

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEWAL KIRAN CLOTHING LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Kewal Kiran Clothing Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, 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 (together referred to as financial statements).

Management's Responsibility for the Standalone 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 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 standalone 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. An audit also includes evaluating the appropriateness of 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEWAL KIRAN CLOTHING LIMITED

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 31st March, 2016, 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 Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to adequacy of internal financial controls system over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report given in Annexure II; and



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- 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:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.37 (a) to the financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For N. A. Shah Associates

Chartered Accountants

Firm's registration number 116560W



Sandeep Shah
Partner

Membership number 37381

Place of signature: Mumbai

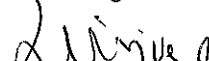
Date: 23 MAY 2016



For Jain & Trivedi

Chartered Accountants

Firm's registration number 413496W



Satish Trivedi
Partner

Membership number 38347

Place of signature: Mumbai

Date: 23 MAY 2016



Kewal Kiran Clothing Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2016

[Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date]

- (i) In respect of fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified during the year by the management. In our opinion, the frequency 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) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. Also, refer note no. 2.9.5 to the standalone financial statements.
- (ii) The inventories (other than lying with third parties) have been physically verified during the year by the management. In respect of inventories lying with the third parties, confirmations have been obtained by the company and there were no discrepancies. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) 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. Therefore, the requirement of clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable to the Company.
- (iv) The Company has not granted any loans or provided any guarantees or securities covered under section 185 and section 186 of the Act. In respect of investments made by the Company, in our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act.
- (v) In our opinion and according to the explanations given to us, the Company has not accepted any deposits. Therefore, question of reporting compliance with 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 rules framed thereunder does not arise. We are informed that no order relating to the Company 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.
- (vi) The Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act for any of the products / services of the Company. Accordingly clause (vi) of paragraph 3 the Order is not applicable to the Company.
- (vii) In respect of statutory dues:
 - (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues, as applicable to the Company, during the year with the appropriate authorities. There are no undisputed statutory dues payable



Kewal Kiran Clothing Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2016

[Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date]

in respect to above statutes, outstanding as at 31st March 2016 for a period of more than six months from the date they became payable.

- (b) According to information and explanations given to us and on the basis of our examination of the records of the Company, there is no disputed Sales-tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax as on 31st March, 2016 which have not been deposited except the following disputed dues which have not been deposited since the matters are pending with the relevant forum:

Nature of statute	Nature of dues	Amount Rs.	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and Interest	689,290	Assessment year 2012-2013	CIT (Appeal) – Mumbai
Income Tax Act, 1961	Income Tax and Interest	885,540	Assessment year 2011-2012	CIT (Appeal) – Mumbai
Income Tax Act, 1961(*)	Income Tax and Interest	6,894,195	Assessment year 2005-2006	Bombay High Court (filed by the department)

(*) Adjusted against the refund of assessment year 2007-08

- (viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to banks during the year. There are no loans or borrowings from financial institutions / debenture holders / government.
- (ix) During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, clause (ix) of paragraph 3 of the Order is not applicable to the Company.
- (x) According to information and explanation given to us, there are no incidence of fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation given to us and based on our examination of the records, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards (AS) 18, Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during



Kewal Kiran Clothing Limited

Annexure I to Independent Auditor's Report for the year ended 31st March 2016

[Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date]

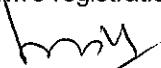
the year. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of the clause (xvi) of the Order are not applicable to the Company.

For N.A. Shah Associates

Chartered Accountants

Firm's registration number: 116560W


Sandeep Shah

Partner

Membership number: 37381

Place: Mumbai

Date:

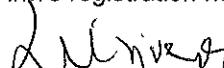
23 MAY 2016



For Jain & Trivedi

Chartered Accountants

Firm's registration number: 113496W


Satish Trivedi

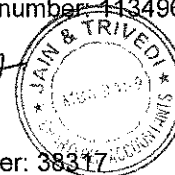
Partner

Membership number: 38317

Place: Mumbai

Date:

23 MAY 2016



Kewal Kiran Clothing Limited

Annexure II to Independent Auditor's Report for the year ended 31st March 2016
[Referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date]

Report on the Internal Financial Controls under section 143(3)(i) of the Act

We have audited the internal financial controls over financial reporting of Kewal Kiran Clothing Limited ("the Company"), as of 31st March, 2016, 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. 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 Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 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 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



Kewal Kiran Clothing Limited

Annexure II to Independent Auditor's Report for the year ended 31st March 2016

[Referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date]

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.

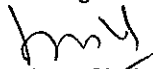
Opinion

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 March 31, 2016, 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.

For N. A. Shah Associates

Chartered Accountants

Firm's registration number 116560W


Sandeep Shah
Partner

Membership number 37381

Place of signature: Mumbai

Date:

23 MAY 2016



For Jain & Trivedi

Chartered Accountants

Firm's registration number 113496W


Satish Trivedi
Partner

Membership number 38317

Place of signature: Mumbai

Date:

23 MAY 2016

