



UNI WORTH
TEXTILES
LIMITED

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
UNI WORTH TEXTILES LIMITED**

Report on the Standalone Financial Statements

Qualified Opinion

We have audited the standalone financial statements of **UNI WORTH TEXTILES LIMITED** ("the Company"), which comprise the balance sheet as at 31st March, 2020, and the statement of Profit and Loss, (*statement of changes in equity*) and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

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 described in the *Basis for Qualified Opinion* section of our report, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020 and loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Qualified Opinion

- (a) *In view of the circumstances stated in Note No 40 the original books of accounts of the Company were not available and we have conducted our audit on the basis of available books of accounts prepared by the Company.*
- (b) *Note No.9 (ii)(a),(ii) (b) and (ii) (c) regarding non-provision of certain debts amount to Rs.6332.55 lacs.*
- (c) *Note No. 13 (i) (a) regarding of Rs.711.14 lacs due from a party, in respect of which we are unable to form any opinion as to the nature and purpose of making such advance as also recoverability of the same.*
- (d) *Note No.13 (i) (b) regarding non-provision for advance of Rs.211.70 lacs paid to an Overseas Consultant due to reasons stated therein.*
- (e) *Note No. 5 (i) regarding non-provision for investment amounting to Rs.14.05 lacs in Companies which have become Sick.*
- (f) *The Accounting Standard on Contingent Liabilities have not been fully complied with as disclosed in Footnote No.(i) to (iii) of Note No. 29, the quantum of non-provision in respect whereof is not ascertained pending settlement / disposal of disputes.*
- (g) *Non-provision of Items indicated in (b), (c), (d) and (e) above constitute a departure from the Indian Accounting Standards referred to in Section 133 of the Act. Without considering Item Nos. (f) above, whose impact on the Company's Statement of Profit and Loss is presently non-ascertainable, had the provisions indicated in Item Nos. (b) to (e) been made,*
 - (i) *The Loss for the year would have increased by Rs. 7269.44 lacs*
 - (ii) *Trade Receivable would have decreased by Rs.6332.55 lacs*
 - (iii) *Investment Under Non Current Assets would have decrease by Rs.14.05 lacs*
 - (iv) *Other Current Assets would have decreased by Rs. 922.84 lacs*
 - (v) *The Retained Earnings/ (-) Loss would have been higher by (-) Rs. 7269.44 lacs.*

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities*



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for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note No.32 of the accompanying standalone Ind AS financial statements which states the impact of Coronavirus disease 2019 (COVID 19) on the operations of the Company.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, in addition to the matter described in the *Basis for Qualified Opinion* section; we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Following Notes to the Financial Statements describe the uncertainty related to the outcome of the lawsuits /other legal matters indicated therein:
 - (a) Note No. 19 (ii) regarding application filed against the Company before Debt Recovery Tribunal for recovery of the dues by certain banks.
 - (b) Footnote to Note No.26 (ii) regarding interest provision on borrowings from some of the institutions and banks made in the financial statements under simple interest method at the prevailing / estimated rates applicable on such loans in absence of relevant documents / confirmations as also the on-going matters of disputes between the Company and its Bankers / Creditors over the issue of charging interest as stated in the said Footnote.
 - (c) Note No.17 (Footnote) regarding estimated amount of Rs.1674.44 lacs having been provided during the year 2002-03 as sales claims and commission relating to earlier years from Overseas Customers of the Company which is pending for final settlement. Necessary adjustment for such claims and commission will be made after final settlement and obtaining necessary approval from concerned regulatory.
 - (d) Note No 29 regarding demands for Excise Duty, Income Tax and other matters disclosed under Contingent Liabilities, which are contested by the Company and pending before various forums / Authorities for final decisions
 - (e) Note No 31 regarding settlement of dues with secured lenders under ARCIL which is subjudice.
2. Note No. 16(iv), Note No. 19 (iii), and Note No.10 (i) regarding non-receipt of confirmations in respect of borrowings from financial institutions / banks and also debit balances in certain Current Accounts with banks due to restructuring being in process, book balances thereof have been considered in these financial statements.
3. Note No. 36 (ii) regarding balances with a related party under reconciliation.
4. As indicated in the financial statements, the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred net loss during the current and previous years, and the Company's current liabilities exceeded its current assets as at the Balance Sheet date. These conditions, along with other matters set forth in Notes to Financial Statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, these Financial Statements of the Company have been prepared on a going concern basis due to reasons stated in Note No.31.



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Our opinion is modified in respect of the above matter.

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, (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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material



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uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Sub-section (11) of Section 143 of the Act, we enclose in the **Annexure – A**, a statement on the matters specified in the said Order, to the extent applicable to the Company.
- ii) As required by Section 143(3) of the Act, based on our audit we report that
 - a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement Cash Flows dealt with by this Report are in agreement with the books of account;
 - d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.;



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- e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- f) On the basis of written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the Director is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- g) 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 – B**. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting in the matters of Sales.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with amended 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, wherever ascertainable – Refer Note No.29
 - ii. The Company did not have any long-term contracts including derivative contracts for which there was any material foreseeable loss.

Place: Kolkata
Date: 31st July 2020

For **KHANDELWAL RAY & CO**
Chartered Accountant
FR No. 302035E

(CA. S. Khandelwal)
Partner
Membership No. 054451



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ANNEXURE-A TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Uniworth Textiles Limited the year ended 31st March, 2020.

We report that:

(i)	<p>(a) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;</p> <p>(b) Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;</p> <p>(c) Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof;</p>	(i)	<p>(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) Physical verification of Fixed Assets could not be conducted reason stated in Note No 40</p> <p>(c) Title Deeds for Freehold and Leasehold Immovable Properties are held in the name of the Company.</p>
(ii)	<p>Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account;</p>	(ii)	<p>Inventories of Stores & Spares could not be physically verified due to reason stated in Note No 40.</p>
(iii)	<p>Whether the company has 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 Companies Act, 2013. If so,</p> <p>(a) whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;</p> <p>(b) whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;</p> <p>(c) if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;</p>	(iii)	<p>The Company has not granted any loan, secured or unsecured, during the year to any company, firm Limited Liability Partnerships or other party covered in the register maintained under section 189 of the Companies Act, 2013.</p> <p>In this regard, we have relied upon the entries recorded in the register maintained under section 189 of the Act.</p>



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(iv)	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	(iv)	In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 185 and 186 of the Act, with regard to loans and investments made.
(v)	In case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with? if not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	(v)	The Company has not accepted any deposit from the public within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
(vi)	Where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained.	(vi)	We have broadly reviewed the available books of accounts as prepared by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
(vii) (a)	Whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;	(vii) (a)	According to the available records of the Company, the Company has regularly deposited during the year with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues, where applicable. According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, and cess were outstanding as at 31 st March, 2020 for a period of more than six months from the dates they became payable.



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	<p>(b) In case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).</p>		<p>(b) According to the available records of the Company, following statutory dues have not been deposited by the Company on account of disputes:</p> <table border="1"> <thead> <tr> <th>Nature of Dues</th> <th>Amount (Rs in lakhs)</th> <th>Year (which it relates)</th> <th>Forum</th> </tr> </thead> <tbody> <tr> <td>Central Excise & Penalty</td> <td>5052.56</td> <td>1997-98 to 2000-01 & 2001-02</td> <td>CESTAT, New Delhi.</td> </tr> <tr> <td>Central Excise</td> <td>6426.00</td> <td>1994-95 to 1996-97</td> <td>Commissioner of Central Excise-Nagpur</td> </tr> <tr> <td>Central Excise & Penalty</td> <td>1890.00</td> <td>2002-03 to 2007-08</td> <td>Commissioner of Central Excise-Raipur</td> </tr> <tr> <td>Service Tax of Central Excise</td> <td>2681.00</td> <td>2003-04 to 2008-09</td> <td>Commissioner of Central Excise-Nagpur</td> </tr> <tr> <td>Cess</td> <td>206.00</td> <td>2002-03 to 2004-05</td> <td>Central Excise-Nagpur</td> </tr> <tr> <td>Service Tax of Central Excise</td> <td>9.24</td> <td>2015-16</td> <td>Commissioner of Central Excise-Nagpur</td> </tr> <tr> <td>Income Tax</td> <td>15.31</td> <td>Very Old</td> <td>Income Tax Dept.</td> </tr> <tr> <td>Multiferious Demands</td> <td>14.50</td> <td>Very Old</td> <td>Various forum/ Authorities</td> </tr> </tbody> </table>	Nature of Dues	Amount (Rs in lakhs)	Year (which it relates)	Forum	Central Excise & Penalty	5052.56	1997-98 to 2000-01 & 2001-02	CESTAT, New Delhi.	Central Excise	6426.00	1994-95 to 1996-97	Commissioner of Central Excise-Nagpur	Central Excise & Penalty	1890.00	2002-03 to 2007-08	Commissioner of Central Excise-Raipur	Service Tax of Central Excise	2681.00	2003-04 to 2008-09	Commissioner of Central Excise-Nagpur	Cess	206.00	2002-03 to 2004-05	Central Excise-Nagpur	Service Tax of Central Excise	9.24	2015-16	Commissioner of Central Excise-Nagpur	Income Tax	15.31	Very Old	Income Tax Dept.	Multiferious Demands	14.50	Very Old	Various forum/ Authorities
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<p>(viii)</p>	<p>Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).</p>	<p>(viii)</p>	<p>The Company has defaulted in repayment of dues to financial institutions, banks and debenture holders as under:</p> <p>As per Original Agreement, all the following Loans have become due for repayments. However, the Company's negotiations with the term lenders for rescheduling / restructuring is in process:</p> <table border="1"> <thead> <tr> <th>Nature of Financial Assistance</th> <th>Amount (Rs. in lakhs)</th> <th>Period of Default</th> </tr> </thead> <tbody> <tr> <td>a) Term Loan</td> <td>*</td> <td></td> </tr> <tr> <td>i) Financial Institution</td> <td></td> <td></td> </tr> <tr> <td>ICICI</td> <td></td> <td>Not Ascertainable</td> </tr> <tr> <td>Principal</td> <td>2184.63</td> <td>*</td> </tr> <tr> <td>Interest</td> <td>3276.04</td> <td></td> </tr> <tr> <td>IFCI</td> <td></td> <td></td> </tr> <tr> <td>Principal</td> <td>1472.26</td> <td>*</td> </tr> <tr> <td>Interest</td> <td>3472.00</td> <td></td> </tr> <tr> <td>b) Debenture</td> <td></td> <td></td> </tr> <tr> <td>Zero Coupon Redeemable Debenture</td> <td>4750.00</td> <td>Sept, 14</td> </tr> <tr> <td>c) Loan Repayable on Demand (Working Capital Loan)</td> <td>**</td> <td></td> </tr> </tbody> </table> <p>* Also refer to Note No. 16 ** Refer to Note No.19 (ii)</p>	Nature of Financial Assistance	Amount (Rs. in lakhs)	Period of Default	a) Term Loan	*		i) Financial Institution			ICICI		Not Ascertainable	Principal	2184.63	*	Interest	3276.04		IFCI			Principal	1472.26	*	Interest	3472.00		b) Debenture			Zero Coupon Redeemable Debenture	4750.00	Sept, 14	c) Loan Repayable on Demand (Working Capital Loan)	**	
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(ix)	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	(ix)	The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
(x)	Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;	(x)	Based upon the audit procedure performed and the information and explanation given by the Company, we report that no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially misstated.
(xi)	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;	(xi)	According to the information and explanations given to us and based on our examination of the available records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approval mandated by the provisions of Section 197 read with Schedule V of the Act.
(xii)	Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;	(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)	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;	(xiii)	According to the information and explanations given to us and based on our examination of the available 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 financial statements as required by the applicable accounting standards.
(xiv)	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;	(xiv)	According to the information and explanations given to us and based on our examination of the available 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.



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(xv)	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;	(xv)	According to the information and explanations given to us and based on our examination of the available records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
(xvi)	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.	(xvi)	The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place: Kolkata

Date: 31st July,2020

For **Khandelwal Ray & Co.**
Chartered Accountants
Firm Registration No. 302035E

(CA. S. Khandelwal)
Partner
Membership No. 054451



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We have audited the internal financial controls over financial reporting of Uniworth Textiles Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31st, 2020:

1. The Company's internal financial controls over customer acceptance, credit evaluation and establishing credit limits for sales, were not operating effectively which could potentially result in the Company's recognising revenue without establishing reasonable certainty of ultimate collection;
2. The Company's internal financial controls for inventory particularly with regard to timely completion of physical verifications and reconciliation of discrepancies were not operating effectively which could potentially result in material misstatements in the Company's consumption and inventories.
3. The Company's internal financial controls over payment of advances to overseas consultants and other parties particularly with regard to the terms and conditions of making such advance payments by the Company were not operating effectively which could potentially result in material misstatements in the Company's working capital and expense account balances.
4. The Company's internal financial controls over creditors for expenses particularly with regard to the adequacy for such expenses as also obtaining confirmations from the creditors were not operating effectively which could potentially result in material misstatements in the Company's working capital and expense account balances.

Place : Kolkata

Date: 31st July, 2020

For **KHANDELWAL RAY & CO**

Chartered Accountants

Firm Reg.No: 302035E

(CA S. Khandelwal)

(Partner)

Membership No: 054451