

SHUBHLAXMI JEWEL ART LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2020

INDEPENDENT AUDITORS' REPORT

To

The Members of

SHUBHLAXMI JEWEL ART LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Shubhlaxmi Jewel Art Limited ("the Company") which comprise the Balance Sheet as at 31st March 2020, the statement of profit and loss and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("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 2020 and of the profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of Matter

We draw your attention to Note 22 which explains the uncertainties and the management's assessment of the financial impact due to lock-downs and other restrictions and conditions related to the COVID 19 pandemic situation, for which definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in our forming our opinion thereon, and we do not provide a separate opinion on these matters.



We have determined the matters described below to be the key audit matters to communicate in our report.

Net realizable value of inventories:

Inventory of stock in trade is valued at lower of cost or net realizable value (estimated selling price less estimated cost to sell). Considering the volatility in the selling price of precious metals, which is dependent upon various market conditions, determination of the net realizable value involves significant management judgment and therefore, has been considered as a key audit matter.

Auditor's response:

We have obtained an understanding of the determination of the net realizable values and assessed and tested the reasonableness of the significant judgments applied by the management.

We have compared the cost of stock in trade with the estimated net realizable value and evaluated the design of internal controls relating to the valuation of inventories.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Shareholder's Information, but does not include the financial statements and auditor's report thereon. The Board's Report and other information are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the aforesaid reports and information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

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



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concerns and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guarantee that audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 terms of sub-section (11) of section 143 of the Act, we give in the Annexure - A, a statement on the matters specified in clause 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 purpose 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 written representations received from the directors as on 31st March 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020, from being appointed as a director in terms section 164(2) of the Act;
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, our separate report in annexure - B may be referred;
 - g) Remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;



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

Bhavnagar
27th July, 2020



For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

Manoj Ganatra

MANOJ GANATRA
Partner
Membership No. 043485
UDIN: 20043485AAAAKD3763

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

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

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- 1 In respect of fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The fixed assets were physically verified by the management at reasonable intervals in a phased manner in accordance with a programme of physical verification. No discrepancies were noticed on such verification.
 - c. The title deeds of immovable properties are held in the name of the Company.
- 2 The inventories were physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such physical verification carried out by the Company.
- 3 The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.
- 4 The Company has complied with provisions of Section 185 and 186 of the Act in respect of loans, investments, guarantees and security, to the extent applicable.
- 5 The Company has not accepted any deposits within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- 6 The Central Government has not prescribed maintenance of the cost records under section 148(1) of the Companies Act, 2013.
- 7 In respect of statutory and other dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Custom Duty, Cess, Goods & Service Tax and other statutory dues, to the extent applicable, with the appropriate authorities during the year. There are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable.
 - b. There are no amounts outstanding, which have not been deposited on account of dispute.
- 8 The Company has not defaulted in repayment of loans or borrowing to banks. The Company has not obtained any borrowings from any financial institutions or government or by way of debentures.



- 9 Term loans obtained by the Company have been applied for the purpose for which they were obtained. The Company has not raised any money during the year by way of public offer (including debt instruments).
- 10 To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company or on the Company by its officers or employees was noticed or reported during the year.
- 11 Managerial remuneration paid or provided by the Company during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- 12 Since the Company is not a Nidhi Company, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13 All transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- 14 The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- 15 The Company has not entered into any non-cash transactions during the year with directors or persons concerned with him.
- 16 The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Bhavnagar
27th July, 2020



For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

Manoj Ganatra

MANOJ GANATRA
Partner
Membership No. 043485
UDIN: 20043485AAAAKD3763

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls over financial reporting of **Shubhlaxmi Jewel Art Limited** ("the Company") as of 31st March, 2020 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the 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 Companies Act, 2013.

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 and the Standards on Auditing, issued by the ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that -



- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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, 2020, 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 issued by the ICAI.

Bhavnagar
27th July, 2020



For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

Manoj Ganatra

MANOJ GANATRA
Partner
Membership No. 043485
UDIN: 20043485AAAAKD3763

SHUBHLAXMI JEWEL ART LIMITED
BALANCE SHEET AS AT 31st MARCH 2020

(Amounts in Indian ₹)

Particulars	Note No.	31st March 2020		31st March 2019	
<u>EQUITY AND LIABILITIES ::</u>					
Shareholders' Funds					
Share Capital	2	8,30,40,000		8,30,40,000	
Reserves and Surplus	3	5,53,81,356	13,84,21,356	4,32,84,677	12,63,24,677
Non-Current Liabilities					
Long-Term Borrowings	4	1,39,10,864		1,72,66,211	
Other Long Term Liabilities		-		-	
Long-Term Provisions	5	4,82,347	1,43,93,211	2,22,072	1,74,88,283
Current Liabilities					
Short-Term Borrowings	6	5,02,12,367		4,96,11,061	
Trade Payables		57,23,249		3,02,29,223	
Other Current Liabilities	7	1,84,34,022		1,99,08,549	
Short-Term Provisions	8	4,32,945	7,48,02,583	10,22,413	10,07,71,246
Total...			22,76,17,150	24,45,84,206	
<u>ASSETS ::</u>					
Non-Current Assets					
Fixed Assets					
9					
Tangible Assets		2,03,61,512		1,99,04,565	
Intangible Assets		-		-	
Capital Work-in-Progress		-		-	
		2,03,61,512		1,99,04,565	
Non-Current Investments					
Long-Term Loans and Advances	10	8,12,133		16,09,173	
Deferred Tax Assets (net)		1,13,000		4,08,000	
Other Non-current Assets		-	2,12,86,645	-	2,19,21,738
Current Assets					
Current Investments					
Inventories	11	18,82,78,270		19,60,67,038	
Trade Receivables	12	1,28,47,555		1,64,75,869	
Cash and Bank Balances	13	43,31,517		57,22,663	
Short-Term Loans and Advances	14	8,73,163		43,96,898	
Other Current Assets		-	20,63,30,505	-	22,26,62,468
Total...			22,76,17,150	24,45,84,206	
The accompanying notes 1 to 31 are an integral part of these financial statements.					

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner

Aganada
JAGRUTIBEN CHAUHAN
Director

Ashmi
ASHMI PATEL
Company Secretary

For and on behalf of the Board of Directors

Chauhan
NAREN KRASINH CHAUHAN
Managing Director

Patel
RANJITSINH SOLANKI
Chief Financial Officer

SHUBHLAXMI JEWEL ART LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2020

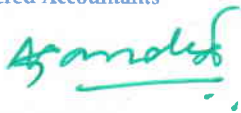
(Amount in Indian ₹)

Particulars	Note No.	2019-2020	2018-2019
REVENUE :			
Revenue from Operations	15	53,46,99,844	51,51,26,733
Other Income	16	-	57,476
Total Revenue		53,46,99,844	51,51,84,209
EXPENSES :			
Materials and Direct Expenses		-	-
Purchases of Stock in trade		46,51,42,551	52,63,57,822
Changes in Inventories	17	66,69,167	(6,27,26,145)
Employee Benefit Expenses	18	1,66,92,055	77,14,860
Finance Costs	19	72,75,532	75,09,996
Depreciation and Amortization		13,98,586	33,36,014
Other Expenses	20	2,15,16,784	1,94,26,913
Total Expenses		51,86,94,675	50,16,19,460
Profit before exceptional and extraordinary items and tax		1,60,05,169	1,35,64,749
Exceptional Items		-	-
Profit before extraordinary items and tax		1,60,05,169	1,35,64,749
Extraordinary Items		-	-
Profit Before Tax		1,60,05,169	1,35,64,749
Tax Expenses			
Current Tax		36,00,000	39,33,000
Earlier Years' Tax		13,490	-
Deferred Tax		2,95,000	(4,08,000)
		39,08,490	35,25,000
Net Profit for the year		1,20,96,679	1,00,39,749
Face Value per Equity Share		10.00	10.00
Earnings per Equity Share			
Basic / Diluted		1.46	1.50
The accompanying notes 1 to 31 are an integral part of these financial statements.			

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner



For and on behalf of the Board of Directors

JAGRUTIBEN CHAUHAN
Director

ASHMI PATEL
Company Secretary



NARENDRASINH CHAUHAN
Managing Director

RANJITSINH SOLANKI
Chief Financial Officer



Bhavnagar
27th July, 2020

Bhavnagar
27th July, 2020

SHUBHLAXMI JEWEL ART LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020

(Amounts in Indian ₹)

Particulars	2019-2020		2018-2019	
A CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax And Extraordinary Items		1,60,05,169		1,35,64,749
Adjustments for -				
Depreciation	13,98,586		33,36,014	
Interest	72,39,968	86,38,554	70,01,380	1,03,37,394
Operating Profit Before Working Capital Changes		2,46,43,723		2,39,02,143
Adjustments for -				
Trade and Other Receivables	79,99,089		(2,24,81,940)	
Inventories	77,88,768		(19,60,67,038)	
Trade and Other Payables	(2,57,26,694)	(99,38,837)	5,07,99,257	(16,77,49,721)
Cash Generated From Operations		1,47,04,886		(14,38,47,578)
Direct Taxes Paid	(42,46,490)	(42,46,490)	(33,50,000)	(33,50,000)
NET CASH FROM OPERATING ACTIVITIES		1,04,58,396		(14,71,97,578)
B CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		(18,55,533)		(2,32,40,579)
Sale of Fixed Assets		-		-
Interest Received		-		-
NET CASH USED IN INVESTING ACTIVITIES		(18,55,533)		(2,32,40,579)
C CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Long Term Borrowings (net)		(33,55,347)		1,72,66,211
Proceeds from Short Term Borrowings (net)		6,01,306		4,96,11,061
Issue of share capital (net of expenses)		-		11,62,84,928
Interest Paid		(72,39,968)		(70,01,380)
Dividend Paid		-		-
NET CASH USED IN FINANCING ACTIVITIES		(99,94,009)		17,61,60,820
Net Increase in Cash and Cash Equivalents		(13,91,146)		57,22,663
Cash and Cash Equivalents as at beginning of the year		57,22,663		-
Cash and Cash Equivalents as at end of the year		43,31,517		57,22,663
Cash and Cash Equivalents:				
Cash and Bank Balances		43,31,517		57,22,663
Statutory restricted accounts		-		-
		43,31,517		57,22,663

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants

 JAGRUTIBEN CHAUHAN
Director

MANOJ GANATRA
Partner

 ASHMI PATEL
Company Secretary

For and on behalf of the Board of Directors

 NARENDRASINH CHAUHAN
Managing Director

 RANJITSINH SOLANKI
Chief Financial Officer

Bhavnagar
27th July, 2020

Bhavnagar
27th July, 2020

Company Information:

Shubhlaxmi Jewel Art Limited ("the Company") is a public limited company domiciled in India and incorporated on 2nd May 2018 under the provisions of Companies Act applicable in India. . The Company is dealing in gold, silver, jewellery and other precious metals. The registered office of the Company is located at 1, "D & I Excelus", Waghawadi Road, Bhavnagar – 364 002, Gujarat, India. The equity shares of the Company are listed on SME platform of the National Stock Exchange (NSE).

Note: 1

1 Significant Accounting Policies:

1.1 Basis of Accounting:

The financial statements have been prepared in accordance with the recognition and measurement principles laid down in the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.

1.2 Use of Estimates:

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

1.3 Fixed Assets:

Tangible Assets are stated at cost less depreciation, All the costs incurred till the date of the assets ready for use, including installation and substantial modification to the fixed assets are capitalized and included in the cost of the respective assets. Depreciation is provided on Straight Line Method in the manner specified in the Schedule II in accordance with the provisions of section 123(2) of the Companies Act, 2013.

1.4 Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:

- i. Packing materials – on weighted average basis;
- ii. Stock in trade - at material cost plus direct expenses.

1.5 Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably be measured.

Revenue from sale of goods are recognized when significant risks and rewards of ownership are passed the buyer, which generally coincides with dispatch of goods. Goods & Service Tax is collected on behalf of the Government and therefore, excluded from the revenue.



1.6 **Goods and Service Tax:**

Purchased of goods and fixed assets are accounted for net of GST input credits., wherever applicable.

1.7 **Employee Benefits:**

Post-employment benefit plans:

- i) **Defined Contribution Plan:** Contribution for provident fund are accrued in accordance with applicable statutes and deposited with the Regional Provident Fund Commissioner.
- ii) **Defined Benefit Plan:** The liability in respect of gratuity and leave encashment is determined using Projected Unit Credit Method with actuarial valuation carried out as at balance sheet date. Actuarial gains are recognised in full in the profit and loss account for the period in which they occur.

Short-term employee benefits: The undiscounted amount of short-term benefits expected to be paid in exchange for services rendered by employee is recognised during the period when the employee renders the service.

1.8 **Borrowing Costs:**

Net cost of borrowed funds for the projects till completion are capitalized and included in the cost of fixed assets. Other borrowing costs are recognized as expenses in the period in which they are incurred.

1.9 **Taxation:**

Provisions are made for current tax based on tax liability computed in accordance with relevant tax rates and tax laws. Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.10 **Earning per Share:**

Basic earning per share is computed by dividing the net profit attributable to equity shareholders for the year by weighted average number of equity shares outstanding during the year.

1.11 **Provision and Contingencies:**

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow or where a reliable estimate of the obligation can not be made.



Note No. 2

2.1 Share Capital:

Particulars	31st March 2020	31st March 2019
	₹	₹
Authorised		
85,00,000 equity shares of ₹ 10 each	8,50,00,000	8,50,00,000
	<u>8,50,00,000</u>	<u>8,50,00,000</u>
Issued, Subscribed and Paid up		
83,04,000 equity shares of ₹ 10 each	8,30,40,000	8,30,40,000
	<u>8,30,40,000</u>	<u>8,30,40,000</u>

2.2 Share Capital Reconciliation:

Particulars	Equity Shares	
	No. of shares	₹
Shares outstanding at the beginning of the period	83,04,000	8,30,40,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	83,04,000	8,30,40,000

2.3 Shares held by each shareholder holding more than five per cent shares

Name of Shareholder	31st March 2020		31st March 2019	
	No. of shares	% of holding	No. of shares	% of holding
Narendrasinh J Chauhan	20,79,140	25.04	20,78,140	25.03
Jitendrakumar J Chauhan	20,78,140	25.03	20,78,140	25.03
Jagrutiben N Chauhan	7,94,600	9.57	7,94,600	9.57
Kajalben J Chauhan	7,94,600	9.57	7,94,600	9.57

2.4 Rights, preferences and restrictions attached to shares

Equity Shares:

The Company has one class of equity shares having a face value of ₹ 10 each ranking pari passu in all respect including voting rights and entitlement to dividend.



Note No. 3**Reserves and Surplus**

Particulars	31st March	31st March
	2020	2019
	₹	₹
Securities Premium		
Balance at the beginning of the year	3,32,44,928	-
Additions during the year	-	4,00,64,000
Share issue and preliminary expenses	-	(68,19,072)
Balance at the end of the year	3,32,44,928	3,32,44,928
Surplus		
Balance at the beginning of the year	1,00,39,749	-
Net profit for the year	1,20,96,679	1,00,39,749
Balance at the end of the year	2,21,36,428	1,00,39,749
	5,53,81,356	4,32,84,677

Note No. 4**Long-term Borrowings**

Particulars	31st March	31st March
	2020	2019
	₹	₹
Secured Loans		
Term loans from banks	1,07,28,690	1,07,28,385
Working capital finance from a bank is secured by first and exclusive charge on all current and future movable fixed assets of the Company, equitable mortgage of immovable property of the Company and residential and other properties of some of the directors and of relatives of the promoters and further secured by the personal guarantees of the directors, relative of the promoters and guarantee of an associate company.		
Term loans from banks against hypothecation of vehicles	-	39,557
	1,07,28,690	1,07,67,942
Unsecured Loans		
From a Bank	31,82,174	64,98,269
Above loans are secured by the personal guarantees of some of the directors		
	1,39,10,864	1,72,66,211

Note No. 5**Long Term Provisions**

Particulars	31st March	31st March
	2020	2019
	₹	₹
Provision for Gratuity	3,53,547	2,22,072
Provision for Leave Encashment	1,28,800	-
	4,82,347	2,22,072



Note No. 6**Short-term Borrowings**

Particulars	31st March 2020 ₹	31st March 2019 ₹
Working capital finance from a bank	5,02,12,367	4,96,11,061
	5,02,12,367	4,96,11,061

Working capital finance from a bank is secured by first and exclusive charge on all current and future movable fixed assets of the Company, equitable mortgage of immovable property of the Company and residential and other properties of some of the directors and of relatives of the promoters and further secured by the personal guarantees of the directors, relative of the promoters and guarantee of an associate company.

Note No. 7**Other Current Liabilities**

Particulars	31st March 2020 ₹	31st March 2019 ₹
Current maturity of long-term debts	68,45,504	1,00,79,073
Advances from customers	88,91,059	65,44,435
Statutory liabilities	21,40,239	1,48,755
Other liabilities	5,57,220	31,36,286
	1,84,34,022	1,99,08,549

Note No. 8**Short Term Provisions**

Particulars	31st March 2020 ₹	31st March 2019 ₹
Provision for income tax (net of payments)	-	5,83,000
Provision for leave encashment	12,421	-
Provision for bonus	4,20,524	4,39,413
	4,32,945	10,22,413



Note No. 9
Fixed Assets

Particulars	Gross Block					Accumulated Depreciation				Net Block	
	1st April 2019	Additions	Deductions	As at 31st March 2020	1st April 2019	Depreciation For the Year	On Deductions/ Adjustment	As at 31st March 2020	As at 31st March 2019		
Tangible Assets											
Building	2,50,77,078	-	-	2,50,77,078	93,65,381	3,96,219	-	97,61,600	1,53,15,478	1,57,11,697	
Office Equipment	52,37,053	10,45,151	-	62,82,204	47,23,890	2,09,080	-	49,32,970	13,49,234	5,13,163	
Computers	12,06,140	77,882	-	12,84,022	10,15,710	81,641	-	10,97,351	1,86,671	1,90,430	
Furniture & Fixtures	40,44,708	7,32,500	-	47,77,208	17,63,188	4,51,042	-	22,14,230	25,62,978	22,81,520	
Plant & Equipment	79,282	-	-	79,282	3,233	5,020	-	8,253	71,029	76,049	
Vehicles	21,87,418	-	-	21,87,418	10,55,712	2,55,584	-	13,11,296	8,76,122	11,31,706	
Total	3,78,31,679	18,55,533	-	3,96,87,212	1,79,27,114	13,98,586	-	1,93,25,700	2,03,61,512	1,99,04,565	
Previous Year	3,76,24,019	2,07,660	-	3,78,31,679	1,45,91,100	33,36,014	-	1,79,27,114	1,99,04,565	2,30,32,919	



Note No. 10**Long-Term Loans and Advances**

Particulars	31st March	31st March
	2020	2019
	₹	₹
<u>Unsecured (considered good)</u>		
Capital advances	-	-
Security deposits	8,12,133	16,09,173
	<u>8,12,133</u>	<u>16,09,173</u>

Note No. 11**Inventories**

Particulars	31st March	31st March
	2020	2019
	₹	₹
Stock in trade (Valued at lower of cost or net realisable value)	18,79,66,818	19,46,35,985
Packing and other materials	3,11,452	14,31,053
	<u>18,82,78,270</u>	<u>19,60,67,038</u>

Note No. 12**Trade Receivables**

Particulars	31st March	31st March
	2020	2019
	₹	₹
<u>Unsecured (considered good)</u>		
Over six months	78,87,513	1,12,92,640
Others	49,60,042	51,83,229
	<u>1,28,47,555</u>	<u>1,64,75,869</u>



Note No. 13**Cash and Bank Balances**

Particulars	31st March 2020 ₹	31st March 2019 ₹
<u>Cash and Cash Equivalents</u>		
<u>Balances with Banks:</u>		
Current accounts	32,09,815	28,00,475
Short term deposits	-	-
	32,09,815	28,00,475
Cash on hand	11,21,702	29,22,188
	43,31,517	57,22,663

Note No. 14**Short-Term Loans and Advances**

Particulars	31st March 2020 ₹	31st March 2019 ₹
<u>Unsecured (considered good)</u>		
Trade advances to suppliers	1,29,310	32,30,502
Prepaid expenses	5,47,259	2,79,314
Advance payment of taxes (net of provisions)	50,000	-
Input credit receivables	55,612	8,24,722
Other loans and advances	90,982	62,360
	8,73,163	43,96,898



Note No. 15**Revenue from Operations**

Particulars	2019-2020		2018-2019	
	₹		₹	
Sales (net)	53,45,06,790		51,48,89,156	
		53,45,06,790		51,48,89,156
Other operational income		1,93,054		2,37,577
		53,46,99,844		51,51,26,733

Note No. 16**Other Income**

Particulars	2019-2020		2018-2019	
	₹		₹	
Profit on future trading in commodities		-		57,471
Other income		-		5
		-		57,476

Note No. 17**Change in Inventories**

Particulars	2019-2020		2018-2019	
	₹		₹	
<u>Closing Stock</u>				
Stock in trade	18,79,66,818		19,46,35,985	
		18,79,66,818		19,46,35,985
<u>Opening Stock</u>				
Stock in trade	19,46,35,985		13,19,09,840	
		19,46,35,985		13,19,09,840
		66,69,167		(6,27,26,145)

Note No. 18**Employee Benefit Expenses**

Particulars	2019-2020		2018-2019	
	₹		₹	
Salaries, bonus and allowances	72,79,173		69,97,606	
Directors' remuneration	80,11,666		-	
Gratuity	1,31,475		-	
Contribution to PF and other funds	6,94,691		5,37,457	
Staff welfare and other expenses	5,75,050	1,66,92,055	1,79,797	77,14,860
		1,66,92,055		77,14,860



Note No. 19
Finance Costs

Particulars	2019-2020		2018-2019	
	₹		₹	
<u>Interest</u>				
Bank	70,97,102		69,85,499	
Income tax	59,309		14,681	
Others	83,557	72,39,968	1,200	70,01,380
Other borrowing costs		35,564		5,08,616
		<u>72,75,532</u>		<u>75,09,996</u>

Note No. 20
Other Expenses

Particulars	2019-2020		2018-2019	
	₹		₹	
<u>Trading Expenses</u>				
Packing materials and expenses	22,18,408		19,67,353	
Labour charges	74,43,742		83,09,858	
Other expenses	2,49,267		2,18,332	
		<u>99,11,417</u>		<u>1,04,95,543</u>
<u>Selling and Distribution Expenses</u>				
Discount, kasar and sales scheme expenses	37,68,025		26,85,223	
Goods and service tax	-		1,14,214	
Business promotion expenses	6,57,236		53,787	
		<u>44,25,261</u>		<u>28,53,224</u>
<u>Administrative and Other Expenses</u>				
Rent	7,27,500		3,50,000	
Rates and taxes	1,74,819		96,567	
Office repairs and maintenance	3,52,419		1,81,011	
Electric expenses	5,94,591		5,49,948	
Insurance premiums	1,97,874		2,92,107	
Postage and telephone expenses	93,941		76,307	
Printing and stationery expenses	5,65,906		1,93,868	
Computer and software expenses	1,93,897		2,07,110	
Vehicle expenses	1,57,182		1,40,551	
Travelling and conveyance	10,700		1,59,516	
Advertisement expenses	12,36,000		14,47,456	
Legal and professional fees	11,88,913		3,65,024	
Payments to auditors	2,34,200		2,26,750	
Bank commission and charges	7,17,264		8,19,124	
Donations	93,211		1,71,800	
General expenses	6,41,689	71,80,106	8,01,007	60,78,146
		<u>2,15,16,784</u>		<u>1,94,26,913</u>



21. Balances for trade receivables, trade payables and for advances are subject to confirmations from the respective parties. In absence of such confirmations, balances as per books have been relied upon by the Auditors.
22. In the last week of March 2020, an outbreak situation arose in India and other countries of the world on account of COVID2019. The Company has considered such outbreak situation as subsequent event to the Balance Sheet date i.e., March 31, 2020 in terms of AS-4 "Contingencies and Events Occuring After the Balance Sheet Date" and has assessed the operational and financial risk on going forward basis.

In assessing the impact on the recoverability of financial and non-financial assets, the extent to which the COVID19 pandemic will impact the Company's operations and financial results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID19 outbreak and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company. The management will continue to closely monitor any material changes arising out of future economic conditions and impact on its business.

23. Deferred tax liability of ₹2,95,000 arising during the year, a major component of which is due to timing difference related to depreciation charged in the accounts and as claimed under the Income Tax Act, is charged to the profit & loss account. Details of the balance of ₹1,13,000 are as under:

Particulars	₹
Depreciation	11,304
Disallowance u/s 43B of the Income Tax Act	(1,24,304)
Total	(1,13,000)

24. The management of the Company has, during the year, carried out technological evaluation for identification of impairment of assets, if any, in accordance with the Accounting Standard AS-28. Based on the Judgment of the management and as certified by the Directors, no provision for impairment is found to be necessary in respect of any of the assets.
25. As the Company's business activity, in the opinion of the management, falls within a single primary segment subject to the same risks and returns, the disclosure requirements of Accounting standard AS-17 "Segment Reporting" are not applicable.

26. **Payment to Auditors:**

Particulars	2019-2020	2018-2019
	₹	₹
Audit fees	1,25,000	1,25,000
Tax audit fees	25,000	25,000
Other matters	84,200	76,750



27. **Related Party Disclosures:**

➤ **Associates:**

- Jesingbhai Jewellers

➤ **Key Managerial Personnel and Relatives:**

- | | |
|--|---|
| 1. Shri Narendrasinh Chauhan | 2. Shri Vaibhav Chapaneri |
| 3. Smt. Jagrutiben Chauhan | 4. Smt. Kajalben Chauhan (Part of the year) |
| 5. Shri Ranjitsinh Solanki | 6. Smt. Vilasben Parmar |
| 7. Smt. Ashmi Rathi (Part of the year) | 8. Smt. Jignasaben Solanki |
| 9. Shri Jitendrakumar Chauhan (Part of the year) | 10. Smt. Binal Kothari (Part of the year) |

Nature of Transactions	2019-2020 ₹	2018-2019 ₹
<u>Associates:</u>		
1. Purchase of materials	1,28,94,904	27,27,380
2. Sale of materials	1,54,45,980	71,12,823
2. Outstanding Balance: Trade Payables	33,49,071	8,978
Trade Receivables	-	11,472
<u>Key Management Personnel:</u>		
1. Remuneration	83,03,370	1,99,658
2. Outstanding balance: Other Current Liabilities	2,34,638	26,15,465

28. **Additional information (as certified by the management):**

28.1 **Sales & Stocks:**

Particulars	Sales ₹	Closing Stock ₹	Opening Stock ₹
Precious Metals and Ornaments	53,45,06,790	18,79,66,818	19,46,35,985

28.2 Earning and Expenditure in Foreign Currencies: Nil (Nil)

29. As none of the vendors are registered under Micro, Small and Medium Enterprises Development Act, 2006, disclosure relating to amounts unpaid as at the year-end together with interests paid/payable under this act is not applicable.



30. All the amounts are stated in Indian Rupees, unless otherwise stated.

31. Previous year's figures are regrouped and rearranged, wherever necessary.

Signatures to Note No. 1 to 31

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants

Manoj Ganatra

MANOJ GANATRA
Partner



For and on behalf of the Board of Directors

Narendra Singh Chauhan

NARENDRASINH CHAUHAN
Managing Director

Ranjitsinh Solanki

RANJITSINH SOLANKI
Chief Financial Officer

Jagrutiben Chauhan
JAGRUTIBEN CHAUHAN
Director

Ashmi Patel

ASHMI PATEL
Company Secretary

Bhavnagar
27th July, 2020

Bhavnagar
27th July, 2020