupur**  
**Date : 25.05.2017**

**For Balaji and Thulasiraman**  
**Chartered Accountants**

-Sd-

**(CA.S.Balaji FCA DISA)**  
**Partner M.No.202992 FRN 007262S**

**M/S.Junction Fabrics and Apparels Limited, Tirupur**  
**Balance Sheet as at 31st March 2017**

Particulars		Note No.	2016-17	2015-16
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
	(a) Share capital	1	26,922,700	26,922,700
	(b) Reserves and surplus	2	23,687,585	18,108,652
	(c) Money received against share warrants		-	-
<b>2 Share application money pending allotment</b>				
			-	-
<b>3 Non-current liabilities</b>				
	(a) Long-term borrowings	3	24,470,455	10,124,705
	(b) Deferred tax liabilities (Net)		913,227	784,721
<b>4 Current liabilities</b>				
	(a) Short-term borrowings	4	88,277,077	78,976,126
	(b) Trade payables	5	67,911,613	78,693,030
	(c) Other current liabilities	6	4,344,072	7,418,779
	(d) Short-term provisions	7	4,113,158	2,461,685
<b>TOTAL</b>			<b>240,639,887</b>	<b>223,490,398</b>
<b>II. ASSETS</b>				
<b>Non-current assets</b>				
<b>1 (a) Fixed assets</b>				
	(i) Tangible assets	8	21,424,365	16,632,886
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments	9	3,510,000	3,510,000
	(c) Long-term loans and advances	10	4,146,850	2,931,850
	(d) Other non-current assets	11	3,790,947	4,439,597
<b>2 Current assets</b>				
	(a) Inventories	12	93,148,070	107,948,529
	(b) Trade receivables	13	109,973,106	81,575,429
	(c) Cash and cash equivalents	14	1,695,537	1,819,256
	(d) Short-term loans and advances	15	2,951,012	4,632,852
<b>TOTAL</b>			<b>240,639,887</b>	<b>223,490,398</b>
				-

**NOTES TO ACCOUNTS**

*Schedules referred to above and notes attached there to form an integral part of Balance Sheet*

*This is the Balance Sheet referred to in our Report of even date.*

**FOR BALAJI & THULASIRAMAN**

**CHARTERED ACCOUNTANTS**

Sd

(CA.S.BALAJI FCA DISA)

Membership No. : 202992

Firm Reg. No.: 007262S

**For Junction Fabrics and Apparels Limited**

Sd

PREM DINANATH AGGARWAL

MANAGING DIRECTOR

DIN No: 02050297

Sd

SHIKHA AGGARWAL

WHOLE TIME DIRECTOR

DIN No: 03373965

Sd

K. LAKSHMI PRIYA

COMPANY SECRETARY

Sd

R. PERIASAMY

CHIEF FINANCIAL OFFICER

Place: Tirupur

Date: 25.05.2017



**M/S.Junction Fabrics and Apparels Limited, Tirupur**

**Profit and loss statement for the year ended 31<sup>st</sup> March 2017**

Amount in Rupees

Particulars	Refer Note No.	Amount in Rupees	
		2016-17	2015-16
I. Revenue from operations	16	639,447,781	515,669,183
II. Other income	17	71,472	174,175
<b>III. Total Revenue (I + II)</b>		<b>639,519,253</b>	<b>515,843,358</b>
IV. Expenses:			
Cost of materials consumed	18	510,195,533	428,669,489
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	19	12,637,898	(12,920,278)
Employee benefits expense	20	7,744,575	5,298,935
Finance costs	21	10,627,235	11,158,351
Depreciation and amortization expense		1,497,682	1,074,528
Other expenses	22	86,413,059	72,979,895
Preliminary & Pre Operative Expenses wirtten off		1,109,900	1,251,485
Total expenses		<b>630,225,883</b>	<b>507,512,405</b>
<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>9,293,370</b>	<b>8,330,953</b>
VI. Exceptional items		-	-
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		<b>9,293,370</b>	<b>8,330,953</b>
VIII. Extraordinary Items		-	-
<b>IX. Profit before tax (VII- VIII)</b>		<b>9,293,370</b>	<b>8,330,953</b>
X Tax expense:			
(1) Current tax		3,126,767	2,351,916
(2) Deferred tax		128,506	219,656
(3) Excess/(Shortfall) Prov. For Tax in P.Y.		(459,164)	-
<b>Profit (Loss) for the period from continuing operations (VII- XI VIII)</b>		<b>5,578,933</b>	<b>5,759,381</b>
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
<b>Profit/(loss) from Discontinuing operations (after tax) (XII- XIV XIII)</b>		<b>-</b>	<b>-</b>
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<b>5,578,933</b>	<b>5,759,381</b>
XVI Earnings per equity share:			
(1) Basic		2.07	2.32
(2) Diluted		2.07	2.14

*Schedules referred to above and notes attached there to form an integral part o*

*This is the Profit & Loss Statement referred to in our Report of even date.*

**FOR BALAJI & THULASIRAMAN**  
**CHARTERED ACCOUNTANTS**

**For Junction Fabrics and Apparels Ltd.,**

Sd  
**(CA.S.BALAJI FCA DISA)**  
Membership No. : 202992  
Firm Reg. No.: 0072625

Sd  
**PREM DINANATH AGGARWAL**  
MANAGING DIRECTOR  
DIN No: 02050297

Sd  
**SHIKHA AGGARWAL**  
WHOLE TIME DIRECTOR  
DIN No: 03373965

Place: Tirupur  
Date: 25.05.2017

Sd  
**K. LAKSHMI PRIYA**  
COMPANY SECRETARY

Sd  
**R. PERIASAMY**  
CHIEF FINANCIAL OFFICER

JUNCTION FABRICS AND APPARELS PRIVATE LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For year ended 31st March, 2017		For year ended 31st March, 2016	
	Rupees	Rupees	Rupees	Rupees
<b>A.Cash Flow from Operation Activities</b>				
<b>Cash Flow from Operation Activities</b>				
Cash Receipts from Customers	513,762,018		459,041,409	
Cash Paid to Suppliers & Other Creditors (incl Capital Goods Crs)	532,970,381		476,024,659	
Cash generated from Operations		(19,208,363)		(16,983,250)
Less: Advance tax paid		550,000		1,500,000
		(19,758,363)		(18,483,250)
<b>Cash Flow from Investing Activities</b>				
Investments and Misc., Expenses	- 631,555		-	
Fixed Assets	- 26,491		-	
Merger of Concern	-		(322,486)	
Deposits Made	-		-	
Deposits Matured	-		1,000,000	
Interest on Deposits	-	(658,046)	-	677,514
		(20,416,409)		(17,805,736)
<b>Cash Flow from Financing Activities</b>				
Shares issued with premium		-		16,000,000
Cash from Loans (Secured & Unsecured)		10,991,740		1,358,257
Net Decrease in Cash or Cash Equallent during the year		<b>(9,424,668)</b>		<b>(447,479)</b>
Opening Cash and Bank Balance		(77,156,870)		(76,709,391)
Closing Cash and Bank Balances		(86,581,539)		(77,156,870)
<b>Increase/(Decrease) in Cash and Bank Balances</b>		<b>(9,424,668)</b>		<b>(447,479)</b>

Note:

The Cash Flow statement has been prepared under the "Direct Method" as set out in Accounting Standard (AS 3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

FOR BALAJI & THULASIRAMAN  
CHARTERED ACCOUNTANTS

For Junction Fabrics and Apparels Limited

Sd

(CA.S.BALAJI FCA DISA)  
Membership No. : 202992  
Firm Reg. No.: 007262S

Sd

PREM DINANATH AGGARWAL  
MANAGING DIRECTOR  
DIN No: 02050297

Sd

SHIKHA AGGARWAL  
WHOLE TIME DIRECTOR  
DIN No: 03373965

Sd

K. LAKSHMI PRIYA  
COMPANY SECRETARY

Sd

R. PERIASAMY  
CHIEF FINANCIAL OFFICER

Place: Tirupur  
Date: 25.05.2017

**M/S.Junction Fabrics and Apparels Limited, Tirupur****Note 1****Share capital**

<b>Share Capital</b>	<b>2016-17</b>		<b>2015-16</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
<b>Authorised</b> Equity Shares of Rs.10/- each	4,000,000	40,000,000	4,000,000	40,000,000
<b>Issued</b> Equity Shares of Rs.10/- each	2,692,270	26,922,700	2,692,270	26,922,700
<b>Subscribed &amp; Paid up</b> Equity Shares of Rs.10/- each fully paid	2,692,270	26,922,700	2,692,270	26,922,700
<b>Subscribed but not fully Paid up</b> Equity Shares of Rs.10/- each, not fully paid up	-	-	-	-
<b>Total</b>	<b>2,692,270</b>	<b>26,922,700</b>	<b>2,692,270</b>	<b>26,922,700</b>

**Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

<b>Particulars</b>	<b>2016-17</b>		<b>2015-16</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
Shares outstanding at the beginning of the year	2,692,270	26,922,700	1,692,270	16,922,700
Shares Issued during the year	-	-	1,000,000	10,000,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,692,270	26,922,700	2,692,270	26,922,700

Note : This company is not a subsidiary of any other company and hence, the necessity of giving the details of Holding Company's share does not arise here

**Shares in the company held by each shareholder holding more than 5 percent shares**

<b>Name of Shareholder</b>	<b>2016-17</b>		<b>2015-16</b>	
	<b>No. of Shares held</b>	<b>% of Holding</b>	<b>No. of Shares held</b>	<b>% of Holding</b>
Shri.Prem Dinanath Aggarwal	1,287,270	47.81%	1,287,270	47.81%
Shikha Aggarwal Prem	405,000	15.04%	405,000	15.04%
Hem Securities Limited	272,000	10.10%	272,000	10.10%
Shefali Trehan	136,000	5.05%	184,000	6.83%
<b>Total</b>	<b>2,100,270</b>	<b>78.01%</b>	<b>2,148,270</b>	<b>79.79%</b>

**Shares issued for other than cash, Bonus issue and Shares bought back****Equity Shares issued for other than cash**

<b>Name of the Share Holder</b>	<b>2016-17</b>	<b>2015-16</b>
	<b>No. of Shares Issued</b>	<b>No. of Shares Issued</b>
	Nil	Nil

The company has not issued any Bonus shares during the year nor it has bought back any of its shares

<b>Unpaid Calls</b>	<b>2016-17</b>	<b>2015-16</b>
By Directors	-	-
By Officers	-	-

**Note 2****Reserves and surplus**

	2016-17	2015-16
<b>Surplus</b>		
Opening balance	18,108,652	6,349,271
(+) Net Profit/(Net Loss) For the current year	5,578,933	5,759,381
(+) Securities Premium	-	6,000,000
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	<b>23,687,585</b>	<b>18,108,652</b>
<b>Total</b>	<b>23,687,585</b>	<b>18,108,652</b>

**There is no other reserves such as Capital Reserve, Capital Redemption Reserve, Debenture Redemption Reserve, Revaluation Reserve, Share Options Outstanding Account, and Other Reserves except the Surplus Account**

**Note 3****Long Term Borrowings**

	2016-17	2015-16
<b>Secured</b>		
<b>(a) Term loans</b>		
<b>FROM BANKS</b>		
<b>HDFC Bank Eicher Van Loan</b>	811,309	-
(Secured by way of hypothecation of Eicher Van of the company) (of the above, `entire amount is guaranteed by Directors and / or others) Terms of Repayment: Repayable in 48 months)		
<b>HDFC Bank i20 Car Loan</b>	432,833	-
(Secured by way of hypothecation of i20 Car of the company) (of the above, `entire amount is guaranteed by Directors and / or others) Terms of Repayment: Repayable in 36 months)		
<b>HDFC Bank Tata Ace Mint Loan</b>	276,313	
(Secured by way of hypothecation of Tata Ace Mint of the company) (of the above, `entire amount is guaranteed by Directors and / or others) Terms of Repayment: Repayable in 48 months)		
<b>Bajaj Finance Ltd</b>	-	610,348
Terms of Repayment: Repayable in 30 months)		
Tata Capital Ltd.,	-	477,085
Terms of Repayment: Repayable in 27 months) (of the above, `entire amount is guaranteed by Directors and / or others)		
<b>FROM OTHER PARTIES</b>	-	-
	<b>1,520,455</b>	<b>1,087,433</b>

<b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to above</b>		
1. Period of default	-	-
2. Amount	-	-
<b><u>Unsecured</u></b>		
<b>From Others</b>	-	-
<b>Loans and advances from Directors</b>		
Prem Aggarwal	13,700,000	4,737,272
Ashmita Aggarwal	1,400,000	1,500,000
Tanvi Aggarwal	-	2,800,000
Shika Aggarwal	7,850,000	-
<b>Loans and advances from related parties of the Directors</b>	-	-
(None of the above, is guaranteed by Directors and / or others)		
Terms of Repayment has not been entered into between the parties		
	<b>22,950,000</b>	<b>9,037,272</b>
<b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to above</b>		
1. Period of default	-	-
2. Amount	-	-
<b>Total</b>	<b>24,470,455</b>	<b>10,124,705</b>

**Note 4****Short Term Borrowings**

	2016-17	2015-16
<b>Secured</b>		
<b>(a) Loans repayable on demand</b>		
From banks (Secured by hypothecation of inventories, book debts and machineries) (of the above, entire amount is guaranteed by Directors and/or others)	88,277,077	78,976,126
From other parties	-	-
	88,277,077	78,976,126
<b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to above</b>		
1. Period of default	-	-
2. Amount	-	-
<b>Unsecured</b>		
From Director Interested Concerns(S.P.Tex Internal Transfers) (Unsecured to show below)	-	-
<b>In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) &amp; (d)</b>		
1. Period of default	-	-
2. Amount	-	-
	-	-
	-	-
<b>Total</b>	<b>88,277,077</b>	<b>78,976,126</b>

**Trade Payable**

	2016-17	2015-16
(i) Creditors for Goods	46,394,642	68,320,083
(j) Creditors for Expenses	21,516,971	10,372,947
		-
<b>Total</b>	<b>67,911,613</b>	<b>78,693,030</b>

<b>Related Party Transaction</b>		
<b>Outstanding at the year end</b>		
	<b>2016-17</b>	<b>2015-16</b>
<b>Directors *</b>	-	-
<b>Firm in which director is a partner *</b>	-	-
<b>Private Company in which director is a member</b>	2,737,468	-
<b>Swaad Mantra Hotels &amp; Restaurants P Ltd.</b>	-	-
<b>Relative of the Director</b>	-	451,563
	<b>2,737,468</b>	<b>451,563</b>
<b>Maximum Outstanding during the year</b>		
	<b>2016-17</b>	<b>2015-16</b>
Directors		
Other officers of the Company *		
Concern in which director is a Proprietor/partner	-	-
Private Company in which director is a member/Director		
Swaad Mantra Hotels and Restaurants P Ltd	38,740	29,672
Global Mantra, Prop: Mr.Sanath, husband of the director, Mrs.Ashmitha Aggarwal	1,617,644	609,577
Jannat Fabrics and Apparels Private Limited, Tirupur	5,060,546	2,697,761
	<b>6,716,930</b>	<b>3,337,010</b>

**Total Value of Transactions entered in to during the year**

	2016-17	2015-16
Directors & Relative of the Directors		
Shikka Aggarwal Building Rent	-	-
Prem Aggarwal Building Rent	-	-
Prem Aggarwal Director Remn	1,200,000	1,000,000
Shikka Aggarwal Director Remn	900,000	640,000
Tanvi Aggarwal Director Remn	-	230,000
Tanvi Aggarwal Prof. Fees	360,000	108,333
Ashmita Aggarwal Director Remn.	900,000	325,000
Global Mantra Enterprise, the proprietor is the husband of the director Mrs.Ashmitha Aggarwal	6,436,598	4,584,875
Concern in which director is a Director/Member Swaad Mantra Hotels & Restaurents Private Limited	60,334	91,804
Jannat Fabrics and Apparels Private Limited, Tirupur	16,773,744	10,012,040
	26,630,676	16,992,052

**Note 6****Other Current Liabilities**

	2016-17	2015-16
Advances from Contractors & Suppliers	1,982,922	4,209,290
TDS Payable	164,682	193,917
Vat Payable	563,329	-
Esi & PF Payable	348	8,144
<b>Current Maturities of Long Term Debt</b>		
Bank of Baroda	-	-
HDFC Bank Eicher Van Loan	-	-
HDFC Bank Eicher Van Loan	-	100,255
ICICI Innova Car Loan	-	97,752
Bajaj Finance Limited	527,262	900,397
Religare Finance Ltd.,	-	1,198,415
Tata Capital Limited	411,936	710,609
HDFC Bank Eicher Van Loan	258,429	-
HDFC Bank i20 Car Loan	247,334	-
HDFC Bank Tata Ace Mint Loan (i.e.,Term Loan instalment repayable within 1year)	187,830	-
<b>Total</b>	<b>4,344,072</b>	<b>7,418,779</b>



**Note 7****Short Term Provisions**

	2016-17	2015-16
<b>(a) Provision for employee benefits</b>	554,137	9,769.00
<b>(b) Others (Specify nature)</b>		
- Provision for Taxation	3,126,767	2,351,916
- Provision for Audit Fees	100,000	100,000
- Provision for Gratuity	332,254	-
<b>Total</b>	<b>4,113,158</b>	<b>2,461,685</b>

**Note 10****Long Term Loans and Advances**

	2016-17	2015-16
<b>a. Capital Advances</b>		
Secured, considered good	-	-
Unsecured, considered good		
Doubtful	-	-
	-	-
Less: Provision for doubtful advances		
	-	-
<b>d. Other loans and advances</b>		
Secured, considered good		
Unsecured, considered good	4,146,850	2,931,850
Doubtful		
Less: Provision for		
	4,146,850	2,931,850
	4,146,850	2,931,850

**Related Party Transaction**

	2016-17	2015-16
Directors *	-	-
Other officers of the Company *	-	-
Firm in which director is a partner *	-	-
Private Company in which director is a member	-	-
Rent advance to Jannath Fabrics and Apparels Private Limited	100,000.00	100,000.00
	100,000.00	100,000.00

\*Either severally or jointly

**Note 11****Other non-current assets**

	2016-17	2014-15
<b>a. Long term trade receivables (including trade receivables on deferred credit terms)</b>	-	-
<b>b. Others (specify nature)</b>		
Secured, considered good	-	-
Unsecured, considered good	-	-
Preliminary Expenses not written off	3,169,697	4,439,597
	3,169,697	4,439,597
<b>c. Debts due by related parties</b>	-	-
Secured, considered good	-	-
Unsecured, considered good**	621,250	-
Doubtful	-	-
Less: Provision for doubtful debts	-	-
	621,250	-
	3,790,947	4,439,597

\*\*Note: Investments in VVRS Chit Fund Pvt Ltd

**Related Party Transaction**

- -

**Note 12****Inventories**

	2016-17		2015-16	
	Qty	Value	Qty	Value
a. Raw Materials and components Valued at Rs.220 per Kg.(P.Year Rs.259.45/-)	71,818	15,799,960	69,231	17,962,521
	<i>Kgs</i>			
b. Work-in-progress Valued at Rs.245 per Kg.(P.Year Rs.304.37)	112,184	27,485,080	34,371	10,461,525
c. Finished goods Valued at 95 Rs. /- Per Piece(P.Year Rs.94/-)	524,874	49,863,030	402,105	79,524,483
	<i>Pieces</i>			
g. Others (Stores and Accessories)		-		-
		-		-
<b>Total</b>		93,148,070		107,948,529

**Note 13****Trade Receivables**

	2016-17	2015-16
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Secured, considered good	-	-
Unsecured, considered good	109,783,543	81,487,918
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	109,783,543	81,487,918
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	189,563	87,511
	189,563	87,511
<b>Total</b>	<b>109,973,106</b>	<b>81,575,429</b>

**Related Party Transaction**

Trade Receivable stated above include debts due by:

**Outstanding at the year end**

Particulars	2016-17	2015-16
Directors *	-	-
Firm in which director is a partner *	-	-
Other officers of the Company *		
Tapas Inc., a U.S. based company, in which director Ashmita Aggarwal is 100% Share Holder	8,203,941	-
	8,203,941	-

**Maximum Outstanding during the year**

	2016-17	2015-16
Directors *		-
Firm in which director is a partner *	-	-
Other officers of the Company *	-	-
Companies in which the directors are members		
Jannath Fabrics and Apparels P Ltd	-	74,295,016
Tapas Inc., a U.S. based company, in which director Ashmita Aggarwal is 100% Share Holder	8,203,941	-
	8,203,941	74,295,016

**Total Value of Transactions entered in to during the year**

	2016-17	2015-16
Directors *		-
Firm in which director is a partner *	-	-
Other officers of the Company *	-	-
Companies in which the directors are members		
Jannath Fabrics and Apparels P Ltd	-	74,295,016
One Man Company in which director Ashmita Aggarwal is 100% Share Holder & its USA based Co	8,264,008	-
	8,264,008	74,295,016

**Note 14****Cash and cash equivalents**

	2016-17		2015-16	
a. Balances with banks*		265,553		403,513
This includes:				
Earmarked Balances (eg/- unpaid dividend accounts)	-		-	
Margin money	-		-	
Security against borrowings	-		-	
Guarantees	-		-	
Other Commitments	-		-	
Bank deposits with more than 12 months maturity	-	-	-	-
b. Cheques, drafts on hand		-		-
c. Cash on hand*		1,429,985		1,415,743
d. Others (specify nature)		-		-
		<b>1,695,537</b>		<b>1,819,256</b>

\*There is no repatriation restrictions, if any, in respect of cash and bank balances.

**Note 15****Short-term loans and advances**

	2016-17	2015-16
a. Loans and advances to related parties	-	-
b. Others (specify nature)	2,951,012	4,632,852
	<b>2,951,012</b>	<b>4,632,852</b>

**Related Party Transaction**

Particulars	2016-17	2015-16
Directors *	-	-
Other officers of the Company *	-	-
Firm in which director is a partner *	-	-
	<b>-</b>	<b>-</b>

\*Either severally or jointly

**Note: According to A S regroup the ledgers where ever necessary**

**Note 15A****a) Contingent liabilities and commitments (to the extent not provided for)**

	2016-17	2015-16
<b>(i) Contingent Liabilities</b>	-	-
<b>(ii) Commitments</b>	-	-
	-	-

**b) Details of Dividend Payment** - -

**c) Issure of Securities made for specific purpose** - -

d) In the opinion of the Board, all assets other than fixed assets and non current investments, have a realisable value in the ordinary course of business which is not different from the amount at which it is stated, except as stated below:

Name of Assets	Realisable Value	Value in Balance Sheet	Opinion of Board	
Nil	Nil	Nil	Nil	Nil

**Junction Fabrics and Apparels Limited, Tirupur**

**Note 16**

**Revenue from operations**

Particulars	2016-17	2015-16
Sale of products	631,470,734	509,424,245
Sale of services	94,150	890,382
Other operating revenues	7,882,896	5,354,556
<u>Less:</u>		
Excise duty	-	-
<b>Total</b>	<b>639,447,781</b>	<b>515,669,183</b>

Particulars	2016-17	2015-16
<b>Sale of products comprises @:</b>		
Manufactured goods		
Export Sales	89144841.63	72425201.15
Domestic sales	542325892.8	436999043.7
<b>Total - Sale of manufactured goods</b>	<b>631470734.4</b>	<b>509424244.9</b>
	0	0
<b>Total - Sale of traded goods</b>	<b>0</b>	<b>0</b>
<b>Total - Sale of products</b>	<b>631,470,734</b>	<b>509,424,245</b>

**Note 17**

**Other income**

Particulars	2016-17	2015-16
Discount	12529	104262
Exchange rate fluctuation	0	0
TUF Interest Subsidy	0	44895
Interest Income	0	25018
Other income	58943.1	0
	71,472	174,175

**Note 18**

**Cost of materials consumed**

Particulars	2016-17	2015-16
<b>Raw Materials and Stores</b>		
Opening Stock	17,962,521	21,247,808
Purchases	508,032,972	425,384,202
Less: Closing stock of materials meant for consumption	15,799,960	17,962,521
<b>Consumption of Materials (A)</b>	<b>510,195,533</b>	<b>428,669,489</b>
<b>Total Cost of Materials Consumed (A) + (B)</b>	<b>510,195,533</b>	<b>428,669,489</b>

**Note 19****Changes in inventories of finished goods work-in-progress and Stock-in-Trade**

Particulars	2016-17	2015-16
<b>Opening Stock :</b>		
Work-in-Process	10,461,525	24,781,555
Finished Goods	79,524,483	52,284,175
	-	-
<b>Closing Stock :</b>		
Work-in-Process	27,485,080	10,461,525
Finished Goods	49,863,030	79,524,483
<b>Total</b>	<b>12,637,898</b>	<b>(12,920,278)</b>

**Note 20****Employee Benefits Expense**

	2016-17	2015-16
(a) Salaries, Wages and incentives incl Bonus	7,029,245	4,529,795
(b) Contributions to -		
(i) Provident fund(ii) Superannuation scheme	82,266	397,675
(c) Gratuity fund contributions	332,254	
(d) Social security and other benefit plans for overseas employees		
(e) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),		
(f) Staff welfare expenses	300,810	371,465
<b>Total</b>	<b>7,744,575</b>	<b>5,298,935</b>

**Note 21****Finance costs**

Particulars	2016-17	2015-16
Interest expense	10,117,750	10,452,969
Other borrowing costs	509,486	705,382
Applicable net gain/loss on foreign currency transactions and translation	-	-
<b>Total</b>	<b>10,627,235</b>	<b>11,158,351</b>

**Note 22****Other expenses**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Consumption of stores and spare parts.		
Power and fuel.	1,168,143	1,087,217
Rent.	2,753,000	2,144,000
Repairs to buildings.	246,204	329,819
Repairs to machinery(Electrical Maintenance)	18,858	168,427
Vehicle Maintenance	335,088	147,198
Other Maintenance	562,133	499,884
Insurance .	78,520	178,291
Freight Charges	1,767,548	1,125,292
Other Manufacturing Expenses	68,066,066	59,915,950
Rates and taxes, excluding, taxes on income.	129,845	400,019
Postage and Telephone	602,061	444,858
Managing Director Remuneration	1,200,000	1,000,000
Directors Remuneration	1,800,000	1,195,000
Business Promotion Expenses	1,012,936	1,247,554
Professional and Consultancy Charges	1,149,760	657,141
Discount	704,932	105,499
Sales Commission	1,157,500	-
<b>Payments to the auditor as</b>		
a. auditor	75,000	75,000
b. for taxation matters	25,000	25,000
Miscellaneous expenses,	3,560,466	2,233,747
<b>Total</b>	<b>86,413,059</b>	<b>72,979,895</b>



Note 08

	Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
		Balance as at 1 April 2016	Additions/ (Disposals)	Balance as at 31 March 2017	Balance as at 1 April 2016	Depreciation charge for the year	Balance as at 31 March 2017	Balance as at 1 April 2016	Balance as at 31 March 2017
a	<b>Tangible Assets</b>								
	Buildings	14,031,248	-	14,031,248	3,829,979	368,921	4,198,900	10,201,269	9,832,348
	Furniture & Fittings, Electrical Fittings, Office Equipments	2,325,618	2,817,839	5,143,457	375,768	505,286	881,054	1,949,850	4,262,403
	Plant and Equipment	3,572,175	0	3,572,175	954,855	172,036	1,126,891	2,617,320	2,445,284
	Vehicles	2,468,404	3,014,032	5,482,436	726,196	373,323	1,099,519	1,742,208	4,382,917
	Computer	278,388	457,290	735,678	156,383	78,116	234,499	122,005	501,179
	Miscellaneous Assets	4,700	0	4,700	4,466	0	4,466	234	234
	<b>Total</b>	<b>22,680,533</b>	<b>6,289,161</b>	<b>28,969,694</b>	<b>6,047,647</b>	<b>1,497,682</b>	<b>7,545,329</b>	<b>16,632,886</b>	<b>21,424,365</b>
b	<b>Intangible Assets</b>	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-	-
c	<b>Capital Work In Progress</b>	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-	-
d	<b>Intangible assets under Development</b>	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-	-

Details fo Write-off or Revaluation      NIL

Note 09

Non-current investments

Particulars	2016-17	2015-16
<b>A Trade Investments (Refer A below)</b>		
	-	-
<b>B Other Investments (Refer B below)</b>		
<b>Total (B)</b>	<b>3,510,000</b>	<b>3,510,000</b>
<b>Grand Total (A + B)</b>	<b>3,510,000</b>	<b>3,510,000</b>
Less : Provision for diminution in the value of Investments	-	-
<b>Total</b>	<b>3,510,000.00</b>	<b>3,510,000.00</b>

Particulars	2014-15	2013-14
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	3,510,000	3,510,000

Details of Other												
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' Basis of Valuation
			2015-16	2014-15			2015-16	2014-15	2015-16	2014-15		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(a)	Equity Instruments in Netaji Apparel Park	Others	1775	1,775	Unquoted	Fully Paid	1.67%	1.67%	3,510,000.00	3,510,000	Yes	Not Applicable
									<b>3,510,000.00</b>	<b>3,510,000.00</b>		
<b>Total</b>									<b>3,510,000.00</b>	<b>3,510,000.00</b>		

## **Notes to Financial Statements**

### **Company Background**

Junction Fabrics and Apparels Limited (the 'Company') is a public limited Company incorporated under the Indian Companies Act 1956. The Company is engaged in the business of manufacturing, selling and distribution of fabrics, hosiery garments and providing of related services.

### **Significant Accounting Policies**

#### **1. Basis of preparation of financial statements**

##### **(a) Basis of Accounting:**

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

##### **(b) Use of Estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities at the end of reporting period.

##### **(c) Current/Non-Current Classification:**

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. it is expected to be realized or settled or is intended for sale or consumption in the company's normal operating cycle;

ii. it is expected to be realized or settled within twelve months from the reporting date;

iii. in the case of an asset, it is held primarily for the purpose of being traded; or it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

iv. in the case of a liability, the company does not have an unconditional right to defer settlement of the liability for at least twelve months from the reporting date. All other assets and liabilities are classified as non-current. For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

## **2. Tangible and Intangible Assets**

### **(a) Tangible Fixed Assets**

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation/accumulated impairment. The cost of fixed assets comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Expenses directly attributable to new manufacturing facility during its construction period are capitalized. Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant tangible asset heads. Pursuant to the requirements under Schedule II of the Companies Act, 2013, the Company has identified and determined the cost of each component of an asset separately when the component 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. Profit or loss on disposal of tangible assets is recognized in the Statement of Profit and Loss. Tangible Fixed assets retired from active use and held for disposal are stated at the lower of their net book value and net realizable value and are disclosed separately under 'Other Current Assets'. Any expected loss is recognized immediately in the Statement of Profit and Loss.

### **(b) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognized in the Statement of Profit and Loss.

### **(c) Capital Work in Progress & Capital Advances**

Cost of Assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Long Term Loans & Advances.

### **(d) Depreciation and Amortization:**

Depreciation on tangible fixed assets is provided using the Straight Line Method based on the useful lives of the assets as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Significant components of assets identified separately pursuant to the requirements under Schedule II of the Companies Act, 2013 are depreciated separately over their useful life. The residual value, useful life and method of depreciation of an asset is reviewed at each financial year end and adjusted prospectively.

### **(e) Impairment**

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized in the Statement of Profit and Loss for the year. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on straight line basis over its remaining useful life.

### **3. Revenue Recognition**

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. The amount recognized as sale is exclusive of sales tax/VAT and is net of returns & discounts. Sales are stated gross of excise duty as well as net of excise duty (on goods manufactured and outsourced), excise duty being the amount included in the amount of gross turnover. The excise duty related to the difference between the closing stock and opening stock is recognized separately as part of changes in inventories of finished goods, work in progress and stock in trade. Revenue from service is recognized as per the completed service contract method. Processing income is recognized on accrual basis as per the contractual arrangements. Dividend income is recognized when the right to receive payment is established. Interest income is recognized on the time proportion basis.

### **4. Lease Accounting**

#### **Assets taken on operating lease:**

Lease rentals on assets taken on operating lease are recognized as expense in the Statement of Profit and Loss on straight line basis.

### **5. Inventory**

(a) Raw materials, work in progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis. Damaged, unserviceable and inert stocks are valued at net realizable value.

(b). In determining cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of

purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

(c) Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

## **6. Investments**

Investments are classified into current and long-term investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Long-term investments are stated at cost. A provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. Reversal of such provision for diminution is made when there is a rise in the value of long term investment, or if the reasons for the decline no longer exist. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is recognized in the Statement of Profit and Loss.

## **7. Transactions in Foreign Currency**

### **(a) Initial recognition:**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

### **(b) Measurement of foreign currency items at the Balance Sheet date:**

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

### **(c) Forward exchange contracts:**

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

## **8. Trade receivables**

Trade receivables are stated after writing off debts considered as bad.

## **9. Employee Benefits**

### **A. Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

### **B. Post-employment benefits:**

#### **(a) Defined contribution plans :**

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate.

#### **(b) Defined benefit plans**

##### Provident fund scheme

The Company makes specified monthly contributions towards Employee Provident Fund scheme, for the eligible employees.

#### **'(c) Gratuity scheme**

The Company has created provision for gratuity to the extent of Rs.3,32,204/-during the year 2016-17, based on the Certificate issued by Actuaries.

## **10. Research and Development**

Research and Development expenditure of a revenue nature is expensed out under the respective heads of account in the year in which it is incurred. Fixed assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

## **11. Provision for Taxation**

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing

differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realization.

## **12. Provisions and Contingencies**

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

## **13. Earnings per Share**

The Basic and Diluted Earnings per Share ("EPS") is computed by dividing the profit after tax for the year by weighted average number of equity shares outstanding during the year.

## **14. Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized. All other borrowing costs are expensed in the period they occur.

## **15. Cash and Cash Equivalents**

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short-term highly liquid investments where the original maturity is three months or less.

## **16. Government Grants and Subsidies**

The Company is not entitled to any subsidy from government authorities in respect of manufacturing units located in specified regions: Grants in the nature of subsidy which are nonrefundable are credited to the Statement of Profit and Loss, on accrual basis, where there is reasonable assurance that the Company will comply with all the necessary conditions attached to them. Grants in the nature of subsidy which are refundable are shown as Liabilities in the Balance Sheet.



## 17. Measurement of EBITDA

The Company has opted to present earnings before interest (finance cost), tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the year. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations.

## 18. Segment Reporting

### i) Business Segment

- a. The business segment has been considered as the primary segment.
- b. The Company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.
- c. The Company's primary business comprises of manufacturing of knitted garments and trading of fabrics and since it is the only reportable segment as envisaged in Accounting Standard 17. 'Segment Reporting'. Accordingly, no separate disclosure for Segment Reporting to be made in the financial statements of the Company.

### ii) Geographical Segment

The Company produces and sells its products in India and also Exports the same directly or indirectly to overseas countries. The overseas sales operations are managed by its office located in India. For the purposes of AS 17 regarding segment reporting, secondary segment formation on geographical segment is considered on the basis of revenue generated from Domestic & Export market

( INR in Lakhs)

Particulars	2016-17	2015-16
Domestic Turnover	Rs.5424.20	Rs.4376.95
Export Turnover	Rs. 891.44	Rs. 725.78
Total Turnover	Rs.6315.65	Rs.5102.73
Domestic Receivables	Rs.789.50	Rs. 702.08
Exports Receivables	Rs. 296.81	Rs. 103.38
<b>Total Receivables</b>	<b>Rs.1086.31</b>	<b>Rs. 805.46</b>

## 19. Details of Shareholders holding more than 5% equity shares in the Company

Name of the share holders	As on 31.03.2017		As on 31.03.2016	
	Number of Equity Shares	Percentage of holding	Number of Equity Shares	Percentage of holding
Prem Dinanath Aggarawl	12,87,220	47.81%	12,87,220	47.81%
Shikha Aggarwal	4,05,000	15.04%	4,05,000	15.04%
Hem Securities Limited	2,72,000	10.10%	2,72,000	10.10%
Shafali Trehan	1,84,000	6.83%	1,84,000	6.83%
	<b>21,48,270</b>		<b>21,48,270</b>	

**20.** The Company has recognized deferred tax arising on account of timing differences, being the difference between the taxable income and accounting income, that originates in one period and is capable of reversal in one or more subsequent period(s) in compliance with Accounting standard (AS 22) – Accounting for Taxes on income.

**21.** Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2016-17, to the extent the Company has received intimation from the “Suppliers” regarding their status under the Act.

(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act) Principal amount due to micro and small enterprise Interest due on above Nil (During 2015-16 Nil)

(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period Nil (During 2015-16 Nil)

(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 Nil (During 2015-16 Nil)

(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year Nil (During 2015-16 Nil)

(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises Nil (During 2015-16 Nil)

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**22. Report on Special Bank Notes from 09.11.2016 to 30.12.2016**

	<b>SBNs</b>	<b>Other Denomination Notes</b>	<b>Total</b>
Closing cash in hand as on 08.11.2016	Rs.10,12,000/-	Rs. 3,97,678/-	Rs.14,09,678/-
(+) Permitted Receipts	NIL	Rs.18,53,064/-	Rs.18,53,064/-
(-) Permitted Payments	NIL	Rs.15,87,984/-	Rs.15,87,984/-
(-) Amount deposited in Banks	Rs.10,12,000/-	NIL	Rs.10,12,000/-
Closing cash in hand as on 30.12.2016	NIL	Rs.6,62,758/-	Rs.6,62,758/-

**23.** Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with current year’s classification

**Notice is hereby given that the 6<sup>th</sup> Annual General Meeting of the Members of M/s. Junction Fabrics and Apparels Limited (CIN:U18101TZ2011PLC017586) will be held on Saturday the 29<sup>nd</sup> of July, 2017 at 11:30 am at Hotel Swaad Mantra Restaurants at No.8, College Road, Tirupur – 2, to transact the following business:**

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**ORDINARY BUSINESS**

1. To receive, consider and adopt the Financial Statements as at 31<sup>st</sup> March 2017 together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in the place of Mrs. Ashmita Agarwal (DIN: 07332067), who retires by rotation and, being eligible, offers herself for reappointment.
3. To consider and if thought to fit to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder, as amended from time to time and Ordinary Resolution passed by the members at their 3<sup>rd</sup> Annual General Meeting held on 29<sup>th</sup> September 2014, appointment of M/s. Balaji & Thulasiraman, Chartered Accountants (Firm Registration Number:007262S), Tirupur as the Statutory Auditors for the financial year 2017-18 be and is ratified on such remuneration as may be fixed by the Board of Directors of the Company.

**SPECIAL BUSINESS:**

4. To consider and if thought to fit to pass, with or without modification, the following resolution as an **Ordinary Resolution**

**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any of Companies Act, 2013(including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the said Act, consent of the members of the Company be and is hereby accorded for payment of remuneration of 18,00,000/- per annum payable for financial year 2017-18 to Mr. Prem Dinanath Aggarwal(holding DIN 02050297), Managing Director of the Company.

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any of Companies Act, 2013(including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the said Act, consent of the members of the Company be and is hereby accorded for payment of

remuneration of 18,00,000/- per annum payable for financial year 2017-18 to Mrs. Shikha Aggarwal(holding DIN 03373965), Whole-time Director of the Company.

6. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any of Companies Act, 2013(including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the said Act, consent of the members of the Company be and is hereby accorded for payment of remuneration of 15,00,000/- per annum payable for financial year 2017-18 to Mrs. Ashmita Aggarwal(holding DIN 07332067), Director of the Company

**By order of the Board**

**Place: Tirupur**  
**Date: 25.05.2017**

-Sd-

**PREM DINANATH AGGARWAL**  
**Managing Director**  
**(DIN: 02050297)**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy should be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.
3. Member / proxy should bring the attendance slip sent herewith, duly filled in, for attending the meeting.
4. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their representative to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days of the Company during business hours upto the date of Annual General Meeting.
7. The Company has not closed the Register of Members and share transfer books.
8. Members are requested to bring their Annual Report to the Annual General Meeting. The duly filled in attendance slip must be surrendered at the counter before attending the Meeting.
9. The Ministry of Corporate Affairs has taken “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail address in respect of electronics holdings with the Depository through their concerned Depository Participants.
10. The Notice of the AGM along with the Annual Report 2016-17 along with the Attendance Slip and Proxy Form is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
11. The shareholders are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts,
12. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting and number of shares held by them.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts
14. Non-Resident Indian Members are requested to inform Big Share Services Private Limited, immediately of:
  - Change in their residential status on return to India for permanent settlement.

- Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
15. Members, who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc, from the Company electronically.
16. Members seeking any information with regard to the Financial Statements are requested to write to the Company at least 7 days before the Meeting so as to enable the management to keep the information ready at the meeting.
17. The Notice is sent to all the members, whose name appeared in the Register of Members as on 25<sup>th</sup> May, 2017

By order of the Board

Place: Tirupur  
Date: 25.05.2017

-Sd-

**PREM DINANATH AGGARWAL**  
Managing Director  
(DIN: 02050297)

#### **Statement in respect of the Special Business pursuant to Section 102 of the Companies Act, 2013**

##### **ITEM No. 4:**

On the basis of recommendation from Nomination and remuneration committee, the Board of Directors in its meeting held on 25<sup>th</sup> May, 2017 increased the remuneration payable to Mr. Prem Dinanath Aggarwal, Managing Director to Rs. 18,00,000/- per annum for the financial year 2017-18 pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Act read with Schedule V of the Act and the Rules made thereunder. The disclosure requirement as required under Schedule V of Companies Act, 2013 is given under annexure to the notice.

The appointment as well as payment of remuneration was approved by the Board based on recommendation from Nomination and Remuneration Committee based on responsibilities handled by the Managing Director of the Company. However due to inadequacy of profits, the managerial remuneration paid/payable needs to be approved for the financial year 2017-18.

The increase in remuneration to the managing director is subject to approval by shareholders of the company in general meeting.

The Board of Directors recommends the relevant resolution for your consideration and approval as an Ordinary resolution.

None of the directors expect Mrs. Shikha Aggarwal and Mrs. Ashmita Aggarwal, relatives of Mr. Prem Dinanath Aggarwal are concerned or interested in the resolution.

**ITEM No. 5:**

On the basis of recommendation from Nomination and remuneration committee, the Board of Directors in its meeting held on 25<sup>th</sup> May, 2017 increased the remuneration payable to Mrs. Shikha Aggarwal, Whole Time Director to Rs. 18,00,000/- per annum for the financial year 2017-18 pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Act read with Schedule V of the Act and the Rules made thereunder. The disclosure requirement as required under Schedule V of Companies Act, 2013 is given under annexure to the notice.

The appointment as well as payment of remuneration was approved by the Board based on recommendation from Nomination and Remuneration Committee based on responsibilities handled by the Whole time Director of the Company. However due to inadequacy of profits, the remuneration paid/payable needs to be approved for the financial year 2017-18.

The increase in remuneration to the whole time director is subject to approval by shareholders of the company in general meeting.

The Board of Directors recommends the relevant resolution for your consideration and approval as an Ordinary resolution.

None of the directors expect Mr. Prem Dinanath Aggarwal and Mrs. Ashmita Aggarwal, relatives of Mrs. Shikha Aggarwal Aggarwal are concerned or interested in the resolution.

**ITEM No. 6:**

On the basis of recommendation from Nomination and remuneration committee, the Board of Directors in its meeting held on 25<sup>th</sup> May, 2017 increased the remuneration payable to Mrs. Ashmita Aggarwal, Director to Rs. 15,00,000/- per annum for the financial year 2017-18 pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Act read with Schedule V of the Act and the Rules made thereunder. The disclosure requirement as required under Schedule V of Companies Act, 2013 is given under annexure to the notice.

The appointment as well as payment of remuneration was approved by the Board based on recommendation from Nomination and Remuneration Committee based on responsibilities handled by the Director of the Company. However due to inadequacy of profits, the remuneration paid/payable needs to be approved for the financial year 2017-18.

The increase in remuneration to the director is subject to approval by shareholders of the company in general meeting.

The Board of Directors recommends the relevant resolution for your consideration and approval as an Ordinary resolution.

None of the directors expect Mr. Prem Dinanath Aggarwal and Mrs. Shikha Aggarwal, relatives of Mrs. Shikha Aggarwal are concerned or interested in the resolution.

**Annexure**

**Details of Director seeking reappointment at the Annual General Meeting**

**[Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

<b>Particulars</b>	<b>Mrs. Ashmita Aggarwal</b>
Date of Birth	31.03.1988
Date of first appointment	21.11.2015
Qualification	Post Graduate
Expertise in specific functional area	Management
Directorships held in other Body Corporate as on 31 <sup>st</sup> March, 2017	Nil
Membership / Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee) as on 31st March 2017	Nil
Number of equity shares held in the Company as on 31st March 2017	10
Relationship with other Directors and Key Managerial Personnel	Daughter of Mr. Prem Dinanath Aggarwal, Managing Director and Mrs. Shikha Aggarwal, Whole time director

**Disclosure as required under Schedule V to the Companies Act, 2013 is given hereunder:**

**I. General Information**

Nature of Industry	Garment
Date or expected date of Commercial Production	N.A. Since the company has already commenced its production
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.



**Financial Performance:**

Particulars	For the Period ended		
	March, 2017	March, 2016	March, 2015
Total Income	63,95,19,253.00	51,58,43,358.00	15,27,56,409.00
Depreciation	14,97,682.00	10,74,528.00	7,17,240.00
Total Expenses	63,02,25,883.00	50,75,12,405.00	15,03,85,323.00
Net Profit	55,78,933.00	57,59,381.00	15,88,380.00
Paid up Capital	2,69,22,700.00	2,69,22,700.00	169,22,700.00
Reserves & Surplus	2,36,87,585.00	1,81,08,652.00	63,49,271.00

**Foreign Investment or Collaborations, if any: N.A.**

**II. Information about the appointee:** N.A. Since the proposal is for increasing the remuneration of Directors.

**III. Other Information**

**a. Reasons for loss or inadequate profits:**

The company had expected adequate margin in the current year which it was not able to achieve as expected during the demonetization period. Further the company has completed 5 years since incorporation which mandates it to create provision for gratuity in the year. There has been an increase in few administrative expenses during the year which is being analysed strategically to cut down costs to increase profit margin.

**b. Steps taken or proposed to be taken for improvement:**

The company is focussing on strengthening its core competency in the wholesale market strategically. The company has commenced export of its products to the United States and is positive in achieving better performance results in the future years to come. The company is also focussing on reducing its administrative expenses and other expenses.

**c. Expected increase in productivity and profits in measurable terms:**

The management continuously monitors the external environment and with its robust ideologies and strategies will increase the revenues and attain higher margins. Further, a number of initiatives have already been taken by the management to reduce the administrative expenses and more focus is provided on the export segment. The company is optimistic towards achieving higher margins for the forthcoming year.

**IV Disclosures:**

- a. The Remuneration package of all managerial persons are given in the respective resolutions.
- b. Additional information is provided in the Corporate governance report

**Proxy form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**Junction Fabrics and Apparels Limited**  
**L18101TZ2011PLC017586**  
**No.18 (1)24, Workshop Street, Khaderpet, Tirupur- 641 601, Tamil Nadu**

Name of the Member

Registered office address

Email ID

Folio No. / Client ID 

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DP ID 

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I/ We being the member of **Junction Fabrics and Apparels Limited** holding.....shares, hereby appoint

Name: ..... E-mail ID: .....

Address: .....

.....Signature : .....

or failing him/her

Name: ..... E-mail ID: .....

Address: .....

..... Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 6<sup>th</sup> Annual General Meeting of members of the Company, to be held on 29<sup>th</sup> day of July,2017 at the Hotel Swaad Mantra

Restaurants, No.8, College Road, Tirupur – 641 602 at 11:30 a.m , and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business				
1	Adoption of Financial statements for the financial year 2016-17			
2	Appointment of Mrs. Ashmita Aggarwal(DIN No. 07332067) as a director liable to retire by rotation			
3	Appointment of statutory auditors			
Special Business				
4	Increase in managerial remuneration payable to Mr. Prem Dinanath Aggarwal(DIN: 02050297)			
5	Increase in remuneration payable to Mrs. Shikha Aggarwal(DIN: 03373965) Whole Time Director			
6	Increase in remuneration payable to Mrs. Ashmita Aggarwal, Director (DIN : 07332067)			

Signed this ..... day of..... 2017

.....

Signature of Shareholder

.....

Signature of Proxy holder(s)

Note:1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. Its optional to indicate your preference. If you leave the 'for, 'against' or 'abstain' column blank any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate

**ATTENDANCE SLIP**

**JUNCTION FABRICS AND APPARELS LIMITED**  
CIN NO: *L18101TZ2011PLC017586*  
18(1) 24, Workshop Street, Khaderpet, Tirupur – 641601, Tamil Nadu, India  
Tel: 0421-2231896, Email ID: [info@junctionfabrics.com](mailto:info@junctionfabrics.com), Website: [www.junctionfabrics.in](http://www.junctionfabrics.in)

**6<sup>th</sup> ANNUAL GENERAL MEETING – 29<sup>TH</sup> JULY, 2017**

Registered Folio No/ DP No/Client ID No.

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No of Shares Held:

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I certify that I am a member/proxy/authorized representative for the members of the Company.

I hereby record my presence at the 6<sup>th</sup> Annual General Meeting of the Company at Hotel Swaad Mantra Restaurants on 29<sup>th</sup> July, 2017 at 11:30 am

.....  
Name of the member/proxy  
(IN BLOCK LETTERS)

.....  
Signature of the member/proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of Annual Report to the AGM

**ROUTE MAP:**

