

# Chachan & Lath

Chartered Accountants  
(Firm Registration Number: 015012N)

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDIA FORGE & DROP STAMPINGS LTD.

### REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of India Forge & Drop Stampings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in sub section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provision 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 judgement 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

4. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards of Auditing issued by Institute of Chartered Accountants of India under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### OPINION

7. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit/loss and its cash flow for the year ended on that date:

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order to the extent applicable.
9. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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- 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, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
- d) In our opinion, the aforesaid standalone financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the Directors as on March 31, 2017, taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2017, 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', and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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. Refer note 26 (10) of the Notes on Financial Statements.
  - ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.
  - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us. Refer note 26 (15) of the Notes on Financial Statements

For **Chachan & Lath**  
Chartered Accountants  
Firm Registration Number: 015012N

Place: Chennai  
Date: September 04, 2017

**CA. Naresh Kumar Lath**  
Partner  
Membership Number: 094378

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### ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

Annexure referred to in Paragraph 1 of REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS of the Auditor's Report to the members of India Forge & Drop Stampings Ltd. on the accounts for the year ended March 31, 2017. We report that:

- (i)
  - (a) In our opinion and according to the explanations given to us, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, all the fixed assets have been physically verified by the management in a phased and periodically manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. We are informed that no material discrepancies were noticed on such verification as compared to books of accounts.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanation given to us, inventories has been physically verified at reasonable intervals during the year by the management. The discrepancies noticed on verification between the physical stock and the book stock, wherever ascertained were not significant and have been properly dealt with in the books of accounts.
- (iii) As informed to us, 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 Companies Act, 2013. Hence, clauses (iii) (a) to (c) of the paragraph 3 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given and investments made. The Company has neither issued any guarantee nor has provided any security on behalf of any party.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public covered under the provisions of Sections 73 to 76, directives issued by the Reserve Bank of India or any other relevant provisions of Companies Act, 2013 and rules framed there under.
- (vi) The Central Government has prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013, for forgings, one of the Company's product. We have broadly reviewed such accounts and records and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained but no detailed examination of such records and accounts have been carried out by us.
- (vii)
  - (a) According to the information and explanations given to us and according to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amount in respect to the statutory dues referred to above were outstanding as at March 31, 2017 for a period of more than six months from the date they became payable except the following: ₹1.13 lakhs, Service Tax.
  - (c) According to the information and explanations given to us, there is no disputed amount in respect of statutory dues referred to above were outstanding as at March 31, 2017 except the following:
    - a) ₹ 21.95 lakhs, demand of excise duty (Appeal lying with the Appellate Tribunal, Chandigarh) for financial year 1999-2000.
    - b) ₹ 117 lakhs, demand of Sales Tax/Central Sales Tax (Appeal lying with the Joint Commissioner of Sales Tax, Pune) for financial year 2008-09.
    - c) ₹ 11 lakhs, demand of Sales Tax (Appeal lying with Maharashtra Sales Tax Tribunal, Mumbai) for financial year 2005-06.
    - d) ₹ 0.28 lakhs, demand of Income Tax (Appeal lying with Commissioner of Income Tax, Chennai) for financial year 2013-14.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institutions. The Company does not have any loans or borrowings from government or dues to debenture holders.

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- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In our Opinion and according to the information and explanations given to us, monies raised by way of term loans during the year have been applied by the Company for the purpose for which they were raised.
- (x) In our opinion and according to information and explanations given to us no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Hence the provisions of clause (xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transaction with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us, the Company has not entered into non-cash transaction with directors or persons connected with them. Hence the provisions of clause (xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-LA of the Reserve Bank of India Act, 1934.

For **Chachan & Lath**  
Chartered Accountants  
Firm Registration Number: 015012N

Place: Chennai  
Date: September 04, 2017

**CA. Naresh Kumar Lath**  
Partner  
Membership Number: 094378

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## ANNEXURE B TO THE AUDITORS' REPORT

### REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of India Forge & Drop Stampings Ltd. ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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 and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 judgement, 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 payments of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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### OPINION

In our opinion, 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 March 31, 2017, 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.

For Chachan & Lath  
Chartered Accountants  
Firm Registration Number: 015012N

Place: Chennai  
Date: September 04, 2017

CA. Naresh Kumar Lath  
Partner  
Membership Number: 094378

