

**INDEPENDENT AUDITORS' REPORT**

To

**The Members,**

**Gokul Refoils & Solvent Limited**

**Report on the Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Gokul Refoils & Solvent Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity, the Cashflow Statement for the year then ended, and notes to the financial statements, including a summary of Significant Accounting policies and other explanatory information. (hereinafter referred to as the standalone financial statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("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 ("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 cash flows for the year ended on that date.

**Basis for opinion**

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the 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 opinion on the standalone financial statements

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, 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 our report.

**The Key Audit Matter :****Uncertain indirect tax positions:**

Company has material uncertain indirect tax positions which are under dispute which involves significant judgments to determine possible outcome of these disputes. Refer note no 35 to the standalone financial statements.

**How the matter was addressed in our audit:**

Reviewed the outstanding disputed demands against the company for consistency with the previous years. Discussed the status of these litigations with Company's in house legal team and assessing their responses. On sample basis examined Company's legal expenses and read the minutes of Board meetings to ensure that all cases are identified. Evaluated the legal opinion in evaluating management's position on these uncertain tax positions.

**Information other than the Standalone financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance report and shareholder's information but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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 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.

**Management's Responsibility for the Financial Statements**

The Company's board of directors is 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 financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS)

prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

- 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 Companies Act, 2013, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 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, the Company has kept proper books of account as required by law, so far as appears from our examination of the books.
- (c) the balance sheet, the statement of profit and 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 the Accounting Standards specified under section 133 of the Act read Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) on the basis of written representations received from the directors as on March 31, 2019 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 section 164 (2) of the Companies Act, 2013.
- (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, 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 :-
  - (a) The Company has disclosed the impact of pending litigations on the financial position in its financial statements as referred to in note 35 to the Financial Statements.
  - (b) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - (c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For, **M. M. Thakkar & Co.**

**Chartered Accountants**

Firm Registration No.110905W

**Darshak M Thakkar**

**Partner**

Membership No.103762

Place : Ahmedabad

Date : 27<sup>th</sup> May, 2019

## ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that.

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and location of the fixed assets.
- b. As explained to us, the management during the year has physically verified all the fixed assets. According to the information and explanations given to us, there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. The company did not hold/own any immovable properties as on 31<sup>st</sup> March, 2019. Therefore provisions of clause 3 (i) (c) of the order are not applicable to the company and hence not commented upon.
- (ii) As explained to us, inventories were physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on physical verification of inventories as compared to the book records
- (iii) In respect of the loans, secured or unsecured, granted by the Company to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013:
- a. In our opinion and according to the information and explanations given to us, the terms and conditions of grant of such loans are prima facie not prejudicial to the interest of the company.
- b. As per the information and explanations given to us, in respect of loan granted, repayment of principal amount and payment of interest have been regular as per stipulations.
- c. There are no overdue amounts as at the year-end in respect of both principal and interest.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of loans and investment and guarantee made/granted. The Company has not given any guarantee or provided any security in connection with such loan.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.
- (vi) According to information and explanations provided by the management, the provisions of maintenance of cost records specified by the Central Government under section 148(1) of the Companies Act, 2013 are not applicable to the company during the year under reference.
- (vii) a. According to the information and explanations given to us and on the basis of our examination of the records of the Company apart from certain instances of delays 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, Goods and Service Tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- b. According to information and explanation given to us and the records of the company examined by us, the particulars of dues of Income tax, VAT/CST/GST, Entry tax, duty of customs / drawback, service tax and Municipal Tax as at 31<sup>st</sup> March, 2019 which have not been deposited on account of dispute are as follows.

Sr. No.	Name of Statute	Nature of Dues	Amt (Rs.in Lakhs)	Period to which the amount relates	Forum Where dispute is pending
1	West Bengal Tax on Entry of Goods in to Local Areas Act 2012	Entry Tax	5,547.00	2013-14, 2014-15, 2015-16, 2016-17 & 2017-18(Q1)	Kolkata High court
		Interest	4,569.00		
2	Service tax under Finance Act, 1994	Service Tax	14.06	2011-12	Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad
3	West Bengal Value Added Tax Act 2003	VAT	55.35	2009-10	WBCT Appellate & Revisional Board, Kolkata
			59.07	2011-12	
4	Central Sales Tax Act 1956	CST	115.28	2012-13	Joint Commissioner of Sales Tax, Mumbai
5	Income Tax Act, 1961	Income Tax	15.34	2015-16 to 2017-18	Assistant Commissioners office
6	ESIC ACT WB	Esic	5.25	2017-18	Deputy Director Ins-V

- (viii) The Company has not taken any loans or borrowings from Financial Institutions, banks or Government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.

- (ix) In our opinion and according to information provided to us, the Company has not raised any money by way of initial public offer or further public offer (Including Debt Instruments) and term loans during the year hence reporting under clause 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of books and records of the Company carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees have been noticed or reported during the year, nor have we been informed of such case by the Management.
- (xi) In our opinion and according to information provided 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, the Company is not a Nidhi Company. Therefore the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to information and explanations provided by the management, transactions with related parties are in compliance with section 177 and 188 of the companies act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) In our opinion and according to information and explanations 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 under review. Therefore the provisions of clause 3(xiv) of the Order are not applicable to the Company and not commented upon.
- (xv) According to information and explanations provided by the management, the company has not entered into any non-cash transactions with directors or persons connected with him as specified under Section 192 of the companies Act, 2013. Therefore the provisions of clause 3(xv) of the Order are not applicable to the Company and not commented upon.
- (xvi) According to information and explanation provided by the management, the provisions of Section 45-1A of the Reserve Bank of India Act, 1934 are not applicable to the Company and not commented upon.

For, **M. M. Thakkar & Co.**

**Chartered Accountants**

Firm Registration No.110905W

**Darshak M Thakkar**

**Partner**

Membership No.103762

Place : Ahmedabad

Date : 27<sup>th</sup> May, 2019

## **ANNEXURE B: TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF GOKUL REFOILS & SOLVENT LIMITED**

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

We have audited the Internal Financial Controls over financial reporting of Gokul Refoils & Solvent Limited as of 31st March, 2019 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal Financial Controls system over financial reporting and their operating effectiveness. Our audit of Internal Financial Controls over financial reporting included obtaining an understanding of Internal Financial Controls over financial reporting, assessing the risk that a material weakness exists, and testing

and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's Internal Financial Control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's Internal Financial Control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **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.

#### **Opinion**

In our opinion, 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, 2019, 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.

For, **M. M. Thakkar & Co.**

**Chartered Accountants**

Firm Registration No.110905W

**Darshak M Thakkar**

**Partner**

Membership No.103762

Place : Ahmedabad

Date : 27<sup>th</sup> May, 2019