

SHUBHLAXMI JEWEL ART LIMITED

BHAVNAGAR

FINANCIAL STATEMENTS

FOR THE PERIOD 2ND MAY 2018 to 31ST MAY 2018

Sanghavi & Co.

Chartered accountants

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INDEPENDENT AUDITORS' REPORT

We have audited the attached Balance Sheet of **SHUBHLAXMI JEWEL ART LIMITED - BHAVNAGAR** ("the Company") as at 31st May, 2018 and also its Profit & Loss Account for the period 2nd May 2018 to 31st 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 31st 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
6th 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

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

Particulars	Note No.	2nd May 2018 to 31st May 2018
REVENUE :		
Revenue from Operations	13	20,270,473
Other Income	14	98,190
Total Revenue		<u>20,368,663</u>
EXPENSES :		
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>
Profit before exceptional and extraordinary items and tax		323,359
Exceptional Items		-
Profit before extraordinary items and tax		<u>323,359</u>
Extraordinary Items		-
Profit Before Tax		<u>323,359</u>
Tax Expenses (refer note no. 21)		
Current Tax		-
Earlier Years' Tax		-
Deferred Tax		-
Net Profit for the year		<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	
	₹	
Authorised		
85,00,000 equity shares of ₹ 10 each		85,00,000
		<u>85,00,000</u>
Issued, Subscribed and Paid up		
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 ₹
Surplus	
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 ₹
Secured Loans	
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>
Unsecured Loans	
	-
	<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
Tangible Assets										
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
	<hr/>
	<hr/> <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)	
	<hr/>
	<hr/> <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
	<hr/>
	<hr/> <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	-
	<u>690,850</u>
Cash on hand	3,095,780
	<u><u>3,786,630</u></u>

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
	<u>7,745,035</u>



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>



