



# JUNCTION FABRICS AND APPARELS LIMITED

(Formerly known as Junction Fabrics and Apparels Private Limited)

(CIN- L18101TZ2011PLC017586)

| <b>Balance Sheet as at 31st March 2018</b>         |   |                 |                    |                    |
|--|---|-----------------|--------------------|--------------------|
| <b>Particulars</b>                                 |   | <b>Note No.</b> | <b>2017-18</b>     | <b>2016-17</b>     |
| <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               | 31,943,081         | 23,687,585         |
|  | (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               | 17,353,239         | 24,470,455         |
|  | (b) Deferred tax liabilities (Net)        |                 | 643,332            | 913,227            |
| <b>4 Current liabilities</b>                       |   |                 |                    |                    |
|  | (a) Short-term borrowings                 | 4               | 120,591,755        | 88,277,077         |
|  | (b) Trade payables                        | 5               | 105,063,825        | 67,911,613         |
|  | (c) Other current liabilities             | 6               | 3,047,554          | 4,344,072          |
|  | (d) Short-term provisions                 | 7               | 6,415,000          | 4,113,158          |
|  | <b>TOTAL</b>                              |                 | <b>311,980,486</b> | <b>240,639,886</b> |
| <b>II. ASSETS</b>                                  |   |                 |                    |                    |
| <b>Non-current assets</b>                          |   |                 |                    |                    |
|  | (a) Fixed assets                          | 8               |                    |                    |
|  | (i) Tangible assets                       |                 | 21,243,686         | 21,424,365         |
|  | (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              | 2,646,850          | 4,146,850          |
|  | (d) Other non-current assets              | 11              | 2,059,797          | 3,790,947          |
| <b>2 Current assets</b>                            |   |                 |                    |                    |
|  | (a) Inventories                           | 12              | 196,670,073        | 93,148,070         |
|  | (b) Trade receivables                     | 13              | 72,162,487         | 109,973,106        |
|  | (c) Cash and cash equivalents             | 14              | 566,479            | 1,695,537          |
|  | (d) Short-term loans and advances         | 15              | 13,121,114         | 2,951,012          |
|  | <b>TOTAL</b>                              |                 | <b>311,980,486</b> | <b>240,639,886</b> |

For and on behalf of Board of Directors

Prem Dinanath Aggarwal  
DIN No: 02050297

Registered & Admin. Office: No.15, Murthy's Plaza, Karia Gounder Street, Khaderpet, Tirupur-641 601.

Factory: Shed No: 40, Nethaji Apparels Park, Eettiveerampalayam, New Tirupur, Tamil Nadu- 641 666.

Tel No.: +91-0421-2231896, +91-0421-2357140,

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| <b>Profit and loss statement for the year ended 31<sup>st</sup> March 2018</b> |  |                |                    |                    |
|--|--|----------------|--------------------|--------------------|
|  |  |                | Amount in Rupees   |                    |
| Particulars  |  | Refer Note No. | 2017-18            | 2016-17            |
| I.   | Revenue from operations  | 16             | 789,424,607        | 639,447,781        |
| II.  | Other income   | 17             | 375,000            | 71,472             |
| <b>III.</b>  | <b>Total Revenue (I + II)</b>  |                | <b>789,799,607</b> | <b>639,519,253</b> |
| IV.  | Expenses:  |                |                    |                    |
|  | Cost of materials consumed   | 18             | 801,619,278        | 510,195,533        |
|  | Changes in inventories of finished goods work-in-progress and Stock-in-Trade | 19             | (105,410,637)      | 12,637,898         |
|  | Employee benefits expense  | 20             | 7,209,157          | 7,744,575          |
|  | Finance costs  | 21             | 9,127,989          | 10,627,236         |
|  | Depreciation and amortization expense  |                | 1,945,328          | 1,497,682          |
|  | Other expenses   | 22             | 61,377,471         | 86,413,059         |
|  | Preliminary & Pre Operative Expenses wirtten off                             |                | 1,109,900          | 1,109,900          |
|  | Total expenses   |                | <b>776,978,487</b> | <b>630,225,883</b> |
| <b>V.</b>  | <b>Profit before exceptional and extraordinary items and tax (III-IV)</b>    |                | 12,821,120         | 9,293,369          |
| VI.  | Exceptional items  |                | -                  | -                  |
| <b>VII.</b>  | <b>Profit before extraordinary items and tax (V - VI)</b>                    |                | 12,821,120         | 9,293,369          |
| VIII.  | Extraordinary Items  |                | -                  | -                  |
| <b>IX.</b>   | <b>Profit before tax (VII- VIII)</b>   |                | 12,821,120         | 9,293,369          |
| X  | Tax expense:   |                |                    |                    |
|  | (1) Current tax  |                | 4,739,859          | 3,126,767          |
|  | (2) Deferred tax   |                | 269,895            | 128,506            |
|  | (3) Excess/(Shortfall) Prov. For Tax in P.Y.                                 |                | 95,660             | (459,164)          |
| <b>XI</b>  | <b>Profit (Loss) for the period from continuing operations (VII-VIII)</b>    |                | 8,255,496          | 5,578,933          |
| XII  | Profit/(loss) from discontinuing operations                                  |                | -                  | -                  |
| XIII   | Tax expense of discontinuing operations                                      |                | -                  | -                  |
| <b>XIV</b>   | <b>Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>    |                | -                  | -                  |

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| XV  | Profit (Loss) for the period (XI + XIV) |  | 8,255,496 | 5,578,933 |
|-----|---|--|-----------|-----------|
| XVI | Earnings per equity share:              |  |           |           |
|     | (1) Basic                               |  | 3.07      | 2.07      |
|     | (2) Diluted                             |  | 3.07      | 2.07      |

For and on behalf of Board of Directors

Prem Dinanath Aggarwal

DIN No: 02050297

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# JUNCTION FABRICS AND APPARELS LIMITED

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## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

| Particulars   | For year ended 31st March, 2018 |                     | For year ended 31st March, 2017 |                    |
|---|---------------------------------|---------------------|---------------------------------|--------------------|
|   | Rupees                          | Rupees              | Rupees                          | Rupees             |
| <b>A.Cash Flow from Operation Activities</b>                      | -                               |                     | -                               | -                  |
| <b>Cash Flow from Operation Activities</b>                        |                                 |                     |                                 |                    |
| Cash Receipts from Customers                                      | 451,439,869                     |                     | 513,762,018                     |                    |
| Cash Paid to Suppliers & Other Creditors (incl Capital Goods Crs) | 475,186,324                     |                     | 532,970,381                     |                    |
| Cash generated from Operations                                    |                                 | (23,746,455)        |                                 | (19,208,363)       |
| Less: Advance tax paid  |                                 | 3,300,000           |                                 | 550,000            |
|   |                                 | (27,046,455)        |                                 | (19,758,363)       |
| <b>Cash Flow from Investing Activities</b>                        | -                               |                     | -                               | -                  |
| Investments and Misc., Expenses                                   | -                               |                     | -                               |                    |
| Fixed Assets  | -                               |                     | 631,555                         |                    |
| Merger of Concern   | -                               |                     | 26,491                          |                    |
| Deposits Made   | -                               |                     | -                               |                    |
| Deposits Matured  | -                               |                     | -                               |                    |
| Interest on Deposits  | -                               |                     | -                               | (658,046)          |
|   |                                 | (27,046,455)        |                                 | ₹ -                |
|   |                                 |                     |                                 | 20,416,409         |
| <b>Cash Flow from Financing Activities</b>                        | -                               |                     | -                               | -                  |
| Shares issued with premium  |                                 | -                   |                                 | -                  |
| Cash from Loans (Secured & Unsecured)                             |                                 | (6,397,281)         |                                 | 10,991,740         |
| Net Decrease in Cash or Cash Equivalent during the year           |                                 | <b>(33,443,737)</b> |                                 | <b>(9,424,669)</b> |
| Opening Cash and Bank Balance                                     |                                 | (86,581,539)        |                                 | (77,156,870)       |
| Closing Cash and Bank Balances                                    |                                 | (120,025,276)       |                                 | (86,581,539)       |
| <b>Increase/(Decrease) in Cash and Bank Balances</b>              |                                 | <b>(33,443,737)</b> |                                 | <b>(9,424,669)</b> |

For and on behalf of Board of Directors



Prem Dinanath Aggarwal  
DIN No: 02050297

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## 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, 2018, 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







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 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, 2018, 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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.

Place: Tirupur  
Date: 26.05.2018

For Balaji and Thulasiraman  
Chartered Accountants

(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, which in our opinion, the 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 titled 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/GST, Wealth Tax, Service Tax, Customs Duty, Excise Duty and any other material statutory dues were in arrears as at 31st March, 2018 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 been sanctioned one term loan amounting to Rs.100 lacs from Axis Bank Ltd., and out of this Rs.9.94 lacs has been availed during the financial year 2017-18 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.



# Balaji & Thulasiraman

CHARTERED ACCOUNTANTS



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 : 26.05.2018

For Balaji and Thulasiraman  
Chartered Accountants

(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, 2018 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

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

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 reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

(a) pertain 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 authorisations of management and directors of the company; and

(c) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial control 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Tirupur

Date: 26.05.2018

For Balaji and Thulasiraman  
Chartered Accountants

(CA.S.Balaji FCA DISA)  
Partner M.No.202992 FRN 0072008

