

*Annual Accounts*  
2015 – 2016

*of*

*Avalon Cosmetics Private Limited*

**Independent Auditors' Report**

To,  
The Members  
Avalon Cosmetics Private Limited

**I. Report on the Financial Statements**

We have audited the attached financial statements of Avalon Cosmetics Private Limited (hereinafter referred to as the Company), comprising of the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

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

The Company's Board of Directors is responsible for the matters 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 Standards referred to in Section 133 of the Companies Act, 2013 (hereinafter referred to as the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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.

**III. Auditors' 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 and the Order under Section 143(11) of the Act.

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 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 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 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 reasonable basis for our audit opinion.

IV. Basis of Qualified Opinion

As stated in Note No. 29(a) of the financial statements regarding non-provision for Gratuity and Leave Encashment on basis of Actuarial Valuation, which is in non-compliance of recommendations of AS-15. The amount for the same is unascertainable.

V. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter stated in the Basis for Qualified Opinion paragraph above, 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 31<sup>st</sup> March 2016, its Profit and its Cash Flows for the year ended on that date.

VI. Emphasis of Matter

We draw attention to the Note No. 30 of the financial statements regarding Insurance Claim Receivable, the same is not provided in the books of accounts as the Company is hopeful of its recovery. Our opinion is not qualified in respect of this matter.

VII. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the Annexure-1, a statement on the matters specified in paragraphs 3 of the said Order, to the extent applicable to the Company during the year under review.
2. Further to our comments in the Annexure referred to in 1. above, as per the requirements of Section 143(3) of the Act, we report as follows :-
  - (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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, except for the effects of the matter stated in Basis of Qualified Opinion paragraph above and Emphasis of Matter paragraph above;
- (e) On the basis of written representations received from the respective directors as on 31<sup>st</sup> March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a director in terms of sub-section (2) 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-2;
- (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;
- (i) the Company does not have any pending litigations which would impact its financial position;
- (ii) the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S M M P & Associates  
Chartered Accountants  
Firm Registration No. 120438 W



Place : Mumbai  
Date : 02<sup>nd</sup> September, 2016

*S. Parekh*  
Sonal B. Parekh  
Partner  
Membership No. 139852

**Annexure-1 to the Independent Auditors' Report**

*(Referred to in paragraph VII(1) of our report of even date)*

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further report as under during the year under review -

(i) **Fixed Assets**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets during the year under review.
- (b) During the year under review, the Management has conducted physical verification of fixed assets in a phased manner, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. No material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The Company does not own / hold any immovable property during the year under review.

(ii) **Inventories**

During the year under review, the Management has conducted physical verification of inventories at regular intervals. In our opinion, the frequency of such verification is reasonable. No material discrepancies between the books records and the physical stocks have been noticed.

(iii) **Loans to Directors & Related Parties**

The Company has not granted any loans, secured or unsecured to the parties listed in the register maintained under Section 189 of the Act during the year under review.

(iv) **Loans/Investments/Guarantees/Security to Certain Parties**

During the year under review, the Company has not given loans which fall within the purview of Section 185 of the Act as well as not made investments or issued guarantees / security which fall within the purview of Section 186 of the Act.

(v) **Public Deposits**

During the year under review, the Company has not accepted any deposits from the public, so the 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 the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.



(vi) Cost Records

The Company has maintained Cost Records as specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.

We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) Statutory Dues

(a) During the year under review, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Excise Duty, Customs Duty, Service Tax and Value Added Tax with the appropriate authorities. Based upon the audit procedures performed, we report that no undisputed amounts payable in respect of the above were in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date on when they become payable. Keeping in view the present operations of the Company, statutes relating to Cess are not applicable to the Company.

(b) As informed to us, there are no statutory dues outstanding on account of any dispute during the year under review.

(viii) Dues to Financial Institutions / Banks / Debenture Holders

The Company has not defaulted in repayment of dues to from Banks and Financial Institutions The Company has not issued any debentures during the year under review.

(ix) Proceeds of Public Offer (including debt instruments) / Term Loans

The Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans during the year under review.

(x) Frauds

Based upon the audit procedures performed, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under review.

(xi) Managerial Remuneration

The Company has paid managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act during the year under review.

(xii) Nidhi Companies

As informed to us, the Company is not a Nidhi Company during the year under review. Thus, the provisions as stipulated under Nidhi Rules, 2014 are not applicable to the Company.



(xiii) Related Party Transactions

Based upon the audit procedures performed, we report that all transactions with the related parties during the year under review are in compliance with Section 177 and Section 188 of the Act to the extent applicable to the Company. The details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) Preferential Issue

As informed to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) Non-cash Transactions with Directors, etc.

Based upon the audit procedures performed, we report that the Company has not entered into any non-cash transactions with directors or persons connected thereto during the year under review.

(xvi) Provisions of 45-IA of the Reserve Bank of India Act, 1934

As informed to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934 during the year under review.

For S M M P & Associates  
Chartered Accountants  
Firm Registration No. 120438 W



*S. Parekh*  
Sonal B. Parekh  
Partner

Membership No. 139852

Place : Mumbai

Date : 02<sup>nd</sup> September, 2016

**Annexure-2 to the Independent Auditors' Report**  
*(Referred to in paragraph VII(2)(g) of our report of even date)*

**Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013**  
**("the Act")**

We have audited the internal financial controls over financial reporting of Avalon Cosmetics Private Limited (hereinafter referred to as the Company) as on 31<sup>st</sup> March 2016 in conjunction with audit of the financial statements of the Company comprising of the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

**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 (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 on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by the ICAI 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 ICAI. Those standards and the Guidance Note 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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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<sup>st</sup>, 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 S M M P & Associates  
Chartered Accountants  
Firm Registration No. 120438 W



*S. Parekh*  
Sonal B. Parekh  
Partner  
Membership No. 139852

Place : Mumbai

Date : 02<sup>nd</sup> September, 2016

**AVALON COSMETICS PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2016**

(Amount in Rs.)

Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	1,187,090	1,187,090
Reserves and Surplus	3	365,669,378	319,640,922
<b>Non-current Liabilities</b>			
Deferred Tax Liabilities (net)	4	19,133,180	20,833,138
Long-term Borrowings	5	494,075,371	487,938,622
Long-term Provisions	6	191,158	1,840,139
<b>Current Liabilities</b>			
Short-term Borrowings	7	92,655,495	88,923,483
Trade Payables	8	265,408,683	231,133,632
Other Current Liabilities	9	127,731,190	137,536,822
<b>TOTAL</b>		<b>1,366,051,546</b>	<b>1,289,033,847</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets			
Capital work-in-progress	10	780,496,527	829,630,722
		84,911,181	7,870,285
Non-current Investments	11	119,728,746	121,880,282
Long-term Loans and Advances	12	21,600,873	4,917,502
<b>Current Assets</b>			
Inventories	13	143,125,939	108,246,631
Trade Receivables	14	155,137,145	160,811,666
Cash and Bank Balances	15	8,891,720	6,247,813
Short-term Loans and Advances	16	30,872,604	22,199,773
Other Current Assets	17	21,286,810	27,229,173
<b>TOTAL</b>		<b>1,366,051,546</b>	<b>1,289,033,847</b>

Notes form an integral part of the Financial Statements

As per our report of even date attached

For S M M P & Associates

Chartered Accountants

*S. Parekh*  
 Sunil B. Parekh

Partner



Place : Mumbai

Date : 02nd September, 2016

For Avalon Cosmetics Private Limited

*S. R. Kothari*  
 Sameer R. Kothari  
 Director

*A. R. Kothari*  
 Asha R. Kothari  
 Director

**AVALON COSMETICS PRIVATE LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

*(Amount in Rs.)*

Particulars	Note No.	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Revenue from Operations	18	1,796,867,292	1,549,670,053
Other Income	19	10,567,993	17,109,439
<b>Total Income</b>		<b>1,807,435,284</b>	<b>1,566,779,492</b>
<b>Expenses</b>			
Purchase of Stock-in-Trade	20	3,749,030	-
Cost of Material Consumed	21	1,281,844,414	1,057,777,270
Changes in Inventories	22	(9,168,670)	(21,337,793)
Employee Benefit Expenses	23	151,923,496	145,023,862
Finance Cost	24	71,116,263	87,563,403
Depreciation / Amortization	10	106,461,445	127,250,243
Other Expenses	25	146,980,808	134,928,049
<b>Total Expenses</b>		<b>1,752,906,786</b>	<b>1,531,205,034</b>
<b>Profit / (Loss) before exceptional / extraordinary items</b>		<b>54,528,498</b>	<b>35,574,458</b>
Exceptional Items and Extraordinary Items		-	-
<b>Profit / (Loss) before Tax</b>		<b>54,528,498</b>	<b>35,574,458</b>
<b>Tax Expense</b>			
Current Tax		(10,200,000)	(6,100,000)
Deferred Tax		1,699,957	9,378,618
<b>Profit / (Loss) after Tax</b>		<b>46,028,455</b>	<b>38,853,076</b>
<b>Earning / (Loss) per Equity Share</b>			
Basic & Diluted	26	387.74	327.30

Notes form an integral part of the Financial Statements

As per our report of even date attached

For S M M P & Associates

Chartered Accountants

*S. Parekh*

Sonal B. Parekh

Partner



For Avalon Cosmetics Private Limited

*S. Kothari*

Sameer R. Kothari

Director

*A. R. Kothari*

Asha R. Kothari

Director

Place : Mumbai

Date : 02nd September, 2016

**AVALON COSMETICS PRIVATE LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

*(Amount in Rs.)*

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Taxation	54,528,498	35,574,458
<u>Adjustments for:-</u>		
Interest Expense	69,674,184	85,529,573
Loan Processing Fees	-	391,624
Interest Income	(743,176)	(314,421)
Dividend Income	(424,371)	(357,518)
Profit on Sale of Investment	(374,250)	(500,090)
Profit from Partnership Firm	(4,485,601)	(6,130,514)
Depreciation / Amortization	106,461,445	127,250,243
Excess Provision Write Back (gratuity)	(1,648,981)	-
	<b>168,489,250</b>	<b>205,868,896</b>
<u>Adjustments for Working Capital Changes:-</u>		
(Increase) / Decrease in Inventories	(31,879,308)	
(Increase) / Decrease in Trade Receivables	5,674,521	(57,084,036)
(Increase) / Decrease in Other Current Assets	5,942,363	(52,843,903)
Increase / (Decrease) in Trade Payables	34,275,051	83,588,153
Increase / (Decrease) in Other Current Liabilities	(9,805,632)	6,570,238
Increase / (Decrease) in Short-term Loans & Advances	(8,672,831)	-
Increase / (Decrease) in Short-term Borrowings	3,732,011	-
	<b>(3,733,625)</b>	<b>(19,769,548)</b>
Less :- Taxes paid	(10,200,000)	(6,100,000)
<b>Net Cash generated / (used) in Operating Activities (A)</b>	<b>209,053,924</b>	<b>215,573,806</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(134,368,144)	(79,154,644)
Dividend Income	424,371	357,518
Profit from Partnership Firm	4,485,601	6,130,514
Profit on Sale of Investment	374,250	500,090
(Purchase) / Sale of Investments	2,151,536	(20,215,011)
<b>Net Cash generated / (used) in Investing Activities (B)</b>	<b>(126,932,386)</b>	<b>(92,381,533)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-term Borrowings	6,136,750	(65,469,047)
Advance given	(16,683,371)	16,370,656
Interest received	743,176	314,421
Interest paid	(69,674,184)	(85,529,573)
Loan Processing Fees	-	(391,624)
<b>Net Cash generated / (used) in Financing Activities (C)</b>	<b>(79,477,630)</b>	<b>(134,705,167)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A + B + C)</b>	<b>2,643,908</b>	<b>(11,512,894)</b>
Cash & Cash Equivalents - Opening Balance	6,247,812	17,760,708
<b>Cash &amp; Cash Equivalents - Closing Balance</b>	<b>8,891,720</b>	<b>6,247,814</b>

Notes form an integral part of the Financial Statements

As per our report of even date attached

For S M M P & Associates  
Chartered Accountants  
*S. Parekh*  
Sonal B. Parekh  
Partner



Place : Mumbai  
Date : 02nd September, 2016

For Avalon Cosmetics Private Limited

*S. R. Kothari*  
Sumeer R. Kothari  
Director

*A. R. Kothari*  
Asha R. Kothari  
Director

# AVALON COSMETICS PRIVATE LIMITED

## Notes Forming Part of the Financial Statements as at 31st March 2016

### Note 1 - SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Accounting

The financial statements have been prepared, except wherever otherwise stated, on accrual basis under the historical cost convention, in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provision (to the extent notified) issued by the Central Government, in exercise of the powers conferred under sub-section (1) & (2) of Section 469 and the relevant provisions of the Companies Act, 2013.

#### 1.2 Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from the accounting estimates and the difference thereon, if any, is recognized in the period in which the results materialize.

#### 1.3 Inventories

Inventories are carried at the lower of Cost or Net Realizable Value. Inventories consist of raw material / packing material, work-in progress, finished goods, goods-in transit and stock-in trade.

#### 1.4 Income and Expenses Recognition

- (i) All income and expenses are accounted for on accrual basis, except to the extent stated otherwise.
- (ii) Sales of products in domestic market are recognized when they are dispatched to customers at invoice value and are consistently reported net of trade discounts, sales tax and sales returns.
- (iii) Incentives/ Subsidies from Government are accounted for on receipt basis.

#### 1.5 Trade Receivables and Trade Payables

- (i) Irrecoverable amounts, amounts not payable, etc., if any, are either accounted or provided for as per the management's judgment based on its potential outcome.
- (ii) Discounts, rebates, rate differences, etc. are accounted as and when the claims are settled or accounts are reconciled with the parties.

#### 1.6 Fixed Assets and Depreciation

- (i) Fixed Assets are stated at cost of acquisition / construction cost, less accumulated depreciation / amortization and impairment loss.
- (ii) Cost includes ancillary expenses, project expenses and pre-operative expenses incurred for the period up to the date the concerned assets are put to use / completion of construction.
- (iii) Depreciation / Amortization is charged under Written Down Value (WDV) method, based on useful lives of the fixed assets and in the manner as prescribed in Schedule II to the Companies Act, 2013.



1.7 Capital Work-in progress

Capital Work-in-progress consists of cost of fixed assets that are not ready for its intended use at the reporting date. Expenditure incurred during the construction period directly attributable to the cost of bringing the assets to its working conditions and all common costs allocated on rational basis are treated as 'pre-operative expenses (pending allotment) and are shown under 'Capital Work-in Progress' and the same are allocated on pro-rata basis to the assets capitalized on commencement of commercial operations.

1.8 Borrowing Costs

- (i) Borrowing costs attributable to the acquisition / construction of a qualifying asset are capitalized as part of the cost of such assets, up to the date the assets are ready for their intended use.
- (ii) Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.9 Foreign Currency Transactions

- (i) Income and Expense in foreign currencies are converted at exchange rates prevailing on the date of the transaction.
- (ii) Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses are recognized in the statement of profit and loss.

1.10 Investments

- (i) Long-term Investments are stated at cost, less provision for other than temporary diminution in value.
- (ii) Current Investments are stated at the lower of cost and fair value.

1.11 Employee Benefits

Gratuity, Leave Encashment and Bonus is accounted for on cash basis.

1.12 Leases

- (i) Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are classified as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss on a straight-line basis.
- (ii) Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

1.13 Impairment of Assets

The Management reviews the carrying amounts of its assets included in each cash generating unit to whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognized as income in the statement of profit and loss.



#### 1.14 Taxation

(i) Current Tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and provisions.

(ii) Deferred Tax is recognized on the basis of timing differences, being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods and is measured using tax rates that have been enacted or substantively enacted as at the Balance Sheet date.

In the event of unabsorbed depreciation and / or carry forward losses, deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realize such assets.

In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction for relevant tax paying units and where the Company is able to and intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

(iii) Minimum Alternate Tax is recognized as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will realize.

#### 1.15 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when a present obligation exists as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.



**AVALON COSMETICS PRIVATE LIMITED**  
Notes forming part of Balance Sheet as at 31st March 2016

(Amount in Rs.)

**Note 2 :- Share Capital**

Particulars	As at 31st March 2016	As at 31st March 2015
<b>Authorized Capital</b>		
10,00,000 Equity Shares of Rs.10 each	10,000,000	10,000,000
	10,000,000	10,000,000
<b>Issued, Subscribed &amp; Paid-up Capital</b>		
1,18,709 Equity Shares of Rs.10 each, fully paid-up	1,187,090	1,187,090
<b>Total</b>	<b>1,187,090</b>	<b>1,187,090</b>

The company has one class of equity shares having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share.

**Reconciliation of number of shares**

Particulars	As at 31st March 2016	As at 31st March 2015
No. of shares at the beginning	118,709	118,709
<b>Add</b> :- Number of shares Issued	-	-
<b>No. of shares at the end</b>	<b>118,709</b>	<b>118,709</b>

**Details of Shareholders holding more than 5% of Shares**

Name	No. of Shares Held	As at 31st March 2016 (% of holding)
Shri Sameer Kothari	45,000	38%
Shri Asha Kothari	45,000	38%
M/s. Vanitycase India Private Limited	26,911	23%

**Note 3 :- Reserve & Surplus**

Particulars	As at 31st March 2016	As at 31st March 2015
<b>Reserves</b>		
Capital Subsidy Reserve	1,016,382	1,016,382
Securities Premium	4,593,328	4,593,328
	(A) 5,609,710	5,609,710
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	314,031,213	275,846,575
<b>Add / (Less) :- Profit / (Loss) for the Year</b>	46,028,455	38,853,076
<b>Less :- Depreciation Adjustment</b>	-	(668,439)
Closing Balance	(B) 360,059,668	314,031,212
<b>Total (A+B)</b>	<b>365,669,378</b>	<b>319,640,922</b>

**Note 4 :- Deferred Tax Liability (net)**

Particulars	As at 31st March 2016	As at 31st March 2015
Deferred Tax Liability (due to difference in depreciation under the Companies Act & the Income tax Act)	19,133,180	20,833,138
<b>Total</b>	<b>19,133,180</b>	<b>20,833,138</b>





Note 5 :- Long-term Borrowings

Particulars	As at 31st March 2016	As at 31st March 2015
<b>Term Loan from Banks / Financial Institutions</b>		
<u>ICICI Bank (Hyderabad Unit)</u> (secured by pari passu charge of hypothecation on the entire fixed assets, both present & future to be created and second charge by way of equitable mortgage on the Company's properties situated at Hyderabad Unit. This loan is repayable in 28 quarterly Installments commencing from January 2016.)	108,802,802	118,465,274
<u>Shamrao Vithal Co-operative Bank (Hyderabad Unit)</u> (secured by pari passu charge of hypothecation on Land & Construction of Factory Shed at Hyderabad Unit and Hypothecation of Plant & Machinery, Utilities, Computers, Fittings, Furniture & Fixtures. This loan is repayable in 72 Equal Monthly Installments (EMI's) commencing from November 2015, interest served @ 11.50%p.a.)	183,119,690	201,388,713
<u>Shamrao Vithal Co-operative Bank (Hyderabad Unit)</u> (secured by first pari-passu charge of hypothecation on Fixed Assets created out of Term Loan at Hyderabad Unit. This loan is repayable in 60 Equal Monthly Installments (EMI's) commencing from April 2017, interest served @ 11.50%p.a.)	10,925,909	-
<u>Shamrao Vithal Co-operative Bank (Coimbatore Unit)</u> (secured by equitable mortgage of Land & Building and hypothecation of Plant & Machinery at Coimbatore Unit. This loan is repayable in 60 Equated Monthly Installments (EMI's) commencing from May 2013, interest served @ 12.50%p.a.)	115,296,326	131,490,856
<u>Small Industries Development Bank of India (Coimbatore Unit)</u> (secured against subserviant charges against on the entire fixed assets, both present & future to be created and first & exclusive charge by way of equitable mortgage on the Company's properties situated at Nashik Unit and Coimbatore Unit. This loan is repayable in 57 monthly Installments commencing from July 2014.)	22,173,000	33,275,000
<u>Shamrao Vithal Co-operative Bank (Nashik Unit)</u> (secured by equitable mortgage of Land & Building and hypothecation of Plant & Machinery at Nashik Unit. This loan is repayable in 60 Equated Monthly Installments (EMI's) commencing from May 2013, interest served @ 12.50%p.a.)	21,282,655	3,318,778
<u>ICICI Bank (Kalambh Unit)</u> (secured by equitable mortgage of Land & Building and hypothecation of Plant & Machinery at Hyderabad Unit. This loan is repayable in 28 quarterly Installments commencing from January 2016.)	32,472,990	-
<b>Total</b>	<b>494,075,371</b>	<b>487,938,622</b>

Note 6 > Long-term Provisions

Particulars	As at 31st March 2016	As at 31st March 2015
Provision for Gratuity (unfunded)	191,158	1,840,139
<b>Total</b>	<b>191,158</b>	<b>1,840,139</b>



Note 7 :- Short-term Borrowings

Particulars	As at 31st March 2016	As at 31st March 2015
<u>ICICI Bank CC Account (Hyderabad Unit)</u> (secured against First Pari passu charge by way of hypothecation of Inventories, Trade Receivables and Other Current Assets at Nashik, Hyderabad and Coimbatore Unit and Second Charge on Nashik Fixed Assets and personally guaranteed by two directors.)	29,569,864	68,647,429
<u>Cash Credit (Paonta Unit)</u> (secured against hypothecation of Inventories, Trade Receivables and Other Current Assets at Paonta Sahib unit and personally guaranteed by two directors.)	-	20,276,055
<u>Shamrao Vithal CC Account (Nashik Unit)</u> (secured against first charge by way of hypothecation of entire assets at the Company, including stock & receivables, both present & future, at the Company's units at Hyderabad, Nashik and Coimbatore but excluding Poanta Sahib on pari passu basis, interest served @ 12.50%p.a.)	63,085,631	-
<b>Total</b>	<b>92,655,495</b>	<b>88,923,483</b>

Note 8 :- Trade Payables

Particulars	As at 31st March 2016	As at 31st March 2015
For Capital Purchases	10,847,251	202,840,571
For Goods	226,612,753	24,161,960
For Expenses	27,948,679	4,131,101
<b>Total</b>	<b>265,408,683</b>	<b>231,133,632</b>

Note 9 :- Other Current Liabilities

Particulars	As at 31st March 2016	As at 31st March 2015
Current maturities of Long-term Debt	91,449,155	98,603,201
Advance from Customers	8,054,201	24,749,674
Bank Overdraft with Bank	698,103	1,586,234
Employees Dues Payable	1,841,698	31,722
Provision for Taxation (net of Advance Tax)	10,200,000	-
Statutory Dues Payable	14,269,275	10,353,310
Outstanding Liabilities	1,218,758	2,212,681
<b>Total</b>	<b>127,731,190</b>	<b>137,536,822</b>



AVALON COSMETICS PRIVATE LIMITED  
Notes forming part of the Financial Statements as at 31st March 2016

Amount in Rs.1

Note 10 :- Fixed Assets

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01.04.2015	Additions during the Year	Deductions during the Year	As at 31.03.2016	Up to 01.04.2015	Provided during the Year	Retained Earnings	Up to 31.03.2016	As on 31.03.2015
	<b>TANGIBLE ASSETS</b>									
1	Household Land	61,776,800	-	-	61,776,800	799,957	-	-	799,957	61,976,843
2	Factory Premises	533,892,887	2,919,098	-	536,811,985	91,273,636	41,190,404	-	136,463,640	439,620,250
3	Borewell	199,195	-	-	199,595	48,669	27,589	-	78,238	150,926
4	Plant & Machinery	449,422,346	51,404,094	-	500,826,440	14,161,034	58,530,634	-	206,472,018	305,811,962
5	Factory / Office Equipments	44,459,593	1,471,426	-	45,931,019	4,538,524	2,775,010	-	7,313,534	9,921,669
6	Furniture & Fixtures	18,100,489	1,224,088	-	19,324,577	6,916,193	3,132,722	-	10,018,978	11,191,284
7	Computers	3,671,304	308,542	-	4,179,846	3,296,492	420,672	-	4,061,481	57,481
8	Motor Vehicles	2,713,166	-	-	2,713,166	1,130,598	378,214	-	1,705,812	1,581,567
	<b>SUB-TOTAL (A)</b>	<b>1,084,464,178</b>	<b>57,327,205</b>	<b>-</b>	<b>1,141,771,427</b>	<b>254,813,454</b>	<b>106,661,645</b>	<b>-</b>	<b>361,274,899</b>	<b>629,636,722</b>
	<b>CAPITAL WORK-IN-PROGRESS</b>									
1	Pre-operative Expenses (pending allotment)	2,670,285	31,857,265	-	34,228,650	-	-	-	-	3,070,285
2	Barcey Building under Construction	5,000,000	45,683,131	-	50,683,131	-	-	-	-	5,000,000
	<b>SUB-TOTAL (B)</b>	<b>7,670,285</b>	<b>77,040,896</b>	<b>-</b>	<b>84,911,181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,670,285</b>
	<b>Total (Current Year) (A+B)</b>	<b>1,092,134,463</b>	<b>134,368,144</b>	<b>-</b>	<b>1,226,682,607</b>	<b>254,813,454</b>	<b>106,661,645</b>	<b>-</b>	<b>361,274,899</b>	<b>637,501,607</b>
	<b>Total (Previous Year)</b>	<b>1,012,039,533</b>	<b>80,274,929</b>	<b>-</b>	<b>1,092,314,663</b>	<b>126,894,275</b>	<b>127,259,243</b>	<b>668,439</b>	<b>254,813,456</b>	<b>837,501,607</b>



**AVALON COSMETICS PRIVATE LIMITED**  
Notes forming part of Balance Sheet as at 31st March 2016

(Amount in Rs.)

**Note 11 - Non-current Investments**

Particulars	As at 31st March 2016		As at 31st March 2015	
<b>(at cost, non-trade)</b>				
<b>(i) In Equity Shares (quoted, FV &gt; Rs.10 each, fully paid-up)</b>				
SRF Ltd.	24,676	5,373,706	24,676	5,373,706
Unitech Ltd.	-	-	500	153,601
Weispun India Ltd.	5,500	48,909	500	48,909
Weispun Investments Ltd.	25	-	25	-
Roliance Industries Ltd.	168	160,401	168	160,401
Roliance Power Ltd.	4,100	894,128	4,100	894,128
Future Capital Holdings Ltd.	33	25,245	33	25,245
FEM Care Pharma Ltd.	-	-	390	20,778
ONGC Ltd.	1,000	245,100	400	117,941
Godrej Industries Ltd.	-	-	200	41,119
Old India Ltd.	-	-	750	381,507
Tata Motors Ltd. (DVR)	5,152	1,102,702	2,500	423,084
TRIL	88	35,541	88	35,541
Pipavachip	-	-	1,500	176,400
ADF Foods Ltd.	16,000	1,064,277	13,300	812,213
Inde Solar Ltd.	-	-	2,000	48,830
Henkel India Ltd.	24,170	840,745	24,170	840,745
Tata Global Ltd.	-	-	1,000	98,789
Spice Jet Ltd.	40,000	1,290,457	38,000	1,106,197
Everden Education Ltd.	-	-	1,000	292,275
Maruti Suzuki Ltd.	500	621,796	500	621,796
JTS Sven Ltd.	6,000	450,612	6,000	450,612
Arshiya Intl	-	-	2,000	80,136
Moser-Baer (I) Ltd.	25,000	-	25,000	100,186
Jyothy Laboratories	2,650	469,487	2,650	469,487
Lakshmi Machines Ltd.	213	742,007	213	742,007
Adani Power Ltd.	16,900	968,814	16,900	968,814
BFinvest	5,000	309,743	5,000	309,743
Baliance communication	2,000	186,295	2,000	311,573
Glascomilkline Consumer Healthcare Ltd.	300	1,126,429	300	1,126,429
3InfoTech	5,000	26,150	-	-
Isuetwork	500	13,945	-	-
Siemens	100	110,420	-	-
Patelng	1,000	81,788	-	-
Tanaa	1,500	113,094	-	-
BMT Ltd	10,000	96,587	-	-
Yes Bank	5	3,785	-	-
Oriconent	500	32,589	-	-
Schneider	500	131,294	-	-
Ahen	50	15,314	-	-
Balmeawaz	100	63,522	-	-
Nestle Ltd.	100	615,808	-	-
IDFC	1,000	154,969	-	-
Delta Corp	750	67,358	-	-
Sunpharma	900	742,397	-	-
Utharaling	500	584,510	-	-
Varun Shipping	12,500	112,074	-	-
Tata Motors	250	113,467	-	-
(A)		<b>19,036,763</b>		<b>16,181,601</b>
<b>(ii) In Equity Shares (unquoted, FV &gt; Rs.10 each, fully paid-up)</b>				
Shamrao Vithal Co-operative Bank	250	2,600		2,600
Jankalyan Sahakari Bank	100	1,000		1,000
(B)		<b>3,600</b>		<b>3,600</b>
<b>(iii) In Partnership Firm</b>				
<b>Fixed Capital</b>				
Athens Laboratories	-	250,000		250,000
Shivom Industries	-	50,000		50,000
<b>Current Capital</b>				
Athens Laboratories	-	62,540,005		49,578,443
Shivom Industries	-	20,679,699		22,393,101
Spans healthcare	-	17,208,679		33,421,537
(C)		<b>100,688,383</b>		<b>105,695,081</b>
<b>Total (A+B+C)</b>		<b>119,728,746</b>		<b>121,880,282</b>

[Aggregate Market Value of Investments Rs. 403.26 Lacs (Previous Year > Rs. 378.25 Lacs)]



**AVALON COSMETICS PRIVATE LIMITED**  
Notes forming part of Balance Sheet as at 31st March 2016

(Amount in Rs.)

**Note 12 :- Long-term Loans and Advances**

Particulars	As at 31st March 2016	As at 31st March 2015
<u>(unsecured, considered good)</u>		
Capital Advances	14,865,663	1,196,201
Security Deposits	5,835,211	3,721,301
Rent Deposit	900,000	-
<b>Total</b>	<b>21,600,873</b>	<b>4,917,502</b>

**Note 13 :- Inventories**

Particulars	As at 31st March 2016	As at 31st March 2015
<u>(as certified by management, valued at cost)</u>		
Raw Material / Packing Material	95,026,041	70,245,342
Work-in-Progress	8,281,429	11,338,881
Finished Goods	35,139,499	26,662,406
Goods- In transit	929,939	-
Stock-in-trade	3,749,030	-
<b>Total</b>	<b>143,125,939</b>	<b>108,246,631</b>

**Note 14 :- Trade Receivables**

Particulars	As at 31st March 2016	As at 31st March 2015
<u>(unsecured, considered good)</u>		
Outstanding for more than six months	515,210	515,210
Others	154,621,935	160,296,456
<b>Total</b>	<b>155,137,145</b>	<b>160,811,666</b>

**Note 15 :- Cash and Bank Balances**

Particulars	As at 31st March 2016	As at 31st March 2015
<u>Cash and Cash Equivalents</u>		
Cash-in hand	822,956	2,400,308
Balances with Banks in Current Accounts	7,928,111	3,261,732
<u>Other Bank Balances</u>		
Fixed deposit with maturity of more than 12 months	142,652	585,773
<b>Total</b>	<b>8,893,720</b>	<b>6,247,813</b>

**Note 16 :- Short-term Loans and Advances**

Particulars	As at 31st March 2016	As at 31st March 2015
<u>(unsecured, considered good)</u>		
Advance to Suppliers	12,411,568	14,340,638
Advance to Body Corporate	256,052	-
Staff Loans and Advances	228,244	260,830
Advance Tax (net of provision for tax)	17,976,740	7,598,305
<b>Total</b>	<b>30,872,604</b>	<b>22,199,773</b>

**Note 17 :- Other Current Assets**

Particulars	As at 31st March 2016	As at 31st March 2015
Prepaid Expenses	2,019,454	2,446,995
Convat Credit Receivable	940,798	13,358,660
Service Tax Input Credit Receivable	256,691	-
Value Added Tax Credit Receivable	8,017,689	-
Insurance Claim Receivable	10,000,000	10,000,000
Freight Subsidy Receivable	-	1,371,340
DEPB Licence Receivable	52,178	52,178
<b>Total</b>	<b>21,286,810</b>	<b>27,229,173</b>



**AVALON COSMETICS PRIVATE LIMITED**  
Notes forming part of Statement of Profit and Loss for the year ended 31st March 2016

(Amount in Rs.)

**Note 18 :- Revenue from Operations**

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Revenue from Sales	1,530,979,816	1,301,155,762
Revenue from Processing Charges	265,887,476	248,514,292
<b>Total</b>	<b>1,796,867,292</b>	<b>1,549,670,053</b>

**Note 19 :- Other Income**

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Loading & Unloading	421,388	2,662,131
Interest	743,176	314,421
Dividend	424,371	357,518
Discount Received	22,761	477,915
Rent Income	120,000	-
Subsidy	-	2,500,000
Freight Outward	-	31,752
Interest received on Electricity Deposit	67,520	-
Share in profits from Partnership Firm	4,485,601	6,130,514
Profit / Loss on sale of Investments	374,250	500,090
Sale of Scrap	2,073,326	1,719,912
Sundry Balances Written Back	29,853	325,303
Excess Provision Write Back (gratuity)	1,648,981	-
Miscellaneous Income	156,767	2,089,882
<b>Total</b>	<b>10,567,993</b>	<b>17,109,439</b>

**Note 20 :- Purchase of Stock-in-Trade**

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Purchases of Trading Goods	3,749,030	-
<b>Total</b>	<b>3,749,030</b>	<b>-</b>

**Note 21 :- Cost of Material Consumed**

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Opening stock of Raw Material & Packing Material	70,245,342	40,207,373
Add :- Purchases+Import+Customs Duty+Freight	1,307,555,053	1,087,815,239
Less :- Closing stock of Raw Material, Packing Material & Bulk	(95,026,041)	(70,245,342)
Less :- Goods in transit	(929,939)	-
<b>Total</b>	<b>1,281,844,414</b>	<b>1,057,777,270</b>

**Note 22 :- Changes in Inventories**

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Opening Stock of Finished Goods	26,034,926	5,777,751
Less :- Closing Stock of Finished Goods	(38,888,529)	(26,034,926)
(A)	(12,853,604)	(20,257,174)
Opening Stock of Work-in Progress	11,966,363	10,885,744
Less :- Closing Stock of Work-in Progress	(8,281,429)	(11,966,363)
(B)	3,684,933	(1080619)
<b>Total (A+B)</b>	<b>(9,168,670)</b>	<b>(21,337,793)</b>



Note 23 :- Employee Benefit Expenses

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Salaries and Incentives	143,408,085	135,173,020
Contributions to Provident Fund	3,633,318	3,030,283
Staff Welfare	4,882,093	6,820,559
<b>Total</b>	<b>151,923,496</b>	<b>145,023,862</b>

Note 24 :- Finance Cost

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Interest Expense	69,674,184	85,529,573
Bill Discounting Interest & Other Charges	-	134,707
Bank Charges	1,442,079	1,507,500
Processing Fees	-	391,624
<b>Total</b>	<b>71,116,263</b>	<b>87,563,403</b>

Note 25 :- Other Expenses

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Advertisement & Publicity	614,502	567,738
Audit Fees	482,854	246,877
Car Hire Charges	60,000	-
Cleaning Charges	542,161	449,053
Commission Charges	70,000	350,000
Computer Expenses	102,534	-
Consumable Stores	6,643,865	9,828,965
Conveyance & Travelling	4,134,586	6,424,449
Courier Charges	506,704	446,761
Donation	217,373	173,946
Factory Expenses	6,421,653	4,180,362
Freight	1,108,735	81,083
Exchange Rate Fluctuations	82,251	76,298
Gardening Expenses	493,788	871,572
Guest House Expenses	174,445	-
Inspection Fees	213,900	211,273
Insurance	732,951	1,561,714
Other Interest	160	4,364
Laboratory Expenses	1,581,187	1,303,818
Membership & Subscription Charges	11,937	-
Office Expenses	64,940	476,940
Packing Expenses	18,745,584	1,641,147
Pollution Control Expenses	28,750	-
Power & Fuel Expenses	51,744,794	52,855,799
Printing & Stationery	1,446,768	1,587,945
Professional Fees	6,096,721	12,604,667
Recruitment Expenses	26,220	144,235
Rent, Rates and Taxes	21,734,108	20,896,337
Repairs & Maintenance	11,846,929	9,017,705
Security Charges	3,860,925	5,078,375
Sundry Balance w/off	1,371,340	317,493
Telephone and Internet Charges	946,492	1,322,255
Vehicle Expenses	686,235	635,294
Water Charges	1,009,622	1,264,778
Miscellaneous Expenses	3,175,795	306,807
<b>Total</b>	<b>146,980,808</b>	<b>134,928,049</b>



## AVALON COSMETICS PRIVATE LIMITED

Notes Forming Part of the Financial Statements as at 31st March 2016(cont.)

26. Earnings / (Loss) per Equity Share (Basic and diluted)

Particulars	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
Amount used as Numerator (Profit after Tax)(Rs.)	460,28,455	388,53,076
Amount used as Denominator (No. of Equity Shares) (Nos.)	118,709	118,709
Nominal Value per Equity Share (Rs.)	10	10
Earnings / (Loss) per Equity Share (Rs.)	387.74	327.30

27. Expenditure in Foreign Currency

CIF value of Goods imported Rs. 218.78Lacs (Previous Year :- Rs. 447.00Lacs)

CIF value of Plant & Machinery imported Rs. 50.41Lacs (Previous Year :- Rs.Nil)

28. All the Company's investments are long-term in nature and hence, no diminution is considered in their book values, unless specified otherwise as permanent diminution.
29. (a) The Company accounts for Gratuity, Leave Encashment and Bonus on cash basis, which is in non-compliance of recommendations of AS-15.  
Amount of such non-provision on actuarial basis is unascertained (Previous year :- Amount unascertained).
- (b) The Company has made a provision towards gratuity payable (unfunded) in the earlier years amounting to Rs. 18.40Lacs. Due to internal transfer of employees, the same was rendered no longer payable and has been reversed during the current year.
30. Insurance Claim Receivable amounting to Rs. 100Lacs (Previous Year :- Rs. 100Lacs) remains pending to be recovered / realized for a long period. However, the Company is of the opinion that the said amount will be receivable in full in the near future.
31. In the opinion of the management, Current Assets and Loans & Advances are realizable at the values stated in the financial statements in the ordinary course of business and adequate provision for all known liabilities has been made in the accounts.
32. Certain balances under Trade Receivables, Loans & Advances and Current Liabilities are subject to confirmation from respective parties and consequential reconciliation, if any.





33. Segment Reporting (as required by AS-17)

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. As regards secondary reporting, revenues are attributed to geographical areas based on the location of the customers. The table below presents the revenue, profit, assets and liabilities information relating to the Business / Geographical segments as at 31<sup>st</sup> March, 2016 :-

(Amount in Lacs)

Particulars	Cosmetics (Ponta & Mumbai)	Food (Nasik)	(Sanitizer) Coimbatore	Detergent (Hyderabad)	Unallocable	Total
External Revenue	138.50 (213.70)	1532.04 (1,692.74)	1612.16 (1,645.90)	14,791.66 (12,115.46)	0.00 (0.00)	18074.35 (15,667.79)
Segment Results	113.60 (-163.09)	-124.20 (14.72)	184.399 (78.28)	598.69 (422.02)	0.00 (0.00)	545.29 (355.74)
Profit before Tax						545.29 (355.74)
Current Tax						-102.00 (-61.00)
Deferred Tax						17.00 (93.79)
Profit after Tax						460.28 (388.53)
Segment Assets	1821.78 (1966.68)	1825.20 (1725.67)	3235.28 (3516.10)	6912.15 (5763.49)	1049.58 (462.75)	14843.99 (13434.69)
Segment Liabilities	1989.28 (2356.96)	1321.91 (1255.80)	3368.09 (3764.72)	6713.68 (5661.59)	497.49 (177.62)	13890.45 (13216.69)
Depreciation	44.44 (59.04)	139.66 (141.35)	337.88 (461.60)	541.63 (608.86)	1.01 (1.66)	1064.614 (1,272.50)

Note :- Previous Year's figures are shown in bracket.



34. The Company is a Partner in the following Partnership Firms :-

- (i) Athene Laboratories
- (ii) Shivom Industries
- (iii) Spans Healthcare

The relevant details are as follows :-

(i) Athene Laboratories

(a) Names of the Partners along with Profit Sharing Ratio :-

Name of the Partners	Profit Sharing Ratio
Avalon Cosmetics Private Limited	50%
Ramanlal M. Kothari	30%
Aditi S. Kothari	20%
Total	100%

(b) Total Capital of the Firm :- Rs. 5.00 Lacs

Contribution of the Company towards Fixed Capital :- Rs. 2.50 Lacs

Balance in Current Account :- Rs. 625.40 Lacs (Previous Year :- Rs. 495.78 Lacs)

(c) Share of Profit / (Loss) :- Rs. 57.22 Lacs (Previous Year - Rs. 54.69 Lacs) has been recognized in the Statement of Profit and Loss.

(ii) Shivom Industries

(a) Names of the Partners along with Profit Sharing Ratio :-

Name of the Partners	Profit Sharing Ratio
Avalon Cosmetics Private Limited	30%
Mahak Cosmetics & Credit P. Ltd	35%
Asha R. Kothari	35%
Total	100%

(b) Total Capital of the Firm :- Rs. 1.50 Lacs

Contribution of the Company towards Fixed Capital :- Rs. 0.50 Lacs

Balance in Current Account :- Rs. 206.40 Lacs (Previous Year :- Rs. 223.93 Lacs)

(c) Share of Profit / (Loss) :- (Rs. 0.64 Lacs) (Previous Year - Rs. 6.51 Lacs) has been recognized in the Statement of Profit and Loss.

(iii) Spans Healthcare

(a) Names of the Partners along with Profit Sharing Ratio :-

Name of the Partners	Profit Sharing Ratio
Avalon Cosmetics Pvt. Ltd.	50%
Aditi S. Kothari	50%
Total	100%

(b) Total Capital of the Firm :- Rs. 1.50 Lacs

Balance in Current Account :- Rs. 172.09 Lacs (Previous Year :- Rs. 334.24 Lacs)

(c) Share of Profit / (Loss) :- (Rs. 11.72 Lacs) (Previous Year - Rs. 0.11 Lacs) has been recognized in the Statement of Profit and Loss.



35. Related Parties Disclosures (as required by AS-18)

- (i) Subsidiary/ Fellow Subsidiary : None
- (ii) Key Management Personnel : Sameer R. Kothari
- (iii) Enterprises owned or significantly influenced by Key management personnel or their Relatives (Associates) : (i) Vanity Case India Private Limited  
(ii) Christine Valmy Institute Private Limited  
(iii) Adonia Cosmetics Private Limited  
(iv) Valin Cosmetics Private Limited  
(v) Athene Laboratories (Partnership Firm)

Transactions with Related Parties

(Amount in Lacs)

Particulars	Transactions with Key Management Personnel	Transactions with Enterprise owned or significantly influenced by Key Management Personnel or their Relatives (Associates)	Total
Sale of Goods	0 (0)	33.76 (18.33)	33.76 (18.33)
Purchase of Goods	0 (0)	190.46 (0.41)	190.46 (0.41)
Remuneration	24.00 (24.00)	0 (0)	24.00 (24.00)
Purchase of Fixed Assets	0 (0)	0 (22.44)	0 (22.44)
Expenses	0 (0)	10.47 (6.70)	10.47 (6.70)

- Note :-** (i) Related parties are identified by the Company and relied upon the Auditors.  
(ii) Previous Year's figures are shown in bracket.

36. (i) **Current Tax :-** Provision towards Current Taxation has been made as per MAT provisions under section 115 of the Income Tax Act, 1961.

(ii) **Deferred Tax Asset :-** Deferred Tax Asset has been recognized as per AS- 22.

(Amount in Rs.)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Opening Deferred Tax Liability	20,833,138	30,211,755
Closing Deferred Tax Liability (on account Timing Differences)	19,133,180	20,833,138
Effect in Statement of Profit & Loss	(1,699,957)	(9,378,617)

**Tax Rate :-** 33.063% (Previous Year :- 32.445%)



37. The Company believes that no significant impairment of assets arised during the year in accordance with AS-28, in respect of the Company's assets.
38. Contingent liabilities as may arise due to delayed / non-compliance of certain fiscal statutes :-  
Amount unascertainable (Previous Year - Amount unascertainable)
39. There are no Micro and Small Enterprise to whom the Company owes dues, which are outstanding more than 45 days as at March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company and relied by the Auditors.
40. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.



For Avalon Cosmetics Private Limited

  
Sameer R. Kothari  
Director

  
Asha R. Kothari  
Director

Place : Mumbai  
Date : 02<sup>nd</sup> Sepetember, 2016