

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

To

The Members of **JAGAN LAMPS LIMITED**

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone financial statements of M/s **Jagan Lamps Ltd** which comprise the Balance Sheet as at 31st March, 2018, Statement of Profit and Loss, the Cash Flow Statement, for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as " the Ind AS financial statements ").

Management's Responsibility for the Standalone Financial Statements

2. 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 preparation of these financial statements that give a true and fair view of the financial position and financial performance 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 provisions of the Act for safeguarding 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 internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation & 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

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions 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 there under.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified 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 Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS 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 management, as well as evaluating the overall presentation of the Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Basis for Qualified Opinion

8. We report that:

- (i) Accounting Policy No-6, Note-1, regarding with Accounting Standard 11(AS-11) issued by the Institute of Chartered Accountants of India.
- (ii) Accounting Policy No-7, Note-1, regarding account of bonus, leave encashment and gratuity on cash basis, amount of liability not ascertained, not in conformity with Accounting Standard 15 (AS-15) issued by the Institute of Chartered Accountants of India.

Opinion

9. Except for the matter described in the basis for qualified opinion in Paragraph-8, in our opinion, and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements together with the notes thereon, 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, 2018 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation to us, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the said order to the extent applicable
11. As required by section 143(3) of the Act, we report that:
 - (i) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) 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.
 - (iii) The Balance Sheet, Statement of Profit and Loss and the Cash Flow statement dealt with by this Report are in agreement with the books of account.

- (iv) In our opinion, the aforesaid Ind AS financial statements i.e Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder, except as qualified in para 8 above.
- (v) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164(2) of the Act.
- (vi) 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
- (vii) 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;
- 1) As per information provided, the Company does not have any pending litigations which would impact its financial position.
 - 2) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable Losses.
 - 3) There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

For BhasinRaghavan& Co.
Chartered Accountants
FRN 000197N

Sd/-
[V. Singh]
Partner

Place: New Delhi
Date: 30.05.2018

Membership No: 93458

ANNEXURE "A" TO THE AUDITOR'S REPORT**(Referred to in Paragraph 10 of our Report of****Even date on the accounts of Jagan Lamps Ltd****For the year ended 31st March 2018**

- 1) (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programmed designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed to us no material discrepancies as compared to book records were noticed on assets verified during the year.

(c) According to the information and explanations given to us and to the best of the knowledge and belief the title deeds of immovable properties are held in name of the Company except land at Kundli valued at Rs 26,04,960/- continued to be in the name of one of Director of the Company.
- 2) (a) As explained to us, the inventory was physically verified during the year by the Management. In our opinion, the frequency of the verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- 3) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause (iii) of para 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- 4) As per information and explanations given to us, the Company has not given any loans, guarantees, and security to any directors or to any other person in whom director is interested in compliance with the section 185 and 186 of the Act.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 73 to section 76 or any other relevant provisions the Companies Act, 2013 and the rules framed there under.

- 6) In our opinion and according to the information and explanations given to us, the Company has not been specified by Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for maintenance of cost records etc. Therefore the provisions of clause (vi) of para 3 of the Companies (Auditors Report) Order, 2016 are not applicable to the Company.
- 7) a) According to the records of the Company examined by us and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other applicable statutory dues with the appropriate authorities during the year.

b) There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they become payable.
- 8) According to the information and explanations given to us, and the records of the Company examined by us, the Company has not defaulted in repayment of dues to financial institution or Bank or debenture holders.
- 9) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of public offer (including debt instruments). Term loan availed has been applied for the purpose for which it was obtained.
- 10) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- 11) According to the information and explanations given to us and records of the Company examined by us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- 12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore the provisions of Clause (xii) of para 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and 188 of the Act wherever applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- 14) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

- 15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non -cash transactions with its directors or persons connected with him. Therefore the provisions of clause (xv) of para 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- 16) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Bhasin Raghavan & Co.
Chartered Accountants
FRN 000197N

Place: New Delhi
Date: 30.05.2018

[V. Singh]
Partner
Membership No: 93458

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF JAGAN LAMPS LTD FOR THE YEAR ENDED 31ST MARCH, 2018

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 JAGAN LAMPS LTD, as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS 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 controls 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 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 control 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;

- i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii) 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 authorizations of management and directors of the company; and
- iii) Provide reasonable assurance regarding prevention or timely detection of an 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st, March, 2018.

- (i) **Gain /Loss on exchange rate fluctuation not accounted in respect of for assets/ liabilities held in foreign currency except bank balances as required as per AS 11.**
- (ii) **Bonus, leave encashment and gratuity accounted for on cash basis, liability not ascertained and accounted for on accrual basis as required as per AS-15.**

In our opinion, except for the possible effects, the amount thereof not ascertained, of the weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, 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 March31, 2018, 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.

We have considered the weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the 31st March, 2018 financial statements of the Company and weaknesses as reported above do effect our opinion on the financial statements of the Company, however the effect thereof is not ascertainable in the absence of financial figures and is also reported in para (8) of basis for Qualified opinion of our Audit Report under section 143 (3) of the Companies Act, 2013.

For Bhasin Raghavan & Co.
Chartered Accountants
FRN 000197N

Place: New Delhi
Date: 30.05.2018

[V. Singh]
Partner
Membership No: 93458