

INDEPENDENT AUDITOR'S REPORT

To the Members of the Jenson & Nicholson (India) Limited

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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 the preparation and presentation 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. This responsibility also includes maintenance of adequate accounting records in accordance with the 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 adequate internal financial control, 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

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

Basis for Qualified Opinion

Attention is drawn to:

- i. The banks, financial institutions and other lenders have filed legal cases against the company for recovery of outstanding loans and interest thereon. No provision has been made in these accounts for additional interest, penal interest, liquidated damages etc. amounting to INR 739.67 lacs as claimed by the above lenders at various legal forums, The same has been shown as contingent liability in notes to accounts attached to the said accounts. Company however had been providing interest on the above loans on a basis as considered appropriate by the management but up to 31st March, 2006. However, the company has stopped providing interest on all loans from banks and financial institutions whether secured or unsecured w.e.f. 01.04.2006 on the ground that these loans would have been declared NPA by them. Interest amounting to INR 219193.40 lacs up to the current year ended 31st March, 2017 has not been provided but the same has also been included in contingent liability.
- ii. These financial statements have been prepared on a going concern basis. The Company has incurred an operating profit during the year. The company is passing through a severe liquidity crisis and is unable to honour its commitment to lenders, preference shareholders, suppliers and employees. The bankers, financial institutions and other lenders have taken legal action for recovery of their dues. Several petitions for winding up of the company have been filed by the creditors and lenders. The company is contesting these petitions or is settling such petitions out of courts. The company is in the process of restructuring its business and also trying to identify alternative source of finance. In the absence of adequate financial support this basis would be invalid. Provision would then have to be made for any loss that might arise when the company's assets are realised.

Qualified Opinion

Because of the significance of the matters described in the Basis for Qualified Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of the matters described in Basis of Qualified Opinion, the aforesaid standalone 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 and its cash flows for the year ended on the date:

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-I", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, 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, and 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 with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is 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 financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-II" 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 with the exception of the paragraph Basis of Qualified Opinion.
 - ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund.
 - iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

M. MUKERJEE & CO.
Chartered Accountants
FRN: 303013E
24, Netaji Subhas Road
Kolkata-700 001

Sd/-
SPANDAN SENGUPTA
Partner
Membership No: 135833

Place : Patna
Date : June 8th, 2017

ANNEXURE-I TO INDEPENDENT AUDITORS' REPORT – 13 MARCH 2017

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 situation of fixed assets;
- b) As explained to us, fixed assets have been physically verified by the management at regular intervals; In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. As informed to us no material discrepancies were noticed on such verification.
- c) In our opinion and according to information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- ii. The inventory has been physically verified during the period by the management. The discrepancies noted on verification between the physical stock and the books were not material and have been properly dealt with in the books of account.
- iii. In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. According, the provisions of Clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- 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 Section 73 to 76 of the Companies Act, 2013. Accordingly paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under Sub Section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state Insurance, income-tax(TDS), sales-tax, service tax, value added tax, custom duty, excise duty and any other statutory dues with the appropriate authorities. The extent of outstanding statutory dues

JENSON AND NICHOLSON (INDIA) LIMITED

as on 31.3.2017 for a period of more than six months from the date they became payable are given below:-

S.No.	Statutory Dues	Outstanding dues (in Lacs)
1.	Provident Fund	20.82
2	ESI	14.96
3	Income Tax (TDS)	Nil
4	Sale Tax/VAT	10.07
5	Service Tax	Nil
6	Custom Duty	73.67
7	Excise Duty	239.78

- b) According to the records of the Company, the dues outstanding of income tax, sales tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount ₹ in lacs	Period	Forum where the dispute is pending
Central Sales Tax Act	Sales Tax	6.57	2003-2004	Commercial Tax Tribunal
		25.51	2004-2005	Commercial Tax Tribunal
		21.60	2007-2008	Additional Commissioner(Appeals)
		2.86	2007-2008	Additional Commissioner(Appeals)
		101.64	2008-2009	Commercial Tax Tribunal
		8.56	2009-2010	Additional Commissioner(Appeals)
		1.25	2010-2011	Additional Commissioner(Appeals)
		15.57	2011-2012	Additional Commissioner(Appeals)
		49.40	2012-2013	Additional Commissioner(Appeals)
State Sales Tax Acts	Sales Tax	7.91	2001-2002	Commercial taxes ,Tribunal
		2.69	2007-2008	Addl Commissioner of Commercial Tax
		0.80	2007-2008	Commercial taxes ,Tribunal
		0.72	2008-2009	Commercial taxes ,Tribunal
		1.55	2013-2014	Deputy Commissioner of Commercial Tax
Parvel Octroi	Octroi Assessed	71.91		Government of Maharashtra
Central Excise Act,1944	Excise Duty	669.90		Excise Authority
Income Tax Act,1961	Income Tax	38.54	1998-1999	High Court at Kolkata
		11.46	2011-2012	Income Tax, Tribunal
Custom Duty	Custom Duty	341.28		Custom Authority

- viii. The company had defaulted in repayment of loans or borrowings to financial institutions, banks and Government or dues to debenture holders. We give below a statement showing period and amount involved.

	Parties	Amount ₹ in lacs	Period from
a)	Secured Debentures	4287.13	2000-07
b)	Term loans / Cash Credit / Working Capital Loans from Banks / Financial Institutions	5529.64	2000-07

By virtue of Assignment of Debts, all the secured loans from banks, financial institutions & debenture holders have been settled by M/s Vivid Colors Pvt. Ltd. The security given to secured lenders in fixed assets has also been charged in favour of M/s Vivid Colors Pvt. Ltd, with the Registrar of Companies after they took the assignment of loan. Now the company has only one secured lender which is M/s Vivid Colors Pvt. Ltd and no bank and financial institutions are lenders of the company.

- ix. Based upon the audit procedures and according to the information and explanations given by the management, and on an overall examination of the balance sheet, we report that there were no monies raised by way of initial public offer or further public offer (including debt instruments).
- x. Based upon the audit procedures and according to the information and explanation given to us, we report that no fraud by Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures and according to the information and explanation given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act,2013.
- xii. In our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly Para 3(xii) of the order is not applicable to the Company.
- xiii. Based upon the audit procedures and according to the information and explanation given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details have been disclosed in the financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanation 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 or partially convertible debentures during the year under review and hence not commented upon.
- xv. Based upon the audit procedures and according to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with the directors or persons connected with him
- xvi. According to the information and explanation given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly,

paragraph, 3 (xvi) of the order is not applicable to the Company.

M. MUKERJEE & CO.
Chartered Accountants
FRN: 303013E
24, Netaji Subhas Road
Kolkata-700 001

Sd/-
SPANDAN SENGUPTA
Partner
Membership No: 135833

Place : Patna
Date : June 8th, 2017

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

The 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:

- a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b) 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
- c) 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.

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, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

M. MUKERJEE & CO.
Chartered Accountants
FRN: 303013E
24, Netaji Subhas Road
Kolkata-700 001.

Sd/-
SPANDAN SENGUPTA
Partner
Membership No: 135833

Place : Patna
Date : June 8th, 2017

ANNEXURE-II TO INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of Jenson & Nicholson (India) Ltd. ("the Company") as at 31st March 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 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 Act.

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 Act, 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 ICAI. 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,