

**INDEPENDENT AUDITOR'S REPORT**

To  
The Members of  
**Greenearth Resource & Projects Limited.**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying Standalone Ind AS Financial Statements of M/s Greenearth Resources & Projects Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS Financial Statements").

**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 Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Ind AS 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 accounting principles generally accepted in India, including the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS 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 Ind AS 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 thereunder.

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 Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone 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 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 Standalone Ind AS 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 Ind AS Financial Statements.

## Opinion

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 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 including the Ind AS, of the financial position of the Company as at 31st March, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that 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 "Annexure A" statement on the matters specified in the paragraph 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 purposes of our audit;
  - b) 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;
  - c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) on the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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';
  - 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, we report that :-

### Basis for Qualified Opinion

- i. The Accumulated losses of the Company is Rs. 595.99crores (Previous period: Loss Rs. 589.62crores) and its net worth is negative Rs.271.12Crores (Previous period: Negative Rs. 264.83crores) as at the end of the reporting period which indicates erosion of Net worth of the Company. The Company can be termed as "SICK" within the meaning of clause (O) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
- ii. Presently Invent Assets Securitisation & Reconstruction Private Limited is the secured lender and all the rights, title and interests of State Bank of India have vested in Invent Assets Securitisation & Reconstruction Private Limited in respect of the financial assistances granted by State Bank of India and Bank of India.
- iii. Also M/s Simplex Coke and Refractory Private Limited is the beneficial owner of all present and future encumbered or unencumbered tangible assets, receivables and advances of company in lieu of settlement/payment to the secured creditor/lender being "M/s Invent Assets Securitisation & Reconstruction Private Limited" and "IDBI Bank" (the secured creditor/secured lender).
- iv. During the period under consideration the dues of "M/s Invent Assets Securitisation & Reconstruction Private Limited" is being honored on time by M/s Simplex Coke and Refractory

Private Limited. Also M/s Simplex coke and Refractory Private Limited is using the production facility of M/s Greenearth Resources & Projects Limited on lease basis.

- v. The inquiry before the Securities and Exchange Board of India, Mumbai under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudication officer) Rules, 1995 is still subjudice. However the management has submitted its reply and outcome of the same is still pending.
- vi. During the previous reporting period, the proceeding of SFIO is pending for its adjudication before the Company Law Board / Court at Kolkata. Since the liability is not materialized yet, hence no provision regarding the same has been made in the books of accounts; however the management has filed compounding application.
- vii. SFIO filed petitions before CLB, Principal Bench; Kolkata- NCLT & CMM court Kolkata. The outcome of the same is pending & matter is subjudice
- viii. There have been no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.
- ix. Balances of Loans, Sundry Debtors, Loans and Advances and Current Liabilities, are subject to confirmation from the respective parties and reconciliations, if any.

For and on behalf of  
M/s SARP & Associates  
(Chartered Accountants)  
Firm Reg. No. 007375C  
Sd/-  
Shailesh Agarwal  
(Partner)  
Membership No. 063220

Place: Kolkata  
Date: May 30, 2018.

**Annexure “A” to the Independent Auditors' Report**

(Referred to in Paragraph 1 of our Report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended 31st March, 2018, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets subject to the annexure to the Auditors Report for the period ended on 31.03.2018.
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business.
2. As explained to us, company had no inventories except consumables spares during the year hence clause (ii) of the order is not applicable to the company.
3. In our opinion and according to the information and explanation given to us during the period under review 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 Companies Act, 2013 ('the Act'). Accordingly, Clause 3(iii) (a), (b) and (c) of the order are not applicable for the year.
4. In our opinion and according to the information and explanation given to us, there are no loans, 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.
5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
6. The Central Government has not prescribed the maintenance of cost records for the company under section 148(1) of the Act, 2013.
7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable except Professional tax, Sales tax, service tax and Income tax.
- (b) As at the Balance Sheet date, the following are the details of the disputed income tax that has not been deposited by the Company on account of disputes.

Sr. No.	Nature of Dues	Assessment Year	Amount (Rs.In Lacs)	Forum where dispute is pending
1.	Income Tax	2011-12	14.58	CIT(Appeal)
2.	Income Tax	2012-13	751.73	CIT(Appeal)
3.	Income Tax	2013-14	2412.33	CIT(Appeal)
4.	Income Tax	2014-15	3678.45	CIT(Appeal)
		<b>Total</b>	<b>6857.09</b>	

8. The Company is having outstanding dues to financial institutions or banks during the year as mentioned under the Report on other Legal and Regulatory Requirements paragraph above.
9. According to the information and explanation given by the management, the company has neither raised any monies by way of initial public offer or further public offer and term loan during the period under audit. Hence reporting under clause (ix) is not applicable.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation 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, noticed or reported during the year, nor have we been informed of any such case by the management.
11. According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration if any has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
12. In our opinion, the Company is not a nidhi Company. Accordingly the provisions of Clauses 3 (xii) of the Order are not applicable.
13. As per information and explanation given to us and on the basis of our examination of the records of the Company, all the transaction if any with related parties are in compliance with Section 177 and 188 of Companies Act 2013 and all the details have been disclosed in Standalone Ind AS Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement or not issued any debenture during the year under review. Accordingly the provisions of paragraph 3(xiv) of the Order are not applicable.
15. According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with any director or any person connected with him. Accordingly the provisions of Clauses 3(xv) of the Order are not applicable to the Company.
16. In our opinion, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable.

For and on behalf of  
M/s SARP & Associates  
(Chartered Accountants)  
Firm Reg. No. 007375C  
Sd/-  
Shailesh Agarwal  
(Partner)  
Membership No. 063220

Place: Kolkata  
Date: May 30, 2018.

**Annexure “B” to the Independent Auditor's Report**  
(Referred to in paragraph 2 (f) of our Report of even date)

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 the Company as of 31st March, 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 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 the 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 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 Standalone Ind AS 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 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.

**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, 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.

For and on behalf of  
**M/s SARP & Associates**  
(Chartered Accountants)  
Firm Reg. No. 007375C  
Sd/-  
**Shailesh Agarwal**  
(Partner)  
Membership No. 063220

Place: Kolkata  
Date: May 30, 2018.