

Independent Auditor's Report

To
**The Members of
 Eveready Industries India Limited**

Report on the audit of the standalone financial statements

Disclaimer of Opinion

1. We were engaged to audit the accompanying standalone financial statements of **Eveready Industries India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. We do not express an opinion on the accompanying standalone financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.

Basis for Disclaimer of Opinion

3. We draw your attention to Note 34.3 to the standalone financial statements that describes the (i) inter-corporate deposits and (ii) corporate guarantees and post-dated cheques given to / on behalf of certain companies that are part of the Promoter Group out of which an amount of ₹ 23,079 Lakhs (including interest) and ₹ 28,309 Lakhs respectively are outstanding as at March 31, 2019. Further, the Company has given advance amounting to ₹ 6,200 Lakhs to a company, on the basis of a memorandum of understanding (MOU) towards transfer by way of assignment, the leasehold rights of a property. The deed of assignment was initially agreed to be executed prior to the year-end, failing which the Company had a right to cancel the MOU and claim refund of the advance. However, neither has the deed been executed nor the refund claimed by the Company.

We are unable to obtain sufficient appropriate audit evidence regarding the extent of the loss allowance /impairment to be recognised on these inter-corporate deposits and advances and of the potential liability to be recognised for the corporate guarantees/post-dated cheques, if any, and the consequential impact on the standalone financial statements as at and for the year ended March 31, 2019 and accordingly, forms a basis for the Disclaimer of Opinion.

Emphasis of Matter

4. We draw attention to Note 34.1 to the standalone financial statements which relates to the penalty of ₹ 17,155 Lakhs levied by the Competition Commission of India for non-compliance with provisions of the Competition Act 2002, against which an appeal has been filed by the Company with the National Company Law Appellate Tribunal, New Delhi. As per legal advice obtained by the Company, the amount of penalty cannot be reliably estimated at this stage owing to the uncertainty of the future outcome of the litigation.

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

5. 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

6. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

7. Our responsibility is to conduct an audit of the entity's financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.
8. We are independent of the entity in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the entity.

Report on other Legal and Regulatory Requirements

9. 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. However, as described in the Basis for Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the audit.
 - (b) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether 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 Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether they have any adverse effect on the functioning of the Company.
- (f) 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 (2) of the Act.
- (g) The reservation relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion paragraph, read with paragraph 10(b) above.
- (h) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (i) 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 has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 34.1 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2019;
 - 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 disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.
- For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants
- Rajib Chatterjee**
Partner
- Place: Kolkata
Date: May 27, 2019
- Membership Number: 057134

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(h) of the Independent Auditors' Report of even date to the members of Eveready Industries India Limited on the standalone financial statements for the year ended March 31, 2019

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We were engaged to audit the internal financial controls with reference to standalone financial statements of **Eveready Industries India Limited** ("the Company") as of March 31, 2019 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

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit conducted in accordance with the Guidance Note on Audit of

Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act 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.

4. Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system with reference to standalone financial statements of the Company.

Meaning of Internal Financial Controls with Reference to Financial Statements

5. A company's internal financial control with reference to financial statements 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 with reference to financial statements 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.

Basis for Disclaimer of Opinion

6. We are unable to obtain sufficient appropriate audit evidence on which

to base our opinion on the effectiveness of Company's internal financial controls with reference to standalone financial statements over the assessment of the extent of the loss allowance/impairment to be recognised on inter-corporate deposits and advances and of the potential liability to be recognised for the corporate guarantees/post-dated cheques given to / on behalf of certain companies that are part of the Promoter Group. Consequent to the material weakness in such internal controls, the possible effects on the financial statements of undetected misstatements could be both material and pervasive.

Disclaimer of Opinion

7. As described in the Basis for Disclaimer paragraph above, because of the significance of the matters, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls with reference to standalone financial statements and whether such internal financial controls were operating effectively as at March 31, 2019 based on the internal control with reference to standalone financial statements 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 ICAI.

8. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2019, and the disclaimer has affected our opinion on the financial statements of the standalone Company and we have issued a disclaimer of opinion on the financial statements for the year ended on that date. (Refer paragraph 2 of the main audit report).

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Rajib Chatterjee

Partner

Place: Kolkata

Date: May 27, 2019

Membership Number: 057134

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Eveready Industries India Limited on the standalone financial statements as of and for the year ended March 31, 2019

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 and Note 4 on fixed assets to the financial statements, are held in the name of the Company, except freehold land and structures thereon located at Maddur which is in the name of the erstwhile Company merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court(s) of judicature.
- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- 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 Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, income tax and professional tax, though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues, including sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 34.5 to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and goods and service tax, which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of customs, duty of excise and value added tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.35	1998-99	Additional Commissioner of Commercial Tax
The Orissa Sales Tax Act, 1947	Sales Tax	0.10	1999-00	Assistant Commissioner of Commercial Tax
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	13.79	2011-12	Additional Commissioner of Commercial Tax
The West Bengal Value Added Tax Act, 2003	Value Added Tax	1.27	2013-14	Joint Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Sales Tax	6.09	2001-02	Assistant Commissioner of Commercial Tax
The Kerala General Sales Tax Act, 1963	Sales Tax	4.52	2000-01 to 2002-03	Assistant Commissioner of Commercial Tax
Bihar Finance Act, 1981	Sales Tax	0.80	2005-06	Assistant Commissioner of Commercial Tax
Central Excise Act, 1944	Excise Duty	1,496.53	1997-98 to 2003-04	High Court of Lucknow
Central Excise Act, 1944	Excise Duty	619.07	1993-95, 1996-97, 2009-10 to 2014-15, 2006-17, 2015-16, 1997-98, 2012-17	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	79.21	1997-98 to 2000-01, 1991-92 to 1998-99, 2003-04 to 2004-05 to 2006-07	Commissioner of Central Excise (Appeal)
Central Excise Act, 1944	Excise Duty	0.15	2009-10 to 2010-11	Deputy Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	41.47	2002-03 to 2006-07, 1996-97 to 1997-98	Assistant Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	130.99	2006-07 to 2011-2012	High Court of Allahabad
Finance Act 1994	Service Tax	32.57	2004-05 to 2006-07, 2009-10 to 2010-11	Customs Excise and Service Tax Appellate Tribunal
Finance Act 1994	Service Tax	0.87	2009-10 to 2011-12	Commissioner of Central Excise & Service Tax (Appeals)

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, except as described below, the moneys raised by way of term loans have been applied for the purposes for which they were obtained.

Particulars	Nature of delay/default	Period of delay/default	Amount	Subsequent rectification carried out by the Company
Term Loan obtained from a bank	Loan obtained for construction / refurbishment of storage facilities for tea division, though not utilized for this purpose.	Since 6th July, 2018	₹ 1,000 Lakhs	Not yet rectified

- x. 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 explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse & Co Chartered Accountants LLP**
 Firm Registration Number: 304026E/E-300009
 Chartered Accountants

Place: Kolkata
 Date: May 27, 2019

Rajib Chatterjee
 Partner
 Membership Number: 057134