

JIWAN GOYAL & CO  
CHARTERED ACCOUNTANTS

H. No. 43, Tagore Nagar, 1<sup>st</sup> Floor, Dr. Mela Ram Road  
Near Improvement Trust Office, Bhatinda – 151 005  
PHONE No. 98145 99305

**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**Active Clothing Co Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Active Clothing Co Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, the cash flow statement and the statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors 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, the Cash Flows and change in Equity in company in accordance with the accounting principles generally accepted in India, including the Indian 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 these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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 risk 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit, its Cash Flows and the change in Equity 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 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, 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 appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss & Cash Flows, statement of change in Equity dealt with by this Report are in agreement with the books of account

- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) (Amendment) Rules, 2016.
- e) On the basis of the written representations received from the Directors as on March 31, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2019 from being appointed as a Director in terms of Section 164 of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure-II".
- 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, as amended by the companies (Audit and Auditors) Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements as of March 31, 2019;
  - ii) The Company has made provisions in its financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts;
  - iii) Company is not required to transfer any amount to the Investor Education and Protection Fund.

For Jiwan Goyal & Co  
Chartered Accountants  
FRN 012874N

(Jiwan Goyal)  
Proprietor  
Membership No.: 091937

DATE: 27.05.2019  
Place: Mohali

**ACTIVE CLOTHING CO LIMITED**  
**(CIN: L51311PB2002PLC033422)**

**Annexure I to the Auditors' Report**

The Annexure referred to in our report to the members of ACTIVE CLOTHING Co Limited for the year ended on March 31, 2019

We report that:

- 1) In respect of its fixed assets:
  - (a) the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (C) As explained to us, the title deeds of immovable properties are held in the name of the company.
- 2) In respect of its inventories:

As explain to us physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- 3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies act 2013.
  - (a) Not Applicable
  - (b) Not Applicable
- 4) The company has not granted any loans or provided any guarantees or securities to the parties covered under section 185 and 186 of the Companies Act, 2013.
- 5) The company has not accepted any deposits from the public, with in the meaning of section 73 to 76 of the act and the Rules framed there under.
- 6) This clause is not applicable as no cost records has been specified by the Central Govt. under sub-section (1) of section 148 of the Companies Act, 2013.
- 7) According to the information and explanation given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, employee's state insurance, Income tax, Sales tax, Service tax, duty of customs, duty of excise, value added tax/ Goods and Service Tax , cess and any other statutory dues to the appropriate authorities wherever applicable.
  - (b) This clause is not applicable

- 8) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- 9) In our opinion and according to the information and explanations given to us, term loans were applied for the purposes for which those are raised.
- 10) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, no instance of Material Fraud by the company or on the company by its officers and employees have been noticed or reported during the year.
- 11) According to the information and explanation given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- 12) This clause is not applicable to the company as the Company is not a Nidhi Company.
- 13) To the best of our knowledge and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- 14) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- 15) The company has not entered into any non-cash transactions with directors or persons connected to directors and hence provisions of section 192 of the Companies Act 2013 are not applicable.
- 16) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Jiwan Goyal & Co  
Chartered Accountants  
FRN 012874N

(Jiwan Goyal)  
Proprietor  
Membership No.: 091937

DATE: 27.05.2019  
Place: Mohali

## **Annexure - II to the Auditors' Report**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Active Clothing Co Limited ("the Company") as of 31 March 2019 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 issued by the Institute of Chartered Accountants of India ('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 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 judgment, 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 31 March 2019, 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 Jiwan Goyal & Co  
Chartered Accountants  
FRN 012874N

(Jiwan Goyal)  
Proprietor  
Membership No.: 091937

DATE:27.05.2019  
Place: Mohali