

**AUDIT REPORT  
FOR THE YEAR 2014-15**

**M/S GUPTA FABTEX PVT LTD  
JAIPUR**

**Auditors:**  
KALANI & COMPANY  
CHARTERED ACCOUNTANTS  
5<sup>TH</sup> FLOOR, MILESTONE BUILDING  
GANDHI NAGAR CROSSING  
TONK ROAD, JAIPUR -302015



**INDEPENDENT AUDITOR'S REPORT**

To,  
**The Members of**  
**Gupta Fabtex Private Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Gupta Fabtex Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Profit and Loss Statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors are 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 31 March 2015 and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to certain exceptional items having net impact of Rs. 43,12,580/- (income) as disclosed in Profit & Loss Statement. Our opinion is not modified in respect of this matter.

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

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 a statement on the matters specified in the paragraph 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, profit and loss statement and 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;



**KALANI & CO.**  
CHARTERED ACCOUNTANTS

- e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) 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. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.28 to the financial statements.
  - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Kalani & Company**  
Chartered Accountants  
FRN - 000722C

**[J. P. Somani]**  
Partner  
M. No. 076211



Place: Jaipur

Date:

25 JUN 2015

## **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in paragraph (1) of 'Report on other Legal and Regulatory Requirements' of our Independent Auditors' Report of even date to the members of the Gupta Fabtex Private Limited, Jaipur on the Financial statements for the year ended on 31 March 2015, we report that:

- (i)
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (ii)
  - a) The Company is a manufacturing company, primarily Manufacturing Garments, bed sheets and made-ups, and the management has carried out physical verification of stock at regular interval.
  - b) The procedures and methods used for carrying out the Physical verification of the stock are appropriate and commensurate to the quantum of stock.
  - c) The company is maintaining proper records of the inventory. The discrepancies noticed by the management on verification between the physical stock and the book records were not material.
- (iii) The Company has not granted unsecured loan to party covered in the register maintained under section 189 of the Companies Act, 2013 (the Act) hence reporting under (iii)(a) and (iii)(b) is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits, hence reporting under this clause is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the goods manufactured by the Company, hence reporting under this clause is not applicable.
- (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, employee state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.




- b) According to the information and explanations given to us, there are no unpaid dues of Income tax, Sales tax, Customs duty, Wealth tax, Excise duty, service tax & cess under dispute except as stated under:-

S. No.	Name of Statute	Nature of dues	Forum where dispute is pending	Demand (In Rs.)	Amount deposited (under Protest) (in Rs.)
1	Income Tax Act, 1961	Income Tax Demand (TDS) for A.Y. 2011-12	ITAT Jaipur	1,70,750	1,70,750
2	Income Tax Act, 1961	Income Tax Demand (TDS) for A.Y. 2012-13	ITAT Jaipur	71,162	71,162
3	Income Tax Act, 1961	Income Tax Demand for A.Y. 2012-13	CIT Appeals Jaipur	86,450	86,450
4	Income Tax Act, 1961	Income Tax Demand (TDS) for A.Y. 2011-12, 12-13 & 13-14 (RICO)	CIT Appeals Jaipur	5,91,613	0*

\*Out of demand of Rs. 5,91,613/-, amount Rs. 3,91,613/- paid on 18.06.2015

- c) According to the information and explanations given to us no amounts were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.
- (viii) The Company does not have any accumulated losses at the end of the financial year. Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **Kalani & Company**  
Chartered Accountants  
FRN - 000722C

  
[J. P. Somani]  
Partner  
M. No. 076211



Place: Jaipur  
Date: 25 JUN 2015