

Independent Auditor's Report

To the Members of M/s. Cella Space Limited, Kochi (Formerly Sree Sakthi Paper Mills Limited).

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of M/s.Cella Space Limited, Kochi (Formerly Sree Sakthi Paper Mills Limited), which comprises of the Balance Sheet as at 31st March, 2019,the Statement of Profit and Loss (including other comprehensive income) for the year ended 31st March 2019,the Statement of Changes in Equity for the year ended 31st March, 2019,the Cash Flow Statement for the year ended 31st March 2019, and a Summary of Significant Accounting Policies and other explanatory information (herein after 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, the aforesaid financial statements give the information required by the Companies Act, 2013 ('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, ('the Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019; and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended 31st March 2019.

Emphasis of Matter

We Invite the attention of users to –

- (a) Based on our review conducted as above we draw attention to Note No.28A of the financials regarding recognition of income by writing back of unsecured loan received from M/s. Indospace Industrial Park, Oragadam Walajabad Private Limited (Formerly Shri Kailash Logistics Limited) amounting to Rs.7.28 Crores.*
- (b) Our Report is not qualified on the above matter.*

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (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 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 (ICAI) together with the independence 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 audit opinion on the standalone financial statements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, 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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in the report.

The Key Audit Matters	How our audit addressed the key audit matter
Adoption of Ind AS 115 – Revenue from Contracts with Customers	
<p>The Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period.</p> <p>Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>The Company adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.</p>	<p>Our audit procedures on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new revenue accounting standard, included –</p> <ul style="list-style-type: none"> • Evaluation of the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard; • Evaluation of the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams; • Evaluation of the cumulative effect adjustments as at 1 April 2018 for compliance with the new revenue standard; and • Evaluation of the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.
Evaluation of uncertain tax positions	
<p>The company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p>	<p>Our audit procedures included –</p> <ul style="list-style-type: none"> • Detailed analysis of the pending disputes on account of taxes at various forums; • Obtaining internal expert opinion on the merit and sustainability of the disputes and litigations; • Evaluating the legal precedences in evaluating the management judgements on these uncertain tax positions.
Recoverability of receivables and advances	
<p>As at March 31, 2019, the position of assets included –</p> <ul style="list-style-type: none"> • Trade receivables (Note 8A): Rs.834.33 lakhs • Security Deposits (Note 6B):Rs.23.99 lakhs • Other Non-Current Assets (Note 7) Rs.98.49 lakhs • Security Deposits (EMD) (Note 8C) : Rs.27.6 lakhs <p>Out of the above, most of the balances were outstanding for long and hence it was necessary to ascertain the recoverability and realisability of such receivables and advances.</p>	<p>Our audit procedures included –</p> <ul style="list-style-type: none"> • Detailed analysis of the long outstanding receivables and advances; • Obtaining management analysis on the realisability of such assets; • Obtaining confirmation of balances for major balances outstanding; • Evaluating the adequacy of provision made by the management for doubtful assets included therein.

Other information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' 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 and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the 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.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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.

In preparing the standalone financial statements, management and Board of Directors 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. Board of Directors is also 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 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 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 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 with respect to the standalone financial statements 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 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 financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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 a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable attached as Annexure 1.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, including other comprehensive income, Statement of changes in Equity, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act;
 - e) On the basis of written representations received from the directors and 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 sub-section (2) of section 164 of the Companies Act, 2013 except for Mr. Subramoniam Sivathanu Pillai. We are informed that the order of disqualification of Mr. Rajkumar Sivathanu Pillai has been stayed by Honorable High Court of Madras vide writ petition no. 29141/2017 dated 30-11-2017.
 - f) With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of 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 financial statements.
 - (ii) The company has no long term contracts including derivative contracts and hence no provision on account of material foreseeable losses is required.
 - (iii) The company has not transferred the equity shares corresponding to unpaid dividend where the specified period under Section 124(5) has been completed to the Investor Education and Protection Fund, within the due date. Further, based on the information given to us, we report that there has been a delay of 33 days in transferring unpaid dividend of Rs.1,12,650.20/- to the above fund.

For KPR & Co
Chartered Accountants
FRN: 05326S

Sd/-
Deepa Praveen, FCA
Memb No: 232410
Partner

Kochi -11
28/05/2019

Annexure A: Referred to in paragraph 5 (1) of report on other Legal and Regulatory requirements of our report of even date-

- (i) In respect of the fixed assets –
- a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals and the discrepancies noticed have been properly dealt with in the books of accounts.
 - c) According to the information and explanation given to us, the title deeds of immovable properties of the Company are held in the name of the Company, except for 1.75 acres of industrial land in the possession of the Company at Edayar, purchased in financial year 2012-13. We are informed that the company has paid the entire purchase consideration and is waiting for final clearance for effecting legal transfer of ownership.

(ii) The Company does not have any inventory during the year. Hence the clause 3(ii) of the order is not applicable to the company.

(iii) The Company has not granted any loans, secured or unsecured, to Companies, firms, LLPs, or other parties covered in the register maintained under Section 189 of the Companies Act, 2013

(iv) In our opinion and according to the explanations given to us, the Company has complied with the provisions of the Sections 185 and 186 of the Act in respect of the grant of loans, making investments and providing guarantees and securities made by it. The company had granted loans/advances to subsidiary companies as given in iii (a) above, which we were informed by the company that the provisions of section 185 and 186 are not applicable as they were made before 12th September 2013 being the effective date of Sec 185 of Companies Act 2013.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year. Therefore, the provisions of clause 3 (v) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.

(vi) We have broadly reviewed the books and records maintained by the company pursuant to the order of the Central Government 148 (1) of the Companies Act 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether these records are accurate or complete.

(vii) (a) According to the information given to us and on the basis of the checks conducted by us we report that the company has not been 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 other statutory dues with appropriate authorities. The extend of arrears of Statutory dues as at the last day of the financial year concerned outstanding for a period of more than six months as at 31.3.2019, from the date they became payable are as under –

- Income tax payable: Rs. 71.71 lakhs,
- TDS deducted but not remitted to Government Rs.4.17 lakhs,
- Service Tax payable: Rs 3.18 lakhs,
- Excise duty payable: Rs 46.39 lakhs,
- VAT payable Rs 4.79 lakhs,
- CST payable Rs.0.57 lakhs,
- GST payable Rs.4.84 lakhs,
- TCS payable Rs.8.27 lakhs

(b) According to the information and explanations given to us, and based on the records of the company examined by us, the particulars of dues towards income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess as at 31st March 2019, which have not been deposited on account of any dispute are furnished as under -

Sl. No.	Name of the statute	Nature of Dues	Amount of tax disputed (Rs. In lakhs)	Period to which the dispute relates.	Forum where the Dispute is pending.
1	Income Tax Act	Income Tax	22.18	AY 2014-15	CIT(Appeals), Kochi
2	Central Sales Tax Act	Central Sales tax	15.48	A.Y 2007-08	Deputy Commissioner (Appeals), Kochi

(viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and Government except for temporary delays occurred in the repayment details of which are given in Annexure C.

There were no debenture holders at any time during the year.

(ix) The company has not made any initial public offer or further public offer in the year under audit. The proceeds of the term loans availed by the company have been applied for the purpose for which they are raised.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud by the Company or any fraud on the company by its officers or employees during the year was noticed or reported, nor we were informed of such case by the management.

(xi) In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 19 read with Schedule V to the Companies Act 2013.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 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.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review in accordance with the requirements of Section 42 of the Companies Act 2013 and the amount raised has been used for the purposes for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non cash transactions with directors or persons connected with him for which provisions of section 192 are applicable.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For KPR & Co
Chartered Accountants
FRN: 05326S

Sd/-
Deepa Praveen, FCA
Memb No: 232410
Partner

Kochi -11
28/05/2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF M/S. CELLA SPACE LIMITED, KOCHI (FORMERLY SREE SAKTHI PAPER MILLS LIMITED).

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of M/s. Cella Space Limited, Kochi (Formerly Sree Sakthi Paper Mills Limited).(the company) as of 31st March, 2019 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. 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 accounting records and the timely preparation of reliable financial information as required under the Companies Act, 2013.

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 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 Notes 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of 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 control systems over financial reporting.

Meaning of internal financial controls over financial reporting

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

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 the financial reporting to future

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been revealed as at March 31, 2019:

The internal control system established by the company for recording of financial transactions in time was not operating effectively due to which there was considerable delay in recording, reconciling and reporting the financial information on a timely basis. Further no internal audit was conducted during the year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

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28/05/2019

For KPR & Co
Chartered Accountants
FRN: 05326S
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