

**SHUBHLAXMI JEWEL ART LIMITED**

**B H A V N A G A R**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD 2<sup>ND</sup> MAY 2018 to 31<sup>ST</sup> MAY 2018**

# Sanghavi & Co.

Chartered accountants

"Bulbul", First Floor, Crescent Road, BHAVNAGAR - 364 001 INDIA • Telefax : +91 - 278 - 242 3434, 242 6151

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## INDEPENDENT AUDITORS' REPORT

We have audited the attached Balance Sheet of **SHUBHLAXMI JEWEL ART LIMITED - BHAVNAGAR** ("the Company") as at 31<sup>st</sup> May, 2018 and also its Profit & Loss Account for the period 2<sup>nd</sup> May 2018 to 31<sup>st</sup> May 2018 annexed thereto. These financial statements are the responsibility of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
- (iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with all the notes thereon give a true and fair view:
  - (a) in the case of the Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> May, 2018; and
  - (b) in the case of the Profit & Loss Statement, of the **PROFIT** of the Company for the period ended on that date.

Bhavnagar  
6<sup>th</sup> June, 2018



For SANGHAVI & COMPANY  
Chartered Accountants  
FRN: 109099W

*Manoj G*

MANOJ GANATRA  
Partner  
Membership No.043485

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SHUBHLAXMI JEWEL ART LIMITED

BALANCE SHEET AS AT 31st MAY 2018

Particulars	Note No.	31st May 2018	
<b><u>EQUITY AND LIABILITIES ::</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	2	58,000,000	
Reserves and Surplus	3	<u>323,359</u>	58,323,359
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	21,457,721	
Deferred Tax Liabilities (net)		-	
Other Long Term Liabilities		-	
Long-Term Provisions		<u>-</u>	21,457,721
<b>Current Liabilities</b>			
Short-Term Borrowings	5	52,236,349	
Trade Payables		10,457,875	
Other Current Liabilities	6	36,237,515	
Short-Term Provisions		<u>-</u>	98,931,739
<b>Total...</b>			<u><u>178,712,819</u></u>
<b><u>ASSETS ::</u></b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
7			
Tangible Assets		22,861,882	
Intangible Assets		-	
Capital Work-in-Progress		<u>-</u>	
		22,861,882	
Non-Current Investments		-	
Long-Term Loans and Advances	8	771,738	
Other Non-current Assets		<u>-</u>	23,633,620
<b>Current Assets</b>			
Current Investments		-	
Inventories	9	132,373,368	
Trade Receivables	10	11,174,166	
Cash and Bank Balances	11	3,786,630	
Short-Term Loans and Advances	12	7,745,035	
Other Current Assets		<u>-</u>	155,079,199
<b>Total...</b>			<u><u>178,712,819</u></u>
The accompanying notes 1 to 23 are an integral part of these financial statements.			

As per our report of even date

For SANGHAVI & COMPANY  
Chartered Accountants

MANOJ GANATRA  
Partner

Bhavnagar  
June 6, 2018



Shubhlaxmi Jewel Art Ltd.  
For and on behalf of the Board of Directors

*Manoj Ganatra*  
Managing Director

Directors

*Shubhlaxmi Jewel Art Ltd.*

Bhavnagar  
June 6, 2018



**SHUBHLAXMI JEWEL ART LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MAY 2018**

Particulars	Note No.	2nd May 2018 to 31st May 2018
<b>REVENUE :</b>		
Revenue from Operations	13	20,270,473
Other Income	14	98,190
Total Revenue		<u>20,368,663</u>
<b>EXPENSES :</b>		
Materials and Direct Expenses		-
Purchases of Stock in trade		16,334,071
Changes in Inventories	15	1,117,292
Employee Benefits Expenses	16	511,216
Finance Costs	17	681,357
Depreciation and Amortization		185,160
Other Expenses	18	1,216,208
Total Expenses		<u>20,045,304</u>
<b>Profit before exceptional and extraordinary items and tax</b>		323,359
Exceptional Items		-
<b>Profit before extraordinary items and tax</b>		<u>323,359</u>
Extraordinary Items		-
<b>Profit Before Tax</b>		<u>323,359</u>
Tax Expenses (refer note no. 21)		
Current Tax		-
Earlier Years' Tax		-
Deferred Tax		-
<b>Net Profit for the year</b>		<u><u>323,359</u></u>
Face Value per Equity Share		10.00
Earnings per Equity Share		
Basic / Diluted		0.06
The accompanying notes 1 to 23 are an integral part of these financial statements.		

As per our report of even date

For SANGHAVI & COMPANY  
Chartered Accountants

*Manoj G*

MANOJ GANATRA  
Partner

Bhavnagar  
June 6, 2018



**Shubhlaxmi Jewel Art Ltd.**

For and on behalf of the Board of Directors

*Manoj G*  
Managing Director

*Manoj G*  
Directors

Bhavnagar  
June 6, 2018

## 1 SIGNIFICANT ACCOUNTING POLICIES:

### 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.

### USE OF ESTIMATES:

The preparation of financial statement in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts 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.

### FIXED ASSETS:

All Tangible Assets are stated at cost less depreciation. All costs incurred till the date the assets are put to use, have been capitalized and included in the cost of the respective fixed assets.

Depreciation is provided on Straight Line Method in the manner specified in Schedule II in accordance with the provisions of section 123(2) of the Companies Act, 2013.

### INVENTORIES:

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

- Raw materials, stores and spares and packing materials - at cost basis determined on first-in first-out (FIFO) basis;
- Finished goods - at material cost plus direct expenses and appropriate value of overheads.

### 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 to the buyer, which generally coincides with dispatch of goods. Sales taxes and value added taxes, wherever applicable, are collected on behalf of the Government and therefore, excluded from the revenue.

### BORROWING COSTS:

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



**TAXATION:**

Provisions are made for current income 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 incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**EARNING PER SHARE:**

Basic Earning per Share (EPS) is computed by dividing the net profit for the year attributable to the equity shareholders, by weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted number of equity and dilutive equity equivalent shares outstanding at the year-end.

**PROVISION AND CONTINGENCIES:**

The company creates a provision when there is 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 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 of resources or where a reliable estimate of the obligation can not be made.





## Note No. 2

### 2.1 Share Capital:

Particulars	31st May 2018	
	₹	
<b>Authorised</b>		
85,00,000 equity shares of ₹ 10 each		85,00,000
		<u>85,00,000</u>
<b>Issued, Subscribed and Paid up</b>		
58,00,000 equity shares of ₹ 10 each		58,00,000
		<u>58,00,000</u>

### 2.2 Share Capital Reconciliation:

Particulars	Equity Shares	
	No. of shares	₹
Shares outstanding at the beginning of the year	-	-
Shares issued during the year	5,800,000	58,00,000
Shares bought back during the year	-	-
Shares outstanding at the end of the year	5,800,000	58,00,000

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

Name of Shareholder	31st May 2018	
	No. of shares	% of holding
Narendrasinh J Chauhan	2,078,140	35.83
Jitendrakumar J Chauhan	2,078,140	35.83
Jagrutiben N Chauhan	794,600	13.70
Kajalben J Chauhan	794,600	13.70

### 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 May 2018 ₹
<b>Surplus</b>	
Balance at the beginning of the year	-
Net profit for the year	323,359
Balance at the end of the year	<u>323,359</u>

Note No. 4  
Long-term Borrowings

Particulars	31st May 2018 ₹
<b>Secured Loans</b>	
Term loans from banks	21,278,328
Term loans from a bank is secured by hypothecation of stock and trade receivables and equitable mortgage of residential properties of one of the director and further secured by the personal guarantees of two of the directors of the company.	
Term loans from banks against hypothecation of vehicles	179,393
	<u>21,457,721</u>
<b>Unsecured Loans</b>	
	-
	<u>21,457,721</u>

Note No. 5  
Short-term Borrowings

Particulars	31st May 2018 ₹
Working capital finance from a bank	52,236,349
Working capital finance from a bank is secured by hypothecation of stock and trade receivables and equitable mortgage of residential properties of one of the director and further secured by the personal guarantees of two of the directors of the company.	
	<u>52,236,349</u>





Note No. 6  
Other Current Liabilities

Particulars	31st May 2018 ₹
Current maturity of long-term debts	8,798,756
Advances from customers	16,391,473
Statutory liabilities	220,081
Other liabilities	10,827,205
	<u>36,237,515</u>



Note No. 7  
Fixed Assets

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 2nd May 2018	Additions	Deductions	As at 31st May 2018	As at 2nd May 2018	Depreciation For the Year	On Deductions/ Adjustment	As at 31st May 2018	As at 31st May 2018	As at 2nd May 2018
<b>Tangible Assets</b>										
Building	25,077,078	-	-	25,077,078	9,002,182	69,798	-	9,071,980	16,005,098	16,074,896
Office Equipment	5,192,092	14,123	-	5,206,215	2,471,592	28,859	-	2,500,451	2,705,764	2,720,500
Computers	1,137,140	-	-	1,137,140	970,448	30,011	-	1,000,459	136,681	166,692
Furniture & Fixtures	4,044,708	-	-	4,044,708	1,361,167	33,706	-	1,394,873	2,649,835	2,683,541
Vehicles	2,187,418	-	-	2,187,418	800,128	22,786	-	822,914	1,364,504	1,387,290
Total...	37,638,436	14,123	-	37,652,559	14,605,517	185,160	-	14,790,677	22,861,882	23,032,919



Note No. 8

Long-Term Loans and Advances

Particulars	31st May 2018 ₹
<u>Unsecured (considered good)</u>	
Capital advances	-
Security deposits	771,738
	<u>771,738</u>

Note No. 9

Inventories

Particulars	31st May 2018 ₹
Stock in trade	132,373,368
(Valued at lower of cost or net realisable value)	
	<u>132,373,368</u>

Note No. 10

Trade Receivables

Particulars	31st May 2018 ₹
<u>Unsecured (considered good)</u>	
Over six months	7,460,632
Others	3,713,534
	<u>11,174,166</u>





Note No. 11

Cash and Bank Balances

Particulars	31st May 2018 ₹
<u>Cash and Cash Equivalents</u>	
<u>Balances with Banks:</u>	
Current accounts	690,850
Short term deposits	-
	<hr/> 690,850
Cash on hand	3,095,780
	<hr/> <hr/> 3,786,630

Note No. 12

Short-Term Loans and Advances

Particulars	31st May 2018 ₹
<u>Unsecured (considered good)</u>	
Trade advances to suppliers	2,086,924
Advance payments of taxes	3,300,000
Prepaid expenses	2,185,571
Other loans and advances	172,540
	<hr/> 7,745,035



Note No. 13  
Revenue from Operations

Particulars	2nd May 2018 to 31st May 2018	
	₹	
Sales (net)	20,270,473	20,270,473
		<u>20,270,473</u>

Note No. 14  
Other Income

Particulars	2nd May 2018 to 31st May 2018	
	₹	
Profit on future trading in commodities		57,471
Other income		40,719
		<u>98,190</u>



**Note No. 15**  
**Change in Inventories**

Particulars	2nd May 2018 to 31st May 2018	
	₹	
<u>Closing Stock</u>		
Stock in trade	132,373,368	132,373,368
<u>Opening Stock</u>		
Stock in trade	133,490,660	133,490,660
		1,117,292

**Note No. 16**  
**Employee Benefit Expenses**

Particulars	2nd May 2018 to 31st May 2018	
	₹	
Salaries, bonus and allowances	474,726	
Directors' remuneration	-	
Contribution to PF and other funds	20,979	
Staff welfare and other expenses	15,511	511,216
		511,216

**Note No. 17**  
**Finance Costs**

Particulars	2nd May 2018 to 31st May 2018	
	₹	
<u>Interest</u>		
Bank	667,345	
Income tax	156	
Others	4,253	671,754
Other borrowing costs		9,603
		681,357





Note No. 18  
Other Expenses

Particulars	2nd May 2018 to 31st May 2018	
	₹	
Labour Charges	257,135	
Packing expenses	117,912	
Busienss promotion expenses	2,278	
Goods and service tax (GST)	114,214	
Discount, kasar and scheme expenses	279,041	
Office repairs and maintenance	2,024	
Electric expenses	51,995	
Vehicle expenses	11,510	
Postage and telephone expenses	6,489	
Web devlopment charges	8,885	
Printing and stationery expenses	18,431	
Computer expenses	2,380	
Advertisement expenses	26,982	
Legal and professional fees	212,912	
Rates and taxes	7,975	
Insurance premiums	23,764	
Bank commission and charges	11,429	
Donations	5,000	
General expenses	55,852	1,216,208
		<u>1,216,208</u>



19. Balances for trade payables, trade receivables and for other loans and advances are subject to confirmations from the respective parties and/or reconciliation with respective ancillary records.
20. In the opinion of the directors, current assets, loans and advances are of the value stated in the balance sheet, if realized in the normal course of the business and also provisions for all known liabilities have been made.
21. This being interim financial results, current tax and deferred tax liability will be provided at the end of the financial year.
22. All the amounts are stated in Indian Rupees, unless otherwise stated.
23. Previous year's figures are regrouped and rearranged wherever necessary.

Signatures to Notes 1 to 23

As per our report of even date

For SANGHAVI & COMPANY  
Chartered Accountants

*Manoj G*

MANOJ GANATRA  
Partner



June 6, 2018  
Bhavnagar

**Shubhlaxmi Jewel Art Ltd.**  
For and on behalf of the Board of Directors

*[Signature]*

**Managing Director**

*[Signature]*  
Director

June 6, 2018  
Bhavnagar