



Independent Auditor's Report

TO

**THE MEMBERS OF
ENGINEERS INDIA LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ENGINEERS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flows Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

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 standalone 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. While conducting 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 issued under section 143(11) of the Act.

We conducted our audit of standalone financial statements 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 Directors, as well as evaluating the overall presentation of the standalone 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March, 2018, its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the note no. 53 to the standalone financial statements of 31 March 2018, regarding claim of the contractor for ₹ 40,960.75



lakhs consequent to termination of the contract. Management does not consider any possible obligation on this account requiring future probable outflow of resources.

Our opinion is not modified in respect of this matter.

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 Sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. The C & AG of India has issued directions indicating the areas to be examined in terms of sub section (5) of section 143 of the companies act 2013, compliance of which are set out in "**Annexure B**"
3. 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 (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164 (2) 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 C**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting. and
 - (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, 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 litigations on its financial position in its standalone financial statements-refer note no. 40 to the standalone financial statements of 31 March 2018;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts-refer note no. 55 to the standalone financial statements of 31 March 2018; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
 - iv. the reporting on disclosure relating to Specified Bank Notes is not applicable for the year ended 31 March 2018.

For Arun K Agarwal & Associates
Chartered Accountants
(Firm's Registration No. 003917N)

Place: New Delhi
Date: 25 May 2018

Sd/-
Arun Agarwal
(Partner)
M. No. 082899

Annexure A to Independent Auditors' Report

Referred to Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the Management during the year and according to information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations 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 except the following:

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK	NET BLOCK
4 Flats at Naranpura, Ahemdabad	10.31	3.54
Land at Memnagar, Ahemdabad	69.21	54.69
2 Flats at Viman Nagar, Pune	8.45	3.04
84 Flats at Gokuldharm Goregaon, Mumbai	238.19	38.09
6 Flats in Andheri East, Mumbai	9.93	0.40
1 Floor at CBD Belapur, Navi Mumbai	101.68	39.78

- ii. The Company has carried out physical verification of inventory at the year end. In our opinion, frequency of physical verification is reasonable. As per the information and explanations given to us, the discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been dealt with in the books of account.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly paragraphs 3 (iii) (a), (b) and (c) of the order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the grant of loan, making investment, providing guarantees and security.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and Rules framed there under. Accordingly paragraphs 3 (v) (a), (b) and (c) of the order are not applicable.
- vi. As per the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013 for services rendered by the company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the company, amount deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, GST, Sales Tax, Service Tax, Custom Duty, Value Added Tax, Cess and any other statutory dues have been regularly deposited during the year by the company with appropriate authorities. As explained to us, the company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanation given to us and on the basis of our examination of the books of accounts, no undisputed amounts payable in respect of Provident Fund, Income Tax, GST, Sales Tax, Service Tax, Custom Duty, Value Added Tax, Cess and any other statutory dues were in arrears as at 31 March 2018 for a period more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following dues of Income tax, sales tax, service tax have not been deposited by the company on account of disputes:



S. No.	Name of Statute	Nature of dues	Forum where dispute is pending	Period to which amount relates	Amount including interest (₹ in lakhs)
1.	Income Tax Act, 1961	TDS Under section 201(1)	CIT (Appeals)	F.Y. 2008-09 (A.Y. 2009-10)	0.66
2.	Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunals	F.Y. 2001-02 (A.Y. 2002-03)	596.33
				F.Y. 2003-04 (A.Y. 2004-05)	203.87
				F.Y. 2010-11 (A.Y. 2011-12)	93.51
3.	Sales Tax	Entry Tax	Sales Tax Tribunal Noida	F.Y. 1999-2000	57.17
4.	Sales Tax	VAT	Andhra Pradesh High Court	July 2011 to March 2014	10358.77
5.	Sales Tax	VAT	Karnataka High Court	F.Y. 2009-10	3351.40
6.	Sales Tax	VAT	Karnataka High Court	F.Y. 2010-11	26149.08

- viii. The company does not have any loan or borrowings from any financial institution, bank, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanation given to us by the management and based on audit procedures performed, no material 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 explanations give to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Arun K Agarwal & Associates
Chartered Accountants
(Firm's Registration No. 003917N)

Place: New Delhi
Date: 25 May 2018

Sd/-
Arun Agarwal
(Partner)
M. No. 082899



Annexure B to Independent Auditors' Report

Referred to Paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

According to the information and explanations given to us we report as under:

S. No.	Areas Examined	Observations/Findings
1.	Whether the company has clear title/lease deeds for freehold and leasehold properties respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The Company has clear title/ lease deeds for freehold and leasehold properties respectively except 6 properties where some of the compliances to establish clear title/execution of lease deed in favour of the company is pending. Out of 6 properties, 1 case pertains to allotment of land admeasuring 309 sq. mtr. in favour of the company by the Gujarat Government where final title deed is yet to be executed.
2.	Whether there are any cases of waiver/write off of debts/loans/ interest etc. if yes, the reasons there for and amount involved.	As per the records and information provided to us, there is waiver/write off of ₹ 57.18 Lakhs during the year, out of which ₹ 55.32 Lakhs is on account of bad debts written off and ₹ 1.86 Lakhs on account of deposits written off. The management is of the view that despite consistent follow up, no recovery of these debts/deposits have been made. Beside this, an amount of ₹ 1961.77 Lakhs have been written off being declared as Dry Well as per accounting policies of the company.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gifts/grants from the Govt. or other authorities.	(a) There are no inventories lying with third parties. (b) The company has not received any assets as gifts from Govt. or other authorities. However Grant in form of Export Incentives under Service Exports from India Scheme (SEIS)/Others has been properly accounted for in the records maintained by the Company.

For Arun K Agarwal & Associates
Chartered Accountants
(Firm's Registration No. 003917N)

Place: New Delhi
Date: 25 May 2018

Sd/-
Arun Agarwal
(Partner)
M. No. 082899



Annexure C to Independent Auditors' Report

Referred to Paragraph 3(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

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 **Engineers India Limited** ("the Company") as of 31 March, 2018 in conjunction with our audit of the standalone 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 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 and to the best of our information and according to the explanations given to us, 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, 2018, 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 Arun K Agarwal & Associates
Chartered Accountants
(Firm's Registration No. 003917N)

Place: New Delhi
Date: 25 May 2018

Sd/-
Arun Agarwal
(Partner)
M. No. 082899