

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GARDEN SILK MILLS LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of **GARDEN SILK MILLS LIMITED** (hereinafter referred as "the Company"), which comprise the balance sheet as at 31st March, 2020, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report*, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2020, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for qualified opinion

As at 31st March 2020 the Company's financial statements include:

- total bank balances of ₹200.84 Crore, for which we have not received direct balance confirmation from respective banks; and
- total borrowings of ₹1,926.73 Crore, which have been transferred from various banks and other lenders to asset reconstruction company viz. Invent Asset Securitisation and Reconstruction Pvt. Ltd ("Invent ARC") which are subject to reconciliation. In addition, no terms and conditions have been prescribed for amount due to Invent ARC.

In light of the above, we are unable to quantify the consequential impact on Company's total bank balance and total borrowings as at 31st March, 2020 and impact of interest and other changes accrued on the results for the year ended on that date. [Refer note no. 13(A)(b)]

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred as "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's responsibilities for the audit of the standalone 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 standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Material uncertainty related to going concern

We draw attention to Note B.1 to the financial statements. During the year, the company has incurred a net loss of ₹207.60 Crore resulting in to negative retained earnings of ₹823.57 Crore as at 31st March, 2020 wherein assets are insufficient in comparison to liabilities thereby resulting in erosion of its Net-worth. Further, under the CIRP process the Resolution Professional ("RP") appointed and confirmed by the Committee of Creditors have invited claims from different set of stakeholders including claims from Financial Creditors, Operational Creditors, Workmen and Employee

and other creditors which is subject to verification and shall be admitted/rejected by the RP in due course. Adding the company's ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors and submission of a viable resolution plan by the prospective investor. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In view of the opinion of the Directors and KMPs, resolution and revival of the company is possible in foreseeable future. Further the RP is required to make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern. In view of the aforesaid details and pending outcome of the CIRP, the financial statements of the Company have been prepared on going concern basis

Our opinion is not modified in respect of this matter.

Emphasis of matter

1. We draw attention to Note 15 to the financial statements, which describes that RP is in the process of admitting / verifying claims by the financial creditors. Pending final outcome of the CIRP process no adjustments have been made in the books for the differential amount in the claims admitted. Hence, consequential impact, if any, on the financial results is not currently ascertainable.
2. We draw attention to Note 38 to the financial statements, which describes the economic and social consequences the entity is facing as a result of Covid-19 which is impacting operations of the Company, supply chains, personnel available for work etc.

Our opinion is not modified in respect of these matters of emphasis.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern section*, we have determined the key audit matters as described below:

- A. Accounting treatment for customer contracts
- B. Contingent liabilities

A. Accounting treatment for customer contracts

Description of key audit matter

Revenue amounting to ₹2,877.09 Crore reported in the company's financial statements pertains to customer specific contracts and the same are required to satisfy the recognition and measurement criteria as prescribed in IND AS 115, 'Revenue from Contracts with Customers'. Revenue recognition is considered as an inherent risk and also as a fraud risk. In case of revenue recognition risk of material mis-statement significantly increases for its cut-offs, accuracy, completeness and presentation and disclosure. This can lead to revenue either being recognised in incorrect accounting periods or at incorrect value thereby impacting the results. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter.

Description of Auditor's response

With a view to verify the reasonableness of the revenue accounting we carried out following procedures:

- a) Understanding the internal control environment for revenue recognition and to test check with a view to verify its operating effectiveness;
- b) Read terms of the contracts and verified accuracy of sales recognition on test basis;

- c) Discussed with the management process of identification of variable consideration, if any;
- d) Verified cut-off documents to ensure that revenue is recognized in correct accounting period and carried out other substantive procedures;
- e) Performed analytical procedures and obtained reasons for major variances;
- f) Ensured that revenue is recognized in accordance with accounting policy of the Company and Ind AS 115 and necessary disclosures are made in the financial statements;

B. Contingent liabilities

Description of key audit matter

Contingent liabilities as at 31st March, 2020 amounted to ₹97.99 Crore, which mainly include pending income-tax matters, indirect-tax matters etc. In addition, there are certain cases pending adjudication. Contentious direct / indirect tax matters relate to interpretational differences between the company and various tax authorities, certain matters subjected to internal circulars and guidelines within tax authorities irrespective of stated legal provisions sometimes requiring decision making only by higher tax authorities through appellate procedures resulting in delays in outcome. These multiple litigations by and on the Company, which are currently pending at various levels and courts requiring the company's management to exercise significant judgement on these outcomes to determine the liabilities that are contingent in nature. Considering these factors, in the context of our audit, this matter was of significance and hence a key audit matter.

Description of Auditor's response

With a view to ensure that disclosures made by the company in note no. 29 are determined appropriately and prudently, we obtained information of pending income-tax and indirect-tax matters from the Company and have obtained/verified the documents including the communication with the departments provided by the Company. In addition, we have carried out comparison with respect to previous year and obtained/reviewed documentation for additional direct/indirect tax matters reported, if any, including matters arisen during the year. Our tax team has carried out discussions with the Company's internal tax team on these cases mainly with respect to issues raised by various tax authorities in their communication to the company to substantiate company's assessment that there are no present obligations perceived.

Information other than the Standalone Financial Statements and Auditor's Report thereon (hereinafter referred as "other information")

The Company's Management, Directors and KMPs are responsible for the preparation of the other information. The other information comprises the Board's report and management discussion and analysis included in the annual report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

In accordance with the applicable provisions of the Insolvency and Bankruptcy Code, 2016 (Code) the Corporate Insolvency Resolution Process (CIRP) of Garden Silk Mills Limited (the Corporate Debtor or Company) was initiated by

the sole Financial Creditor (namely Invent Assets Securitisation & Reconstruction Pvt. Ltd. "Invent ARC") post assignment of debt of the Company via entering into an assignment agreement dated 4th February 2020. The Ahmedabad bench of National Company Law Tribunal (NCLT) has admitted petition application filed by the sole financial creditor (Invent ARC) in terms of Section 7 of the Code and the CIRP for the Company was initiated on 24 June, 2020. Mr. Kuresh Khambati has been appointed as Interim Resolution Professional to manage the affairs of the Company. Subsequently Mr. Khambati has been confirmed as the Resolution Professional (RP) by the Committee of Creditors (COC). Upon appointment of the RP under the Code, the powers of the Board of Directors of the Company remain suspended and vest with the RP.

Further the erstwhile management of the Company including the Directors and KMPs are responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including comprehensive income, changes in equity and cash flows of the Company in accordance with the other accounting principles generally accepted in India including Indian Accounting Standard (Ind AS), as the same pertains to the period prior to the commencement of CIRP. 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.

In preparing the standalone financial statements, Company's Management including the Directors and KMPs are 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 Company's Management including the Directors and KMPs are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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:

- A. 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.
- B. Obtain an understanding of internal control 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. 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 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. [Refer above para "*Material Uncertainty Related to Going Concern*"]
- E. 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 standalone 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 standalone 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.

Other matter

Due to the Covid-19 pandemic and the lockdown and other restrictions imposed by the Government and local administration, the audit processes carried out subsequent to commencement of lockdown were based on the remote access and evidence shared digitally.

Our opinion is not modified in respect of this other 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 paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act and based on our audit, we report that:
 - a) *Except for the matters described in the basis for qualified opinion paragraph*, 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) *Except for the effects, if any, of the matters described in the basis for qualified opinion*, 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), statement of changes in equity and the statement of cash flows 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 Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Directors and KMPs, none of the directors is disqualified as on 31st March, 2020 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 B”; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting;
- g) 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, we report that 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; and
- h) 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:
- The Company has disclosed the impact of pending litigations as at 31st March, 2020 on its financial position in its standalone financial statements - refer note 29 to the standalone financial statements.
 - The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Sharp & Tannan Associates**
Chartered Accountants
Firm’s Registration no. 109983W
by the hand of

Tirtharaj Khot
Partner
Membership no.(F) 037457
UDIN:20037457AAAABR6002

Pune, 31st July 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under the heading, “Report on Other Legal and Regulatory Requirements” of our report on even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. No material discrepancies were identified during such physical verification.
- (c) The title deeds of the Company’s certain immovable properties consisting of freehold land were pledged with the lenders as a security against the loan. During the year, the lenders have assigned its debts to Invent ARC. According to the records i.e. photocopies/ scanned copies examined by us to the extent provided by the Company’s management and information and explanations given to us, the title deeds of immovable properties are held in the name of the company except as mentioned below. *In addition, details of the land for which NA procedure is pending are also included below:*

Sr. No.	Land details	Gross Block Amount (₹ In Crore*)	Remarks
1	Jolwa land (part of land)	8.06	Title is in Sellers name (majority of them are promoters and their family members) however agreement to sale has been entered into. Land is in the possession of the Company. NA procedure is pending.
2	Jolwa land (part of land)	1.86	Title is in the name of Company. Also, the possession of land is with the Company but NA procedure is pending.

***Note:** Further, one portion of agricultural land is in the possession of the Company and consideration paid of ₹0.17 Crore appears under capital advances and not capitalised as asset.

- (ii) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals and no material discrepancies were noticed on such physical verification between the physical stock and the books of accounts.
- (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. Accordingly, reporting on paragraph 3(iii) (a), (b) & (c) of the Order is not applicable.
- (iv) According to information and explanation provided to us, the Company has complied with provisions of section 185 and section 186 of the Act, to the extent applicable.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no 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 in the current year. Accordingly, reporting on para 3(v) is not applicable.
- (vi) The Central Government has specified maintenance of cost records under section 148(1) of the Act. We have broadly reviewed these records relating to materials, labour and other items of cost maintained by the Company 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 records with a view to determine whether they are accurate and complete.

GARDEN SILK MILLS LIMITED

- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2020, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation provided to us, dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of dispute are as follows:

Sr. No.	Name of Statute	Nature of dues	Forum where dispute is pending	Period to which amount relates	Amount Involved (₹ in Crore)	Amount Unpaid (₹ in Crore)
1	Central Excise Act, 1944	Excise Duty / Service Tax	Gujarat High Court (Ahmedabad)	2008-09	26.10	19.60
2			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2011-12	0.41	0.41
3			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2009-10	0.03	0.00
4			Gujarat High Court (Ahmedabad)	2000-01	3.36	0.00
5			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2008-13	0.78	0.75
6			Gujarat High Court (Ahmedabad)	1994-95	42.93	42.93
7			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2006-09	1.15	1.15
8			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2006-11	5.23	4.97
9	Central Excise Act, 1944	Excise Duty / Service Tax	Gujarat High Court (Ahmedabad)	2005-09	60.38	60.38
10			Gujarat High Court (Ahmedabad)	2005-09	0.65	0.65
11			Supreme Court	2005-13	392.01	392.01
12	Customs Act, 1962	Customs Duty	Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	1.27	0.00
13			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	0.36	0.31
14			Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	2012-13	0.34	0.31
15	Income Tax Act, 1961	Income tax	C.I.T. (Appeals), Surat.	2010-15	6.08	6.08
16			Income Tax Appellate Tribunal	2002-04	0.05	0.05
17			Income Tax Appellate Tribunal	2008-09	0.03	0.03
18			Income Tax Appellate Tribunal	2008-09	0.05	0.05

* Show cause notices for excise duty amounting to ₹ 226.51 Crore (not included above) have been received by the company against which responses have been filed. However as informed to us, authorities have not initiated any further proceedings against such responses.

- (viii) During the year, the Company has defaulted on repayment of loans including interest to banks, financial institutions and other lenders. As informed to us, total borrowings including interest thereon due to various banks, financial institutions and other lenders have been assigned to asset reconstruction company viz. Invent Asset Securitisation and Reconstruction Pvt. Ltd ("Invent ARC") on 4th February 2020. *No specific terms and conditions have been prescribed by ARC hence, we are unable to comment/report on para 3(viii) of the Order.* The Company does not have any debenture holders and has not borrowed from government. *(also refer basis for qualified opinion above).*
- (ix) According to information and explanation provided to us, 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.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation provided to us, the 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 Act.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on para 3(xii) is not applicable.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable, and the details have been disclosed in the standalone financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanation provided 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. Accordingly, reporting on para 3(xiv) is not applicable.
- (xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of Companies Act, 2013. Accordingly, reporting on para 3(xv) is not applicable.
- (xvi) According to the information and explanation provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting on para 3(xvi) is not applicable.

For Sharp & Tannan Associates

Chartered Accountants

Firm's Registration no. 109983W

by the hand of

Tirtharaj Khot

Partner

Membership no.(F) 037457

UDIN:20037457AAAABR6002

Pune, 31st July 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under the heading, "Report on other legal and regulatory requirements" of our report on 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")]

Opinion

We have audited the internal financial controls over financial reporting of **Garden Silk Mills Limited** (hereinafter referred as "the Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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 31st March 2020, based on the internal financial 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 (hereinafter referred as "the guidance note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

Management's responsibility for internal financial controls

The Company's Management, Directors and KMPs are 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. 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 the 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.

Auditor's 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 and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 standalone 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 standalone 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 standalone 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 standalone 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.

For Sharp & Tannan Associates

Chartered Accountants

Firm's Registration no. 109983W

by the hand of



Tirtharaj Khot

Partner

Membership no.(F) 037457

UDIN:20037457AAAAABR6002

Pune, 31st July 2020